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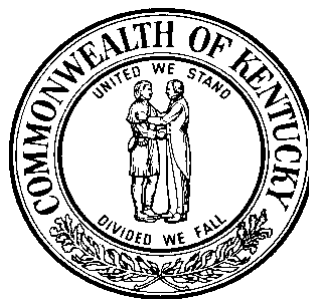
# DRINKING WATER STATE REVOLVING FUND

## State Fiscal Year 2023 Amended Intended Use Plan

Base Program  
Supplemental Base Program  
Emerging Contaminants  
Lead Service Line Replacement

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COMMONWEALTH OF KENTUCKY



Prepared by the

KENTUCKY INFRASTRUCTURE AUTHORITY  
&  
ENERGY AND ENVIRONMENT CABINET

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## INTRODUCTION

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The 2023 Intended Use Plan (IUP) for the Drinking Water State Revolving Fund Program (DWSRF) is being amended. On May 18, 2023, KIA became aware that the IUP did not fully address the requirements to define disadvantaged community. Additionally, changes were made to the set-aside workplans. To provide transparency in the program, KIA is providing this amended 2023 IUP.

The 2023 Intended Use Plan (IUP) for the Drinking Water State Revolving Fund Program (DWSRF) is used to communicate Kentucky's DWSRF plan for state fiscal year 2023 to potential borrowers from the DWSRF, the public water systems (PWSs), the public, the U.S. Environmental Protection Agency (USEPA), and other interested parties. The IUP is prepared in accordance with the provisions of the Safe Drinking Water Act (SDWA), the America's Water Infrastructure Act of 2018, and the Further Consolidated Appropriations Act, 2020 (Pub. L. 116-94, December 20, 2019).

The DWSRF plan for FY 2023 will include the Base Program as well as additional funding provided through the Bipartisan Infrastructure Law (BIL) as Supplemental Base funding, Emerging Contaminants funding, and Lead Service Line Replacement funding. Projects to be considered for funding through the DWSRF are submitted during the initial call for projects. Projects are reviewed for eligibility and ranked for funding priorities. One hundred thirty seven projects were considered for funding from the DWSRF. The total amount requested is approximately \$568.9 million. The total project need from all funding sources is approximately \$595.0 million. The requests are primarily to fund construction but include planning and design. The IUP identifies how the funds will be used to support the goals of the DWSRF and documents the list of projects anticipated for funding as shown on the Comprehensive Project Priority List. This Project Priority List (PPL) is provided in Appendix A. For State Fiscal Year (SFY) 2023, the Fund has available just over \$70 million with \$5.9 million available in Base funding, \$23.4 million available in Supplemental Base funding, \$8.5 million available in Emerging Contaminants funding, and \$32.2 million available in Lead Service Line Replacement funding.

An annual Intended Use Plan is required by Section 1452 of the SDWA and is an integral part of the process to request these funds. Each year, the US Congress authorizes funding for the DWSRF through the USEPA. USEPA then prepares allocations for states to receive the funds by way of a Capitalization Grant. The current IUP is for the 2022 Capitalization Grant, which is the 2022 Federal Fiscal Year (FFY) of October 1, 2022 through September 30, 2023. This IUP identifies how the funds available to Kentucky's DWSRF will be used during the 2023 state fiscal year (SFY) of July 1, 2022 through June 30, 2023.

The IUP will identify how the funds available to Kentucky's DWSRF will be used during each SFY to support the goals of the DWSRF. The 2023 IUP includes:

1. A description of the short and long term goals of the DWSRF;
2. The criteria and methods established for selecting projects;
3. Administration and operation policies of the DWSRF, including set-aside activities, established by the KIA for compliance with requirements of the

- US Congress authorization as administered by the USEPA;
4. The public participation process;
  5. The sources and uses of available funds; and,
  6. The Project Priority List - a list of eligible projects whose sponsors expressed interest in low interest rate loans from the DWSRF.

## What is the Drinking Water State Revolving Fund?

The DWSRF is a national program by which the USEPA provides grants to states to further the goals of the SDWA. The national DWSRF originated in 1996, as recognition of SDWA compliance costs led to support for a DWSRF program. The EPA implements the national DWSRF program in such a manner that preserves for states a high degree of flexibility to operate their programs in accordance with each state's unique needs and circumstances.

Kentucky's DWSRF financing program provides low interest loans for infrastructure projects that are considered a priority based on public health criteria outlined in the SDWA. Projects identified to receive funding are selected from the ranked group of Project Profiles submitted during an annual Call for Projects. The DWSRF is administered by the KIA. By Memorandum of Agreement, the Kentucky Energy and Environment Cabinet (EEC), through the Division of Water (DOW), perform environmental and technical reviews on projects that seek assistance from the DWSRF. Since its inception in 1997, Kentucky's DWSRF has committed funds to 215 drinking water infrastructure projects, totaling more than \$564.9 million (through March, 2022).

## Eligibility

Only projects listed in the IUP are eligible for funding. Examples of eligible projects include:

- Planning, design, and construction of drinking water intake, treatment, or distribution systems
- Purchase of water systems by other public water systems
- Storage tanks and clearwells
- Drilled wells and wellhead areas
- Security related activities
- Emergency measures for the protection of public health
- Refinancing or buying eligible debt obligations of a public water system
- Any other structure or facility that the DOW considers necessary for efficient and sanitary operations

An eligible borrower or borrowing entity means any agency of the state or its political subdivisions, any city, or any special district created under the laws of the state acting individually or jointly under interagency or interlocal cooperative agreements to enter into assistance agreements with the authority as defined in KRS 224A.011(6). Some examples include:

- Municipal corporations
- Cities
- Agencies
- Commissions
- Authorities
- Associations
- Districts

An eligible borrower must demonstrate the technical, financial and managerial capability to ensure compliance with the requirements of the Safe Drinking Water Act, unless the completion of the project receiving financial assistance will ensure compliance and the owners or operators of the systems agree to undertake feasible and appropriate changes in operations to ensure compliance over the long term. Contact the KIA if you need assistance determining your utility's eligibility status.

## **Ineligible Projects**

DWSRF funds shall not be used for:

- Projects not listed on the Project Priority List except for emergency projects.
- Dams or rehabilitation of dams unless subject to the Class Exception.
- Water rights.
- Reservoirs, except for finished water reservoirs and those reservoirs that are part of a treatment process and are located on the property where the treatment facility is located.
- Laboratory fees and other monitoring expenses.
- Operation and maintenance expenses.
- Projects needed mainly for fire protection.
- Projects for systems that lack adequate capacity, unless financial assistance will assure capacity and compliance.
- Land acquisition where eminent domain is necessary.
- Projects primarily intended to finance the expansion of any public water system in anticipation of future population growth.
- Projects not favorably considered by the area water management council unless the KIA Board finds circumstance that justify overriding the council's recommendation.

## Significant Federal Components and Requirements

### NEW Supplemental Bipartisan Infrastructure Law (BIL) Funding

#### BIL Overview Highlights:

On November 15, 2021, President Biden signed into law the \$1.2 trillion Infrastructure Investment and Jobs Act (IIJA) of 2021 (H.R. 3694) also known as the Bipartisan Infrastructure Law (BIL). BIL provides supplemental funding for the Drinking Water State Revolving Fund which is in addition to the annual SRF capitalization grants. The additional funding is federally appropriated and will be available over the next five federal fiscal years (2022 – 2026). The additional funding will expand SRF program capacity for loans and loan forgiveness while adhering to existing SRF project eligibilities.

#### Drinking Water SRF Highlights:

#### American Iron and Steel (AIS) Utilization

BIL makes the American Iron and Steel (AIS) procurement requirement permanent for *all* DWSRF construction projects going forward. Additional USEPA guidance can be found at the link below:

<https://www.epa.gov/cwsrf/state-revolving-fund-american-iron-and-steel-ais-requirement#guidance>

#### Davis-Bacon Prevailing Wage Labor Laws Compliance

Federal labor laws regarding prevailing wages, hours of work, and rates of pay are collectively known as the Davis-Bacon laws. All projects funded in whole or in part with assistance from DWSRF will be required to comply with Davis-Bacon laws and incorporate their provisions into any project work that has been or will be contracted. For more information on Davis Bacon laws, please visit: <http://www.dol.gov/whd/regs/compliance/whdfs66.pdf>.

#### Build America, Buy America Act (BABA)

BIL also expands domestic sourcing requirements with the inclusion of the Build America, Buy America Act (BABA). Starting on **May 14, 2022**, all steel, iron, manufactured products, non-ferrous metals, plastic and polymer-based products (including polyvinylchloride, composite building materials, and polymers used in fiber optic cables), glass (including optic glass), lumber, and drywall used in infrastructure projects for federal financial assistance programs must be produced

in the United States. Implementation guidance is being developed by the Made in America Office at the Office of Management and Budget (OMB). For more information, please visit: <https://www.epa.gov/grants/epas-identification-federal-financial-assistance-infrastructure-programs-subject-build>. Waiver processes for meeting the requirements of BABA are in development at the federal level and will be provided as they become available.

## **Additional Subsidization**

To be eligible for additional subsidization, a community must be a disadvantaged community. Disadvantaged Communities are those that meet at least one of the three disadvantaged community criteria.

1. A system wide MHI less than the state's MHI (52,238) as calculated by the WRIS and shown on the Impacts tab, or
2. A project area MHI less than the state's MHI (52,238) as calculated by the WRIS and shown on the impacts tab or by using census tract information, or
3. An affordability index ratio of 1.0 or greater calculated as the annual 4,000 gallon water rate divided by the system MHI rounded to the nearest tenth.

KIA will use the same definition for disadvantaged community across all available funding sources (base, supplemental, emerging contaminants, and lead service Line replacement) for the state fiscal year 2023 funding cycle.

### **1. Base Program**

The authorization of the base federal capitalization grant requires that beyond the subsidization provided through the low interest financing, additional subsidization is to be provided to utilities in disadvantaged communities. The amount of the capitalization grant received from the federal government that is available for additional subsidization varies each year based on the allowable range authorized by the federal grant, and the amount decided upon by the Commonwealth of Kentucky. BIL raised the minimum Safe Drinking Water Act requirement for Additional Subsidy to Disadvantaged Communities from 6% to 12%, establishing an additional subsidy range of 12% to 35% for the annual base DWSRF capitalization grants. The FFY 2022 Capitalization Grant requires that at least 12 percent, or \$1,385,640, up to a maximum of 35 percent, \$4,041,450 be provided as additional subsidization for state-defined disadvantaged communities.

An additional Congressional subsidization amount of 14 percent, \$1,616,580 is required to be provided as authorized by the 2022 appropriation.

This additional subsidization is provided through forgiveness of a portion of the principal loan amount. The KIA Board sets the amount of additional subsidization to be provided, and determines the maximum amount to any single borrower as well as the criteria for determining the projects that will be offered additional subsidization. For SFY 2023 the total amount of additional subsidization is approximately twenty-six percent or \$3,002,220.



Because there was only one project that qualified for the lowest non-standard interest rate and has an affordability index greater than 1.00, the entire loan amount will be offered as principal forgiveness. One additional project will also be invited with principal forgiveness to bring the total up to the required 26% minimum. The table below consists of the projects being invited to submit a loan application that includes principal forgiveness.

KIA Loan Number	Applicant	Invited Loan Amount	Last Rate Adjustment	Principal Forgiveness Amount	Affordability Index
<b>F23-001</b>	Hyden-Leslie County Water District	\$2,001,013	11/1/2020	\$2,001,013	1.44%
<b>F23-002</b>	Barkley Lake Water District	\$3,678,453	7/29/2014	\$1,001,207	0.77%

Principal forgiveness will be reallocated in subsequent invitations as available.

If a loan is eligible for principal forgiveness, it will be allocated only once. This includes projects receiving financing over multiple funding cycles, not individual increments. Principal forgiveness will not be provided on loan increase requests.

## 2. Supplemental Base Program – Additional Subsidy

BIL mandates that 49% of funds provided through the DWSRF General Supplemental Funding must be provided as additional subsidization to disadvantaged communities.

DWSRF General Supplemental Funding will be offered to eligible disadvantaged communities in priority order. 80% of the total available principal forgiveness (\$11,622,408) is reserved for entities with an MHI less than the state's MHI. 20% of the total available principal forgiveness (\$2,905,602) is reserved for entities with a project area MHI less than the state's MHI or an affordability index of 1 or greater.

The table below consists of the projects being invited to submit a loan application that includes supplemental base principal forgiveness.

KIA Loan Number	WRIS Number	Applicant	Project Title	Invited Loan Amount Supplemental	Principal Forgiveness Amount	Affordability Ratio	Project Area MHI	System MHI
<b>F23-003</b>	<b>WX21021037</b>	Danville, City of	Danville Water Line Replacements	\$1,240,000	\$530,689	0.6%	\$42,068	\$44,314
<b>F23-004</b>	<b>WX21167034</b>	Harrodsburg, City of	Harrodsburg Water Main and Water Hydrant Replacements	\$4,280,000	\$1,831,732	0.7%	\$41,901	\$42,821
<b>F23-005</b>	<b>WX21107058</b>	White Plains, City of	White Plains - Water Line and Service Replacement Project	\$2,405,000	\$1,029,279	1.1%	\$39,803	\$42,093
<b>F23-006</b>	<b>WX21001032</b>	Adair County Water District	Phase 23 - Water Treatment Plant and System Improvements	\$4,377,650	\$1,873,524	1.2%	\$38,493	\$42,377
<b>F23-007</b>	<b>WX21037311</b>	Northern Kentucky Water District	Water Main Replacement – Newport and The Ovation	\$4,000,000	\$1,711,899	0.4%	\$44,202	\$66,417
<b>F23-008</b>	<b>WX21219014</b>	Trenton, City of	Trenton - Water System Improvements	\$3,270,000	\$1,399,478	1.1%	\$68,552	\$57,637
<b>F23-009</b>	<b>WX21155060</b>	Lebanon, City of	2022 WTP and Water System Improvements Project	\$3,850,060	\$1,647,726	1.2%	\$33,339	\$30,397

### 3. Lead Service Line Replacement Program – Additional Subsidy

BIL mandates that 49% of funds provided through the DWSRF Lead Service Line Replacement Funding must be provided as additional subsidization to disadvantaged communities.

DWSRF Lead Service Line Replacement Funding will be offered to eligible disadvantaged communities in priority order.

The table below consists of the projects being invited to submit a loan application that includes lead service line replacement principal forgiveness.

KIA Loan Number	WRIS Number	Applicant	Project Title	Invited Loan Amount Lead Service Line	Cumulative Invited Loan Amount LSLR	Principal Forgiveness Amount	Affordability Ratio	Project Area MHI	System MHI
<a href="#">F23-119</a>	<a href="#">WX21003028</a>	Scottsville, City of	City of Scottsville - Lead Service Line Inventory	\$100,000	\$100,000	\$100,000	1.2%	\$33,866	\$33,866
<a href="#">F23-132</a>	<a href="#">WX21111204</a>	Louisville Water Company	Private LSL Replacement (Galvanized) - Economically Disadvantaged Area	\$1,931,800	\$2,031,800	\$943,516	0.4%	23,704	\$82,920
<a href="#">F23-133</a>	<a href="#">WX21111205</a>	Louisville Water Company	Private LSL Replacement (Galvanized)	\$3,791,200	\$5,823,000	\$1,851,671	0.4%	36,250	\$82,920
<a href="#">F23-134</a>	<a href="#">WX21111206</a>	Louisville Water Company	Private LSL Replacement (Known Lead) - Economically Disadvantaged Area	\$11,196,000	\$17,019,000	\$5,468,271	0.4%	23,704	\$82,920
<a href="#">F23-135</a>	<a href="#">WX21111207</a>	Louisville Water Company	Private LSL Replacement (Known Lead)	\$15,215,730	\$32,234,730	\$7,431,559	0.4%	36,250	\$82,920

#### 4. Emerging Contaminants Program – Additional Subsidy

BIL mandates that 100% of funds provided through the DWSRF Emerging Contaminants Funding must be provided as additional subsidization. A minimum of 25 percent of funds must go towards disadvantaged communities or public water systems serving fewer than 25,000 people. This year's EC funding will be awarded to the City of South Shore in the amount of \$8,590,500. This will be in the form of a loan increase to an existing KIA loan that addresses emerging contaminants. South Shore directly serves approximately 4,200 people and indirectly serves approximately 9,700 people. The median household income of the service area is 36,444 which is less than the state's MHI.

#### Single Audit Requirement

If more than \$750,000 of Federal funds is disbursed during any one (borrower) fiscal year, the borrower is required to have a single or program-specific audit conducted for that year in accordance with 2 CFR 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. This is a Federal requirement, however, KIA requires all borrowers to complete an annual audit for the life of the loan.

## DRINKING WATER STATE REVOLVING FUND GOALS

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The following are goals for implementation of the DWSRF. Some goals address improvements and enhancements to the process of administering the DWSRF by the KIA, while other goals address the overall priorities of meeting drinking water goals for the citizens of the Commonwealth of Kentucky.

### The Sustainable Infrastructure Initiative

The primary goal of the DWSRF program is to assist PWSs in providing safe drinking water at an affordable cost to their customers. The loan program offers low cost financing to PWSs for eligible drinking water infrastructure construction projects, planning and design costs relating to eligible projects, and eligible security projects. Through set-aside funds, the DWSRF is also used to improve environmental programs that support the goals of the SDWA. Examples include capacity development, operator certification, source water and wellhead protection. Effective and efficient administration of the DWSRF program, combined with below-market interest rates and long-term financing, will assist PWSs in providing sufficient quality and quantity of affordable potable water throughout Kentucky. Progress is reported for each SFY in the Annual Report to the USEPA.

Kentucky is working to provide knowledge and tools to ensure that the investments made in our water infrastructure move us toward a more sustainable footing. The goal can be achieved through strong infrastructure planning and management practices. Some of the key areas for action are:

- Asset Management - A management framework that ensures the right investments are made at the right time.
- Water & Energy Efficiency - Ensuring that water sector systems adopt sustainable practices and technologies for improving their efficiency, reducing costs, and addressing future needs.
- Infrastructure Financing & the Price of Water Services - Options to pay for water infrastructure needs.
- Alternative Technologies & Assessment - Using the best, newest, and most innovative solutions when investing in water infrastructure.

### Short-Term Goals

Goal #1: Enhance loan closing procedures and refine repayment procedures.

Goal #2: Promote the principles of EPA's Sustainable Infrastructure (SI) Initiative to loan recipients through education and outreach so that SI practices are considered in planning, design, and construction activities.

Goal #3: Improve SRF training to borrowers, project administrators, Area Development Districts, and the engineering community.

- Goal #4: Identify distressed borrowers through compliance monitoring and provide targeted financial and managerial guidance.
- Goal #5: Develop a focused marketing strategy in conjunction with EEC to target systems with compliance and energy efficiency needs.
- Goal #6: Work toward the use of electronic forms and data as opposed to paper documents, where possible.
- Goal #7: Increase inspection pace and achieve at least two inspections per project; one at 50% completion and the other at 100% completion.
- Goal #8: Improve the pace of the program by identifying tasks to commit more available funds in the current fiscal year.
- Goal #9: Study and revise the disadvantaged community criteria and incorporate those changes into the WRIS.

## **Long-Term Goals**

- Goal #1: Work with the EEC to explore solutions to increase energy efficiency for drinking water utilities and future non-compliance issues under the SDWA.
- Goal #2: Streamline loan processes and improve communication and the sharing of data between KIA and DOW.
- Goal #3: Create a utility portal within the Water Resource Information System (WRIS) to improve communication and reporting between the utility, KIA, and regulatory agencies.
- Goal #4: Analyze and implement recommendations from the Infrastructure Task Force.
- Goal #5: Establish a relationship with other funding agencies to coordinate project funding with multiple resources.
- Goal #6: Identify priority watershed reach out to the municipalities for project development and funding assistance.
- Goal #7 Identify systems with emerging contaminants and provide assistance and funding to those systems to develop feasible ways to eliminate those contaminants.

## PROJECT PRIORITY LIST

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Following the USEPA's recommendation, Kentucky developed the Priority System Guidance Document (Appendix C) designed to determine the order in which projects are evaluated for funding based on the following criteria:

1. Most serious risk to human health;
2. Compliance with the requirements of the SDWA; and
3. Systems most in need on a per-household basis according to state affordability criteria.

