

DRINKING WATER STATE REVOLVING FUND
SRF ANNUAL REPORT
STATE FISCAL YEAR ENDED JUNE 30, 2021

Prepared by the Commonwealth of Kentucky
For EPA Region IV

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KENTUCKY DRINKING WATER SRF ANNUAL REPORT

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DWSRF ANNUAL REPORT

I. INTRODUCTION

The Commonwealth of Kentucky respectfully submits the Drinking Water State Revolving Fund (DWSRF) Annual Report for State Fiscal Year (SFY) ended June 30, 2021. This report describes how Kentucky met the goals as identified in the 2021 Intended Use Plan (IUP) and presents the actual use of funds.

II. EXECUTIVE SUMMARY

The Kentucky Infrastructure Authority (KIA) is the responsible agency for the DWSRF program in Kentucky. Daily program activities are administered by KIA and DOW via a Memorandum of Agreement. KIA oversees \$443,046,640 in DWSRF first use funds (Exhibit 8) which are comprised of capitalization grants \$235,083,864, state match \$57,099,440, program administration \$10,623,784, other set asides \$60,239,552, and leverage bond proceeds \$80,000,000.

Exhibit 1 shows that the Commonwealth of Kentucky made eighteen new binding commitments and five commitment increases for a total of \$55,018,014 to provide assistance for construction of drinking water projects during the year. The average interest rate on funds committed during the year was 0.48%. Exhibit 2 reflects commitments by quarter. Exhibit 5 shows disbursements from the SRF to various recipients, program administration and other set-aside activities during 2021 totaling \$25,349,283.

In an effort to assist small systems and disadvantaged communities, KIA provided binding commitments to fourteen small systems and nineteen disadvantaged communities, some of which are also small systems (Exhibit 1). Binding commitments for small systems totaled \$38,670,916 or 70% of total binding commitments. Binding commitments for disadvantaged communities totaled \$49,351,450 or 90% of total binding commitments.

During 2021 nine loans totaling \$8,832,254 were approved that were subsidized with principal forgiveness of \$5,760,369 (Exhibit 4). One loan (F20-026) was retroactively allocated with subsidization in November 2020 after principal forgiveness became available due to withdrawal of carried-forward projects. The allowable subsidization was 50% of the loan amount per project up to the 2020 maximum amount established in the IUP (\$1.3 million) allocated in priority order to disadvantaged communities on the priority list based on median household income information and affordability of water or sewer rates.

Since the inception of the program, the Commonwealth has issued 249 binding commitments totaling \$563,259,110. Cumulative set-asides made available from capitalization grant funds total \$70,863,336 (Exhibit 7). The program administration set-aside totals \$10,623,784 while the balance of \$60,239,552 has been for

technical assistance, environmental support and management (Exhibit 8).

III. GOALS AND ACCOMPLISHMENTS

The primary goal of the DWSRF program is to assist public water systems (PWS) in providing safe drinking water at an affordable cost to their customers. The program offers low-cost financing to PWS for eligible drinking water infrastructure construction projects. Through set-aside funds, the DWSRF is also used to improve environmental programs that support the goals of the Safe Drinking Water Act (SDWA). Examples include capacity development, operator certification, source water protection, and wellhead protection. Effective and efficient administration of the DWSRF program, combined with below market interest rates and long term financing, will assist PWS to provide sufficient quality and quantity of affordable potable water throughout Kentucky.

A. Short Term Goals and Accomplishments

The 2021 IUP describes eight short-term goals to be achieved by the SRF. The State continues to make significant progress toward successful completion of these goals as described below:

1. Enhance loan closing procedures and refine repayment terms.

During the 2021 fiscal year, the major reorganization implemented in 2018 continued to affirm the roles and responsibilities of Regional Compliance Coordinators. Each Regional Compliance Coordinator is responsible for all loans within a defined geographic area of the state. This part of the reorganization shifted internal job duties to focus on loan compliance, loan closing procedures, and refining repayment terms. The structure also allows for a redundancy of loan processing to minimize interruptions when an employee leaves the KIA. A new Deputy Executive Director, Sandy Williams, was appointed to oversee KIA operations.

In addition to the reorganization of personnel, language in the assistance agreements has been revised to document compliance expectations. As a shift in KIA policy, any principal forgiveness amount will be credited to the loan balance upon release of liens on all contracts and disbursement of the final draw request by KIA to the borrower. All interest and principal repayments are mandated through the Automatic Clearing House (ACH) transfers. Estimated amortization schedules provided at the time of assistance agreements are initiated based on estimated repayment dates.

2. Promote the principles of United States Environmental Protection Agency (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.

As a way to promote the SI Initiatives to all communities, a SI brochure is distributed with the Call for Projects. The SI brochure is also available on the KIA and DOW websites. It explains the four pillars and examples of how projects planning can be modified to address more sustainable infrastructure and providing additional savings to utilities related to costs, future operation and maintenance expenses.

With the introduction of the Green Project Reserve requirement in the FFY 2010 Capitalization Grant the integrated project priority ranking system was modified to incorporate Energy Efficiency, Water Efficiency, Sustainable/Green Infrastructure and asset management/full cost pricing to promote the principles of EPA's Sustainable Infrastructure Initiative. The Green Project Reserve is not currently a requirement for the DWSRF, but Kentucky has continued to include green project scoring to promote SI. The projects that incorporated components of sustainable infrastructure received bonus points on the project priority ranking. Forty-one of the eighty-two projects submitted during the Call for Projects received points for green components. Nine projects received points for incorporating two or more green components, while thirty-two projects incorporated one green component. The primary green category was for water efficiency for which 50 of the 111 (45%) projects were awarded points.

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

During the 2021 SFY, KIA continuously met with Area Development District (ADD) planners, Water Management Councils, and water system officials to provide guidance on how to apply for an SRF loan through the WRIS. The primary emphasis during training this year has been continuous planning and preparation for the entire loan process.

Additionally, KIA staff took advantage of numerous opportunities to speak to engineers, utilities, and other stakeholders throughout the state. Among the groups to which the presentations were made included the Kentucky Rural Water Association, the Kentucky Water Resources Symposium, the Utilities Management Institute, the Kentucky Drinking Water Infrastructure Legislative Taskforce, and the Kentucky Capital Projects and Bond Oversight Legislative Committee.

Compliance related training and information has been provided through introductory meetings with each SRF borrower as well as reiterated during the preconstruction meetings held at the time the construction contracts are executed. A "Best Practices" document for Davis Bacon compliance and reporting has been distributed to borrowers throughout the loan process.

We remain committed to implementing the automated GIS map synchronization method developed at KIA in 2019 and 2020. The WRIS will change the way the ADDs submit GIS mapping data from a bi-monthly check-in period to an automated synchronization process where mapping and components are updated in real-time through a button click. The new process will also feature a programmatic QA/QC tool that the ADDs will use to improve the quality of their data.

We had expected to have this new GIS synchronization process and associated hardware deployed in mid-2020 but the emergence of the COVID-19 pandemic resulted in delays. We are reevaluating our timelines again due to the newest COVID-19 Delta variant surge. Our best estimate is to have the new GIS synchronization process fully deployed by the end of 2022 calendar year.

4. Identify distressed borrowers through compliance monitoring and provide targeted financial and managerial guidance.

DOW reviewed each entity that submitted projects for funding for technical, managerial and financial capacity based on sanitary survey results. Any entity that did not have capacity was asked to meet that capacity before the start of construction of the said project. In future, DOW will work with KIA to come up with a process to identify distressed borrowers upfront.

Loan assistance efforts include KIA borrower visits by the Kentucky Rural Water staff, which was funded through a grant from the Appalachian Regional Commission. The inspections include targeted financial assistance for borrowers that have undergone changes in their management, Board or other decision makers. Services include rate studies, property inspections, training and technical assistance.

The reorganization of the loan compliance personnel discussed under item 1 above also has helped identify distressed borrowers by having one Regional Compliance Coordinator responsible for all compliance on a given loan, rather than having different personnel responsible for compliance of different components.

5. Develop a focused marketing strategy in conjunction with the Energy and Environment Cabinet (EEC) to target systems with compliance and energy efficiency needs.

Kentucky plans to provide SRF training to not only highlight compliance but to also market programmatic changes, including targeting systems with compliance and energy needs. Interagency meetings with Division of Water, Division of Enforcement and Public Service Commission are held regularly to prioritize distressed borrowers.

6. Work toward the use of electronic forms and data as opposed to paper documents, where possible.

The SRF Call for Projects, project ranking and project tracking have been integrated into the Water Resource Information System (WRIS). The projects are submitted through WRIS and ranked in the portal. DOW and KIA staff have access to the data collected in the WRIS and are working together toward making the portal user-friendly for the staff to access all documents.