Each year, the KIA issues a Call for Projects where potential borrowers are invited to submit DWSRF project information via the WRIS. The 2023 Call for Projects occurred September 22, 2021 through December 15, 2021. To communicate this Call for Projects, a press release through the Governor's Office was issued. Additionally, an email distribution was sent to all water utilities, ADDs, mayors, county judge executives, and the engineering community.

The Project Priority List is comprised of one list which serves as both a "fundable list" and a "comprehensive list." The fundable list is defined as a list of projects eligible for funding with available funds from the DWSRF. The projects on the comprehensive list may receive funding in the event that a project from the fundable list is withdrawn, deemed ineligible, or unable to meet the DWSRF program requirements within the given time frame.

Properly submitted projects were considered for funding and eligible projects placed on the Project Priority List. Projects were evaluated and assigned a score based upon the ranking criteria in the Priority System Guidance Document (Appendix C). In the event of a tie, the following factors were used to priority rank each project:

1. The size of service of a small system as defined by population;
2. Projects with existing enforcement actions (i.e. Agreed Orders, Consent Decrees);
3. Water quality impacts of the project; and
4. Financial need as evidenced by the median household income of the applicant.

The 2023 Project Priority List (Appendix A) shows that Kentucky has sufficient eligible projects to meet the binding commitment requirements of the FFY 2022 Capitalization Grants. A brief description of the following fields will be helpful in reviewing the list:

**Rank:** Rank of project on the comprehensive Project Priority List.

**Score:** Total number of points the project received using the ranking criteria in Appendix C.

**Loan Number:** Priority list tracking number for project. This is the assigned loan number for the project throughout the process and should be referred to on all correspondence regarding the project.

**WRIS #:** The WRIS number is the identification number assigned to each project profile by an Area Water Management Council after a project has received endorsement. Information stored in the WRIS database includes geographic information system (GIS) data, information on water resources, and drinking and wastewater facilities. It is used by different entities and provides much of the information needed for all aspects of water resource planning.

**Applicant:** Name of applicant identified on the Project Profile Form or the community in which the project is associated.

**Project Title:** Short description of project components.

**Requested Loan Amount:** Amount of desired SRF loan identified on the Project Profile Form.

**Invited Loan Amount:** The amount of DWSRF funds that KIA has allocated to the proposed project. If this field lists a dollar amount greater than zero, then the project is invited for funding.

**Principal Forgiveness Amount:** Estimated amount of principal forgiveness that a project is eligible to receive. Eligibility does not guarantee that a project will be offered principal forgiveness due to the amount of funds available. (Noted in a separate table under Additional Subsidization above).

The 2024 IUP process will begin October 3, 2022 with the annual Call for Projects and will conclude on December 16, 2022 for projects to be considered in the SFY 2024 funding cycle. The following schedule is tentative:

2024 Call for Projects	October 3, 2022 – December 16, 2022
Creation of Project Priority List	January 1, 2023 - March 31, 2023
Public Notice Period for IUP	May 2, 2023 - June 1, 2023
Finalize 2024 IUP and send to EPA	Prior to June 30, 2023

Email notifications will be sent in October 2022 to all water utilities, ADDs, mayors, county judge executives, economic development directors, the engineering community and other stakeholders announcing the Call for Projects.

## DWSRF ADMINISTRATION AND OPERATION

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As required by the SDWA, to the maximum extent practicable, highest priority projects are funded first, as ranked in the Project Priority List. Projects are vetted and many variables are considered prior to distribution of loan invitations.

### Administrative Considerations

#### Funding Limits

Kentucky's DWSRF does not have a limit on the amount of funds that will be made available to any one borrower from a specific capitalization grant. However, limits may be imposed on borrowers that have outstanding loan balances or loan commitments that increase the concentration risk for the total KIA loan portfolio.

#### Addition of New Projects to the Project Priority List

The Project Priority List may be amended during the year to add eligible projects. Major revisions to the IUP require public notice.

#### Emergency Projects

The Project Priority List may be amended during the year for declarations of emergencies designated by the Governor or the Secretary of EEC. An emergency project might involve an unanticipated failure requiring immediate attention to protect public health. The emergency project must meet all eligibility and loan requirements, but the additional public review and comment requirement may be waived. The EPA must approve these deviations.

#### Refinancing

Governmental agencies may request to refinance non-KIA loans through the DWSRF. Refinancing projects will be considered by KIA only when all the following criteria are met:

- There are sufficient funds available in the DWSRF to meet all other identified project needs for the program year;
- The applicant can show significant savings as a result of the refinancing;
- The applicant can identify an environmental problem within their jurisdiction that they are willing to immediately address with the savings achieved through the refinancing; and
- Projects, as constructed, met all the applicable program requirements.



## Small Systems

To the extent possible, a minimum of 15 percent of all funds credited to the base project fund will be used to assist systems serving fewer than 10,000 persons. The following table lists the projects for small systems invited in the first round.

Rank	Score	KIA Loan Number	WRIS Number	Applicant	Project Title	Total Project Cost	Requested Loan Amount	System Population	System MHI
1	465	<b>F23-001</b>	<b>WX21131013</b>	Hyden-Leslie County Water District	Leslie Waterline Replacement Phase I	\$2,182,385	\$2,001,013	9,677	\$35,919
2	430	<b>F23-002</b>	<b>WX21221017</b>	Barkley Lake Water District	BLWD - Lakeside Waterline Replacement	\$3,678,442	\$3,678,453	9,872	\$53,288

## Financial Terms of Loans

### Interest Rates

The KIA Board sets the interest rates provided through the DWSRF. The KIA Board must review and approve the interest rates at least annually. Rates are based on prevailing market conditions with the Bond Buyer 20 Bond General Obligation Index as a reference rate. Kentucky has one standard interest rate and two non-standard interest rates for the DWSRF program dependent upon the community's Median Household Income (MHI). Information is provided in the next section for Kentucky's methodology for MHI determination.

1. The standard rate is applied when the MHI is equal to or above the Kentucky MHI of \$52,238.
2. The first non-standard rate is applied for the following reasons:
  - a. When the MHI is greater than 80% but less than the Kentucky MHI;
  - b. Projects that meet the definition for regionalization; or
  - c. Projects necessary for compliance with an Agreed Order or Consent Decree.
3. The second non-standard rate is applied when the MHI is equal to or below 80% of the Kentucky MHI. This rate is also known as the Disadvantaged Community rate (DCR).
  - a. Projects that qualify for the DCR are eligible for principal forgiveness consideration and may request a loan amortization up to 40 years but not beyond the expected design life of the project.

The following interest rates are scheduled to be brought to the KIA Board for this funding cycle:

Interest rate	MHI Threshold	Loan Type
2.25 (Standard)	> or = \$52,238	Construction
1.25 (Non-standard)	\$41,791 to \$52,237	Construction
0.50 (Non-standard-DCR)	< or = \$41,790	Construction
2.25	NA	Planning and Design

## **MHI Determination**

Each project's MHI threshold is calculated automatically in the WRIS Portal. The calculation uses a Default Weighted Proximity Analysis (DWPA). This analysis uses the water distribution/sewer collection lines in the project profile mapping to perform a spatial analysis that estimates the serviceable population of the project area. This is done by applying 2020 census blocks and a weighted MHI value using the applicable 5-Year American Community Survey Estimates. The MHI values generated using the DWPA method are in the WRIS Project Profiles.

If the applicant or representative has concerns with the default method, two alternative options are available: Modified Weighted Proximity Analysis or MHI Income Survey. Borrowers should not proceed with either alternative MHI methodology without first contacting KIA Staff. The Modified Weighted Proximity Analysis is a GIS based assessment that uses customer meters or address points to calculate an estimated MHI for the project or service area. The second option is to complete an MHI Income Survey using a multi-funding source questionnaire for the project service area.

## **Repayment Terms**

Planning and design loans will be amortized over five years. If the planning and design loan is rolled into a KIA funded construction loan, the term for the planning and design amount will convert to the term approved for the construction loan. Construction loans will have a standard 20 year repayment term. No repayment term can exceed the expected design life of the project. At the KIA Board's discretion, the repayment term for a construction loan may be extended to 30 years for any DWSRF-eligible project or up to 40 years in the case of a disadvantage community. Principal and interest payments on each loan will commence no later than the date specified in the Assistance Agreement.

## **Loan Servicing Fees**

A loan servicing fee of 0.25 percent on the annual outstanding loan balance will be charged as a part of each semi-annual loan payment in accordance with 200 KAR 17:070, Section 12. The fee is assessed to recover administrative expenses incurred over the life of the loan. These fees are accounted for outside of the program fund and will be used for necessary DWSRF program expenses.

## **Large Project Financing**

Due to statewide demand, KIA may not have the capacity to offer the full amount of the construction loan for large projects during a single funding cycle. As such, large project funding may be restricted in the amount of funding provided each year. These amounts will be negotiated at the time of the loan approval and each year's availability will be detailed in the Assistance Agreement.

## **Planning and Design (P&D) Loans**

KIA recognizes that larger or particularly complex projects may require a lengthy planning and design process and thus may not be ready for construction within the allotted twelve months after the Conditional Commitment Letter is issued or perhaps even with a six month extension period.

P&D loans provide an opportunity for utilities to determine their exact needs without the time constraints in the project funding process. For ranked projects that require funding for planning and design, before funding is available to draw (under a construction loan), KIA encourages applicants to apply for a P&D loan rather than a full construction loan.

P&D loans can cover initial engineering assessments of the facilities, regionalization studies, alternative analyses, water supply evaluations, and rate studies for affordability. Additionally, P&D loans can be utilized to move forward into project design. This is specifically helpful for projects that may involve significant renovations at existing facilities or phased projects. P&D loans can also include easement acquisition and legal costs. Borrowers may draw funds throughout the planning process, however, only 50% of design costs may be drawn until plans and specifications have been approved by the DOW.

The standard interest rate will apply during the five-year term of the loan. However, if the applicant initiates construction within a prescribed timeframe (generally one year) after approval of plans and specifications for the project, the P&D loan may be added to a construction loan with the applicable interest rate for which the applicant would otherwise qualify and the term established in the Conditional Commitment Letter. After the 2023 funding cycle, projects with an existing P&D loan through the DWSRF or any other KIA loan fund will not receive a priority funding position to apply for a construction loan in a subsequent year's Intended Use Plan and must go through the ranking process for the construction portion of their loan. Construction loans will be subject to interest rates and principal forgiveness amounts for the funding cycle in which the construction loan is reviewed by the KIA board.

## **Loan Invitations**

### **Bypass Process**

Once the projects are ranked in the Project Priority List, the KIA issues conditional invitations to apply for funding. A high-priority project that does not demonstrate readiness to proceed within the given timeframe will be bypassed. This bypass may occur at the request of the utility or as a decision from the KIA staff.

A bypassed project becomes ineligible for DWSRF funding in the current funding year. Bypassed project profiles will remain in the WRIS portal, but the utility must reapply through the annual Call for Projects process to be re-ranked for future funding cycles. Some examples that justify a bypass include, but are not limited to the following:

- Project is fully funded;
- Incomplete or unavailable audits (2019, 2020, and 2021);
- Borrower does not demonstrate readiness to proceed based upon project schedule;
- Non-compliance or delinquent payment on an existing KIA loan;
- Incomplete loan application;
- Applicant unresponsiveness;
- Applicant cannot establish a dedicated source of revenue for the repayment of the loan;
- Applicant has multiple projects under construction; or
- Applicant voluntarily postpones accepting invitation.

Two projects are being bypassed during the first round of invitations because they received funding in a prior funding cycle.

### **Invitation Process**

An invitation letter is emailed to potential borrowers with specific instructions.

Applicants that do not meet the deadline requirements may also be bypassed and subsequent eligible project(s) receive second round invitations. The Comprehensive Priority List in Appendix A reflects invitations for the first round. This process will continue until all estimated available funds have been allocated. If, upon receipt of the loan application, the project scope differs significantly from information originally scored in the ranked project profile, KIA reserves the right to have the project reassessed by DOW. Changes in project scope can potentially impact funding priority.

Upon receipt of a complete loan application, KIA staff will review the information and prepare a credit analysis. KIA staff will present financial analysis and any conditional requirements for each loan to the KIA Board. Upon KIA Board approval, a Conditional Commitment Letter will assure that funding will remain committed to the project for a period established in the letter, provided all of the conditions are met. All DWSRF program requirements must be met by the term outlined in the Conditional Commitment Letter. An extension of up to six months for approved applicants that experience extenuating circumstances may be granted.

Actual project funding amounts may vary from amounts presented in the Project Priority List due to updated cost estimates and funding received from other sources. Increases to existing loans must be approved prior to the date of initiation of operation. The application invitation process is designed to commit available funds as soon as possible with limited invitation iterations.

Given an uncertain invitation acceptance rate, KIA will invite significantly more project dollars than are available to fund. If more projects than anticipated accept an invitation to apply it is possible that presentation of an invited project or projects to the KIA Board will be delayed until later in the year.

## Invitation List

The table at Appendix A indicates the projects that will receive a first round invitation to participate in the DWSRF for SFY 2023.

## Structure of the DWSRF Program in Kentucky

KIA administers the DWSRF under a Memorandum of Agreement with DOW, pursuant to Kentucky Revised Statute (KRS) 224A.1115 and Kentucky Administrative Regulation (KAR) 200 KAR 17:070<sup>1</sup>. The following contacts can assist with DWSRF inquiries:

Contact	Agency	
Sandy Williams Deputy Executive Director (502) 892-3088 <a href="mailto:Sandy.Williams@ky.gov">Sandy.Williams@ky.gov</a>	KIA	Intended Use Plan, Loan Application, Financial Terms, Interest Rates, General Information
Don Schierer WRIS Data Manager (502) 892-3446 <a href="mailto:Don.Schierer@ky.gov">Don.Schierer@ky.gov</a>	KIA	Project Profile Submittal
Jory Becker Environmental Control Branch Manager (502) 782-6887 <a href="mailto:Jory.Becker@ky.gov">Jory.Becker@ky.gov</a>	DOW	Request for Proposals (RFPs), Set-Aside Activities
Russell Neal Environmental Control Supervisor (502) 782-7026 <a href="mailto:Russell.Neal@ky.gov">Russell.Neal@ky.gov</a>	DOW	DW Priority List, Environmental Review,

## Borrower Loan Compliance and Financial Monitoring

The borrower's ability to repay its loans has a direct effect on the financial condition of the DWSRF. Additionally, maintaining a positive operating cash flow and capital asset reserve funding program will protect both the utility and its customers financially against unforeseen capital replacements in the future. Upon acceptance of a loan, each borrower agrees to a number of post-closing conditions, some of which are noted below, to remain in compliance with the terms of the loan.

<sup>1</sup> KRS Ch. 224A.1115 and 200 KAR 17:070 may be found on the Internet at <https://kia.ky.gov/Information/Pages/Legislation-and-Regulations.aspx>.

- a) The borrower must provide audited financial statements to KIA within six months of the entity’s fiscal year end date. KIA will review each borrower’s financial performance and, if necessary, will work with them to identify ways to remedy any non-compliance issues.
- b) Borrowers are required to fund a repair and replacement reserve account equal to 5 percent of the KIA loan amount over 20 years and maintained for the life of the loan. This requirement may be waived if a documented replacement program is in place and being actively funded at a level that is acceptable to KIA.

KIA has two staff that will be responsible to monitor borrower loan compliance as well as process specific loan documents such as the loan assistance agreements, draw requests, closeout documents, and required audit information. The compliance coordinators have been assigned borrowers geographically by ADDs. Their contact information is as follows:

<b>Regional Compliance Coordinators</b>
Debbie Landrum (502) 892-3454 <a href="mailto:Debbie.Landrum@ky.gov">Debbie.Landrum@ky.gov</a>
Julie Bickers (502) 892-3455 <a href="mailto:Julie.Bickers@ky.gov">Julie.Bickers@ky.gov</a>

**Fund Transfers between the CWSRF and the DWSRF**

Transfers between the SRF programs are allowed up to a maximum of 33 percent of the total DWSRF capitalization grants received. KIA reserves the right to transfer the maximum allowable 33 percent of uncommitted repayment funds from the CWSRF to the DWSRF repayment fund as loan demand arises. This decision will be evaluated annually by KIA and DOW. These funds will be distributed using the same criteria and method as described in the governing IUP. Funds not transferred within one fiscal year of receipt of a capitalization grant award shall be reserved for transfer in future years.

**Equivalency Projects**

Equivalency projects are defined within the SRF programs as a select group of loans whose sum is equal to the amount of capitalization grant which are required to meet certain federal requirements. Because it is unknown which projects listed on the Project Priority List will execute loan agreements, it is not possible to list specific loans that will meet these requirements for the FFY 2022 capitalization grants. Equivalency loans will be listed in the annual report.

## SET-ASIDE ACTIVITIES

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Under the 1996 Amendments to the SDWA, Congress allowed states to “set-aside” a portion of their DWSRF capitalization grants to support water systems with non-infrastructure needs. Section 1452 of the SDWA, as amended, contains the provisions governing the DWSRF Program. Federal regulations allow states to “set aside” up to 31 percent of each capitalization grant for various programs, aside from project loans, and can use these funds to hire state staff or to contract with third party technical experts.

Kentucky will set aside 31 percent of the 2022 capitalization grants. Any set-aside funds that are not taken in one year or are transferred into the construction account will be reserved for use in a future year. Required set-aside work plans are included as Appendix D.

The four types of set-asides:

<b>Set-Aside Description</b>	<b>Maximum Allotment</b>
Administration and Technical Assistance	4.0%
State Program Management	10.0%
Small Systems Technical Assistance	2.0%
Local Assistance and Other State Programs	<u>15.0%</u>
Total	31.0%

DWSRF set-asides are not allowed to be used for water system infrastructure projects, except for planning and design activities. The set-aside activities are to support activities to ensure safe and affordable drinking water by:

- Providing states with flexible tools to assist water systems with training, technical assistance and pre-construction activities, and
- Extending and enhancing the impact of DWSRF funding by ensuring that water systems have the technical, managerial, and financial capacity to obtain a loan and to effectively maintain their resources.

### **Administration and Technical Assistance – 4% maximum**

The Administration and Technical Assistance set-aside allows states to use up to 4 percent of the capitalization grant, \$400,000, or 1/5th percent of the current valuation of the fund (whichever is greater), for costs associated with administering and implementing the state’s DWSRF Program and providing technical assistance to systems of all sizes. Most states reserve this set-aside to cover a portion of the loan program administration costs that can include direct technical assistance to water systems in completing DWSRF loan applications. While this set-aside has been typically used only for state program administration, there is an opportunity to support technical

assistance to water systems serving more than 10,000 persons. The maximum four percent is set-aside to be divided with one percent to the KIA and three percent or to EEC for administration activities of the DWSRF Programs (base, supplemental, lead service line replacement, and emerging contaminants).

### **Small System Technical Assistance – 2% maximum**

This set-aside is for small water systems serving 10,000 or fewer persons. These systems typically face greater challenges than larger systems due to limited economies of scale. This set-aside allows states to use up to 2 percent of the capitalization grant to provide technical assistance and training to help small systems build the capacity they need to provide safe drinking water. States provide technical assistance to small water systems, including assistance in planning new infrastructure projects, payments to third-party technical assistance providers and specialized small system training. Kentucky will set-aside the maximum two percent to EEC as noted in the workplan located in Appendix D.

### **State Program Management – 10% maximum**

The State Program Management set-aside allows states to use up to 10 percent of their annual allotment to develop and implement water system Capacity Development and Operator Certification Programs, administer Source Water Protection Programs or support other state drinking water program activities. There is a broad range of eligible activities for administering and implementing the state PWSS Program. Kentucky will set-aside the maximum ten percent or to EEC as noted in the workplan located in Appendix D.