KIA has worked for several funding cycles to develop an electronic application process for borrowers. Application information will be pulled automatically from WRIS Project Profile to populate an electronic application after the borrower has worked with the Area Development District to update it. From there, the borrower downloads the PDF application and reaches an attachment page with clickable links to additional documents required for the application. The borrower then submits the entire electronic application package to KIA via email. The paperless application reduces paper usage, improve timeliness of submittal, and eases the burden of excessive paperwork during the process. KIA had fully implemented the electronic application process in the 2020 funding cycle. Going forward, this process will allow for a transition to electronic web submission of application information rather than emailing pdf files.

7. Increase inspection pace and achieve at least two inspections per project; one at 50% completion and the other at 100% completion.
8. Improve the pace of the program by identifying tasks to commit more available funds in the current fiscal year.

B. Long Term Goals and Accomplishments

The IUP describes six long-term goals:

1. Work with the EEC to explore solutions to increase energy efficiency for drinking water utilities and future non-compliance issues under the SDWA.

The use of energy efficient methods and equipment is encouraged for DWSRF funded projects. Additional points are assigned during the ranking process for those projects utilizing energy efficient designs.

2. Streamline loan processes and improve communication and the sharing of data between KIA and DOW.

DOW and KIA provide administrative and technical assistance to borrowers by conducting an Introductory Meeting before work begins to instruct the borrowers on compliance with applicable rules (to both the borrower and contractors)

during the construction process, by reviewing each payment to ensure the invoices provided substantiate the amount requested, and by conducting an administrative file review before the final payment is made to ensure that all required elements of the process have been satisfied.

The implementation of the use of electronic communication to streamline efforts have improved for the call for projects, bypassing procedures, loan applications, change orders, and draw requests. The existing priority ranking system is evaluated annually to target the major environmental needs of the State with an emphasis on the applicant's readiness to proceed. The data collected in the WRIS is available as a tool in determining project rankings.

3. Create a utility portal within the Water Resources Information System (WRIS) to improve communication and reporting between the utility, KIA, and regulatory agencies.

Kentucky is planning a utility portal within the Water Resources Information System. The portal will give utility personnel direct access to WRIS for entering current information on projects. Currently each utility must provide information to their respective ADD Water Management Coordinator. By allowing direct access to utility personnel the information in the WRIS Portal will be more accurate and current. The geographic information in the WRIS is continuously reviewed for quality assurance by KIA and ADD personnel while the asset management tool will be evaluated for modifications to improve user-friendly measures.

4. Analyze and implement recommendations from the Infrastructure Task Force.
5. Establish a relationship with other funding agencies to coordinate project funding with multiple resources.
6. Identify priority watershed reach out to the municipalities for project development and funding assistance.

IV. SET-ASIDE ACTIVITIY

Exhibit 9 shows the administrative and set-aside disbursements for 2021. Since the inception of the program, Kentucky has disbursed administrative and other (state programs, local assistance and technical assistance) set-asides of \$70,863,336 (Exhibit 7) as compared to \$68,989,458 in 2020.

A. State Program Management Set-Aside

Section 1452(g)(2) of the Safe Drinking Water Act (SDWA) allows up to 4% of the DWSRF capitalization grant to be allotted to the state to cover the reasonable costs of administration of the programs under this section and up to 10% of the

DWSRF capitalization grant to be set aside to support other program initiatives of the SDWA. An additional set-aside of up to 2% may be taken to provide technical assistance to small PWS serving populations less than 10,000. For a program overview of amounts for each set-aside category see Exhibit 9. Activities under Section 1452(g)(2) are listed in Attachment 1.

B. Local Assistance and Other Programs Set-Aside

Section 1452(k)(2) of the SDWA allows up to 15% of the DWSRF capitalization grant to be set-aside to support local assistance and other program initiatives of the SDWA. Activities under Section 1452(k)(2) are listed in Attachment 2.

V. ASSISTANCE ACITIVITY

A. Fund Financial Status

Exhibit 8 shows the allocation of first use SRF funds for 2021. Exhibit 12 is the Accounts Receivable Aging list. If a borrower experiences late payments, KIA will work with them to assess rate structures or revise repayment schedules. To date, KIA has had no defaults and one loan is currently past due. Exhibit 9 shows the administrative and set-aside disbursements for 2021.

B. Financial Statements

The 2021 Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position for the Clean Water State Revolving Fund of the Kentucky Infrastructure Authority will be submitted separately upon KIA Board approval of the information, anticipated on November 4, 2021.

C. Revenue Bond Funding

No bonds were issued in 2021.

D. Provisions of the Operating Agreement/Conditions of the Grant

The Commonwealth of Kentucky entered into the operating agreement and each grant agreement with the EPA. All specific conditions of the agreements have been met.

1. State Matching Funds

The Commonwealth of Kentucky appropriated sufficient funds to meet the 20% State Match requirement.

2. Binding Commitments within One Year

The Commonwealth of Kentucky entered into binding commitments to provide assistance from the SRF in amounts equal to 354% of the grant payments within one year after receipts of all federal payments (Exhibit 2).

3. Expeditious and Timely Expenditure

The Commonwealth of Kentucky disbursed all cash draws and other available SRF funds in a timely and expeditious manner. \$25,349,283 was disbursed to the borrowers for project expenses and to the state for program administration and other set-asides (Exhibit 5). Exhibit 1 "Projects Receiving SRF Financial Assistance for State Fiscal Year Ended June 30, 2021" demonstrates that SRF projects have moved in an expeditious and timely manner to start construction. Kentucky is monitoring the projects to ensure timely initiation of operations in accordance with the established schedules.

4. Eligible Activities of the State Revolving Fund

Projects identified in the annual IUP to be funded are included in Exhibit 3 of this report. All projects met eligibility requirements.

5. Disadvantaged Business Enterprises (DBE), Minority Business Enterprise and Women's Business Enterprise (MBE/WBE):

Kentucky negotiated with EPA an overall fair share proportion of the capitalization grant which is targeted for Women and Minority Business (MBE/WBE) or Disadvantaged Business Enterprises (DBE) as applicable. The State has developed procedures to ensure that loan recipients and prime contractors follow the six affirmative action steps to identify and utilize MBE/WBE or DBE firms. During 2021, \$18,416,909 in construction draw requests was reimbursed to DWSRF participants of which \$126,430, or 0.69% was reimbursed to MBE contractors and \$3,510 or 0.02% was reimbursed to WBE contractors. Kentucky is continuing to educate borrowers on the goal of an overall fair share proportion of the capitalization grant for MBE/WBE or DBE firms.

6. Other Federal Laws and Authorities

Kentucky and all recipients of SRF funds directly made available by the capitalization grant have complied with applicable federal authorities. Recipients agreed to do this in their loan agreement with the Commonwealth. The Regional Compliance Coordinators assist in monitoring projects for compliance.

VI. PROPOSED AND ONGOING IMPROVEMENTS

A. Median Household Income Determination Guidance

KIA has developed the Median Household Income (MHI) Determination Guidance for CWSRF and DWSRF loan projects. MHI is used to determine the interest rate, principal forgiveness eligibility, and extended loan term eligibility for the CWSRF and DWSRF programs. The guidance document identifies and describes three accepted methodologies applicants can use to determine the MHI for a project area or for the entire system area. The methodologies include:

- 1) Default Weighted Proximity Analysis (DWPA);
- 2) Modified Weighted Proximity Analysis (MWPA); and
- 3) Census or Sample Income Survey (IS).

The DWPA and MWPA are GIS based methodologies that use system mapping (waterlines, sewer lines, or meter pointes) to calculate the MHI based on 5-year American Community Survey census tract MHI estimates. The IS is modeled after Kentucky's Community Development Block Group program guidance. The DWPA is calculated for all projects in the WRIS Portal and is considered the primary MHI determination methodology; however, if the DWPA is insufficient, applicants may collaborate with KIA staff to select the MWPA or IS as an alternative.

To maintain the integrity of MHI determinations, the MHI Determination Guidance includes the hierarchy of the methodologies and the required conditions to proceed with each method. Additional forms and informational materials have been developed to ensure that the methodologies are applied consistently. Most notably, KIA has collaborated with other federal funding sources including Kentucky's Community Development Block Grant and USDA's Rural Development program to develop a single multi-agency income survey form to streamline income surveys for projects with multiple funding sources. The form has also been translated into Spanish.

B. KIA and ACEC-KY Partnership

In Kentucky we are fortunate to have a wide open line of communication between technical professionals and State agencies. A perfect example of the professional relationships that exists is the relationship between the Kentucky Infrastructure Authority and the Kentucky Chapter of the American Society of Consulting Engineers.

Throughout the reporting period, these two entities have strategically met every other month with the express purpose of helping each other meet their goals and fulfill their responsibilities. The typical agenda for each meeting

includes discussions of: current regulatory issues, current legislative issues, specific funding sources, potential funding sources, identification of functional problems with the system, identification of opportunities to improve application and use of funds, opportunities to improve the functionality and scheduled use of funds.

This open forum has allowed for clear and candid discussion of current relevant issues that both entities are facing along with a chance for both sides of the issues to be put on the table and addressed. The leadership and staff at the KIA are working to build professional relationships with the engineering community in order to facilitate the functionality and purpose of the KIA. Some of the highlights from this past reporting period are included below.

- Discussion of design/build and the viability of projects of this nature using KIA dollars
- Public private partnership (PPP) funding
- Update ACEC and KIA staff on staffing changes for both entities
- Project profile and ranking updates and assistance
- Update ACEC on new digital interface at the KIA
- Discussion of principal forgiveness
- Compliance assistance

COVID-19 will have lasting impacts on how our Country operates and how people interact. This partnership was forced to miss one of its regularly scheduled meetings due to COVID. The partnership did switch to a virtual format without problems and has since met regularly and successfully. The two entities were able to share experiences related to COVID which helps everyone understand that we are all fighting the same battles.

Going into the 2021 – 2022 year, the KIA leadership is solidly in place. The ACEC Executive Director is new, Russ Romine has reassumed leadership of the organization, and Chris Stewart will be heading up the ACEC/KIA coordination for ACEC.

C. KIA WRIS Funding Dashboards

The WRIS Funding Dashboards were created as a proof of concept in 2018 for using GIS technology to help present information that illustrates Kentucky's water and wastewater infrastructure funding needs over the next 20 years. Three dashboards have been active on KIA's website since 2019 and are a model for WRIS to provide more engaging ways to interpret, interact, and analyze data with WRIS. These funding dashboards aggregate and display the WRIS information. The dashboards present information in a comprehensive and transparent manner using existing data sets relative to drinking water and wastewater utilities in Kentucky.

Each innovative dashboard is linked directly to Project Profiles in the WRIS portal. When the data is revised the components are updated in real-time allowing users to view projects based on current information via three separate mediums. The function of each version and number of web hits in FY 2021 is detailed below:

- By Region – This dashboard allows the user to filter down by Area Development District, County, Applicant, and/or Project Number. With each descending filter, all components of the dashboard update. Also included is a list of projects with basic details such as title, cost, and description that are seeking funding. Upon filtering to a specific project, the map symbolizes the project. Graphs are designed to show the number of projects listed in the WRIS portal by their schedule (0-2 years, 3-5 years, etc.) and the associated funding needs.

Usage details for the period	July 1, 2020 - June 30, 2021
Item Views this Period	1062
Average Item Views Per Day	2.92

- By Region via mobile or tablet – This dashboard is a replica of the first dashboard but optimized for mobile viewing on a tablet or phone.

Usage details for the period	July 1, 2020 - June 30, 2021
Item Views this Period	122
Average Item Views Per Day	0.34

- WRIS Projects by Legislative Districts – The dashboard filters the WRIS data either by House or Senate Legislative District and the District number. It allows quick access to visualize water and wastewater needs in that District. The process is similar to the first and second dashboards in that all of the same information is present.

Usage details for the period	July 1, 2020 - June 30, 2021
Item Views this Period	192
Average Item Views Per Day	0.53

Attachment 1
Activities Under Section 1452(g)(2)
of the Safe Drinking Water Act

A. DWSRF Administration – Section 1452 (g)(2) – 4 percent maximum

The Kentucky Infrastructure Authority (KIA) has a Memorandum of Agreement with the Energy and Environment Cabinet, Department for Environmental Protection, Division of Water (DOW), to perform the technical aspects of the DWSRF program. KIA and DOW staff meet regularly to discuss the development, maintenance, and administration of the DWSRF program. Activities included developing reports, payment processing, pre-application activities, travel, application review, engineering review, environmental review, construction progress inspection, training, portfolio management, audit management, cash management, securities management, financial management, financial analysis and capacity review.

The Water Infrastructure Branch of the Kentucky DOW performed the following:

1. There were 41 active drinking water loan projects in various stages of the DWSRF process at the end of the 2020 state fiscal year (SFY). The projects are sponsored by the following systems:

SFY 2021 Active DWSRF Projects		
Allen County Water District	City of Lebanon	City of West Liberty
Cave Run Water Commission	City of Morehead	City of Whitesburg
City of Burnside	City of Mortons Gap	Columbia Adair County Water Commission
City of Campbellsville	City of Nicholasville	Cumberland Falls Highway Water District
City of Cynthiana	City of Olive Hill	Estill Co Water District #1
City of Danville	City of Paintsville	Frankfort Electric/Water Plant Board
City of Edmonton	City of Pineville	Green-Taylor Water District
City of Evarts	City of Salem	Hopkinsville Water Environmental Authority
City of Hardinsburg	City of Salyersville	Lebanon Water Works
City of Irvine	City of Somerset	Lyon County Water District
City of Jamestown	City of South Shore	Northern Kentucky Water District
City of Lancaster	City of Stanford	Western Pulaski County Water District

2. Loan applications have been reviewed for all of the projects listed above. Five drinking water projects were closed out during the 2021 state fiscal year.
3. Thirteen DWSRF environmental reviews were conducted during the SFY 2020 for drinking water infrastructure projects.
4. Twenty-three drinking water projects were reviewed by Water Infrastructure Branch Engineering Section from July 1, 2020 to June 30, 2021. The Engineering Section also performed associated project management responsibilities including attending preconstruction meetings, project inspections, review of invoices and change orders, etc.

SFY 2021 Project Review Summary	
Distribution- Line Extension	2
Distribution- Major Construction	5
Replacement/Rehabilitation	10
Tank	4
Water Treatment- Modifications, New, Preliminary	2

B. Technical Assistance – Section 1452(g)(2) – 2 percent maximum

Kentucky used the Technical Assistance set-aside as follows:

- ◆ Provided approximately 86 instances of assistance, training and consultation, covering technical, managerial, and financial capacity.
- ◆ Of the 122 sanitary surveys conducted in SFY 2021 74% were conducted at small drinking water systems (less than 10,000 population). Thirty-two percent were in very small systems with less than 3,300 population.
- ◆ Seventy drinking (70) water treatment plants achieved Area-Wide Optimization Program (AWOP) turbidity goals, resulting in safer drinking water for 1.84 million Kentucky citizens.
- ◆ Two hundred and forty-seven (247) water treatment plants achieved AWOP distribution system disinfection by-product goals, resulting in safer drinking water for 2.83 million Kentucky citizens.
- ◆ Conducted Disinfectants & Disinfection Byproducts Performance Based Trainings (PBT):

Title	Date	Location
Disinfection By-Product Performance Based Training Session 4	November-20	Virtual
Disinfection By-Product Performance Based Training Session 5	April-21	Virtual

- ◆ The Division of Water's drinking water staff provided training events with a focus on small systems:

Title	Date	Location
Small System Operator Training: Asset Management	July-20	Virtual
Presented and moderated a session during the 2020 Small System Workshop on DS DBP	September-20	Virtual
Presented during ASDWA's monthly virtual meeting on AWOP's Impact in Kentucky	February-21	Virtual
Presented on USEPA Region 9 Advanced DBP Workshop for State of CA	February-21	Virtual
Small System Wastewater Operator Training - Asset Inventories	March-21	Virtual
Drinking Water Updates & Issues at Lake Cumberland Area Development District	May-21	Virtual

Presented at EPA Microbial and Disinfection Byproducts Public Meeting

August-21

Virtual

- ◆ The Division of Water's drinking water personnel and attended and/or participated in training events with a focus on small systems:

Title	Date	Location
EPA Small Systems Workshop	March-20	Virtual
Pumps in Utilities and Energy Savings (KWRA)	July-20	Webinar
Backflow Prevention (KRWA)	July-20	Webinar
DWSRF & Capacity Building in Action (EPA)	July-20	Webinar
EPA Webinar: AWIA Risk and Resilience Checklist and Lessons Learned	July-20	Webinar
DWINSAs Website Training (CADMUS)	August-20	Webinar
Targeting Disadvantaged Systems to Develop Capacity & Compliance (ASDWA)	August-20	Webinar
Becoming Financially Resilient Through Asset Management (ASDWA)	August-20	Webinar
ASDWA Capacity Development and Operator Certification Virtual Conference: Adaptive Training, Testing, and Hiring Techniques	August-20	Webinar
NRWA Webinar: Bringing Innovation in Leak Detection to Rural Water Utilities	September-20	Webinar
Association of State Drinking Water Administrators 2020 Annual Conference	October-20	Virtual
EFCN Webinar: Improving Financial Reporting for Water Infrastructure Facilities	October-20	Webinar
NRWA Webinar: Water System Basics and the Evolution of Pressure Monitoring to Benefit DW Utilities	November-20	Webinar
OSHA Refresher Course (HAZWOPER)	November-20	Virtual
RCAP Webinar: Systems Helping Systems: A Conversation on Utility Collaboration	November-20	Webinar
The Microbiology of Wastewater Treatment-Life in the Aeration Tank: Bacteria, Protozoa and Metazoa	November-20	Webinar
Regional Area-wide Optimization Program	November-20	Virtual
NRWA Webinar: The Future of AMI	November-20	Webinar
NRWA Webinar: Case Study of BDM Rural Water: Water System Depreciation - a Capital Planning Tool for Long Term Financial Sustainability	December-20	Webinar
EFCN Webinar: Preparing for a Sanitary Survey	December-20	Webinar
EPA Webinar: Asset Management 101	January-21	Webinar
EFCN Webinar: Leveraging Regional Development Organizations to Support Small Water Systems	January-21	Webinar
EPA Webinar: DWSRF and Capacity Building in Action Webinar Series: Workforce	January-21	Webinar
EPA Webinar: 7th DWINSAs Survey - State Workgroup Meeting	January-21	Webinar
EPA Webinar: 7th DWINSAs - State Refresher Training	February-21	Webinar
DWINSAs 1-4 Session Training (4 Days)	February-21	Webinar