### **Local Assistance and Other State Programs - 15%**

The Local Assistance and Other State Programs set-aside allows states to use up to 15 percent of their annual capitalization grant to assist in the development and implementation of local drinking water initiatives and other state programs, (e.g., capacity development and source water protection). This set-aside can also be used for direct financial assistance to water systems. A maximum of 10 percent out of the 15 percent set-aside funds can be spent on any single effort. An advantage of this set-aside is that source water and wellhead protection activities are more broadly defined compared to the State Program Management set-aside requirements. Examples of activities include: developing and implementing asset management plans for communities, providing grants to systems considering regionalization or consolidation and providing loans for the implementation of source water quality protection efforts. Kentucky will set-aside the maximum fifteen percent to EEC as noted in the workplan located in Appendix D for the following programs:

- Capacity Development – TMF and Operator Certification
- Source Water Assessment
- Wellhead Protection



## FUNDS AVAILABLE TO BE COMMITTED AND DISBURSED

Kentucky's DWSRF is capitalized by appropriations from the U.S. Congress and the Kentucky General Assembly. The fund provides, in perpetuity, financial assistance to Kentucky's eligible DWSRF projects. As of June 30, 2021 the DWSRF had a total net position of \$285,995,000 and 157 active loans. During SFY 2023, Kentucky will rely on funding as outlined in Tables A through D to provide financial assistance and to support the operations of KIA and DOW.

**Table A**  
**Kentucky DWSRF Sources and Uses of Funds for SFY 2023**

**Base Program**

July 1, 2022 through June 30, 2023

<b>Funding Sources</b>	<b>Federal Contribution</b>	<b>State Contribution</b>	<b>DWSRF Fund</b>	<b>Total</b>
FFY 2022 Base Capitalization Grant	11,547,000	2,309,400		13,856,400
Loan Repayments (P&I)			15,804,240	15,804,240
2022 Carried-Forward Projects			13,463,113	13,463,113
Under Commitment of Prior Year Loan Funds			(13,211,062)	(13,211,062)
Investment Interest Earnings			100,000	100,000
Banked Prior Year Administration Funds (Base)	380,483			380,483
<b>Total Funding Sources</b>	<b>11,927,483</b>	<b>2,309,400</b>	<b>16,156,291</b>	<b>30,393,174</b>
<b>Funding Uses</b>				
Financial Assistance - Base	7,967,430	2,309,400	(4,333,685)	5,943,145
2022 Carried-Forward Projects			13,463,113	13,463,113
Leverage Bond Debt Service			7,026,863	7,026,863
Banked Prior Year Administration Funds - Base	380,483			380,483
FFY 2022 Administration - Base (4%)	461,880			461,880
FFY 2022 State Program Management - Base (10%)	1,154,700			1,154,700
FFY 2022 Technical Assistance - Base (2%)	230,940			230,940
FFY 2022 Local and Other Assistance - Base (15%)	1,732,050			1,732,050
<b>Total Funding Uses</b>	<b>11,927,483</b>	<b>2,309,400</b>	<b>16,156,291</b>	<b>30,393,174</b>

During the 2023 IUP funding cycle, KIA will have an estimated \$19,406,258 available to fund eligible 2023 DWSRF projects and 2022 DWSRF carried-forward projects. This is comprised of available funds of \$13,463,113 that were carried over from the prior fiscal year, the 2022 capitalization grant of \$11,547,000, state match funds of \$2,309,400, estimated loan repayments of \$15,804,240 and \$100,000 interest earnings on existing cash balances. Funding is reduced by leverage bond debt service of \$7,026,863, 2022 carried-forward projects of \$13,463,113, administrative costs of \$461,880 (4 percent) and other set-aside costs totaling \$3,117,690 (27 percent). Any set-aside funds that are not taken in one year or are transferred into the construction account will be reserved for use in a future year. KIA and DOW will have \$380,483 in banked Set-Aside funds from prior capitalization grants for administration of the program.

The \$2,309,400 state match will consist of proceeds from the sale of tax-exempt revenue bonds with debt service provided by the Commonwealth. The anticipated submission date for the 2022 capitalization grant application is July 30, 2022, with the grant award being made available on October 1, 2022.

KIA received budgetary authorization to issue agency leverage bonds during the 2018-2020 biennium in an amount not to exceed \$30 million which was reauthorized for fiscal year 2022. Bond proceeds are deposited into the fund and used to make eligible DWSRF loans. For this authorization to become effective, KIA must obtain approval from the Kentucky Infrastructure Authority Board, the Capital Projects and Bond Oversight Committee, the Office of the State Budget Director and the Office of Financial Management in the Finance and Administration Cabinet with respect to the timing and amount of the leverage bond issuance. KIA may elect to defer issuance of bonds or to not commit the entire authorization amount.

**Table B**  
**Kentucky DWSRF Sources and Uses of Funds for SFY 2023**  
**Base Supplemental Program**  
**July 1, 2022 through June 30, 2023**

<b>Funding Sources</b>	<b>Federal Contribution</b>	<b>State Contribution</b>	<b>Total</b>
FFY 2022 Supplemental Base Capitalization Grant	29,649,000	2,964,900	32,613,900
<b>Total Funding Sources</b>	<b>29,649,000</b>	<b>2,964,900</b>	<b>32,613,900</b>
<b>Funding Uses</b>			
Financial Assistance - Base Supplemental	20,457,810	2,964,900	23,422,710
FFY 2022 Administration - Supplemental Base (4%)	1,185,960		1,185,960
FFY 2022 State Program Management - Supplemental Base (10%)	2,964,900		2,964,900
FFY 2022 Technical Assistance - Supplemental Base (2%)	592,980		592,980
FFY 2022 Local and Other Assistance - Supplemental Base (15%)	4,447,350		4,447,350
<b>Total Funding Uses</b>	<b>29,649,000</b>	<b>2,964,900</b>	<b>32,613,900</b>

During the 2023 IUP funding cycle, KIA will have an estimated \$23,422,710 in the Base Supplemental Program available to fund eligible 2023 DWSRF projects.

Funding is provided from the FFY 2022 capitalization grant of \$29,649,000 and state match funds of \$2,964,900. Funding is reduced by administrative costs of \$1,185,960 (4 percent) and other set-aside costs totaling \$8,005,230 (27 percent). Any set-aside funds that are not taken in one year or are transferred into the construction account will be reserved for use in a future year.

The \$2,964,900 state match is provided from bond proceeds from the sale of tax-exempt revenue bonds with debt service provided by the Commonwealth.

**Table C**  
**Kentucky DWSRF Sources and Uses of Funds for SFY 2023**  
**Lead Service Line Replacement Program**  
July 1, 2022 through June 30, 2023

<b>Funding Sources</b>	<b>Federal Contribution</b>	<b>Total</b>
FFY 2022 Lead Service Line Replacement Capitalization Grant	46,717,000	46,717,000
<b>Total Funding Sources</b>	<b>46,717,000</b>	<b>46,717,000</b>
<b>Funding Uses</b>		
Financial Assistance - Lead Service Line Replacement	32,234,730	32,234,730
FFY 2022 Administration - Lead Service Line Replacement (4%)	1,868,680	1,868,680
FFY 2022 State Program Management - Lead Service Line Replacement (10%)	4,671,700	4,671,700
FFY 2022 Technical Assistance - Lead Service Line Replacement (2%)	934,340	934,340
FFY 2022 Local and Other Assistance - Lead Service Line Replacement (15%)	7,007,550	7,007,550
<b>Total Funding Uses</b>	<b>46,717,000</b>	<b>46,717,000</b>

During the 2023 IUP funding cycle, KIA will have an estimated \$32,234,730 in the Lead Service Line Replacement Program available to fund eligible 2023 DWSRF projects.

Funding is provided from the FFY 2022 capitalization grant of \$46,717,000. Funding is reduced by administrative costs of \$1,868,680 (4 percent) and other set-aside costs totaling \$12,613,590 (27 percent). Any set-aside funds that are not taken in one year or are transferred into the construction account will be reserved for use in a future year.

No state match is required for this capitalization grant.

**Table D**  
**Kentucky DWSRF Sources and Uses of Funds for SFY 2023**  
**Emerging Contaminants Program**  
 July 1, 2022 through June 30, 2023

<b>Funding Sources</b>	<b>Federal Contribution</b>	<b>Total</b>
FFY 2022 Emerging Contaminants Capitalization Grant	12,450,000	12,450,000
<b>Total Funding Sources</b>	<b>12,450,000</b>	<b>12,450,000</b>
<b>Funding Uses</b>		
Financial Assistance - Emerging Contaminants	8,590,500	8,590,500
FFY 2022 Administration - Emerging Contaminants (4%)	498,000	498,000
FFY 2022 State Program Management - Emerging Contaminants (10%)	1,245,000	1,245,000
FFY 2022 Technical Assistance - Emerging Contaminants (2%)	249,000	249,000
FFY 2022 Local and Other Assistance - Emerging Contaminants (15%)	1,867,500	1,867,500
<b>Total Funding Uses</b>	<b>12,450,000</b>	<b>12,450,000</b>

During the 2023 IUP funding cycle, KIA will have an estimated \$8,590,500 in the Emerging Contaminants Program available to fund eligible 2023 DWSRF projects.

Funding is provided from the FFY 2022 capitalization grant of \$12,450,000. Funding is reduced by administrative costs of \$498,000 (4 percent) and other set-aside costs totaling \$3,361,500 (27 percent). Any set-aside funds that are not taken in one year or are transferred into the construction account will be reserved for use in a future year.

No state match is required for this capitalization grant.

## PUBLIC PARTICIPATION

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The amended 2023 DWSRF IUP including the revised Project Priority List for invited projects will be available for public review and comment on the KIA website at [www.kia.ky.gov](http://www.kia.ky.gov) from July 5, 2023 through August 3, 2023. A public meeting will be held Thursday, July 13, 2023, at 2:30 p.m. ET as a virtual Zoom meeting, which is accessible via a link found on the KIA website, at [kia.ky.gov](http://kia.ky.gov). Written comments will be received during the public comment period via email to [kia.executivedirectors@ky.gov](mailto:kia.executivedirectors@ky.gov) through August 3, 2023 at 4:30 P.M. ET.

## APPENDIX A

# COMPREHENSIVE PROJECT PRIORITY LIST

# Revised Priority List – Invited Projects

Changes include adding columns to show Affordability Ratio and Project Area MHI to the invited projects.

Rank	Score	KIA Loan Number	WRIS Number	Applicant	Project Title	Total Project Cost	Requested Loan Amount	Invited Loan Amount Base	Cumulative Invited Loan Amount Base	Invited Loan Amount Supplemental	Cumulative Invited Loan Amount Supplemental	Invited Loan Amount Lead Service Line	Cumulative Invited Loan Amount LSLR	Principal Forgiveness Amount	Cumulative Principal Forgiveness	Invite Round No. Bypassed	System Population	Affordability Ratio	Project Area MHI	System MHI
1	465	F23-001	WX21131013	Hyden-Leslie County Water District	Leslie Waterline Replacement Phase I	\$2,182,385	\$2,001,013	\$2,001,013	\$2,001,013					\$2,001,013	\$2,001,013	1	9,677	1.4%	\$38,859	\$35,919
2	430	F23-002	WX21221017	Barkley Lake Water District	BLWD - Lakeside Waterline Replacement	\$3,678,442	\$3,678,453	\$3,678,453	\$5,679,466					\$1,001,207	\$3,002,220	1	9,872	1.0%	\$57,141	\$53,288
3	320	F23-003	WX21021037	Danville, City of	Danville Water Line Replacements	\$1,240,000	\$1,240,000			\$1,240,000	\$1,240,000			\$530,689	\$530,689	1	24,951	0.6%	\$42,068	\$44,314
4	305	F23-004	WX21167034	Harrodsburg, City of	Harrodsburg Water Main and Water Hydrant Replacements	\$4,280,000	\$4,280,000			\$4,280,000	\$5,520,000			\$1,831,732	\$2,362,421	1	8,684	0.7%	\$41,901	\$42,821
5	280	F23-005	WX21107058	White Plains, City of	White Plains - Water Line and Service Replacement Project	\$2,405,000	\$2,405,000			\$2,405,000	\$7,925,000			\$1,029,279	\$3,391,700	1	1,491	1.1%	\$39,803	\$42,093
6	280	F23-006	WX21001032	Adair County Water District	Phase 23 - Water Treatment Plant and System Improvements	\$4,377,650	\$4,377,650			\$4,377,650	\$12,302,650			\$1,873,524	\$5,265,224	1	16,841	1.2%	\$38,493	\$42,377
7	260	F23-007	WX21037311	Northern Kentucky Water District	Water Main Replacement – Newport and The Ovation	\$8,855,000	\$4,000,000			\$4,000,000	\$16,302,650			\$1,711,899	\$6,977,124	1	252,560	0.4%	\$44,202	\$66,417
8	255	F23-008	WX21219014	Trenton, City of	Trenton - Water System Improvements	\$3,270,000	\$3,270,000			\$3,270,000	\$19,572,650			\$1,399,478	\$8,376,601	1	552	1.1%	\$68,552	\$57,637
9	245	F23-009	WX21155060	Lebanon, City of	2022 WTP and Water System Improvements Project	\$3,860,000	\$3,860,000			\$3,850,060	\$23,422,710			\$1,647,726	\$10,024,327	1	6,447	1.2%	\$33,339	\$30,397
119	0	F23-119	WX21003028	Scottsville, City of	City of Scottsville - Lead Service Line Inventory	\$100,000	\$100,000					\$100,000	\$100,000	\$100,000	\$100,000	1	5,300	1.2%	\$33,866	\$33,866
132	0	F23-132	WX21111204	Louisville Water Company	Private LSL Replacement (Galvanized) - Economically Disadvantaged Area	\$1,931,800	\$1,931,800					\$1,931,800	\$2,031,800	\$943,516	\$1,043,516	1	807,578	0.4%		\$82,920
133	0	F23-133	WX21111205	Louisville Water Company	Private LSL Replacement (Galvanized)	\$3,791,200	\$3,791,200					\$3,791,200	\$5,823,000	\$1,851,671	\$2,895,187	1	807,578	0.4%		\$82,920
134	0	F23-134	WX21111206	Louisville Water Company	Private LSL Replacement (Known Lead) - Economically Disadvantaged Area	\$11,196,000	\$11,196,000					\$11,196,000	\$17,019,000	\$5,468,271	\$8,363,458	1	807,578	0.4%		\$82,920
135	0	F23-135	WX21111207	Louisville Water Company	Private LSL Replacement (Known Lead)	\$73,295,971	\$73,295,971					\$15,215,730	\$32,234,730	\$7,431,559	\$15,795,018	1	807,578	0.4%		\$82,920

## 2023 DWSRF Project Priority Lists for Base, Supplemental, Lead Service Line Replacement, and Emerging Contaminants

Rank	Score	KIA Loan Number	WRIS Number	Applicant	Project Title	Total Project Cost	Requested Loan Amount	Invited Loan Amount Base	Cumulative Invited Loan Amount Base	Invited Loan Amount Supplemental	Cumulative Invited Loan Amount Supplemental	Invited Loan Amount Lead Service Line	Cumulative Invited Loan Amount LSLR	Principal Forgiveness Amount	Cumulative Principal Forgiveness	Invite Round No. Bypassed	System Population	System MHI
0		F20-034	WX21143017	Lyon County Water District	LCWD - Water System and Storage Tank Improvements Project	\$2,094,675	\$2,094,675	\$0	\$0			\$0	\$0	\$0	\$0	Bypassed	4,114	\$49,237
0		F21-027	WX21227083	Warren County Water District	WCWD - Woodburn Tank Replacement & Hwy 68W Reservoir	\$3,600,000	\$2,100,000	\$0	\$0			\$0	\$0	\$0	\$0	Bypassed	76,855	\$61,287
1	465	F23-001	WX21131013	Hyden-Leslie County Water District	Leslie Waterline Replacement Phase I	\$2,182,385	\$2,001,013	\$2,001,013	\$2,001,013					\$2,001,013	\$2,001,013	1	9,677	\$35,919
2	430	F23-002	WX21221017	Barkley Lake Water District	BLWD - Lakeside Waterline Replacement	\$3,678,442	\$3,678,453	\$3,678,453	\$5,679,466					\$1,001,207	\$3,002,220	1	9,872	\$53,288
3	320	F23-003	WX21021037	Danville, City of	Danville Water Line Replacements	\$1,240,000	\$1,240,000			\$1,240,000	\$1,240,000			\$892,221	\$892,221	1	24,951	\$44,314
4	305	F23-004	WX21167034	Harrodsburg, City of	Harrodsburg Water Main and Water Hydrant Replacements	\$4,280,000	\$4,280,000			\$4,280,000	\$5,520,000			\$3,079,601	\$3,971,822	1	8,684	\$42,821
5	280	F23-005	WX21107058	White Plains, City of	White Plains - Water Line and Service Replacement Project	\$2,405,000	\$2,405,000			\$2,405,000	\$7,925,000			\$1,730,477	\$5,702,299	1	1,491	\$42,093
6	280	F23-006	WX21001032	Adair County Water District	Phase 23 - Water Treatment Plant and System Improvements	\$4,377,650	\$4,377,650			\$4,377,650	\$12,302,650			\$3,149,864	\$8,852,163	1	16,841	\$42,377
7	260	F23-007	WX21037311	Northern Kentucky Water District	Water Main Replacement – Newport and The Ovation	\$8,855,000	\$4,000,000			\$4,000,000	\$16,302,650			\$1,598,681	\$10,450,844	1	252,560	\$66,417
8	255	F23-008	WX21219014	Trenton, City of	Trenton - Water System Improvements	\$3,270,000	\$3,270,000			\$3,270,000	\$19,572,650			\$1,306,921	\$11,757,765	1	552	\$57,637
9	245	F23-009	WX21155060	Lebanon, City of	2022 WTP and Water System Improvements Project	\$3,860,000	\$3,860,000			\$3,850,060	\$23,422,710			\$2,770,245	\$14,528,010	1	6,447	\$30,397
10	230	F23-010	WX21155055	Marion County Water District	Marion County Water District 2023 Water System Improvements	\$3,600,000	\$3,600,000										13,903	\$46,922
11	220	F23-011	WX21111196	Louisville Water Company	Steedly Drive Area MRRP	\$5,235,280	\$5,235,280										807,578	\$82,920
12	215	F23-012	WX21133038	Fleming-Neon, City of	Waterline Improvement Project Phase 3	\$1,584,886	\$1,584,886										2,774	\$37,157
13	200	F23-013	WX21129011	Beattyville, City of	Southside Waterline Replacement Project Phase 1	\$2,000,000	\$2,000,000										6,787	\$22,873
14	195	F23-014	WX21111201	Louisville Water Company	Derby Avenue Area MRRP	\$3,437,120	\$3,437,120										807,578	\$82,920
15	195	F23-015	WX21111202	Louisville Water Company	Kentucky, Glenmary and Oak Street 48-Inch Rehabilitation Phase 2	\$5,375,000	\$5,375,000										807,578	\$82,920
16	190	F23-016	WX21111200	Louisville Water Company	Beechland Avenue Area MRRP	\$2,921,160	\$2,921,160										807,578	\$82,920
17	170	F23-017	WX21193045	Hazard, City of	Christopher Waterline Replacement	\$1,215,000	\$1,215,000										23,295	\$44,040
18	170	F23-018	WX21111197	Louisville Water Company	Ralph Avenue Area MRRP	\$3,335,000	\$3,335,000										807,578	\$82,920
19	170	F23-019	WX21029299	Louisville Water Company	W. Blue Lick Road Area MRRP	\$1,792,260	\$1,792,260										807,578	\$82,920
20	165	F23-020	WX21155057	Lebanon, City of	Water System Improvements Phase 1	\$2,247,505	\$2,247,505										6,447	\$30,397
21	165	F23-021	WX21155058	Lebanon, City of	Water System Improvements Phase 2	\$2,929,050	\$2,929,050										6,447	\$30,397
22	160	F23-022	WX21027044	Hardinsburg, City of	Hardinsburg Water Treatment Plant Expansion Phase I	\$6,810,000	\$2,500,000										12,307	\$49,585
23	155	F23-023	WX21085043	Grayson County Water District	GCWD Caneyville System Improvements	\$732,330	\$323,025										15,027	\$38,145
24	150	F23-024	WX21177042	Drakesboro, City of	Drakesboro - Water System Improvements	\$1,062,450	\$1,062,450										662	\$49,481
25	150	F23-025	WX21151073	Richmond, City of	EKU Booster Pump Station and Lancaster Rd. 8" Line Replacement	\$2,062,900	\$2,062,900										34,443	\$40,905
26	150	F23-026	WX21155056	Marion County Water District	Kentucky Highway 52 Water System Upgrades	\$1,467,500	\$1,467,500										13,903	\$46,922
27	150	F23-027	WX21111199	Louisville Water Company	Billtown Tank Recoating	\$1,300,000	\$1,300,000										807,578	\$82,920
28	150	F23-028	WX21111203	Louisville Water Company	Crescent Hill Water Treatment Plant - Redundant Sludge Conveyance System	\$20,500,000	\$20,500,000										807,578	\$82,920
29	145	F23-029	WX21235007	Corbin City Utilities Commission	Corbin Water Treatment Plant Sodium Hypochlorite Disinfection Fa	\$2,923,968	\$2,923,968										15,137	\$39,217
30	140	F23-030	WX21139028	Grand Rivers, City of	Grand Rivers - Waterline Replacement & AMR System	\$667,500	\$667,500										1,914	\$51,063
31	135	F23-031	WX21235008	Williamsburg, City of	Williamsburg, KY - Downtown Water System Improvements	\$5,534,130	\$5,534,130										5,273	\$30,551
32	135	F23-032	WX21133068	Whitesburg, City of	Whitesburg Waterline Improvement Phase (Downtown)	\$2,375,000	\$2,375,000										2,583	\$31,630
33	130	F23-033	WX21031042	Morgantown, City of	Morgantown - Water Plant Improvements	\$2,380,000	\$2,380,000										2,275	\$30,242



## 2023 DWSRF Project Priority Lists for Base, Supplemental, Lead Service Line Replacement, and Emerging Contaminants

Rank	Score	KIA Loan Number	WRIS Number	Applicant	Project Title	Total Project Cost	Requested Loan Amount	Invited Loan Amount Base	Cumulative Invited Loan Amount Base	Invited Loan Amount Supplemental	Cumulative Invited Loan Amount Supplemental	Invited Loan Amount Lead Service Line	Cumulative Invited Loan Amount LSLR	Principal Forgiveness Amount	Cumulative Principal Forgiveness	Invite Round No. Bypassed	System Population	System MHI
34	130	<a href="#">F23-034</a>	<a href="#">WX21033018</a>	Princeton Water & Wastewater Commission	Princeton - Tank Rehabilitation	\$1,490,700	\$1,490,700										6,904	\$45,292
35	130	<a href="#">F23-035</a>	<a href="#">WX21125023</a>	Laurel County Water District #2	Oak Ridge Church Road & Cardinal Heights Area Water System Improvements	\$2,175,000	\$2,175,000										15,541	\$43,571
36	125	<a href="#">F23-036</a>	<a href="#">WX21185058</a>	Louisville Water Company	W Highway 146 Water Main Extension	\$2,522,620	\$2,522,620										807,578	\$82,920
37	125	<a href="#">F23-037</a>	<a href="#">WX21111198</a>	Louisville Water Company	Highway 61 Water Main Extension	\$1,258,010	\$1,258,010										807,578	\$82,920
38	120	<a href="#">F23-038</a>	<a href="#">WX21089102</a>	Greenup, City of	City of Greenup new Water Treatment Plant	\$14,599,000	\$14,599,000										9,714	\$48,027
39	110	<a href="#">F23-039</a>	<a href="#">WX21131014</a>	Hyden-Leslie County Water District	Meter Replacement Project Phase II	\$1,745,000	\$1,745,000										9,677	\$35,919
40	110	<a href="#">F23-040</a>	<a href="#">WX21131015</a>	Hyden-Leslie County Water District	Meter Replacement Project Phase I	\$2,000,000	\$2,000,000										9,677	\$35,919
41	110	<a href="#">F23-041</a>	<a href="#">WX21141062</a>	Adairville, City of	Adairville Water System Improvements	\$964,750	\$964,750										852	\$39,066
42	110	<a href="#">F23-042</a>	<a href="#">WX21239038</a>	South Woodford Water District	SWWD - Comprehensive System Rehabilitation Project	\$2,230,000	\$2,230,000										3,906	\$81,030
43	110	<a href="#">F23-043</a>	<a href="#">WX21125022</a>	Laurel County Water District #2	North Corbin Area Water System Improvements	\$1,100,000	\$1,100,000										15,541	\$43,571
44	110	<a href="#">F23-044</a>	<a href="#">WX21019054</a>	Ashland, City of	Belmont Transmission Line Rehab	\$1,800,000	\$1,800,000										34,926	\$46,351
45	105	<a href="#">F23-045</a>	<a href="#">WX21003012</a>	Scottsville, City of	City of Scottsville - WTP Emergency Generator Project	\$954,400	\$954,400										5,300	\$33,866
46	105	<a href="#">F23-046</a>	<a href="#">WX21181006</a>	Carlisle, City of	Phase 2 - Drinking Water System Improvements	\$1,526,000	\$1,526,000										2,065	\$41,914
47	105	<a href="#">F23-047</a>	<a href="#">WX21211090</a>	West Shelby Water District	Shelbyville Road Pump Station	\$350,000	\$350,000										5,858	\$87,947
48	105	<a href="#">F23-048</a>	<a href="#">WX21001027</a>	Adair County Water District	CAUD - River Crossing & Loop	\$1,378,820	\$1,378,820										16,841	\$42,377
49	100	<a href="#">F23-049</a>	<a href="#">WX21111077</a>	Louisville Water Company	Kessler Avenue Water Main Extension	\$442,620	\$442,620										807,578	\$82,920
50	100	<a href="#">F23-050</a>	<a href="#">WX21111140</a>	Louisville Water Company	Sylvania No. 6 Road Water Main Extension	\$483,420	\$483,420										807,578	\$82,920
51	95	<a href="#">F23-051</a>	<a href="#">WX21155045</a>	Lebanon, City of	Lebanon Water Works 2020 Tank Project	\$8,218,800	\$2,000,000										6,447	\$30,397
52	95	<a href="#">F23-052</a>	<a href="#">WX21027046</a>	Cloverport, City of	Cloverport Water Customer Service Line Replacement & Tank Rehab	\$920,000	\$920,000										1,100	\$33,360
53	95	<a href="#">F23-053</a>	<a href="#">WX21131016</a>	Hyden-Leslie County Water District	SCADA Improvement Project	\$1,400,000	\$1,400,000										9,677	\$35,919
54	95	<a href="#">F23-054</a>	<a href="#">WX21131017</a>	Hyden-Leslie County Water District	Leslie Water Treatment Plant Improvements	\$2,030,000	\$2,030,000										9,677	\$35,919
55	93	<a href="#">F23-055</a>	<a href="#">WX21231020</a>	Monticello, City of	Wayne County Miscellaneous Water Line Extensions	\$6,192,000	\$6,192,000										16,443	\$38,634
56	90	<a href="#">F23-056</a>	<a href="#">WX21089011</a>	Russell, City of	Russell: Upgrade Water Treatment Plant and System Improvements	\$16,500,000	\$16,500,000										5,181	\$68,914
57	85	<a href="#">F23-057</a>	<a href="#">WX21189012</a>	Booneville, City of	Telemetry Improvement Project	\$800,000	\$800,000										4,046	\$31,847
58	85	<a href="#">F23-058</a>	<a href="#">WX21089112</a>	South Shore, City of	South Downtown Water Line Replacement	\$685,000	\$685,000										4,164	\$36,444
59	85	<a href="#">F23-059</a>	<a href="#">WX21181013</a>	Nicholas County Water District	NCWD - PHASE 13 WATER SYSTEM IMPROVEMENTS	\$1,935,000	\$1,894,954										3,635	\$47,348
60	85	<a href="#">F23-060</a>	<a href="#">WX21125032</a>	Laurel County Water District #2	Oak Ridge Storage Tank Replacement	\$2,500,000	\$2,500,000										15,541	\$43,571
61	83	<a href="#">F23-061</a>	<a href="#">WX21131012</a>	Hyden-Leslie County Water District	Leslie Waterline Extensions Phase I	\$920,610	\$920,610										9,677	\$35,919
62	80	<a href="#">F23-062</a>	<a href="#">WX21225048</a>	Uniontown, City of	Uniontown New Booster Pump Station Project	\$314,350	\$314,350										1,071	\$40,014
63	80	<a href="#">F23-063</a>	<a href="#">WX21137060</a>	Hustonville, City of	Hustonville Water Improvements Phase 2A	\$886,000	\$886,000										4,068	\$41,438
64	80	<a href="#">F23-064</a>	<a href="#">WX21091103</a>	Hawesville, City of	Hawesville Water Tank Improvements	\$1,456,600	\$1,456,600										2,948	\$55,180
65	80	<a href="#">F23-065</a>	<a href="#">WX21047032</a>	Hopkinsville Water Environment Authority	HWEA Water Meter Replacement and AMR	\$6,000,000	\$6,000,000										34,959	\$39,660
66	80	<a href="#">F23-066</a>	<a href="#">WX21183049</a>	Ohio County Water District	Ohio County Water District Intake Line Rebuilding Project	\$2,200,000	\$1,680,000										15,002	\$45,843
67	80	<a href="#">F23-067</a>	<a href="#">WX21101126</a>	Henderson County Water District	Henderson County Water District Scattered Lines Project	\$2,254,200	\$2,254,200										15,526	\$59,007

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68	75	F23-068	WX21031054	Morgantown, City of	Morgantown Water Distribution System Improvements	\$589,000	\$466,968										2,279	\$30,242
69	75	F23-069	WX21089073	Russell, City of	City of Russell Intake Pier Rehab Project	\$7,000,000	\$7,000,000										5,181	\$68,914
70	75	F23-070	WX21151070	Southern Madison Water District	SMWD - New SCADA System	\$190,000	\$190,000										12,692	\$52,506
71	70	F23-071	WX21043038	Grayson Utilities Commission	Grayson: WTP Emergency Power Generators	\$333,000	\$3,330,000										10,593	\$35,743
72	70	F23-072	WX21173166	Mount Sterling Water and Sewer	Mount Sterling Water and Sewer WTP Expansion Project	\$9,184,671	\$9,184,671										13,155	\$44,114
73	65	F23-073	WX21181004	Carlisle, City of	City of Carlisle Raw Water Intake Improvements	\$4,264,000	\$3,600,000										2,063	\$41,914
74	65	F23-074	WX21095018	Benham, City of	Benham Water System Improvements	\$1,250,000	\$1,250,000										701	\$42,931
75	65	F23-075	WX21233023	Dixon, City of	Dixon Water Line Upgrade	\$377,500	\$377,500										777	\$43,900
76	60	F23-076	WX21207032	Russell Springs, City of	Mt. Eden/Salem Area Water System Improvements	\$474,000	\$474,000										9,809	\$42,438
77	60	F23-077	WX21047040	Hopkinsville Water Environment Authority	HWEA SRF Phase V Water System Improvements	\$22,527,000	\$22,527,000										34,959	\$39,660
78	60	F23-078	WX21125029	Laurel County Water District #2	Old Union Church Road Water System Improvements	\$650,000	\$650,000										15,541	\$43,571
79	60	F23-079	WX21151068	Southern Madison Water District	SMWD - AMR Water Meters	\$970,000	\$970,000										12,692	\$52,506
80	60	F23-080	WX21151069	Southern Madison Water District	SMWD - Bobtown Tank Rehabilitation	\$230,000	\$230,000										12,692	\$52,506
81	60	F23-081	WX21179037	Bardstown, City of	Bardstown Downtown Water Line Improvements Phase 2	\$1,040,000	\$1,040,000										26,967	\$60,059
82	55	F23-082	WX21207028	Jamestown, City of	KY 55 300,000 Gallon Elevated Water Storage Tank	\$1,110,000	\$1,110,000										7,256	\$33,821
83	55	F23-083	WX21107070	Madisonville Municipal Utilities	Madisonville - Bartlett Ave Water Line Replacement Project	\$689,800	\$689,800										21,456	\$43,684
84	55	F23-084	WX21179039	Bardstown, City of	Water Treatment Plant Sludge Pump Station Improvements	\$1,620,000	\$1,620,000										26,967	\$60,059
85	52	F23-085	WX21089068	South Shore, City of	South Shore: Siloam Water Extension Project	\$1,100,000	\$1,100,000										4,164	\$36,444
86	50	F23-086	WX21143020	Kuttawa, City of	Kuttawa - KY 295 Water System Interconnect	\$706,000	\$706,000										680	\$50,648
87	50	F23-087	WX21043048	Grayson Utilities Commission	WTP Lagoons and Sludge Handling	\$1,750,000	\$1,750,000										10,593	\$35,743
88	50	F23-088	WX21125021	Laurel County Water District #2	Hanes Baker Road Area Water System Improvements	\$300,000	\$300,000										15,541	\$43,571
89	50	F23-089	WX21021011	Danville, City of	East Boyle County Water Tank	\$5,886,000	\$5,886,000										24,951	\$44,314
90	45	F23-090	WX21089013	Greenup, City of	Greenup: New Water Intake Structure	\$4,900,000	\$4,900,000										9,714	\$48,027
91	45	F23-091	WX21089110	Flatwoods, City of	Rock Gate Area Water System Expansion	\$594,668	\$594,668										7,948	\$53,213
92	43	F23-092	WX21127027	Big Sandy Water District	Lawrence County Water Line Extensions	\$867,000	\$867,000										13,500	\$47,512
93	40	F23-093	WX21047029	Hopkinsville Water Environment Authority	HWEA - Hopkinsville Industrial Foundation Commerce Park Interconnects	\$500,000	\$500,000										34,959	\$39,660
94	40	F23-094	WX21021012	Danville, City of	Danville Automatic Meter Read System Implementation	\$500,000	\$500,000										24,951	\$44,314
95	40	F23-095	WX21021038	Danville, City of	Danville 1628 Bypass Water Main Extension	\$1,575,000	\$1,575,000										24,951	\$44,314
96	40	F23-096	WX21217030	Campbellsville, City of	Water System Improvements - WTP Filter & Sed Basin Renovations	\$1,200,000	\$1,200,000										22,246	\$47,485
97	35	F23-097	WX21003001	Scottsville, City of	Holland Road New Pump Station Project	\$2,083,500	\$2,083,500										5,300	\$33,866
98	35	F23-098	WX21149005	McLean County Fiscal Court	Beech Grove Water System Storage Tank Addition	\$1,305,650	\$1,305,650										1,225	\$48,690
99	35	F23-099	WX21033016	Caldwell County Water District	Caldwell County WD - Leak Detection Meter Installation Project	\$400,000	\$400,000										4,923	\$52,650
100	35	F23-100	WX21149072	Sacramento, City of	Highway 85 Line Replacement	\$264,170	\$264,170										1,691	\$56,870

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101	35	F23-101	WX21239037	Northeast Woodford County Water District	Northeast Woodford Tank painting	\$218,000	\$218,000										2,195	\$62,052
102	35	F23-102	WX21019058	Ashland, City of	US 23 Winchester Avenue Water Main Replacement – Phase 1	\$1,259,000	\$629,000										34,926	\$46,351
103	30	F23-103	WX21089104	Raceland, City of	System Loop along US 23 from Caroline Road to Legion Drive	\$180,500	\$180,500										3,067	\$53,841
104	30	F23-104	WX21101127	Henderson County Water District	Spottsville Bridge Crossing Project	\$553,694	\$353,694										15,526	\$59,007
105	30	F23-105	WX21059082	Daviess County Fiscal Court	Knottsville Tank Rehab	\$350,000	\$350,000										11,507	\$59,683
106	30	F23-106	WX21059083	Daviess County Fiscal Court	Yelvington Tank Rehab	\$300,000	\$300,000										11,507	\$59,683
107	25	F23-107	WX21139035	Ledbetter Water District	Ledbetter Water Well Improvements	\$675,700	\$675,700										2,631	\$58,583
108	25	F23-108	WX21073024	Peaks Mill Water District	Sulfur Lick Booster Pump Station	\$350,000	\$350,000										2,846	\$66,586
109	20	F23-109	WX21089040	Worthington, City of	Worthington: Worthington Ave & Prospect Ave Loop	\$110,000	\$110,000										1,504	\$55,629
110	20	F23-110	WX21089041	Worthington, City of	Worthington: Calumet Causeway Water Project	\$80,000	\$80,000										1,504	\$55,629
111	20	F23-111	WX21021036	Danville, City of	Danville Fourth St. Connector Main Extension	\$768,600	\$768,600										24,951	\$44,314
112	20	F23-112	WX21179035	Bardstown, City of	Bardstown Storage Tank & Booster Station	\$6,335,000	\$6,335,000										26,967	\$60,059
113	15	F23-113	WX21089072	Worthington, City of	Worthington: Valve Replacement Project Systemwide	\$90,400	\$90,400										1,504	\$55,629
114	15	F23-114	WX21149067	Island, City of	Island Water Tank Project	\$701,630	\$701,630										1,040	\$55,679
115	0	F23-115	WX21095017	Cawood Water District	US 421 Tank & H.M.W.W. Emergency Feed Upgrade Project	\$1,194,725	\$1,194,725									Bypassed	4,575	\$24,460
116	0	F23-116	WX21155059	Lebanon, City of	Water Storage Tank - Northside	\$3,533,210	\$3,533,210									Bypassed	6,447	\$30,397
117	0	F23-117	WX21063008	Sandy Hook Water District	Well Rehabilitation	\$788,000	\$788,000									Bypassed	3,967	\$32,986
118	0	F23-118	WX21119028	Knott County Water & Sewer District	KY RT 2029 Quicksand and Saltlick Waterline Extension Project	\$2,160,050	\$660,050									Bypassed	9,996	\$33,557
119	0	F23-119	WX21003028	Scottsville, City of	City of Scottsville - Lead Service Line Inventory	\$100,000	\$100,000					\$100,000	\$100,000	\$100,000	\$100,000	1	5,300	\$33,866
120	0	F23-120	WX21043051	Rattlesnake Ridge Water District	Phase 14 Water Line Extensions	\$2,276,000	\$2,276,000									Bypassed	9,926	\$39,613
121	0	F23-121	WX21089081	Greenup, City of	Greenup: Phase 9 Waterline Extensions and System Improvements	\$1,525,000	\$1,525,000									Bypassed	9,714	\$48,027
122	0	F23-122	WX21235009	Whitley County Water District	WCWD 2021 System Improvements Project	\$3,792,000	\$3,459,042									Bypassed	11,293	\$36,259
123	0	F23-123	WX21047043	Hopkinsville Water Environment Authority	HWEA SRF Phase VI Water System Improvements	\$18,700,000	\$18,700,000									Bypassed	34,959	\$39,660
124	0	F23-124	WX21047044	Hopkinsville Water Environment Authority	Commerce Park II - 20" Water Main Extension	\$9,250,000	\$9,250,000									Bypassed	34,959	\$39,660
125	0	F23-125	WX21151071	Richmond, City of	Richmond Industrial Park Booster Pump Station and Duncannon	\$4,430,400	\$4,430,400									Bypassed	34,443	\$40,909
126	0	F23-126	WX21151072	Richmond, City of	Richmond - College Hill WTP Upgrade	\$16,325,000	\$16,325,000									Bypassed	34,443	\$40,909
127	0	F23-127	WX21183052	Ohio County Water District	OCWD IPE Waterline Project	\$3,700,000	\$3,700,000									Bypassed	15,002	\$45,843
128	0	F23-128	WX21179038	Bardstown, City of	Bardstown North Side Interconnect	\$1,167,000	\$1,167,000									Bypassed	26,967	\$60,059
129	0	F23-129	WX21179036	North Nelson Water District	Nelson County Water Supply Project	\$13,149,750	\$4,000,000									Bypassed	12,573	\$68,653
130	0	F23-130	WX21029300	Louisville Water Company	Hardin County Water District #2 Improvements - Clermont Tank to Belmont BPS	\$7,507,260	\$7,507,260									Bypassed	807,578	\$82,920
131	0	F23-131	WX21029301	Louisville Water Company	Hardin County Water District #2 Improvements - Salt River BPS to Chapeze BPS	\$16,723,840	\$16,723,840									Bypassed	807,578	\$82,920
132	0	F23-132	WX21111204	Louisville Water Company	Private LSL Replacement (Galvanized) - Economically Disadvantaged Area	\$1,931,800	\$1,931,800					\$1,931,800	\$2,031,800	\$1,370,115	\$1,470,115	1	807,578	\$82,920
133	0	F23-133	WX21111205	Louisville Water Company	Private LSL Replacement (Galvanized)	\$3,791,200	\$3,791,200					\$3,791,200	\$5,823,000	\$2,688,882	\$4,158,997	1	807,578	\$82,920