Remote Imaging for Linear Underground Asset		
Management and Real Water Loss Reduction on Oahu	March-21	Webinar
Regional Area-wide Optimization Program	March-21	Virtual
EPA Webinar: 7th DWINSA Survey - Workgroup Meeting	April-21	Webinar
NRWA Webinar: The Impact of COVID on Revenue Loss for Rural Water Utilities	April-21	Webinar
EPA webinar- DWSRF & Capacity building in Action Series: Asset Management	April-21	Webinar
EPA Webinar: All Rise for Safe Water: Federal and local opportunities to support manufactured housing communities	May-21	Webinar
GSC Executive Branch Ethics	May-21	Webinar
RCAP Webinar: Successfully Accessing Water Infrastructure Funding Programs: Advice from Two Former Loan Officers	May-21	Webinar
Capacity Development Asset Management Strategy Roundtable	May-21	Webinar
Consumer Confidence Rule (CCR) Rule Requirements Overview	June-21	Webinar

C. State Program Management – Section 1452(g)(2)(A) – (D) – 10 percent maximum (Public Water System Supervision Program)

Kentucky used the Supplemental Public Water System Supervision Program set-aside to fund the following drinking water program activities:

- ◆ Overall administration of the drinking water program, including implementation of work plans, tracking of regulatory developments and coordinating inter-and intra-division activities.
- ◆ Assessed SDWA compliance of 434 public water systems:
 - All water systems are monitoring for Stage 2 DBP and Long Term 2 Enhanced Surface Water Treatment Rules.
 - Conducted 74 Sanitary Surveys from July 1, 2019 to June 30, 2020.
 - Submitted federal SDWIS data to EPA on time each quarter.
- ◆ Conducted inspections, investigated complaints, and assisted with drinking water compliance activities at the DOW Regional Office level.
- ◆ Continued to implement and support the Microbiology, Chemistry, and Cryptosporidium Laboratory Certification Programs. In SFY 2021 there were and 34 Microbiology Laboratories audited by DOW Certification Officers.

Attachment 2

Activities Under Section 1452(k)(2) of the Safe Drinking Water Act

*State/Local Assistance Sections 1452(k)(2)(A) – (E)
15 percent maximum*

A. Capacity Development Program – Technical, Managerial, and Financial Assistance

State/Local Assistance set-aside funds were utilized to provide assistance to small systems.

- ◆ Reviewed 78 projects through Federal Assistance Review requests from the Kentucky e-Clearinghouse to ensure projects applying for funding have adequate capacity.
- ◆ The Capacity Development Program staff evaluate utilities using a section of the Kentucky Sanitary Survey form. For this year, 197 surface water systems, groundwater systems, and subsequent systems were reviewed.
- ◆ The DOW's Capacity Development Section provided assistance to public water systems throughout the state related to managerial and financial capacity. Technical capacity was offered through inspections, on-site assistance, and AWOP activities. All drinking water systems are inspected annually.
- ◆ DWSRF set-aside funds were used for conference travel for DOW drinking water staff to attend and/or present at various conferences as previously mentioned.
- ◆ Continued to provide funding to the Kentucky Rural Water Association (KRWA) to support a small system assistance program focusing on Disinfection By-Products (DBPs) treatment, leak detection, water loss, operation and maintenance manuals, and rate studies. Targeted DBP assistance was provided to approximately 30 small public water systems and additional assistance was provided to multiple systems upon request.
 - ◆ Collaborated with DOW to reduce the number of PWSs in persistence non-compliance with the Disinfection By-Product Rule from four at the start of the triennium to two.
 - ◆ Assisted the Drinking Water Branch to return 23 PWS to compliance. This also reduced the number of PWS on the Enforcement Targeting list from 66 to 43.
 - ◆ Assisted seven PWS in updating their Operations and Maintenance (O&M) Manuals.
 - ◆ Assisted 24 PWSs in reviewing their rates, charges, and debt consolidation, with seven PWSs receiving additional assistance in filing for rate increases.

- ◆ Assisted 166 PWSs in the preparation and reporting of compliance data, public notifications, Consumer Confidence Reports (CCR), Operational Level Evaluation Reports, Level 1 Assessments and reviewing Sample Site Plans. The PWS savings for CCRs alone totaled \$100,500.
- ◆ Conducted 88 on-site technical assistance visits totaling 298.25 hours to address compliance issues and conduct asset management inventories.
- ◆ Responded to the spring ice storm and flash flood events by providing on-site assistance and coordinating materials and equipment to 27 PWS.
- ◆ Conducted six training sessions with four sessions being web-based due to COVID-19. There were a total of 13 continuing education hours available to the 442 attendees. The topics presented covered AWIA Requirements and Risk and Resilience Assessments, Electronic Reporting of Drinking Water Compliance, Asset Management & GIS, and PFAS Chemicals in Drinking Water and Wastewater.

B. Source Water Assessment Program

The Division of Water provides support to the United States Geological Survey's real-time stream gauging network with funding from DWSRF set-asides. During SFY2020, \$292,000 was provided in network support with a 40/60 cost share by the USGS. In addition to allocating funds, the DOW coordinates with USGS in the placement of gauging stations with an emphasis on optimization of the network's data collection capabilities. This ongoing partnership has helped to produce a system where both scientific and regulatory interests are served.

C. Operator Certification Program

◆ License Administration

- The Division of Compliance Assistance (DCA), Operator Certification Program received and processed 412 drinking water certification applications, administered 384 drinking water certification exams, and issued 204 new drinking water certificates during the 2021 state fiscal year. The drinking water certification program had an average pass rate of 53 percent.
- The administrative staff was responsible for entering the operator training hours which are used for the renewal process, as well as operator updates into the department database. They processed 971 online drinking water renewals, and issued wallet cards.

◆ Training

The DCA staff prepared and published the Kentucky Operator Certification Program training schedule which outlines all training events offered by the program. A post card was mailed to all certified operators making them aware the schedule was

available on the Division's Website. DCA technical staff conducted 3 drinking water training events during this timeframe totaling approximately 54 training hours with 171 operators or potential operators in attendance. In addition, staff within the program, along with the Kentucky Board of Certification of Water Treatment and Distribution System Operators, approved 782 hours from third-party training providers seeking approval of courses for continuing education credit.

◆ **National Involvement**

- Staff within the certification program continues to promote the importance of operator certification in Kentucky as well as nationwide. Staff attends the Drinking Water and Wastewater Advisory Council meetings once a quarter as well as engaged with vendors, operators, and others in the certification field at various events.

D. Wellhead Protection Program

The Wellhead Protection Program (WHPP) staff continue to provide assistance to public water systems and other agencies on source water and wellhead protection plan development and implementation, education and outreach, and public meeting facilitation throughout the state. During this fiscal year, program staff have continued to develop programmatic integration with drinking water compliance, water supply infrastructure, water supply planning, water withdrawal, and groundwater protection planning programs. Staff is actively developing an updated guidance, plan templates, checklists, and training. Staff is providing administrative and technical assistance in coordination with Kentucky Rural Water Association's Source Water Protection Specialist to develop and implement plan requirements and compliance schedules.

Program staff continues to work on assisting public water systems with updating source water and wellhead protection plans according to the program's compliance schedule, and processing program data, information, and plans in the Department's CGI TEMPO360™ (an environmental regulatory data management system). Also, in a continued effort to develop, manage, and maintain correct and accurate programmatic data and information, staff have conducted numerous systems visits and inspections. They have also worked closely with the GIS and Data Analysis Section to make regular updates to ArcMap GIS data layer files for the Source Water and Wellhead Protection Areas, as well as updating the Groundwater Database.

Program staff have developed training modules for the source water and wellhead protection programs, but did not host or participate in training events this fiscal year. Staff focused on developing compliance matrices, electric form (eforms) and e-search options for plans, a groundwater-based public water system requirements checklist, a source water supply and shortage workgroup, a workgroup to review and update sources of water in system details in SDWIS and TEMPO360™ for data and information standardization and consistency. Staff has also assisted with sampling and analyses required for the Kentucky Groundwater Monitoring Network and the compliance reviews associated with Consumer Confidence Reports (CCRs). Additionally, staff has also

continued to work the U.S. Department of Agriculture (USDA), Natural Resources Conservation Service (NRCS) state technical committee to identify local priorities and implement the 2018 Farm Bill that requires that nationally 10 percent (~\$4 billion) of funds authorized for conservation programs that protect sources of drinking water. Additionally, staff attended numerous webinars to supporting their continuing education and awareness of program developments.

Program staff have also piloted the application of established groundwater modeling programs (United States Geological Survey, MODFLOW and MODPATH) that can help with determining potential impacts of water withdrawals and particle tracking by using these applications within wellhead protection areas. Staff also began exploring the use of drones to conduct wellfield inspections and identify the presence and influence of springs in water resource assessments.

Wellhead staff also participated in the following:

- ◆ Wastewater & Drinking Water Joint Advisory Council Meetings
- ◆ U.S. Environmental Protection Agency, DWSRF and Capacity Building in Action Webinar Series- DWSRF Set-Asides 101
- ◆ Source Water Protection Sub-Committee of the Drinking Water Advisory Council- Developed list serves and wrote and shared stories of source water protection activities
- ◆ State Source Water Protection (SWP) Coordinators, NRCS Regional and State Conservationists, and EPA Headquarters and Regions in the Southeast NRCS Region- Southeastern States Source Water Protection Meeting
- ◆ U.S. Environmental Protection Agency, National Capacity Development and Operator Certification Virtual Workshop: Targeting Disadvantaged Systems to Develop Capacity and Compliance
- ◆ United States Geological Survey Water-Use Data and Research program (WUDR)- Open Forum - Consumptive Water Use: Refining Virginia's Water Supply Estimates with Discharge and Withdrawal Data
- ◆ U.S. Environmental Protection Agency, 17th Annual Drinking Water Workshop: Small System Challenges and Solutions
- ◆ U.S. Environmental Protection Agency, Wildfires and Resulting Impacts to Water Bodies Used as Drinking Water Sources

- ◆ United States Geological Survey Water-Use Data and Research program (WUDR)- Open Forum - Estimated Groundwater Withdrawals from Principal Aquifers in the United States, 2015
- ◆ Association of State Drinking Water Administrators (ASDWA) & Ground Water Protection Council (GWPC)- Source Water Committee Meeting (2)
- ◆ Association of State Drinking Water Administrators (ASDWA) 2020 Annual Conference: States Adapting to Change - The Human Factor
- ◆ Association of State Drinking Water Administrators (ASDWA) 2020 Annual Conference: State Experiences - Manganese and Other Emerging Contaminants (States & EPA Only)
- ◆ U.S. Environmental Protection Agency, Water System Partnership Handbook: How to Support Water System Partnerships
- ◆ United States Geological Survey Water-Use Data and Research program (WUDR)- Water-Use Program updates and data delivery
- ◆ Association of State Drinking Water Administrators (ASDWA)- Overview of Current Research and Innovation at the Water Research Foundation
- ◆ U.S. Environmental Protection Agency, State Revolving Funds: New Opportunities for Source Water Protection
- ◆ Forestry Webinars- How to Engage Corporation in Your Watershed
- ◆ Source Water Collaborative- Source Water Protection Through Forestry Partnerships
- ◆ Source Water Collaborative- Benefits of Forests for Drinking Water
- ◆ Arc Hydro: Flooding & Forecasting
- ◆ Association of Clean Water Administrators- 2021 Mid-Year Meeting
- ◆ U.S. Environmental Protection Agency, Region 3 Source Water Leadership Forum
- ◆ Source Water Collaborative- The Catawba-Wateree Initiative - A Case Study of Forests & Drinking Water Collaboration
- ◆ U.S. Environmental Protection Agency, DWSRF and Capacity Building in Action Webinar Series: Asset Management

- ◆ USDA NRCS Science and Technology- Hydrology, Geology, and Biology of Springs
- ◆ Source Water Collaborative- Opportunities for Engagement with NRCS to Identify New NWQI Watersheds
- ◆ U.S. Environmental Protection Agency, Releases to Sources of Drinking Water: National Occurrence and Resources to Identify Risks
- ◆ Source Water Collaborative- SWC Utilities in Action
- ◆ Kentucky Geological Survey- 2021 Annual Conference
- ◆ U.S. Environmental Protection Agency, Consumer Confidence Report Rule Annual Webinar
- ◆ Association of Public Health Laboratories (APHL)- State Strategies to Build PFAS Testing Programs
- ◆ Kentucky Association of Mitigation Managers (KAMM)- Nature Based Solutions Webinar #1, #2, & #3
- ◆ U.S. Environmental Protection Agency, DWSRF Building Capacity in Action: Source Water Protection

The following data and information reflects the most current program statistics:

Community Water Systems Utilizing Groundwater Sources					
	Population Served				
	25 – 1,000	1,001 – 3,300	3,301 – 10,000	10,001 – 50,000	Over 50,000
Number of Community GW Supplies	24	31	21	12	3
Total Population Served	7,640	63,521	113,830	257,006	899,503*

**Includes Louisville Water Company, which uses a combination of groundwater and surface water sources.*

Non-Community Water Systems Utilizing Groundwater Sources		
	Number of Systems	Population
Non-Transient Non-Community Systems	13	5,806
Transient Non-Community Systems	32	3,629

Wellhead Protection Plans			
	Phase I Plan	Phase II Plan	Five Year Update

Developed	1	0	20
Reviewed	0	0	12
Approved	0	0	12

EXHIBIT 1
KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER LOAN PROGRAM
PROJECTS RECEIVING SRF FINANCIAL ASSISTANCE
FISCAL YEAR ENDED JUNE 30, 2021

RECIPIENT NAME	LOAN NUMBER	AMOUNT OF ASSISTANCE	BINDING COMMITMENT DATE	ESTIMATED CONSTRUCTION START DATE	ESTIMATED INITIATE OPERATION	TYPE OF ASSISTANCE	INTEREST RATE	LOAN TERM	POPULATION CATEGORY	SMALL SYSTEM	DISADVANTAGED COMMUNITY
City of Whitesburg	F20-026	\$1,100,000.00	8/6/2020	4/1/2021	9/1/2022	L	0.50%	30	501 to 3,300	Y	Y
City of Whitesburg	F21-019	\$2,200,000.00	11/5/2020	6/30/2021	2/28/2022	L	0.25%	30	501 to 3,300	Y	Y
McCreary County WD	F21-025	\$270,000.00	11/5/2020	5/1/2021	11/1/2021	L	0.25%	30	10,001 to 100,000	N	Y
City of Hazard	F21-076	\$1,637,500.00	11/5/2020	2/15/2021	2/15/2022	L	0.25%	30	10,001 to 100,000	N	Y
City of Albany	F21-009	\$2,500,000.00	1/7/2021	7/2/2021	4/1/2022	L	0.25%	30	10,001 to 100,000	N	Y
City of Harlan	F21-016	\$1,463,000.00	1/7/2021	4/12/2021	8/16/2021	L	0.25%	30	3,301 to 10,000	Y	Y
City of Harlan	F21-021	\$2,549,645.00	1/7/2021	6/14/2021	11/15/2021	L	0.25%	30	3,301 to 10,000	Y	Y
City of Stanford	F17-005	\$268,293.00	2/4/2021	8/1/2019	5/1/2020	L(1)	0.25%	20	3,301 to 10,000	Y	Y
McKinney Water District	F21-013	\$2,491,916.00	3/4/2021	9/1/2021	6/1/2022	L	1.00%	20	3,301 to 10,000	Y	N
City of Scottsville	F21-026	\$696,500.00	3/4/2021	7/1/2021	3/1/2022	L	0.25%	20	3,301 to 10,000	Y	Y
City of Fleming-Neon	F21-004	\$1,191,114.00	4/1/2021	8/1/2021	2/1/2022	L	0.25%	30	3,301 to 10,000	Y	Y
Letcher Co Wtr & Sewer District	F21-010	\$2,487,495.00	4/1/2021	11/15/2021	11/30/2022	L	0.25%	20	10,001 to 100,000	N	Y
Letcher Co Wtr & Sewer District	F21-033	\$4,000,000.00	4/1/2021	10/18/2021	6/20/2022	L	0.25%	20	10,001 to 100,000	N	Y
Louisville Water Company	F21-040	\$537,850.00	4/1/2021	11/15/2021	9/15/2022	L	0.25%	20	100,001 & Above	N	Y
City of Augusta	F21-052	\$80,000.00	4/1/2021	12/1/2021	5/31/2022	L	1.00%	20	501 to 3,300	Y	N
City of Burnside	F19-005	\$100,000.00	4/1/2021	5/1/2020	2/28/2021	L(1)	0.50%	30	501 to 3,300	Y	Y
City of Morehead	F19-002	\$21,873,800.00	5/6/2021	8/15/2021	10/30/2024	L(1)	0.50%	30	3,301 to 10,000	Y	Y
Morgan County Water District	F21-002	\$3,262,000.00	5/6/2021	9/15/2021	9/15/2022	L	0.25%	30	3,301 to 10,000	Y	Y
Warren County Water District	F21-027	\$2,100,000.00	5/6/2021	9/1/2021	6/1/2022	L	2.00%	20	10,001 to 100,000	N	N
City of Wilmore	F21-060	\$994,648.00	5/6/2021	3/1/2022	1/1/2023	L	2.00%	20	3,301 to 10,000	Y	N
Adair County Water District	F20-009	\$134,253.00	5/6/2021	5/17/2021	2/28/2022	L(1)	0.50%	30	10,001 to 100,000	N	Y
City of Albany	F21-045	\$2,680,000.00	5/6/2021	12/1/2021	12/1/2022	L	0.25%	30	10,001 to 100,000	N	Y
City of Lancaster	F18-017	\$400,000.00	5/6/2021	6/1/2019	12/31/2021	L(1)	0.50%	30	3,301 to 10,000	Y	Y
TOTAL	23	\$55,018,014.00					0.48%				