## 2023 DWSRF Project Priority Lists for Base, Supplemental, Lead Service Line Replacement, and Emerging Contaminants

Rank	Score	KIA Loan Number	WRIS Number	Applicant	Project Title	Total Project Cost	Requested Loan Amount	Invited Loan Amount Base	Cumulative Invited Loan Amount Base	Invited Loan Amount Supplemental	Cumulative Invited Loan Amount Supplemental	Invited Loan Amount Lead Service Line	Cumulative Invited Loan Amount LSLR	Principal Forgiveness Amount	Cumulative Principal Forgiveness	Invite Round No. Bypassed	System Population	System MHI
134	0	<a href="#">F23-134</a>	<a href="#">WX21111206</a>	Louisville Water Company	Private LSL Replacement (Known Lead) - Economically Disadvantaged Area	\$11,196,000	\$11,196,000					\$11,196,000	\$17,019,000	\$7,940,684	\$12,099,681	1	807,578	\$82,920
135	0	<a href="#">F23-135</a>	<a href="#">WX21111207</a>	Louisville Water Company	Private LSL Replacement (Known Lead)	\$73,295,971	\$73,295,971					\$15,215,730	\$32,234,730	\$10,791,649	\$22,891,330	1	807,578	\$82,920
136	0	<a href="#">F23-136</a>	<a href="#">WX21111208</a>	Louisville Water Company	Private LSL Replacement (Lead Status Unknown) - Economically Disadvantaged Areas	\$12,438,153	\$12,438,153									Bypassed	807,578	\$82,920
137	0	<a href="#">F23-137</a>	<a href="#">WX21111209</a>	Louisville Water Company	Private LSL Replacement (Lead Status Unknown)	\$87,783,279	\$87,783,279									Bypassed	807,578	\$82,920

## APPENDIX B

# PRIORITY SYSTEM GUIDANCE DOCUMENT

# **KENTUCKY**

## **Priority System Guidance Document**

For Drinking Water Projects  
Eligible To Be Funded By The

**KENTUCKY DRINKING WATER  
STATE REVOLVING FUND**

**2023 Funding Cycle**



**ENERGY AND ENVIRONMENT CABINET**  
**Department for Environmental Protection**  
**Division of Water**

300 Sower Boulevard – 3<sup>rd</sup> Floor  
Frankfort, Kentucky 40601  
Phone: (502) 564-3410  
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[water.ky.gov](http://water.ky.gov)

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## INTRODUCTION

### PURPOSE

The priority system was developed to prioritize eligible projects for funding through the Drinking Water State Revolving Fund (DWSRF). The DWSRF is intended to facilitate Public Water Systems (PWS) in achieving and maintaining technical, managerial, and financial (TMF) capacity, enabling PWSs to consistently maintain compliance with the Safe Drinking Water Act (SDWA). This includes compliance with existing and future national drinking water standards, as well as other activities that significantly further the health protection objectives of the SDWA.

### METHODOLOGY

The structure of the priority system incorporates the rules and initiatives promulgated since the 1996 amendments to the SDWA. The amendments encompass financial, managerial, and technical capacity; Surface Water Treatment Rule; Total Coliform Rule and Revised Total Coliform Rule; Lead and Copper Rule; Asbestos Standard; Enhanced Surface Water Treatment Rule; Disinfectants and Disinfection Byproducts Rule; Groundwater Rule; and best available and affordable technology. A proactive approach has been developed to determine priority based on infrastructure needs to address the goals of the SDWA. Projects are prioritized based on scores derived from a comprehensive review of each project using the DWSRF ranking criteria described in this document.

### APPLYING THE PRIORITY SYSTEM TO PROJECTS

The Division of Water (DOW) assigns points in each of nine categories: Regionalization, Public Health Criteria-Treatment, Public Health Criteria-Distribution, Extension of Service, Security, Compliance and Enforcement, Financial Need, Asset Management, Sustainable Infrastructure, and Project Readiness (see Table 1, DWSRF Ranking Criteria). Points are based on information provided by PWSs and/or their consultants. During the annual call for projects, project profiles are submitted for review by the local area development districts through the Water Resources Information System (WRIS). No additional projects may be submitted after the call for projects deadline. Project profiles must be complete with all pertinent information. Once the project review process begins, project profiles will be locked. (Any profiles edited during the review process will result in a disqualification of the project for that funding cycle.) The total score for a project is the sum of all points received for each of the nine categories.

### TIE BREAKER

It is possible the ranking process could result in two or more projects having the same total score. A tie breaker method has been developed for this situation considering the following factors: maintaining priorities to be funded in the order as set forth by the priority formula, expending DWSRF dollars to maximize the benefit toward compliance with the SDWA, and providing funding of projects that are affordable to the households that benefit from the project.

Those PWSs serving a population of 10,000 people or less are prioritized over those serving populations over 10,000. Consideration is then given to those projects with existing enforcement actions (i.e., Agreed Orders). Lastly, the financial need of the applicant, as evidenced by the median household income (MHI) according to the current American Community Survey 5-Year Estimates, is taken into consideration.



## PROJECT PROFILES

The project profile must have sufficient detail to ensure the proposed project receives the maximum amount of points and is scored properly. The Project Description within the Narrative tab should provide a clear and detailed explanation of the proposed project. The Need for Project must describe how the proposed project promotes public health or achieves/maintains compliance with the SDWA. Any major changes to system capacity (i.e., storage volume, line replacements due to size, water treatment plant design capacity, etc.) must include a detailed justification. The information provided in the Narrative tab must match exactly the information provided in the Components tab, and all project components must be accurately represented on the map within the Map tab. Additionally, there are check boxes in the Impacts, Components, and Sustainable Infrastructure tabs. In order to receive all eligible points, each pertinent box must be checked. Some of the check boxes require supporting documentation. Failure to check applicable boxes and/or upload required documentation in WRIS will result in a loss of potential points.

## I. REGIONALIZATION

This category allows affordable alternatives for a PWS to achieve and maintain technical, managerial, and financial capacity to comply with the SDWA through mergers, interconnections, and emergency planning.

### A. Elimination of a PWS through a merger or acquisition (elimination of a PWSID)

Under this category, points will be provided to projects promoting regionalization. This is not the same as an interconnection where two or more water systems provide potable water supplies to one another, but retain their own individual identities and PWSIDs. The merger must result in the dissolution of the PWSID of the receiving PWS. (Example: Sun Water Works is extending a transmission main to Beach Water Works because their wells are contaminated. Under formal agreement, the entire Beach Water Works service area will now be converted to the Sun Water Works service area and the wells and treatment plant will be closed. Beach Water Works will no longer be in the business of producing water or maintaining a distribution system and therefore will not have a PWSID number.)

**Points Received: 50**

### B. Elimination of a water treatment plant as a result of an interconnection

This section applies points to a project that will result in the elimination of a water treatment plant, as a result of an interconnection, that is in need of rehabilitation, modification or expansion to comply with the SDWA. This is different from a merger in that both utilities will remain solvent with individual PWSIDs. (Example: Coral Water Works is extending a transmission main to the Reef Water Works system that will allow the aging water treatment plant to be closed down. Coral Water Works will provide all of the water to the Reef Water Works distribution system under a purchase contract, however, Reef Water Works will remain in business as a distribution system only and will retain a PWSID number.)

**Points Received: 25**

### C. Acquisition of a supplemental or emergency potable water supply

**Points Received: 15 per new connection**

### D. Replacement or supplemental raw water supply

**Points Received: 15**

**RESTRICTIONS:** Projects consisting of construction or rehabilitation of reservoirs and dams and purchase of water rights are ineligible for funding through the DWSRF.

## II. PUBLIC HEALTH CRITERIA – TREATMENT

This category provides points to treatment projects that will provide improved compliance with the National Drinking Water Standards of the SDWA.

### A. Treatment Facilities

#### i) Construction of a new water treatment plant (where one does not presently exist) or expansion of an existing plant

New water treatment facilities or water treatment plant expansions are limited to 15 points unless a need for best available technology is demonstrated based on raw or finished water quality or other extenuating circumstances. Additional points may be applied under Section B for such cases.

Examples include, but are not limited to, the construction of a new water treatment plant or an expansion of an existing water works facility where it is unfeasible to purchase a supplemental supply from another PWS; construction of a new intake structure; or upgrade of intake pumps

## Kentucky Priority System Guidance Document for Drinking Water

or any other treatment processes resulting in an increase in the production capacity of the plant, etc.

**Points Received: 15**

**ii) Rehabilitation of the water treatment plant**

Water treatment plant rehabilitation projects are limited to 30 points unless the proposed project is needed to acquire or maintain compliance with the National Drinking Water Standards of the SDWA. In such cases, additional points may be applied under Section B below.

Examples may include, but are not limited to, the functional replacement of treatment processes due to age/condition, the upgrade of any treatment process to meet drinking water standards with *no increase in treatment capacity*, etc.

**Points Received: 30**

**iii) Redundant processes/emergency power generators**

Redundant processes and/or emergency power generators at the treatment facilities.

**Points received: 10 for each unit**

**iv) Replacement of raw waterline**

**Points Received: 20 points for up to the first 1,000 linear feet plus 5 points for each additional 1,000 linear feet (rounded to the nearest 1,000).**

### **B. Treatment – Upgrades/Modifications**

**i) Infrastructure options to meet Cryptosporidium removal/inactivation requirements**

Examples of treatment projects include, but are not limited to, installation of membrane technology, additional filtration, improvements to sedimentation basins such as softening or construction of a pre-sedimentation basin, ozone, UV, chlorine dioxide, etc.

**Points Received: 25**

**ii) Modifications to meet CT inactivation requirement**

Disinfection techniques need to comply with CT inactivation requirements of the Surface Water Treatment Rule and the Groundwater Rule. Examples of treatment projects include, but are not limited to, alternate disinfection feed points, baffling of clearwells, etc.

**Points Received: 20**

**iii) Modifications to address disinfection byproducts requirements**

Examples of treatment projects include, but are not limited to, changing disinfectants, modification of disinfection feed points, Granular Activated Carbon (GAC), coagulation, etc.

**Points Received: 25**

**iv) Modifications to address VOC, IOC, SOC, radionuclide requirements**

Examples of treatment projects include, but are not limited to, aeration, improved coagulation, non-conventional treatments, air stripping, new chemical feed, etc.

**Points Received: 15**

**V) Modifications to address secondary contaminants**

Examples of treatment projects to address Secondary Contaminants include, but are not limited to, water softening, sedimentation basin covers, corrosion control systems, green sand filters, new chemical feed system for manganese removal, etc.

**Points Received: 10**

**RESTRICTIONS:** Points will be assigned to project components under Section B only where a need for the project can be adequately demonstrated. A history of non-compliance may be required for certain treatment applications in order to receive points. In some cases, specific monitoring must warrant the need for the project in order to receive points.

### III. PUBLIC HEALTH CRITERIA – DISTRIBUTION

This category provides points to distribution projects that will provide improved compliance with the National Drinking Water Standards of the SDWA.

#### A. Hydraulics/Storage

Examples of projects under this category include waterline replacements, new water storage tanks or pump stations, and rehabilitation of existing storage tanks or pump stations. The applicant must be prepared to demonstrate the need for the project. For waterline replacement projects, scores are applied based upon the total linear feet of line to be replaced. Additional points may be applied for projects addressing excessive water loss and for projects replacing lead service lines.

- i) **Replacement of inadequately sized waterlines, lines with leaks, breaks, or restrictive flows due to age, or lead or asbestos-cement pipe**  
Points Received: 20 points for up to the first 1,000 linear feet plus 5 points for each additional 1,000 linear feet (rounded to the nearest 1,000).
- ii) **Water loss**  
Additional points may be applied for projects replacing lines to address excessive water loss due to line leaks/breaks and unaccounted-for water loss. (Twelve months of water loss calculations must be provided to receive points for water loss):
  - 16-30% water loss: +10 points
  - 31-45% water loss: +15 points
  - 46-60% water loss: +20 points
  - > 60% water loss: +25 points
- iii) **Replacement of lead service line**  
Additional points may be applied for projects replacing lead service lines. Please contact the Division of Water for additional information and requirements.
- iv) **Rehabilitation of a water storage tank**  
Points Received: 30 for each tank
- v) **New water storage tank**  
Significant increases of system storage capacity must include a detailed justification.  
Points Received: 10 for each tank
- vi) **New or rehabilitated pump station (not associated with a new tank)**  
Points Received: 10 for each pump station
- vii) **Locating, exercising, installing, and/or replacing various distribution system appurtenances, such as meters, valves, backflow prevention devices, etc.**  
Points Received: 15 applied once

#### B. Finished Water Quality

- i) **Infrastructure to address inadequate turnover and disinfection byproducts (DBPs)**  
Examples include the installation of a water storage tank mixing system to address a DBP issue or looping of waterlines to improve service. If unable to comply with the DBP Rule, then information should be provided in the project profile to support the need.  
Points Received: 20
- ii) **Redundant equipment/emergency power generators**  
Provide redundancy or emergency power within the distribution system  
Points Received: 10 for each unit

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## C. Extension of Service

This section applies points to waterline extension projects. Points for waterline extensions are only applicable for existing households and to serve areas where existing potable water supplies such as wells or cisterns are contaminated or where there is insufficient financial and technical capability to maintain a compliant water supply system. The first 10 households will receive 2 points each. Every 10 households thereafter will accumulate two additional points, to be added to the total score. **Points Received: 2 points per household up to the first 10 existing homes plus 2 points for every additional 10 existing homes**

*Example:*

*Project A is extending waterline to 55 existing homes.*

▪ First 10 homes	20 pts.
▪ 45 remaining homes (4*2pts=8pts)	8 pts.
	<hr/>
	Total: 28 pts.

**RESTRICTIONS:** The DWSRF cannot fund waterline extension projects to primarily serve future population growth, nor can it fund projects needed primarily for fire protection.

## IV. SECURITY

### A. Measures taken at the water treatment plant facilities or within the distribution system

This category allows points to be applied to a project for measures taken at the physical location of the water treatment plant facilities or within the distribution system to prevent, deter, and/or readily respond to theft, trespassing, vandalism, or terroristic acts. Examples include, but are not limited to, fencing, video surveillance of treatment and/or storage facilities, alarms, signs, lock gates, radio intercom systems, and cyber security to protect against the unauthorized use of systems, networks, programs, and devices.

**Points Received: 5 for each component per location. 5 for cyber security can be applied once.**

**RESTRICTIONS:** Salaries for security personnel are not eligible for funding through the DWSRF.

## V. COMPLIANCE AND ENFORCEMENT

### A. Entities with executed Orders

Project must achieve full or partial compliance with an Order (i.e., Court Order, Agreed Order or PSC Order) or other enforcement action by addressing terms of the Order.

**Points Received: 50**

### B. Primary system has not received any SWDA Notices of Violation within the previous state fiscal year (July through June)

**Points Received: 25**

## VI. FINANCIAL NEED

### A. Borrowers with a Median Household Income (MHI) below 80 percent of the Commonwealth's MHI, as determined by the current American Community Survey (ACS) 5-Year Estimate.

**Points Received: 20**

- B. Borrowers with a MHI between 80 and 100 percent of the Commonwealth's MHI, as determined by the current American Community Survey (ACS) 5-Year Estimate.**  
**Points Received: 10**

## VII. ASSET MANAGEMENT

### A. System has implemented an Asset Management Program

Points are awarded if the system has a written asset management plan or components of an asset management plan. See below for definitions and breakdown of points. In order to receive points under this category, supporting documents must be uploaded in the WRIS.

#### **Asset Management Plan (50 points):**

Must have been reviewed/updated within the last twelve (12) months and include:

- **Asset Inventory** (a list of all assets that, at a minimum, includes: date constructed/installed, identifying information, location, remaining useful life, condition rating, estimated cost to replace, and priority rating based on criticality (risk of failure x consequence of failure))
- **Strategic Plan** (at a minimum, must include a mission statement, level of service goals for the system that are SMART (Specific, Measureable, Attainable, Realistic, and Time-bound), and preventive maintenance program.
- **Capital Improvement Plan** (list of capital projects for the next ten (10) or more years that includes project title, anticipated year of construction, cost estimate, and sources of potential funding)

#### **Capital Improvement Plan and Asset Inventory (30 points):**

Must be up-to-date and include:

- **Asset Inventory** (a list of all assets that, at a minimum, includes: date constructed/installed, identifying information, location, remaining useful life, condition rating, estimated cost to replace, and priority rating based on criticality (risk of failure x consequence of failure) OR completed **WRIS Asset Inventory**)
- **Capital Improvement Plan** (a list of capital projects for the next five (5) or more years that includes project title, anticipated year of construction, cost estimate, and sources of potential funding)

#### **Capital Improvement Plan (10 points):**

An up-to-date list of capital projects for the next five (5) or more years that includes:

- Project title
- Anticipated year of construction
- Cost estimate
- Sources of potential funding

#### **Asset Inventory (10 points)**

Must be up-to-date list of assets that, at a minimum, includes:

- Date of construction/installation
- Location
- Condition Rating
- Performance Rating
- Priority Rating (based on condition and performance ratings).

OR completed **WRIS Asset Inventory**

- B. System's monthly wastewater bill, based on 4,000 gallons, as a percentage of Median Household Income is:**

Greater than or equal to 2%  
Between 1 and 1.99%  
Below 1%

**Points Received: 10**  
**Points Received: 5**  
**Points Received: 0**

**C. System has specifically allocated funds for the rehabilitation and replacement of aging and deteriorating infrastructure**

To obtain points under this category, supporting documents such as official budget or relevant pages of financial audits, with pertinent information highlighted, must be uploaded into the WRIS. To qualify for points under this category, the funds *cannot* be a requirement of a current loan.

**Points Received: 25**

## **VIII. SUSTAINABLE INFRASTRUCTURE**

### **A. Green Infrastructure**

Green stormwater infrastructure includes a wide array of practices at multiple scales managing wet weather and maintaining and restoring natural hydrology by infiltration, evapotranspiration, and harvesting and reuse. On a regional scale, green infrastructure is the preservation and restoration of natural landscape features, such as forests, floodplains, and wetlands, coupled with policies such as infill and redevelopment that reduce overall imperviousness in a watershed. On the local scale, green infrastructure consists of site- and neighborhood-specific practices, such as bioretention, trees, green roofs, permeable pavement, and cisterns.

**Points Received: 5 each with a maximum of 10**

*Examples:*

- *Pervious or porous pavement*
- *Bioretention*
- *Green roofs*
- *Rainwater harvesting/cisterns*
- *Gray water use*
- *Xeriscape*
- *Landscape conversion programs*
- *Retrofitting or replacing existing irrigation systems with moisture and rain sensing equipment*

Projects That Do Not Meet the Definition of Green Infrastructure:

- Stormwater controls that have impervious or semi-impervious liners and provide no compensatory evapotranspirative or harvesting function for stormwater retention.
- Stormwater ponds that serve an extended detention function and/or extended filtration. This includes soil-lined detention basins.
- In-line and end-of-pipe treatment systems that only filter or detain stormwater.
- Underground stormwater control and treatment devices such as swirl concentrators, hydrodynamic separators, baffle systems for grit, trash removal/floatables, oil and grease, inflatable booms and dams for in-line underground storage and diversion of flows.
- Stormwater conveyance systems that are not soil/vegetation based (swales) such as pipes and concrete channels. Green infrastructure projects that include pipes to collect stormwater may be justified as innovative environmental projects.

### **B. Water Efficiency**

EPA's WaterSense program defines water efficiency as the use of improved technologies and practices to deliver equal or better services with less water. Water efficiency encompasses conservation and reuse efforts, as well as water loss reduction and prevention, to protect water resources for the future.