** FY20 IUP project funded in FY21 due to COVID-19 constraints.

Summary	Total	Loan Count	% of Total
Total Funding For Loans	\$55,018,014.00	35	
Total Funding For Small Communities	\$38,670,916.00	14	70%
Total Funding For Disadvantaged Communities	\$49,351,450.00	19	90%
Weighted Average Interest Rate	0.48%		
Type of Assistance			
L = Loan			
(1) = Increase / (Decrease)			
(2) = Planning & Design			

EXHIBIT 2
KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER LOAN PROGRAM
BINDING COMMITMENTS BY QUARTER
FISCAL YEAR ENDED JUNE 30, 2021

RECIPIENT NAME	LOAN NUMBER	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	TOTAL	TYPE OF ASSISTANCE
City of Whitesburg	F20-026	\$ 1,100,000				\$ 1,100,000	L
City of Whitesburg	F21-019		\$ 2,200,000			\$ 2,200,000	L
McCreary County WD	F21-025		\$ 270,000			\$ 270,000	L
City of Hazard	F21-076		\$ 1,637,500			\$ 1,637,500	L
City of Albany	F21-009			\$ 2,500,000		\$ 2,500,000	L
City of Harlan	F21-016			\$ 1,463,000		\$ 1,463,000	L
City of Harlan	F21-021			\$ 2,549,645		\$ 2,549,645	L
City of Stanford	F17-005			\$ 268,293		\$ 268,293	L(1)
McKinney Water District	F21-013			\$ 2,491,916		\$ 2,491,916	L
City of Scottsville	F21-026			\$ 696,500		\$ 696,500	L
City of Fleming-Neon	F21-004				\$ 1,191,114	\$ 1,191,114	L
Letcher Co Wtr & Sewer District	F21-010				\$ 2,487,495	\$ 2,487,495	L
Letcher Co Wtr & Sewer District	F21-033				\$ 4,000,000	\$ 4,000,000	L
Louisville Water Company	F21-040			\$ -	\$ 537,850	\$ 537,850	L
City of Augusta	F21-052				\$ 80,000	\$ 80,000	L
City of Burnside	F19-005				\$ 100,000	\$ 100,000	L(1)
City of Morehead	F19-002				\$ 21,873,800	\$ 21,873,800	L(1)
Morgan County Water District	F21-002				\$ 3,262,000	\$ 3,262,000	L
Warren County Water District	F21-027				\$ 2,100,000	\$ 2,100,000	L
City of Wilmore	F21-060				\$ 994,648	\$ 994,648	L
Adair County Water District	F20-009				\$ 134,253	\$ 134,253	L(1)
City of Albany	F21-045				\$ 2,680,000	\$ 2,680,000	L
City of Lancaster	F18-017				\$ 400,000	\$ 400,000	L(1)
				-		-	
TOTAL	23	\$ 1,100,000	\$ 4,107,500	\$ 9,969,354	\$ 39,841,160	\$ 55,018,014	
PROGRAM ADMINISTRATION		\$ -	\$ 349,439	\$ 422,130	\$ 124,882	\$ 896,451	
SET-ASIDES		\$ -	\$ 2,570,623	\$ 2,570,584	\$ 894,717	\$ 6,035,924	
TOTAL		\$ 1,100,000	\$ 7,027,562	\$ 12,962,068	\$ 40,860,759	\$ 61,950,389	
CUMULATIVE TOTALS		\$ 1,100,000	\$ 8,127,562	\$ 21,089,630	\$ 61,950,389		
FEDERAL PAYMENTS - 2021		\$ -	\$ 7,635,695	\$ 6,094,950	\$ 3,774,024	\$ 17,504,669	
CUMULATIVE FEDERAL PAYMENTS		\$ -	\$ 7,635,695	\$ 13,730,645	\$ 17,504,669		
BINDING COMMITMENT % OF PAYMENTS			106%	154%	354%		

Type of Assistance

L = Loan

(1) = Increase / (Decrease)

(2) = Planning & Design

EXHIBIT 3
KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER LOAN PROGRAM
PROJECT PRIORITY LIST STATUS REPORT
FISCAL YEAR ENDED JUNE 30, 2021

<u>Rank</u>	<u>Applicant</u>	<u>Project Title</u>	<u>Invitation Status</u>
*	Marion, City of	City of Marion - New Wastewater Treatment Plant	Accepted
*	Hopkinsville Water Environment Authority	HWEA SRF Phase VIII - Expand Hammond-Wood WWTP & Interceptor	Accepted
**	Lewisburg, City of	Lewisburg Sewer System Upgrade	Accepted
**	Smithland, City of	Smithland Sewer Rehabilitation	Declined
**	Eddyville, City of	Wastewater SSES and Rehabilitation - South of Fairview Ave	Accepted
**	Hodgenville, City of	Hodgenville WWTP Upgrade & Wet Weather Storage	Withdrawn
**	Mount Sterling, City of	Wastewater Capacity Upgrade Project	Accepted
**	Nicholasville, City of	Nicholasville WWTP Expansion Planning & Design	Accepted
7	Paintsville Utilities Commission	KY Hwy 23 Sewer Extension	Accepted
8	Winchester Municipal Utilities Commission	WMU - Flanagan and Madison Outfall Sewers	Declined
9	Auburn, City of	City of Auburn - Upgrade of Existing Wastewater Treatment Plant	N/A
10	Ashland, City of	Ashland: Enlarge Sewer Treatment Plant to Eliminate Overflows	N/A
11	Danville, City of	Danville - Wastewater Treatment Plant Improvements	Withdrawn
12	Lexington-Fayette Urban County Government	LFUCG - Overbrook Pump Station and Force Main	Accepted
13	Lexington-Fayette Urban County Government	LFUCG - Hartland 1 Trunk	N/A
14	Lexington-Fayette Urban County Government	LFUCG - Overbrook Trunk Sewer	Accepted
15	Campbellsville, City of	Wastewater Treatment Plant Flood Mitigation Project/ Sewer Line Rehab	Withdrawn
16	Jackson, City of	Jackson Sewer Rehabilitation Project	N/A
17	Bedford, City of	Bedford Wastewater System Improvements Project	N/A
18	Frankfort, City of	East Frankfort Interceptor Phase III Wet Weather Facility	Accepted
19	Whitesburg, City of	Whitesburg - Mayking Area Sewer Extensions Phase I	Withdrawn
20	Farmdale Sanitation District	Farmdale Sanitation District-Rehabilitation Project	Accepted
21	Providence, City of	Providence Sanitary Sewer Upgrades	Accepted
22	Louisville and Jefferson County MSD	Rosa Terrace, Sanders, Wathen and Sonne Pump Station Project	Accepted
23	Shepherdsville, City of	Shepherdsville Blue Lick Road Drainage & Sanitary Sewer Improvement Project	N/A
24	Kuttawa, City of	Kuttawa - Phase V SSES and Rehabilitation Project	Accepted
25	Frankfort, City of	City of Frankfort/Frankfort Sewer Department-Holmes Street Contract III B-2	Withdrawn

EXHIBIT 3
KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER LOAN PROGRAM
PROJECT PRIORITY LIST STATUS REPORT
FISCAL YEAR ENDED JUNE 30, 2021