**Points Received: 15 each with no maximum**

*Examples:*

- *Installing or retrofitting water efficient devices such as plumbing fixtures and appliances, for example: showerheads, toilets, urinals, and other plumbing devices*

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- *Implementation of incentive programs to conserve water such as rebates*
- *Installing WaterSense labeled products (<https://www.epa.gov/watersense>)*
- *Installing any type of water meter in previously unmetered areas if rate structures are based on metered use or includes backflow prevention devices if installed in conjunction with water meter.*
- *Replacing existing broken/malfunctioning water meters with Automatic Meter Reading systems (AMR), meters with built in leak detection, or backflow prevention devices if installed in conjunction with water meter replacement.*
- *Retrofitting/adding AMR capabilities or leak equipment to existing meters (not replacing the meter itself).*
- *Conducting water utility audits, leak detection studies, and water use efficiency baseline studies, which are reasonably expected to result in a capital project or in a reduction in demand to alleviate the need for additional capital investment.*
- *Developing conservation plans/programs reasonably expected to result in a water conserving capital project or in a reduction in demand to alleviate the need for additional capital investment.*
- *Recycling and water reuse projects that replace potable sources with non-potable sources such as gray water, condensate, and wastewater effluent reuse systems (where local codes allow the practice) and extra treatment costs and distribution pipes associated with water reuse.*
- *Retrofit or replacement of existing landscape irrigation systems to more efficient landscape irrigation systems, including moisture and rain sensing controllers.*
- *Projects that result from a water efficiency related assessments (such as water audits, leak detection studies, conservation plans, etc.) as long as the assessments adhered to the standard industry practices referenced above.*
- *Distribution system leak detection equipment, portable or permanent.*
- *Automatic flushing systems (portable or permanent).*
- *Pressure reducing valves (PRVs).*
- *Internal plant water reuse (such as backwash water recycling).*
- *Water meter replacement with traditional water meters\**
- *Distribution pipe replacement or rehabilitation to reduce water loss and prevent water main breaks\**
- *Storage tank replacement/rehabilitation to reduce water loss\**
- *New water efficient landscape irrigation system (where there currently is not one).\**

Projects That Do Not Meet the Definition of Water Efficiency:

- *Covering open, finished water reservoirs*

*\*Business case may be required – see EPA’s [DWSRF Green Project Reserve Example Business Cases](#)*

### C. Energy Efficiency

Energy efficiency is the use of improved technologies and practices to reduce the energy consumption of water projects, use energy in a more efficient way, and/or produce/utilize renewable energy.

**Points Received: 15 each with no maximum**

*Examples:*

- *Renewable energy projects, which are part of a public health project, such as wind, solar, geothermal, and micro-hydroelectric that provide power to a utility (<http://www.epa.gov/cleanenergy>). Micro-hydroelectric projects involve capturing the energy from pipe flow.*
- *Utility-owned renewable energy projects can be located on-site or off-site, includes the portion of a publicly owned renewable energy project that serves the utility’s energy needs, and must feed into the grid that the utility draws from and/or there is a direct connection.*
- *Utility energy management planning, including energy assessments, energy audits, optimization studies, and sub-metering of individual processes to determine high energy use*



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areas, which are reasonably expected to result in energy efficiency capital projects or in a reduction in demand to alleviate the need for additional capital investment.

- Energy efficient retrofits, upgrades, or new pumping systems and treatment processes (including variable frequency drives (VFDs)).\*
- Pump refurbishment to optimize pump efficiency (such as replacing or trimming impellers if pumps have too much capacity, replacing damaged or worn wearing rings/seals/bearings, etc.).\*
- Projects that result from an energy efficiency related assessments (such as energy audits, energy assessment studies, etc).\*
- Projects that cost effectively eliminate pumps or pumping stations. \*
- Projects that achieve the remaining increments of energy efficiency in a system that is already very efficient.\*
- Upgrade of lighting to energy efficient sources (such as metal halide pulse start technologies, compact fluorescent, light emitting diode, etc)\*
- Automated and remote control systems (SCADA) that achieve substantial energy savings (see AWWA M2 Instrumentation and Control).\*

Projects That Do Not Meet the Definition of Energy Efficiency:

- Simply replacing a pump, or other piece of equipment, because it is at the end of its useful life, with something of average efficiency. (Note: replacing it with higher efficiency equipment requires a business case)
- Hydroelectric facilities, except micro-hydroelectric projects. Micro-hydroelectric projects involve capturing the energy from pipe flow.

\*Business case may be required – see EPA’s [DWSRF Green Project Reserve Example Business Cases](#)

### D. Environmentally Innovative

Environmentally innovative projects include those that demonstrate new and/or innovative approaches to delivering services or managing water resources in a more sustainable way.

**Points Received: 5 each with a maximum of 10**

*Examples:*

- Total/integrated water resources management planning, or other planning framework where project life cycle costs (including infrastructure, energy consumption, and other operational costs) are minimized, which enables communities to adopt more efficient and cost-effective infrastructure solutions.
- Plans to improve water quantity and quality associated with water system technical, financial, and managerial capacity.
- Eligible source water protection planning, including periodic, updated, or more detailed source water delineation or assessment as part of a more comprehensive source water protection program; or source water monitoring (not compliance monitoring) and modeling as part of a more comprehensive source water protection program.
- Planning activities by a utility to prepare for adaptation to the long-term effects of climate change and/or extreme weather.
- Utility Sustainability Plan consistent with EPA’s SRF sustainability policy.
- Greenhouse gas (GHG) inventory or mitigation plan and submission of a GHG inventory to a registry (such as Climate Leaders or Climate Registry), as long as it is being done for a facility which is eligible for DWSRF assistance.
- Source Water Protection Implementation Projects such as voluntary, incentive based source water protection measures, where the state primacy agency has determined that the use of such measures will reduce or preclude the need for treatment.
- Construction of US Building Council LEED certified buildings, or renovation of an existing building, owned by the utility, which is part of an eligible DWSRF project. All building costs are eligible, not just stormwater, water efficiency and energy efficiency related costs. Costs are not limited to the incremental additional costs associated with LEED certified buildings. Any level of certification (Platinum, Gold, Silver, Certified) is eligible.

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- *Projects, or components of projects, that result from total/integrated water resources management planning (including climate change) that are DWSRF eligible.\**
- *Projects that significantly reduce or eliminate the use of chemicals in water treatment.\**
- *Treatment technologies or approaches that significantly reduce the volume of residuals, minimize the generation of residuals, or lower the amount of chemicals in the residuals.\**
- *Trenchless or low impact construction technology.\**
- *Using recycled materials or re-using materials on-site.\**
- *Educational activities and demonstration projects for water or energy efficiency (such as rain gardens).\**
- *Projects that achieve the goals/objectives of utility asset management plans.\**

*\*Business case may be required – see EPA’s [DWSRF Green Project Reserve Example Business Cases](#)*

### IX. PROJECT READINESS

To be considered “project ready”, the borrower must have completed a majority of the planning phase and be ready to bid the project. All three of the criteria under this category must be met in order to receive the full 30 points.

1. **Borrower has submitted complete technical plans to the Division of Water; and,**
2. **Borrower has conducted a full environmental review for all components of the project or has completed the cross-cutter scoping process (including eClearinghouse, US Fish and Wildlife Service, National Resources Conservation Service, U. S. Fish and Wildlife, and U. S. Army Corps of Engineers); and,**
3. **Borrower has received funding commitments from other funding sources; or the DWSRF is the sole source of funding.**

**Points Received: 30**

**Note:** A full environmental review does not have to be finalized, however, the cross-cutter scoping process must be complete. Plans do not have to be approved by the Division of Water, but they must have been submitted for review. Potential borrowers may be asked to provide proof to substantiate claims.

**Note:** *Projects will not be accepted after the call for projects is closed.*

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### DWSRF Ranking Criteria

I	<b>Regionalization</b>	<b>Possible Points</b>
A	Elimination of a Public Water System (PWS) through a merger or acquisition ( <i>Elimination of a PWSID</i> ).	50
B	Elimination of a water treatment plant through an interconnection	25
C	Acquisition of a supplemental or emergency potable water supply	15
D	Replacement or supplemental raw water source	15

II	<b>Public Health Criteria – Treatment</b>	<b>Possible Points</b>
A	<u>Treatment Facilities</u> (i) Construction of a new water treatment plant (where one does not presently exist) or expansion (ii) Rehabilitation of the water treatment plant (iii) Redundant processes/ emergency power generators (iv) Replacement of raw waterline	15 30 10 20 (first 1000') +5 (per add'l 1000')
B	<u>Treatment –Public Health Risk</u> (i) Infrastructure options to meet Cryptosporidium removal/ inactivation requirements (ii) Modifications to meet CT inactivation requirement (iii) Modifications to address disinfection byproducts requirements (iv) Modifications to address VOC, IOC, SOC, radionuclide requirements (v) Modifications to address secondary contaminants	25 20 25 15 10

III	<b>Public Health Criteria – Distribution</b>	<b>Possible Points</b>
A	<u>Hydraulics/Storage</u> (i) Replacement of inadequately sized waterlines, lines with leaks, breaks, or restrictive flows due to age, or lead or asbestos-cement pipe (ii) Water loss 16-30% 31-45% 46-60% >60% (iii) Replacement of lead service lines (iv) Rehabilitation of a water storage tank (v) New water storage tank (vi) New or rehabilitated pump station (not associated with a new tank) (vii) Locating, exercising, installing, and/or replacing various distribution system appurtenances	20 (first 1000') +5 (per add'l 1000') 10 15 20 25 Contact DOW 30 for each 10 for each 10 for each 15
B	<u>Finished Water Quality</u> (i) Infrastructure to address inadequate turnover and disinfection byproducts (ii) Redundant equipment/emergency power generators	20 10
C	<u>Extension of Service</u> Waterline extensions to serve existing households with inadequate domestic water supplies such as contaminated wells or cisterns (Up to 10 existing homes)	2 per household (first 10) +2 (per add'l 10)

IV	<b>Security</b>	<b>Possible Points</b>
A	Measures taken at the water treatment plant facilities or within the distribution system	5

V	<b>Compliance and Enforcement</b>	<b>Possible Points</b>
A	Entities with executed Orders ( <i>Project must address the terms of the Order</i> )	50
B	System has not received any Notices of Violation within the previous state fiscal year (July – June)	25

## Kentucky Priority System Guidance Document for Drinking Water

VI	Financial Need	Possible Points
A	Borrowers with a median household income (MHI) below 80 percent of the Commonwealth's MHI as determined by the current American Community Survey (ACS) 5-Year Estimate	20
B	Borrowers with a MHI between 80 and 100 percent of the Commonwealth's MHI as determined by the current ACS 5-Year Estimate	10

VII	Asset Management	Possible Points
A	System has an Asset Management Plan that includes asset inventory, strategic plan and a capital improvement plan; or	50
	System has an asset inventory and a capital improvement plan; or	30
	System has a capital improvement plan; or	10
	System has an asset inventory	10
B	System's monthly wastewater bill, based on 4,000 gallons, as a percentage of Median Household Income is:	
	Greater than or equal to 2.0%	10
	Between 1 and 1.99%	5
	Below 1%	0
C	System has specifically allocated funds for the rehabilitation and replacement of aging and deteriorating infrastructure	25

VIII	Green Projects (See Green Project Reserve Guidance Document)	Possible Points
A	<p><u>Green Infrastructure</u> : Green stormwater infrastructure includes a wide array of practices at multiple scales that manage wet weather and that maintains and restores natural hydrology by infiltrating, evapotranspiring and harvesting and using stormwater. On a regional scale, green infrastructure is the preservation and restoration of natural landscape features, such as forests, floodplains, and wetlands, coupled with policies such as infill and redevelopment that reduce overall imperviousness in a watershed. On the local scale, green infrastructure consists of site- and neighborhood-specific practices, such as:</p> <ul style="list-style-type: none"> <li>• Bioretention</li> <li>• Green streets</li> <li>• Green roofs</li> <li>• Permeable pavement</li> <li>• Cisterns</li> </ul>	5 each (10 max)

## Kentucky Priority System Guidance Document for Drinking Water

B	<p><b>Water Efficiency:</b> The use of improved technologies and practices to deliver equal or better services with less water. Water efficiency encompasses conservation and reuse efforts, as well as water loss reduction and prevention, to protect water resources for the future. Examples include:</p> <ul style="list-style-type: none"> <li>• Installing or retrofitting water efficient devices such as plumbing fixtures and appliances (toilets, showerheads, urinals)</li> <li>• Installing any type of water meter in previously unmetered areas (can include backflow prevention if in conjunction with meter replacement)</li> <li>• Replacing existing broken/malfunctioning water meters with AMR or smart meters, meters with leak detection, backflow prevention</li> <li>• Retrofitting/adding AMR capabilities or leak equipment to existing meters</li> <li>• Conducting water utility audits, leak detection studies, and water use efficiency baseline studies, which are reasonably expected to result in a capital project or in a reduction in demand to alleviate the need for additional capital investment</li> <li>• Developing conservation plans/programs reasonable expected to result in a water conserving capital project or in a reduction in demand to alleviate the need for capital investment</li> <li>• Recycling and water reuse projects that replace potable sources with non-potable sources (Gray water, condensate, and wastewater effluent reuse systems, extra treatment or distribution costs associated with water reuse)</li> <li>• Retrofit or replacement of existing landscape irrigation systems to more efficient landscape irrigation systems</li> <li>• Water meter replacement with traditional water meters *</li> <li>• Distribution pipe replacement or rehabilitation to reduce water loss and prevent water mainbreaks*</li> <li>• Storage tank replacement/rehabilitation to reduce water loss*</li> <li>• New water efficient landscape irrigation system, where there currently is not one*</li> </ul>	15 each (no max)
C	<p><b>Energy Efficiency:</b> Energy efficiency is the use of improved technologies and practices to reduce the energy consumption of water projects, use energy in a more efficient way, and/or produce/utilize renewable energy. Examples include:</p> <ul style="list-style-type: none"> <li>• Renewable energy projects, which are part of a public health project, such as wind, solar, geothermal, and micro-hydroelectric that provides power to a utility</li> <li>• Utility-owned or publically-owned renewable energy projects</li> <li>• Utility energy management planning, including energy assessments, energy audits, optimization studies, and sub-metering of individual processes to determine high energy use areas</li> <li>• Energy efficient retrofits, upgrades, or new pumping systems and treatment processes (including variable frequency drives (VFDs)*)</li> <li>• Pump refurbishment to optimize pump efficiency*</li> <li>• Projects that result from an energy efficient related assessment*</li> <li>• Projects that cost effectively eliminate pumps or pumping stations*</li> <li>• Projects that achieve the remaining increments of energy efficiency in a system that is already very efficient*</li> <li>• Upgrade of lighting to energy efficient sources*</li> <li>• Automated and remote control systems (SCADA) that achieve substantial energy savings*</li> </ul>	15 each (no max)
D	<p><b>Environmentally Innovative:</b> Environmentally innovative projects include those that demonstrate new and/or innovative approaches to delivering services or managing water resources in a more sustainable way. Examples include:</p> <ul style="list-style-type: none"> <li>• Total integrated water resources management planning, or other planning framework where project life cycle costs are minimized, which enables communities to adopt more efficient and cost-effective infrastructure solutions</li> <li>• Plans to improve water quantity and quality associated with water system technical, financial, and managerial capacity</li> <li>• Source water protection planning (delineation, monitoring, modeling)</li> <li>• Planning activities to prepare for adaptation to the long-term effects of climate change and/or extreme weather</li> <li>• Utility sustainability plan consistent with EPA’s sustainability policy</li> <li>• Greenhouse gas inventory or mitigation plan and submission of a GHG inventory to a registry as long as it is being done for an SRF eligible facility</li> <li>• Construction of US Building Council LEED certified buildings, or renovation of an existing building</li> <li>• Projects that significantly reduce or eliminate the use of chemicals in water treatment*</li> <li>• Treatment technologies or approaches that significantly reduce the volume of residuals, minimize the generation of residuals, or lower the amount of chemicals in the residuals*</li> <li>• Trenchless or low impact construction technology*</li> <li>• Using recycled materials or re-using materials on-site*</li> <li>• Educational activities and demonstration projects for water or energy efficiency (such as raingardens)*</li> <li>• Projects that achieve the goals/objectives of utility asset management plans*</li> </ul>	5 each/10 maximum

## Kentucky Priority System Guidance Document for Drinking Water

\*Business case may be required – see EPA's [DWSRF Green Project Reserve Example Business Cases](#)

IX	Project Readiness	Possible Points
	<p>A. Borrower has submitted complete technical plans and specifications to the Division of Water; and</p> <p>B. Borrower has conducted a full environmental review for all components of the project or has completed the cross-cutter scoping process (including eClearinghouse, USFWS, NRCS, and USACE); and</p> <p>C. Borrower has received funding commitments from other funding sources, or the DWSRF is the sole source of funding.</p>	30

## APPENDIX C

### SET-ASIDE WORK PLANS

**KENTUCKY DIVISION OF WATER  
ENERGY AND ENVIRONMENT CABINET**

**2022 WORKPLANS**



	%	FFY 2022	Expended by:
Grant Amount \$:		\$ 11,547,000	
<b>DWSRF Program Admin(4% max available)</b>			
DOW (max 3%)	3	\$ 346,410	December 2022
KIA (1%)	1	\$ 115,470	
<b>Subtotal Amount:</b>		\$ 346,410	
<b>State Program Mgt. (10% max available)</b>			
Supplement PWSS Program	10	\$ 1,154,700	
DOW Personnel		\$ 1,134,700	December 2022
Contractual		\$ 20,000	
<b>Subtotal Amount:</b>		\$ 1,154,700	
<b>Small Systems Tech. Assist (2% max)</b>			
DOW Personnel	2	\$ 230,940	October 2022
<b>Subtotal Amount:</b>		\$ 230,940	
<b>State/Local Assist (up to 15%-10% max):</b>			
<b>Capacity Development - TMF Assistance</b>	10	\$ 1,154,700	
DOW Personnel		\$ 601,700	June 2023
Travel		\$ 10,000	
Contracts		\$ 246,000	
Dev/Implement Operator Cert Program		\$ 297,000	September 2023
<b>Source Water Assessment Program</b>	3	\$ 346,410	June 2023
DOW Personnel		\$ 46,910	
Contracts		\$ 299,500	
<b>Wellhead Protection Program</b>	2	\$ 230,940	December 2024
DOW Personnel		\$ 230,940	
Equipment		\$ -	
Travel		\$ -	
Contracts		\$ -	
<b>Subtotal Amount:</b>		\$ 1,732,050	
<b>Total Grant Set-Asides:</b>	<b>31</b>	<b>\$ 3,579,570</b>	
Total DOW Set Aside Amount:	<b>30</b>	<b>\$ 3,464,100</b>	
Total KIA Set Aside Amount	<b>1</b>	<b>\$ 115,470</b>	

## **Supplement to the Public Water System Supervision Program State Program Management**

### **Introduction**

Kentucky's Public Water System Supervision Program (PWSS) conducts compliance determination and evaluation of public water systems, review of plans and specifications for public water system treatment and distribution facilities, and technical assistance.

The major activities projected for the PWSS program include the compliance activities associated with all current Safe Drinking Water Act (SDWA) regulations. The implementation of the SDWA, along with special primacy requirements, continues to impact Kentucky's staffing resources.

The Division of Water (DOW) will use the PWSS Supplement funds to provide additional resources for:

- Primacy package and state regulation development;
- Compliance determination and evaluation of public water systems;
- Sanitary surveys and inspections;
- Safe Drinking Water Information System (SDWIS) impacts;
- Drinking water data management issues;
- Drinking water laboratory certification;
- Review of plans and specifications for public water system treatment and distribution facilities, including water availability;
- Technical, managerial, and financial assistance to all public water systems as needed;
- Training for the drinking water industry upon request; and
- Planning and coordination of various DOW programs related to the SDWA.

### **Compliance Activities**

The SDWA regulations require continued monitoring, evaluation, and reporting by both the public water systems and the primacy agency. Kentucky public water systems have the option of electronic submittal via an "eForm" on the Kentucky Online Gateway. All compliance documentation can be submitted in this manner and paper mail has been reduced by approximately 90% with the May 2020 implementation of the eForm. Approximately 85% of laboratory data is submitted in an electronic file, the remaining 15% is hand entered. Monthly Operating Reports (MOR) require 100% of data to be hand entered. The Energy and Environment Cabinet (EEC) maintains "data entry screens" which create files to interface with SDWIS for upload rather than

direct data entry into SDWIS. These screens are currently in the process of an update, the new system is called the Data Entry SDWIS Interface (DESI). Concurrently, EEC is in the process of implementing an Exchange Network grant in order to collect and store MOR data electronically. The cabinet maintains a separate application (TEMPO), efforts are currently being made to ensure the continuity of data between the two applications. Additionally, the Division of Water continues to improve data quality through review and update of existing data in SDWIS.

The Division expends resources to participate as a stakeholder in the EPA led SDWIS Modernization efforts and this effort is expected to continue for the next few years. Additionally, SDWIS updates are expected with the implementation of the Lead and Copper Rule Revisions and associated new data submittal requirements. Data management is a significant portion of the primacy agency's responsibilities.

The Division continues to implement the UPSEPA Enforcement Referral Policy (ERP). Systems identified by the Enforcement Tracking Tool (ETT) are referred through the Cabinet's Division of Compliance Assistance and Enforcement and the Division reports quarterly. The DOW is also responsible for the Drinking Water Laboratory Certification program, conducting chemistry, microbiology, and Cryptosporidium audits, and program coordination.

State Program Management funds will be used to continue refinement of the sanitary survey process and further development of such initiatives as water audits and drinking water sanctions, in coordination with the Drinking Water Branch, Field Operations Branch, Drinking Water Capacity Development Program.

### **Plans, Specifications and Water Quantity Review Activities**

The DOW reviews plans and specifications for drinking water treatment and distribution facilities for compliance with federal and state drinking water standards. The technical review process is one of continuous improvement and is modified and enhanced as necessary to implement new strategies and initiatives. Activities to be conducted include:

- Review and approval of drinking water plans and specifications to maintain/obtain compliance with the SDWA,
- Water availability assessments in conjunction with the Watershed Management program,
- On-site construction inspections of infrastructure projects funded by the Drinking Water State Revolving Funds, and
- Development of standard operating procedures for the program.

### **Technical Assistance Program Activities**

Technical Assistance staff approve all chemical changes, source water changes, alternate staffing plans, ultra-violet treatment processes for public water systems, participate in sanitary surveys and limited emergency response.

The Drinking Water program participates in the Area-Wide Optimization Program (AWOP) with the USEPA. The program strives to optimize the treatment, maintenance, administration, and design of drinking water treatment plants. The initiative includes:

- Developing evaluation processes to insure the best possible water quality is provided to all customers by each water system;
- Providing technical assistance to surface water systems to enable them to meet, not only the regulatory turbidity level, but also the more stringent turbidity goals of the AWOP; and
- Increasing participation in similar AWOP-based program for disinfection by-product control.

In addition, the Technical Assistance program continues to train DOW’s staff in the goals, objectives, and technical aspects of water treatment plant and distribution system optimization. Based upon the same performance criteria, all surface water treatment systems are evaluated by a self-evaluation program, by DOW’s personnel on-site.

**Planning and Coordination Activities**

The development of partnerships among various state programs is necessary to efficiently and effectively implement the SDWA. Kentucky’s diverse programs for drinking water, groundwater, water quantity, water quality, enforcement, watershed, operator certification, and various other programs are required to coordinate their activities and products to support and enhance each other with the common goal of sufficient quantity and quality of potable water for all the citizens of the Commonwealth of Kentucky. Interagency coordination occurs with other state agencies including the Kentucky Infrastructure Authority, Public Service Commission, Division of Plumbing, and Division of Public Health and Safety as well as technical assistance providers and professional organizations.

**Milestones**

Surface water systems evaluated for optimization annually	Ongoing
Meet conditions of the USEPA Region 4 work plans allowing Kentucky to retain primacy for SDWA regulatory authority	Ongoing
Administer the Laboratory Certification Program	Ongoing
Develop and implement a plan to modernize drinking water data management. Evaluate the impact and utility of implementing SDWIS modernization updates	Ongoing
Incorporate the Enforcement Referral Policy/Targeting Tool into capacity development and technical assistance activities	Ongoing
Evaluate/modify the Capacity Development Program to improve effectiveness and efficiency in the provision of TMF assistance	Ongoing

## Deliverables

Compliance monitoring, evaluation, and reporting for SDWA standards with inclusion in State regulations	Ongoing
Plans and specifications review and approval based on SDWA, Ten States Standards, approved technologies, and standard operational procedures	Ongoing
Water availability assessments	Ongoing
Maintain latest version of the SDWIS database while evaluating SDWIS Modernization efforts.	Ongoing
Surface and groundwater treatment plant evaluations for optimizing treatment processes	Ongoing
Updating Standard Operating Procedures for the planning and coordination of Division of Water programs to effectively and efficiently implement the SDWA requirements	Ongoing
Training to all interested drinking water industry stakeholders regarding new rules, implementation issues, and other miscellaneous professional updates	Ongoing
Coordination with state agencies and external partners to resolve drinking water issues of common concerns	Ongoing
Oversee the Laboratory Certification Program	Ongoing

## Budget

The following funds were set-aside in the 2022 DWSRF Capitalization Grants to supplement the Public Water System Supervision Program under State Program Management.

<b>Category:</b>	<b>Amount:</b>
Personnel	\$ 905,108
Contractual	\$ 20,000
<b>Total Direct Charges</b>	<b>\$ 925,108</b>
Indirect Charges (51.93%)	\$ 229,592
<b>Total</b>	<b>\$1,154,700</b>

### Outlay Strategy:

#### Personnel:

\$905,108: The average monthly payroll for employees working on this initiative is \$247,000 per month. These funds are projected to be expended July 2022 through December 2022.

#### Contractual:

\$20,000: Provides funding for the state microbiology primacy lab, Kentucky Department for Public Health, for emergency analysis.

## Small System Technical Assistance Funds

### Introduction

The Safe Drinking Water Act (SDWA) regulations continue to affect small systems serving less than 10,000 in population. New SDWA regulations including the Lead and Copper Revised Rule (LCRR) implementation, require inventory and lead service line replacement planning, new sample site plan requirements, sampling requirements, and increased reporting requirements. Previously, the Surface Water Treatment Rules and Disinfection Byproduct Rules lowered the Maximum Contaminant Levels (MCL) for total trihalomethanes, added new MCLs for haloacetic acids, chlorite and bromate, added Maximum Residual Disinfectant Limits (MRDL) for free chlorine, total chlorine and chlorine dioxide, lowered the Treatment Technique (TT) limits for turbidity and added individual filter effluent monitoring requirements. The Groundwater Rule had an impact on Kentucky's small drinking water systems as the majority of the very small systems with treatment plants use groundwater sources. The Revised Total Coliform Rule (RTCR) also affects small systems as a result of the tiered assessment process.

All water systems in Kentucky are impacted by the LCRR. Historically, Kentucky has approximately 309 Public Water Systems impacted by the Surface Water Treatment rules. There are 146 providers (two of which are ground water under direct influence of surface water), and 167 purchasers. There are also 129 groundwater systems (108 providers and 21 purchasers) that must comply with the Groundwater Rule. This has resulted in a total of 184 purchasing systems that must comply with the Disinfection Byproduct regulations, sanitary survey requirements, with limited options for resolving distribution issues. In addition, the Revised Total Coliform Rule also applies to all small water systems. The set-aside funding under this category will be used to provide compliance-based assistance by DOW staff to small systems throughout the state.

### Milestones

Utilize the Enforcement Targeting Tool (ETT) to prioritize technical assistance activities.	Ongoing
Provide training and guidance on disinfection by-products (DBP), turbidity, and the RTCR through one-on-one utility and group presentations.	Ongoing
Conduct on-site water plant and distribution evaluations for DBP, turbidity, and RTCR compliance and optimization.	Ongoing
Involve small water systems in the Area-Wide Optimization Program (AWOP) efforts toward turbidity optimization through Comprehensive Performance Evaluations (CPE).	Ongoing
Involve small water systems in the AWOP efforts toward turbidity optimization through Performance Based Training (PBT).	Ongoing
Involve small systems in the AWOP efforts towards disinfection by-product optimization.	Ongoing

Provide training to the DOW staff on treatment, regulations, and inspections.	Ongoing
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### Deliverables

Training and guidance for disinfection by-products (DBP) and turbidity	Ongoing
On-site water plant evaluations for DBPs and turbidity	Ongoing
Conduct 1 microbial/turbidity CPE per year if necessary	Ongoing
Performance Based Training (PBT) through the Area-Wide Optimization Program (AWOP) for microbial/turbidity	Ongoing
Performance Based Training (PBT) through the Area-Wide Optimization Program (AWOP) for DBPs	Ongoing
Conduct 1 DBP/CPE evaluation for small water system if necessary	Ongoing
Attend AWOP training and/or workshops	When Available

### Budget

The following funds were set aside in the 2022 DWSRF Capitalization Grant in support of the Small System Technical Assistance Program.

Category:	Amount:
Personnel	\$185,275
<b>Total Direct Charges</b>	<b>\$185,275</b>
Indirect Charges (51.93%)	\$ 45,665
<b>Total</b>	<b>\$230,940</b>

### Outlay Strategy:

Personnel:

\$185,275: The average monthly payroll for employees working on this initiative is \$61,000 per month. These funds are projected to be expended July 2022 through October 2022.

## Capacity Development Program

### Introduction

The Capacity Development Program is an initiative of the 1996 Amendments to the Safe Drinking Water Act (SDWA) that encompasses the technical, managerial, and financial (TMF) aspects of public water system (PWS) operation. The U.S. Congress recognized treatment and distribution of water for human consumption is an increasingly complex and expensive undertaking. Many PWSs do not have adequate TMF resources to continue to comply with requirements of the SDWA. Kentucky's Capacity Development Strategy is designed as a planning tool to identify PWSs with TMF related problems, address deficiencies, and determine how the drinking water needs of those systems' customers can best be met.

### Review of Capacity Development Strategy

Kentucky's current Capacity Development Strategy was accepted by USEPA in 2009. The major objectives addressed by the strategy are:

- Prioritize systems most in need of improving capacity;
- Identify the factors that encourage or impair the capacity of water systems;
- Use the authority and resources of the SDWA to enhance technical, managerial, and financial capacity;
- Establish a baseline and measure the capacity improvements of systems in the state; and
- Involve stakeholders in Kentucky's efforts to improve drinking water system capacity.

**Note:** The Safe Drinking Water Act was amended by the passage of the America's Water Infrastructure Act in October, 2018 (AWIA 2018). Kentucky's Capacity Development Strategy was updated to include aspects of asset management as required by AWIA 2018.

### Milestones and Deliverables

Submit annual Capacity Development Report to USEPA Region 4	Annually
Continue to conduct TMF evaluation of PWSs through the Sanitary Survey process	Ongoing
Develop guidance documents and tools to assist small public water systems in maintaining TMF capacity	Ongoing
Continue the review of the Sanitary Survey process; revise as necessary to improve effectiveness and efficiency	Ongoing
Review and revise the DOW Capacity Development Strategy with submittal to USEPA EPA Region 4	Completed
Update and develop the Sanitary Survey form with the capability for data extraction	Ongoing



## Capacity Development Program Activities

Sanitary survey and assistance activities continue to be a prime focus of the overall Capacity Development Program. The DOW staff has worked to develop a variety of guidance materials to assist PWSs in efforts to improve capacity.

Capacity Development and GIS and Data Analysis (GDA) staff in the DOW are in the process of transferring the managerial and financial assessment of the drinking water sanitary survey from a Microsoft Word document to a Survey 123 app. The app enhances the DOW's ability to collect, extract, and analyze data from the sanitary survey more efficiently, improves internal process controls, and strengthens our ability to provide targeted assistance to water systems. The app will be stored on the new kygisportal, keeping the data in-house, instead of in the cloud. Further developments include: Integrating the Survey 123 app with the Collector app which will allow pre-population of identifying information. A database will be developed on the new kygisportal server to more efficiently store and extract data for reports and analysis.

Kentucky's Drinking Water Capacity Developed Strategy has been updated in accordance with requirements from AWIA 2018. This includes the strategy Kentucky will use to assess public water system's implementation of asset management planning and to target assistance to systems in refining their plan according to best management practices and guidance from EPA. The updated Strategy will be sent to EPA for approval in Spring 2022.

## Budget

The following funds were set aside in the 2022 DWSRF Capitalization Grant in support of Capacity Development efforts.

<b>Category:</b>	<b>Amount:</b>
Personnel	\$ 479,954
Travel	\$ 10,000
Operator Certification*	\$ 297,000
Contractual	\$ 246,000
<b>Total Direct Charges</b>	<b>\$1,032,954</b>
Indirect Charges (51.93%)	\$ 121,746
<b>Total</b>	<b>\$1,154,700</b>

\*See Operator Certification workplan for details

## Outlay Strategy:

Personnel:

\$479,954: The average monthly payroll for employees working on this initiative is \$82,000 per month. These funds are projected to be expended November 2022 through June 2023.

Travel:

\$10,000: The Division of Water staff will need to remain current with regard to the technical, managerial, and financial aspects of public water systems. Our staff plans to attend:

- Council of Infrastructure Financing Authorities Conference
- USEPA Data Management Conference
- Association of Safe Drinking Water Administrators
- KY-TN Water Professionals Conference
- USEPA State Water Directors meetings
- USEPA Drinking Water Lab Auditor Training/Refresher Training
- TNI Auditor Training
- NELAC Conference
- USEPA Region 4 State Laboratory Manager/Assessor Meeting
- Area-Wide Optimization Program Meetings
- Area-Wide Optimization Program Annual Meeting
- Kentucky Water & Wastewater Operators' Association Conference and meetings
- Kentucky Water Resources Research Institute
- Out-of-state CPEs/PBTs
- Drinking Water Infrastructure Needs Survey meetings

All travel requests will include registration, lodging, per diem, and transportation costs.

Contractual:

\$246,000: Assistance for Small Water Systems program will go toward providing managerial, financial, and technical capabilities assistance.

# Operator Certification Program

## Introduction

The Operator Certification Program was developed and implemented in accordance with KRS223.160 through 223.220. KRS 224.10-110 directs the Cabinet to enforce administrative regulations adopted by the Secretary for the regulation and control of the purification of water for public and semipublic use and for the certification of water plant operators. The USEPA approved the state's program in February of 2001.

There are 433 public water systems in Kentucky. The public water systems are classified into a primary series of I, II, III, and IV according to design capacity of the treatment plant and into a secondary series of A and B based on the type of filtration used in the treatment process. A primary series of I, II, III, and IV is also used for classification of the distribution portion of the system and is based on the number of people served. All public water systems must be operated with a minimal number of state certified operators in direct responsible charge. Such individuals must possess a current drinking water treatment, distribution, and/or bottled water certification for the classification level of the system under their charge, or possess one of a higher level in the appropriate series. Operators acquire these certifications by demonstrating fulfillment of specific minimum education and experience requirements and by passing a state administered examination. Once acquired, certifications must be renewed every two years. In order to renew these certificates, a specified number of continuing education hours must be completed by the certified operator.

The Division of Enforcement and Compliance Assistance (DENF) will use these funds to fund a portion of the costs to administer the drinking water operator certification program in the DENF. These moneys will fund administrative and technical staff within DENF, who will provide drinking water certification related services to operators of these public water systems.

## Operator Certification Program Activities

The Operator Certification Program staff processes all applications and other forms related to registration of drinking water operators for certification exams and for renewal of previously earned certifications. They develop exams for each classification, administer the exams around the state, score the exams, and issue the certificates and/or letters with the results of the test. Classroom instruction is provided around the state to aid operators in preparation for exams and to help them acquire continued education credits necessary for certification renewal. Records are maintained on each operator. Certification efforts are designed to help protect public safety and health.

## Deliverables

Review and process operator applications for certification testing.	On-going
Develop new questions for the exam question banks	On-going

Track operator training hours for continuing education credit toward certificate renewal	On-going
Update operator information in the department's database.	On-going
Produce and distribute operator certificates and wallet cards.	On-going
Provide certification training and administer certification exams.	On-going
Develop training materials and/or update existing materials.	On-going
Provide administrative support to the Kentucky Board of Certification of Water Treatment and Distribution System Operators	Monthly
Update existing certification exams as needed.	Annually
Develop new certification exams as needed.	Annually
Develop a testing and training schedule for operators.	Annually

## Budget

The following funds were set aside in the 2022 DWSRF Capitalization grant in support of the Operator Certification Program.

<b>Category:</b>	<b>Amount:</b>
Personnel	\$236,906
<b>Total Direct Charges</b>	<b>\$236,906</b>
Indirect Charges (51.93%)	\$ 60,094
<b>Total</b>	<b>\$297,000</b>

## Source Water Assessment Program

### Introduction

Kentucky has approximately 433 public water systems with 30% (132) served by groundwater sources and 70% (301) by surface water sources. Wellhead assessments are developed using a community-based planning team attached to the public water system. Surface water source water assessments are developed by regional planning agencies) with oversight by planning councils that include county, city, and water system representatives.

### Source Water Assessment Activities

Integral to source water protection is the knowledge of stream flow. Knowledge of flow, both current and historical, provides the necessary information for permitted withdrawals and projecting future availability. The network also provides flow data that can be used for water withdrawals, TMDLs, waste load allocations, drought and flood mitigation and other source water protection activities. The United States Geological Survey (USGS) maintains flow gages on the major rivers and lakes in Kentucky but has not been able to fully support them in needed locations.

The Division of Water will use 2022 Source Water Assessment (SWA) set-aside funds for a contract to operate and maintain forty two (42) current gaging stations and two (2) water quality stations.

### Milestones

- Physical site location and construction of gaging platform;
- Installation of equipment;
- Development of gage rating curves; and
- Full on-line service.

### Deliverables

Implementation of routine stream gage operations and maintenance (such as rating curve calibrations and equipment and satellite uplink)	Ongoing
Stream flow data and associated products available on the USGS website.	Ongoing

### Budget

The 2022 Source Water Assessment Program funds were set-aside from the State and Local Assistance Program.

Category:	Amount:
Personnel	\$ 37,419
Contractual	\$299,500
<b>Total Direct Charges</b>	<b>\$336,919</b>
Indirect Charges (51.93%)	\$ 9,491
<b>Total</b>	<b>\$346,410</b>

## **Outlay Strategy**

### **Personnel:**

\$37,419: The average monthly payroll for employees working on this initiative is \$14,000 per month. These funds are projected to be expended May 2023 through July 2023.

### **Contractual:**

\$299,500: The Division of Water has entered into an agreement with the United States Geological Survey (USGS). The USGS will maintain forty-two (42) gauging stations and two (2) water quality stations. These funds will be expended by June 2023.

## **Wellhead Protection Program**

### **Introduction**

The Division of Water (DOW) implemented the Wellhead Protection (WHP) program in 1993 after its approval by the U.S. Environmental Protection Agency (USEPA). This program is administered through Kentucky's water supply planning regulations (401 KAR 4:220). The Kentucky WHP program provides protection and planning assistance to communities reliant on groundwater sources for their drinking water. The Division's Watershed Management Branch is responsible for providing technical assistance for WHP development and implementation, education and outreach, public meeting facilitation, and reviewing and approving plans throughout the state.

There are currently 116 groundwater source-based Public Water Systems (PWSs) in Kentucky that are required to have a WHP plan. These WHP plans are required to be completed by PWSs in addition to community public notification and meetings, with assistance from the Division, local and regional planning agencies (e.g. Area Development Districts), and the Kentucky Rural Water Association (KRWA).

The DOW will provide technical assistance, programmatic guidance, standardized templates, and data and information management assistance to communities developing WHP plans. The DOW will assist in development and review of each WHP plan for the submittal and approval process.

### **Wellhead Protection Program Activities**

The Kentucky WHP program intends to complete Phase I & II WHP plans for all new PWSs using groundwater, and to complete WHP plan updates for all PWSs scheduled on a 5-year basis. The Kentucky WHP program will assist PWSs in completing required 5-year updates to the WHP plans, with an emphasis on developing and implementing management and protection strategies within the WHP areas. In addition, groundwater under the direct influence (GUDI) determinations will be conducted and/or reviewed.

The Division provides technical and programmatic assistance to communities, PWSs, planning agencies, watershed groups, or other agencies involved in developing WHP plans. This assistance includes: providing guidance, coordination, and consultation to communities, PWSs, and local and regional planners; delineating WHP areas; conducting limited monitoring of groundwater sources; sponsoring technical workshops for wellhead protection; and providing maps and brochures, technical documents, education and outreach materials, and data to be included in WHP plans. The Division reviews all compliance schedules on an annual basis and WHP plans submitted for approval.