<u>Rank</u>	<u>Applicant</u>	<u>Project Title</u>	<u>Invitation Status</u>
26	Fleming-Neon, City of	Fleming-Neon Sewer Rehabilitation Project	Accepted
27	Greenup, City of	Greenup: Rehab Or Replacement of Collection System	Accepted
28	Clay City, City of	Clay City - Phase II Sewer System Rehab	Accepted
29	Oldham County Environmental Authority	OCEA Lift Station Rehab, Renovation, and Replacement	N/A
30	Dawson Springs City Water and Sewer	Sanitary Sewer System Rehabilitation and WWTP Improvements	N/A
31	Frankfort, City of	Miami Trails Sanitary Sewer Project	Accepted
32	Nicholasville, City of	Nicholasville SSES and Sewer Rehabilitation Phase I	Accepted
33	Adair County Water District	Burkesville Street Lift Station Replacement and Sanitary Sewer Expansion	Declined
34	Russell Springs, City of	KY 80 Gravity Sewer Rehab Project	Accepted
35	Muldraugh, City of	Muldraugh Sewer Improvements Phase 3	Expired
36	Guthrie, City of	Guthrie - WWTP Expansion	N/A
37	West Point, City of	West Point WWTP Renovation	Withdrawn
38	Trenton, City of	Trenton - Wastewater Treatment Plant Improvements Project	Expired
39	Benton, City of	WWTP Wet Weather Flow Abatement	Declined
40	Perry County Sanitation District	Wendell H. Ford Airport Subdivisions Sewer System	N/A
41	Whitesburg, City of	Sewer Lift Station Rehab	Accepted
42	Scottsville, City of	City of Scottsville - Inflow and Infiltration Project, Phase I	Accepted
43	Frenchburg, City of	City of Frenchburg Wastewater Collection System Rehab	Accepted
44	Somerset, City of	Pitman Creek WWTP Improvements and South US 27 Phase 2 Sewer Extensions	Accepted
45	Stanford, City of	Stanford Sewer Rehabilitation - Phase I	N/A
46	Regional Water Resource Agency	Max Rhoads WWTP Sludge Process Improvements	N/A
47	Letcher County Water & Sewer District	WWTP for Federal Prison at Roxanna	N/A
48	Cloverport, City of	Cloverport Wastewater Plant Improvements	N/A
49	Gamaliel, City of	Gamaliel Lift Stations Rehab	N/A
50	Lebanon, City of	City of Lebanon WWTP Improvements	N/A
51	Scottsville, City of	City of Scottsville - US 231 Sewer Extension	N/A
52	Fredonia, City of	Fredonia - Lift Station Improvements	N/A

EXHIBIT 3
KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER LOAN PROGRAM
PROJECT PRIORITY LIST STATUS REPORT
FISCAL YEAR ENDED JUNE 30, 2021

<u>Rank</u>	<u>Applicant</u>	<u>Project Title</u>	<u>Invitation Status</u>
53	Regional Water Resource Agency	Spring Lane Sewer Extension	N/A
54	Vine Grove, City of	Vine Grove Sewer Treatment Improvements II	N/A
55	Whitesville, City of	Whitesville Wastewater Treatment Plant Project	N/A
56	Berea, City of	BMU - Madison County Airport - Sewer Line Extension Project	N/A
57	Hart County Industrial Authority	Progress Park Industrial Park Pretreatment Expansion	N/A
58	Morganfield, City of	Morganfield Job Corp Sanitary Sewer Replacement Construction Pro	N/A
59	McCreary County Water District	McCreary Wastewater Treatment Plant Expansion	N/A
60	Murray Water and Sewer System	North End Expansion	N/A
61	Lyon County Water District	Lyon County - Iron Hill Sewer Sanitary Sewer Expansion	N/A
62	Ballard County Fiscal Court	Ballard County International Fisheries Industrial Park Sewerline Extension	N/A
63	McCreary County Water District	McCreary Co./Pine Knot-KY 92 Area Sewer System Extensions	Withdrawn
64	Madisonville, City of	Madisonville - Noel Avenue Interceptor Project	N/A
65	Lancaster, City of	City of Lancaster Sanitary Sewer Extension	N/A
66	Boyd County Sanitation District #4	Boyd County Sanitation District #4 - Hatchery Road Lift Station	N/A
67	Marshall County Sanitation District #2	Marshall County Sanitation West Sewer Expansion - Phase 1	N/A
68	Boyd County Sanitation District #4	SD4: Rehab Ray Drive Sewer Line	N/A
69	Grant County Sanitary Sewer District	300,000 Gallon Equalization Basin	N/A

* Funding is being prioritized for prior-year projects or multi-year loans.

** Funding is being prioritized for projects having an active SRF planning and design loan

EXHIBIT 4
KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER LOAN PROGRAM
LOAN COMMITMENTS WITH PRINCIPAL FORGIVENESS SUBSIDY
FISCAL YEAR ENDED JUNE 30, 2021

RECIPIENT NAME / LOCATION	LOAN NUMBER	PROJECT NAME	AMOUNT OF ASSISTANCE	ORIGINAL SUBSIDY	INTEREST RATE	MHI	MHI AS % OF STATE	POPULATION
City of Whitesburg	F20-026	Water Storage Tank Replacement	\$ 1,100,000	\$ 300,000	0.50%	\$ 34,559	89.3%	3,203
McCreary County WD	F21-025	Catron/Needle Road Water Line Project	\$ 270,000	\$ 135,000	0.25%	\$ 23,209	59.9%	16,057
City of Hazard	F21-076	Phase 4 - Emergency Tank Replacement Project	\$ 1,637,500	\$ 432,637	0.25%	\$ 32,646	84.3%	23,684
City of Harlan	F21-021	Harlan Municipal Water Treatment Plant and Raw Water Intake Impr	\$ 2,549,645	\$ 1,000,000	0.25%	\$ 24,087	62.2%	4,286
City of Scottsville	F21-026	AMR and Smart Meter Water Meter Replacement	\$ 696,500	\$ 348,250	0.25%	\$ 31,624	81.7%	5,114
City of Fleming-Neon	F21-004	Fleming-Neon Waterline Improvement Project Ph1	\$ 1,191,114	\$ 595,557	0.25%	\$ 29,478	76.1%	3,081
Letcher Co Wtr & Sewer District	F21-010	Regional Interconnect & Dist. Lines Cumberland River Ph4	\$ 2,487,495	\$ 1,000,000	0.25%	\$ 29,118	75.2%	10,736
Louisville Water Company	F21-040	Roe Hill Road Area Water Main Extension & Pump Station	\$ 537,850	\$ 268,925	0.25%	\$ 35,000	90.4%	807,578
Morgan County Water District	F21-002	KY Hwy 191 Waterline Replacement Project - Phase 2	\$ 3,262,000	\$ 1,000,000	0.25%	\$ 33,900	87.6%	8,852
City of Albany	F21-045	Albany - Water Treatment Plant (A & B) Improvements	\$ 2,680,000	\$ 680,000	0.25%	\$ 28,983	74.9%	10,094
Average						\$ 29,225	75.5%	0
TOTALS			<u>\$ 8,832,254</u>	<u>\$ 5,760,369</u>	<u>89.1%</u>			

All subsidies were provided in the form of loan forgiveness. A borrower's entire service area must have a median household income (MHI) less than \$37,228 to be eligible under the 2020 Intended Use Plan. See "Additional Subsidization" in the written IUP commentary for a detailed discussion of principal forgiveness for 2020.

EXHIBIT 5
KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER LOAN PROGRAM
TOTAL DISBURSEMENTS
FISCAL YEAR ENDED JUNE 30, 2021

PROJECT NAME	LOAN NUMBER	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	TOTAL
CAPITALIZATION GRANT FUNDS						
Allen County Water District	F19-025	-	103,910	518,694	16,260	638,864
Burnside, City of	F19-005	674,366	-	102,644	316,292	1,093,302
Campbellsville, City of	F17-014	55,698	-	149,821	-	205,519
Danville, City of	F19-042	247,047	429,338	-	-	676,385
Edmonton, City of	F19-004	738,000	1,294,000	-	395,000	2,427,000
Evarts, City of	F16-036	47,831	13,460	-	96,310	157,601
Hopkinsville, City of	F13-020	316,554	-	343,594	66,325	726,473
Irvine, City of	F17-006	25,000	-	305,440	-	330,440
Jamestown, City of	F19-019	100,324	86,762	91,646	82,637	361,369
Lancaster, City of	F18-017	917,436	711,770	383,677	506,591	2,519,474
Lebanon, City of	F18-006	282,964	-	702,396	349,882	1,335,241
Morehead, City of	F18-004	118,763	-	54,900	90,685	264,348
Mortons Gap, City of	F19-044	102,781	213,182	-	25,861	341,824
Pineville, City of	F18-003	92,440	144,109	-	-	236,549
Stanford, City of	F17-005	1,760	137,069	146,532	163,589	448,949
Western Pulaski County WD	F16-003	210,789	493,625	708,858	73,128	1,486,400
PROJECT TOTAL		\$ 3,931,752	\$ 3,627,225	\$ 3,508,202	\$ 2,182,560	\$ 13,249,739
PROGRAM ADMINISTRATION		\$ -	\$ 349,439	\$ 422,130	\$ 124,882	\$ 896,451
SET-ASIDES		\$ -	\$ 2,570,623	\$ 2,570,584	\$ 894,717	\$ 6,035,924
FIRST USE TOTALS		\$ 3,931,752	\$ 6,547,287	\$ 6,500,916	\$ 3,202,159	\$ 20,182,114
CUMULATIVE TOTALS		\$ 3,931,752	\$ 10,479,039	\$ 16,979,955	\$ 20,182,114	

EXHIBIT 5
KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER LOAN PROGRAM
TOTAL DISBURSEMENTS
FISCAL YEAR ENDED JUNE 30, 2021

PROJECT NAME	LOAN NUMBER	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	TOTAL
REPAYMENT FUNDS						
Allen County Water District	F19-025	-	-	-	165,377	165,377
Burnside, City of	F19-005	-	-	213,797	733,356	947,153
Campbellsville, City of	F17-014	-	-	105,440	-	105,440
Cumberland Falls Highway WD	F16-002	-	-	-	82,879	82,879
Cynthiana, City of	F19-020	-	-	-	277	277
Evarts, City of	F16-036	-	-	-	83,617	83,617
Hardinsburg, City of	F19-059	-	-	128,647	-	128,647
Irvine, City of	F17-006	-	-	-	18,074	18,074
Jamestown, City of	F19-019	-	-	-	138,631	138,631
Lancaster, City of	F18-017	-	-	-	1,467,768	1,467,768
Lebanon, City of	F18-006	-	-	209,811	342,329	552,140
Morehead, City of	F18-004	-	-	-	236,793	236,793
Mortons Gap, City of	F19-044	-	-	76,128	104,356	180,484
Nicholasville, City of	F115-066	-	-	13,796	-	13,796
Northern Kentucky Water District	F16-027	-	-	-	357,688	357,688
Olive Hill, City of	F17-007	-	-	-	6,630	6,630
Stanford, City of	F17-005	-	-	99,497	240,307	339,804
Western Pulaski County WD	F16-003	-	-	-	341,973	341,973
PROJECT TOTAL		\$ -	\$ -	\$ 847,116	\$ 4,320,054	\$ 5,167,170
GRAND TOTAL		\$ 3,931,752	\$ 6,547,287	\$ 7,348,032	\$ 7,522,213	\$ 25,349,283

EXHIBIT 6
KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER LOAN PROGRAM
PROPORTIONATE FEDERAL SHARE THROUGH CASH DRAWS
FISCAL YEAR ENDED JUNE 30, 2021

	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	TOTAL
DISBURSEMENT SCHEDULE					
SELECT DISBURSEMENTS					
FIRST ROUND	\$ 3,931,752	\$ 3,627,225	\$ 3,508,202	\$ 2,182,560	\$ 13,249,739
ADMINISTRATION	0	349,439	422,130	124,882	896,451
SET-ASIDES	0	2,570,623	2,570,584	894,717	6,035,924
REPAYMENT	0	0	847,116	4,320,054	5,167,170
REVENUE BONDS	0	0	0	0	0
TOTAL SELECT DISBURSEMENTS	\$ 3,931,752	\$ 6,547,287	\$ 7,348,032	\$ 7,522,213	\$ 25,349,283
CUMULATIVE TOTAL	\$ 3,931,752	\$ 10,479,039	\$ 17,827,071	\$ 25,349,283	
CASH DRAW FROM LINE OF CREDIT	\$ -	\$ 7,635,695	\$ 6,094,950	\$ 3,774,024	\$ 17,504,669
STATE SHARE	\$ -	\$ 2,182,560	\$ 2,320,040	\$ -	\$ 4,502,600
CASH DRAWS AS % OF DISBURSEMENTS	0%	117%	83%	50%	69%

EXHIBIT 7
KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER LOAN PROGRAM
AMENDED FINANCIAL PROGRAM OVERVIEW
FISCAL YEAR ENDED JUNE 30, 2021

Reference	Capitalization Grant FFY:	2013	2014	2015	2016	2017	2018	2019	2020	Totals
	Capitalization Grant Award Date:	9/11/2013	9/2/2014	9/29/2015	9/27/2016	9/19/2017	8/14/2018	8/28/2019	9/30/2020	
	Capitalization Grant Award Amount:	\$ 12,156,000	\$ 13,770,000	\$ 13,680,000	\$ 12,941,000	\$ 12,830,000	\$ 18,303,000	\$ 18,132,000	\$ 18,144,000	\$ 305,947,200
	DWSRF Program Administration (4%):	364,680	413,100	547,200	517,640	513,200	732,120	725,280	725,760	10,623,784
1452(g)(2)	DOW (3%)	243,120	275,400	410,400	388,230	384,900	549,090	543,960	544,320	7,564,312
1452(g)(2)	KIA (1%)	121,560	137,700	136,800	129,410	128,300	183,030	181,320	181,440	3,059,472
	State Program Management (up to 10% available):	1,215,600	1,377,000	1,368,000	1,294,100	1,283,000	1,830,300	1,813,200	1,814,400	27,339,444
1452(g)(2)(A)	Supplement PWSS Program	1,215,600	1,377,000	1,368,000	1,294,100	1,283,000	1,830,300	1,813,200	1,814,400	26,394,617
1452(g)(2)(B)	SWP Technical Assistance	0	0	0	0	0	0	0	0	251,176
1452(g)(2)(C)	Develop/Implement Capacity Development Strategy	0	0	0	0	0	0	0	0	344,023
1452(g)(2)(D)	Develop/Implement Operator Certification Program	0	0	0	0	0	0	0	0	349,628
1452(g)(2)(D)	Small Systems Technical Assistance (2% maximum):	243,120	275,400	273,600	258,820	256,600	366,060	362,640	362,880	5,454,610
	State/Local Assistance (up to 15%-10% maximum):	1,452,642	2,065,500	2,052,000	1,941,150	1,924,500	2,745,450	2,719,800	2,721,600	27,445,498
1452(k)(2)(A)	Land Acquisition and Conservation Easements	0	0	0	0	0	0	0	0	759,630
1452(k)(2)(E)	Wellhead Protection Program	0	413,100	410,400	388,230	384,900	549,090	543,960	544,320	5,150,355
1452(k)(2)(D)	Source Water Assessment Program:	237,042	268,515	273,600	258,820	256,600	366,060	362,640	362,880	3,062,570
1452(k)(2)(C)	Capacity Development – TMF assistance	1,215,600	1,383,885	1,368,000	1,294,100	1,283,000	1,830,300	1,813,200	1,814,400	18,472,943
	Total Grant Set-Asides:	3,276,042	4,131,000	4,240,800	4,011,710	3,977,300	5,673,930	5,620,920	5,624,640	70,863,336
	Project Funds:	8,879,958	9,639,000	9,439,200	8,929,290	8,852,700	12,629,070	12,511,080	12,519,360	235,083,864
	Kentucky Matching Dollars:	2,431,200	2,754,000	2,736,000	2,588,200	2,566,000	3,660,600	3,626,400	3,628,800	57,099,440
	Total Project Fund:	11,311,158	12,393,000	12,175,200	11,517,490	11,418,700	16,289,670	16,137,480	16,148,160	292,183,304

EXHIBIT 8
KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER LOAN PROGRAM
SOURCE AND ALLOCATION OF SRF FUNDS
FISCAL YEAR ENDED JUNE 30, 2021

CUMULATIVE SOURCES		FY 2021 DISBURSEMENTS				
	TOTAL	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	TOTAL
Capitalization Grants	\$ 235,083,864	\$ -	\$ 3,508,202	\$ 1,611,713	\$ 3,627,225	\$ 8,747,139
State Matching Funds	57,099,440	0	2,182,560	2,320,040	0	4,502,600
Program Administration	10,623,784	0	349,439	422,130	124,882	896,451
Other Set Asides	60,239,552	0	2,570,623	2,570,584	894,717	6,035,924
Revenue Bond Proceeds (Net)	80,000,000	0	0	0	0	0
TOTALS	\$ 443,046,640	\$ -	\$ 8,610,824	\$ 6,924,466	\$ 4,646,823	\$ 20,182,114

EXHIBIT 9
KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER LOAN PROGRAM
ADMINISTRATIVE AND SET-ASIDE EXPENSES
FISCAL YEAR ENDED JUNE 30, 2021

	SET-ASIDE DISBURSEMENTS				
	QTR 1	QTR 2	QTR 3	QTR 4	TOTAL
Administration	\$ -	\$ 349,439	\$ 422,130	\$ 124,882	\$ 896,451
Technical Assistance	0	350,286	190,585	0	540,870
State Programs	0	647,519	1,250,576	71,112	1,969,206
Local Assistance	0	1,572,819	1,129,424	823,605	3,525,848
Total Set-Aside Expenses	\$ -	\$ 2,920,063	\$ 2,992,714	\$ 1,019,598	\$ 6,932,375

EXHIBIT 12
KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER REVOLVING LOAN PROGRAM
REPORT OF ANNUAL LOAN REPAYMENTS
FISCAL YEAR ENDED JUNE 30, 2021

Loan Number	Loans Outstanding	Total	Number of Days Past Due		
			0 - 30	31 - 120	121 and Over
TOTALS		\$ -	\$ -	\$ -	\$ -

No principal amounts delinquent as of June 30, 2018.