The Division will provide technical assistance and programmatic guidance to PWSs conducting WHP planning and protection, including updating the plan to incorporate changes in delineations, updating contaminant source inventories, and updating the susceptibility analysis. The Division

will focus on the development and implementation of management and protection strategies in the 5-year updates.

Delineations of WHP areas and Contaminant Source Inventories for all WHP areas in Kentucky are developed and maintained in GIS format to be available for internal and external users.

Public meetings and public notifications are a required element of each WHP plan. Technical and programmatic assistance will be provided by the DOW at public meetings as requested by local communities, PWSs, and planning agencies etc. Programmatic focus will be on the completion of all 5-year updates that will be due in 2022, as well as placement of Water Supply Protection Area signs in key areas around WHP areas if funding is available.

### **Activities**

- Develop, maintain, and coordinate compliance schedules for WHP deadlines and processing in the Department's CGI TEMPO system, and
- Develop or update WHP plans with new or existing groundwater based PWSs per the compliance schedule
- Work with communities to develop and implement management strategies for the WHP area
- Work with KRWA, Source Water Protection Specialist to coordinate WHP activities and align these activities with the programmatic goals
- Coordinate and review wellhead plans submitted by KRWA
- Coordinate, assist, and review sampling, fieldwork, modeling, or analyses to assist PWSs with problems and issues related to groundwater quality and quantity
- Develop and maintain GIS delineated WHP areas
- Develop and maintain Contaminant Source Inventories (CSI) coverage for WHP areas in a GIS format to be used in education and planning processes
- Work with the Groundwater Protection Plan (GPP) program to prioritize or verify facilities or locations with the WHP that may be required to have a GPP
- Work with the Water Withdrawal Program to ensure all permits authorize active source locations and rates
- Work with PWSs and the DOW's Drinking Water Branch to determine GUDI status on systems using groundwater, as necessary
- Work with the DOW's Water Infrastructure Branch to ensure authorizations for PWSs infrastructure requirements



- Assist with sampling and analyses required for the Kentucky Groundwater Monitoring Network
- Assist with compliance reviews of Consumer Confidence Reports (CCRs)
- Report to USEPA on WHP activities
- Conduct public education and outreach, and training activities regarding groundwater protection and WHP through digital, virtual, print, and face-to-face platforms
- Participate in local, regional, and national trainings, webinars, and conferences regarding wellhead protection and source water protection

**Deliverables**

- All groundwater based PWSs will have an approved or required WHP plan.
- The DOW will provide technical assistance, programmatic guidance and standardized templates, and data and information management assistance to communities developing WHP plans.
- The DOW will assist in development and review of each WHP plan for the submittal and approval process.
- Delineations of WHP areas and Contaminant Source Inventories for all WHP areas in Kentucky are developed and maintained in GIS format to be available for internal and external use on digital and print platforms.

**Budget**

The following funds are set-aside in the 2022 DWSRF Capitalization Grant in support of the Wellhead Protection Program.

<b>Category:</b>	<b>Amount:</b>
Personnel	\$184,213
<b>Total Direct Charges</b>	<b>\$184,213</b>
Indirect Charges (51.93%)	\$ 46,727
<b>Total</b>	<b>\$230,940</b>

**Outlay Strategy**

Personnel:

\$184,213: The average monthly payroll for employees working on this initiative is \$25,000 per month. These funds are projected to be expended June 2024 through December 2024.

**KENTUCKY DIVISION OF WATER**

**2022 BIL WORKPLANS**

## **DWSRF Supplemental**

### **Introduction**

The inclusion of supplemental funding in the Bipartisan Infrastructure Law (BIL) provides additional opportunities for states to address a wide variety of local water quality and public health challenges, and allows states a great deal of flexibility in program administration. The BIL includes provisions to ensure that disadvantaged communities fully benefit from these historic investments in the water sector. The Division of Water will work to assist disadvantaged communities by building tools and providing technical assistance across the Commonwealth. Supplemental funding allows DOW to assist disadvantaged communities to build needed technical, managerial, and financial capacity as they develop projects, apply for funding, design and implement projects, and create training and career pathways.

Often, small and disadvantaged communities across the Commonwealth lack the capacity to leverage DWSRF resources into their systems because they have not completed a financial audit, which provides a barrier to participation in the SRF program. DOW will utilize these supplemental funds to provide assistance to public water systems to assess and perform financial audits for participation in the SRF program.

The Kentucky Water Resource Information System (WRIS) is the result of cooperative efforts from water and wastewater treatment systems and local, regional, and state agencies. The WRIS provides much of the information needed for all aspects of water resource planning – from watershed protection to infrastructure development – and is used for SRF project submission and ranking in Kentucky. The WRIS includes a geographic information system (GIS) component that communicates information on water resources, drinking water systems, wastewater treatment systems, project development, emergency response, regulations, and planning.

The WRIS is comprised of strategic plans, water resource maps and publications, systems management information, reporting and regulatory requirements, guidance and training documents, procedural guidance and forms for project implementation and funding, and internet links to support services. Interactive maps in the system support planning and regionalization efforts. The interactive maps also facilitate drought monitoring and response, and rapid response to contamination emergencies. The GIS data includes water and wastewater treatment facilities, main water lines, water sources, storage facilities, sewer lines, and a database of non-spatial systems information. These are the fundamental data needed for planning and emergency response activities and can be utilized in computer models to allow for cost-effective engineering alternatives analyses, and they facilitate the implementation Kentucky's infrastructure development.

The DOW will utilize DWSRF supplemental funds to collaborate with partners to enhance the WRIS to meet current needs of public water systems, with a specific emphasis on small, disadvantaged communities and systems. These tools will provide additional benefit to disadvantaged communities by allowing improved public access to planning and technical

information – helping to break down institutional barriers that may otherwise preclude these communities from equal access to CWA programs. Funds will also be used to assist local utilities in protection of Source Water through the Source Water Protection Assistance Program.

### **Activities**

- Administer all SDWA programs within the Commonwealth
- Increase capacity of programs to facilitate the implementation of primacy for new rules.
- Provide technical and compliance assistance
- Provide assistance to small, disadvantaged systems on Financial Audits
- Finalize and implement agency Capacity Development Strategy
- Refine and improve electronic tools, including the WRIS and other GIS, with a focus on usability by disadvantaged communities
- Assist systems (focusing on disadvantaged) with development of sustainable fiscal management systems so they are capable of maintaining the technical, managerial, and financial capacity to consistently provide safe drinking water to the public.
- Administer an program to offer financial assistance with Source Water Protection within the Commonwealth

### **Deliverables**

- Improvements in administration of all SDWA programs within Commonwealth
- Internal and external coordination of diverse programs for drinking water, groundwater, water quantity, water quality, enforcement, watershed, operator certification, and related program activities and products to support and enhance each other with the common goal of sufficient quantity, quality, and access to potable water for all the citizens of the Commonwealth
- Continued training for DOW staff in goals, objectives, and technical aspects of water treatment plant and distribution system optimization. DOW staff approve all chemical changes, source water changes, alternate staffing plans, and ultra-violet treatment processes for public water systems; and complete sanitary surveys and limited emergency response.
- Refine and improve the WRIS, electronic sanitary survey process, financial audits, and increased ability of small and disadvantaged systems to use electronic systems and GIS for managing activities such as capacity development
- Finalize and implement agency Capacity Development Strategy
- Assist systems (focusing on disadvantaged) with development of sustainable fiscal management systems to ensure adequate capacity is maintained to so they are capable of maintaining the technical, managerial, and financial capacity to consistently support

technical, managerial, and financial activities that provide safe drinking water to the public.

- Implement the Source Water Protection Assistance Program to address source water needs throughout the Commonwealth

**Budget**

	<b>%</b>	<b>FFY 2022</b>
Grant Amount \$:		<b>\$29,649,000</b>
<b>DWSRF Program Admin(4% max available)</b>		<b>\$1,185,960</b>
DOW (max 3%)	<b>3</b>	<b>\$889,470</b>
KIA (1%)	<b>1</b>	<b>\$296,490</b>
<b>Subtotal Amount:</b>		<b>\$1,185,960</b>
<b>State Program Mgt. (10% max available)</b>		<b>\$2,964,900</b>
Supplement PWSS Program	<b>10</b>	<b>\$2,964,900</b>
DOW Personnel		<b>\$2,877,900</b>
Contractual		<b>\$87,000</b>
<b>Subtotal Amount:</b>		<b>\$2,964,900</b>
<b>Small Systems Tech. Assist (2% max)</b>		<b>\$592,980</b>
DOW Personnel	<b>2</b>	<b>\$592,980</b>
<b>Subtotal Amount:</b>		<b>\$592,980</b>
<b>State/Local Assist (up to 15%-10% max):</b>		<b>\$4,447,350</b>
<b>Capacity Development - TMF Assistance</b>	<b>10</b>	<b>\$2,964,900</b>
DOW Personnel		<b>\$2,467,900</b>
Travel		<b>\$200,000</b>
Dev/Implement Operator Cert Program		<b>\$297,000</b>
<b>Source Water Assessment Program</b>	<b>3</b>	<b>\$889,470</b>
DOW Personnel		<b>\$889,470</b>
<b>Wellhead Protection Program</b>	<b>2</b>	<b>\$596,980</b>
DOW Personnel		<b>\$416,980</b>
Contracts		<b>\$180,000</b>
<b>Subtotal Amount:</b>		<b>\$4,447,350</b>
<b>Total Grant Set-Asides:</b>	<b>31</b>	<b>\$9,191,190</b>
Total DOW Set Aside Amount:	30	\$8,894,700
Total KIA Set Aside Amount	1	\$296,490

## **DWSRF Emerging Contaminants**

### **Introduction**

*BIL Provision: “Provided further, that funds provided under this paragraph in this Act shall be to address emerging contaminants in drinking water with a focus on perfluoroalkyl and polyfluoroalkyl substances through capitalization grants under section 1452(t) of the Safe Drinking Water Act for the purposes described in section 1452(a)(2)(G) of such Act”*

The BIL provides \$5 billion through the SRFs to reduce people’s exposure to perfluoroalkyl and polyfluoroalkyl substances (PFAS) and other emerging contaminants through their drinking water and to help address discharges through wastewater and, potentially, nonpoint sources. This is a unique opportunity to prioritize investment to local communities that are on the frontlines of PFAS contamination and that have few options to finance solutions through traditional programs.

Since 2019, the Division of Water has conducted several studies across the Commonwealth to determine the occurrence of PFAS chemicals in Kentucky waterbodies. The division will use these funds to continue investigating PFAS as an emerging contaminant and develop best practices and management strategies for drinking water supplies and public water systems.

### **Activities**

- Determine/refine agency priority areas – source water, intakes, domestic supply, fish tissue
- Monitoring
- Analysis
- Mitigation activities, treatment
- Technical and compliance assistance

### **Deliverables**

- Within the DOW, institutionalization of PFAS program elements across agency programs
- Continue to assess surface waters, PWS source water, finished drinking water, and fish tissue for PFAS
  - Continued development of laboratory capacity, methods, and equipment
  - Identification of priority areas of focus based on known or suspected impacts
- As practicable, incorporation of PFAS monitoring and analysis into agency monitoring programs
- Identification of treatment capabilities and mitigation activities for PFAS impacts
- Developed and enhanced technical and compliance assistance capacity within agency

**Budget**

	<b>%</b>	<b>FFY 2022</b>
Grant Amount \$:		<b>\$12,450,000</b>
<b>DWSRF Program Admin(4% max available)</b>		<b>\$498,000</b>
DOW (max 3%)	<b>3</b>	<b>\$373,500</b>
DOW Personnel		<b>\$353,500</b>
DOW Travel		<b>\$20,000</b>
KIA (1%)	<b>1</b>	<b>\$124,500</b>
<b>Subtotal Amount:</b>		<b>\$498,000</b>
<b>State Program Mgt. (10% max available)</b>		<b>\$1,245,000</b>
Supplement PWSS Program	<b>10</b>	<b>\$1,245,000</b>
DOW Personnel		<b>\$1,245,000</b>
<b>Subtotal Amount:</b>		<b>\$1,245,000</b>
<b>Small Systems Tech. Assist (2% max)</b>		<b>\$249,000</b>
DOW Personnel	<b>2</b>	<b>\$249,000</b>
<b>Subtotal Amount:</b>		<b>\$249,000</b>
<b>State/Local Assist (up to 15%-10% max):</b>		<b>\$1,867,500</b>
<b>Capacity Development - TMF Assistance</b>	<b>10</b>	<b>\$1,245,000</b>
DOW Personnel		<b>\$948,000</b>
Dev/Implement Operator Cert Program		<b>\$297,000</b>
<b>Source Water Assessment Program</b>	<b>3</b>	<b>\$373,500</b>
DOW Personnel		<b>\$373,500</b>
<b>Wellhead Protection Program</b>	<b>2</b>	<b>\$249,000</b>
DOW Personnel		<b>\$249,000</b>
<b>Subtotal Amount:</b>		<b>\$1,867,500</b>
<b>Total Grant Set-Asides:</b>	<b>31</b>	<b>\$3,859,500</b>
Total DOW Set Aside Amount:	30	\$3,735,000
Total KIA Set Aside Amount	1	\$124,500

## **DWSRF LSLR**

### **Introduction**

*BIL Provision: “Provided further, that the funds provided under this paragraph in this Act shall be for lead service line replacement projects and associated activities directly connected to the identification, planning, design, and replacement of lead service lines”*

On December 16, 2021, EPA announced next steps to strengthen the regulatory framework on lead in drinking water. Following the agency’s review of the Lead and Copper Rule Revisions (LCRR) under Executive Order 13990, EPA has concluded that there are significant opportunities to improve the rule to support the overarching goal of proactively removing lead service lines and more equitably protecting public health.

The EPA has determined that lead service line (LSL) inventories are necessary to achieve 100% removal of LSLs. EPA has required information to be submitted in the initial lead service line inventory by an October 16, 2024 compliance date. Maintaining this compliance deadline ensures water systems will make continued progress to identify LSLs, which is integral to lead reduction efforts.

EPA recommends working closely with local water agencies to complete LSL inventories; as such, the DOW will utilize these funds to expediently advance progress in the Commonwealth. DOW will provide compliance assistance, tools, and collaborative partnerships to help local water systems develop LSL inventories and undertake LSL replacement planning. Preparing the inventory will allow systems to better identify sampling locations, begin planning for LSL mitigation actions, and apply for BIL funds.

### **Activities**

- Increased capacity of drinking water program to facilitate implementation of primacy for the Lead and Copper Rule Revisions and determine compliance
- Identify areas of concern (including disadvantaged)
- Prioritize areas of need (including disadvantaged)
- Develop/improve electronic tools – GIS, WRIS
- Compliance assistance on LSL inventory, sampling plans, and replacement planning
- Develop partnerships with Area Development Districts, water systems, and others

### **Deliverables**

- LSL data standards, assistance with inventory collection, and visualization tools
  - GIS mobile applications
  - GIS/mapping and data management tools
  - WRIS enhancements



- Data sharing capabilities with water systems
- Enhanced technical and compliance assistance capacity within agency and with partners

**Budget**

	<b>%</b>	<b>FFY 2022</b>
Grant Amount \$:		<b>\$46,717,000</b>
<b>DWSRF Program Admin(4% max available)</b>		<b>\$1,868,680</b>
DOW (max 3%)	<b>3</b>	<b>\$1,381,510</b>
DOW Travel		<b>\$20,000</b>
KIA (1%)	<b>1</b>	<b>\$467,170</b>
<b>Subtotal Amount:</b>		<b>\$1,868,680</b>
<b>State Program Mgt. (10% max available)</b>		<b>\$4,671,700</b>
Supplement PWSS Program	<b>10</b>	<b>\$4,671,700</b>
DOW Personnel		<b>\$4,671,700</b>
<b>Subtotal Amount:</b>		<b>\$4,671,700</b>
<b>Small Systems Tech. Assist (2% max)</b>		<b>\$934,340</b>
DOW Personnel	<b>2</b>	<b>\$884,340</b>
Supplies		<b>\$50,000</b>
<b>Subtotal Amount:</b>		<b>\$934,340</b>
<b>State/Local Assist (up to 15%-10% max):</b>		<b>\$7,007,550</b>
<b>Capacity Development - TMF Assistance</b>	<b>10</b>	<b>\$4,671,700</b>
DOW Personnel		<b>\$2,374,700</b>
Contracts		<b>\$2,000,000</b>
Dev/Implement Operator Cert Program		<b>\$297,000</b>
<b>Source Water Assessment Program</b>	<b>3</b>	<b>\$1,401,510</b>
DOW Personnel		<b>\$1,401,510</b>
<b>Wellhead Protection Program</b>	<b>2</b>	<b>\$934,340</b>
DOW Personnel		<b>\$934,340</b>
<b>Subtotal Amount:</b>		<b>\$7,007,550</b>
<b>Total Grant Set-Asides:</b>	<b>31</b>	<b>\$14,482,270</b>
Total DOW Set Aside Amount:	30	\$14,015,100
Total KIA Set Aside Amount	1	\$467,170

APPENDIX D

PUBLIC COMMENT

## Public Comment Period 1

Comment 1. We recommend that the KIA subscriber's list be used to notify the public of the comment period in the future.

Response 1. KIA will seek a way to use the subscriber list to notify the public of the comment period.

Comment 2. We also recommend that the informational webinar be recorded and posted on the KIA website.

Response 2. There was not an informal webinar.

Comment 3. We recommend a longer comment period of at least 45 days to review future draft IUPs.

Response 3. The federal requirement for public comment is 30 days. KIA will continue to use the federal requirement for the comment period.

Comment 4. Based on our analysis, we are concerned that the state is not providing sufficient subsidization for Kentucky's disadvantaged communities in either the DWSRF supplemental base funding program or the lead service line replacement (LSLR) program.

Response 4. EPA has confirmed that KIA is providing the required amounts of subsidization for each program.

Comment 5. We'd like to encourage the state to allocate the maximum 35% of the base DWSRF funds as principal forgiveness to projects in disadvantaged communities.

Response 5. KIA is meeting the requirements in the law with the amount of principal forgiveness offered.

Comment 6. Based on our review of the IUP, it appears that KIA is not allocating the required percentages of its funding as a subsidy for both the supplemental base funding and the LSLR program.

Response 6. A correction was made to the allocation formula to correct the subsidy percentages.

Comment 7. It appears that KIA is not prioritizing projects in disadvantaged communities to receive subsidized funding to the extent that the law mandates. Disadvantaged community projects are those within the service area of a public water system that meets affordability criteria established after public review and comment.

Response 7. 200 KAR 17:070 defines a "Disadvantaged community" as "...the service area of a public water system that meets the affordability criteria established by the authority after public review and comment and may qualify for additional subsidization of the financial assistance terms." The disadvantaged community definition for each funding source was provided in the IUP and was subject to public review and comment. The subsidization was provided based on the new disadvantaged criteria.

Comment 8. There should be a clearly articulated prioritization system that ranks disadvantaged communities to determine which are in greatest need of greater percentages of principal forgiveness.

Response 8. The current definition of principal forgiveness doesn't incorporate a sliding scale into the determination of principal forgiveness. This factor may be considered in the future.

Comment 9. We ask that the state justify in the IUP why the Louisville Water Company is receiving the majority of funds and subsidy from the Lead Service Line Replacement program.

Response 9. The Louisville Water Company was 1 of only 2 applicants that applied for funding from the Lead Service Line Replacement funding source. The other application was fully funded.

Comment 10. We recommend that Kentucky create a methodology to allocate subsidy so that it is provided to the highest priority projects in water systems that have the greatest financial need.

Response 10. This may be added as a goal in future Intended Use Plans.

Comment 11. We recommend that affordability criteria be given more weight in the priority system guidance or, preferably, that Kentucky develop two project priority ranking systems: one that provides a score for how well a proposed project meets public health criteria and one that identifies how disadvantaged a community is according to indicators of water affordability.

Response 11. This may be added as a goal in future Intended Use Plans.

Comment 12. We advise that additional criteria be incorporated into the ranking systems to more clearly identify disadvantaged communities.

Response 12. The study of and revision to the disadvantaged community criteria is included as Short-Term Goal #9.