

DRINKING WATER STATE REVOLVING FUND
SRF ANNUAL REPORT
STATE FISCAL YEAR ENDED JUNE 30, 2020

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, 2020. This report describes how Kentucky met the goals as identified in the 2020 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 \$436,821,040 in DWSRF first use funds (Exhibit 8) which are comprised of capitalization grants \$231,769,742, state match \$56,061,840, program administration \$10,286,704, other set asides \$58,702,754, and leverage bond proceeds \$80,000,000.

Exhibit 1 shows that the Commonwealth of Kentucky made ten new binding commitments and three commitment increases for a total of \$31,309,914 to provide assistance for construction of drinking water projects during the year. The average interest rate on funds committed during the year was 0.91%. Exhibit 2 reflects commitments by quarter. Exhibit 5 shows disbursements from the SRF to various recipients, program administration and other set-aside activities during 2020 totaling \$25,593,807.

In an effort to assist small systems and disadvantaged communities, KIA provided binding commitments to nine small systems and ten disadvantaged communities, some of which are also small systems (Exhibit 1). Binding commitments for small systems totaled \$13,768,156 or 44% of total binding commitments. Binding commitments for disadvantaged communities totaled \$20,043,889 or 64% of total binding commitments.

During 2020 five loans totaling \$10,165,210 were approved that were subsidized with principal forgiveness of \$3,563,765 (Exhibit 4). One loan (F20-026) will be retroactively allocated with subsidization in November, 2020 after principal forgiveness becomes 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. Due to time constraints by COVID-19, seven projects will be carried forward to the 2021 IUP, of which 3 are eligible for principal forgiveness.

Since the inception of the program, the Commonwealth has issued 226 binding commitments totaling \$508,741,096. Cumulative set-asides made available from capitalization grant funds total \$68,989,458 (Exhibit 7). The program administration set-aside totals \$10,286,704 while the balance of \$58,702,754 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 2020 IUP describes six 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 2020 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 Executive Director, Edith Halbleib, 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 twenty-seven of the eighty-two (33%) projects were awarded points.

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

During the 2020 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 are changing the way the ADDs work with and submit GIS mapping data from a bi-monthly check-in period to an automated synchronization 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 expect to deploy this new process in the near future after COVID-19 pandemic subsides and all components required are fully developed and tested in the field.

KIA management during FY19 began an effort to communicate to a broader audience of elected officials and utility representatives in an effort to market the SRF program and compliance requirements. This included speaking at the Governor’s Conference for Local Governments in August 2019, meeting with legislators in January 2020, speaking to the Kentucky/Tennessee Water Professionals Leadership Class in October 2019 and speaking at ADD Board meetings. With the onset of COVID-19, so many new opportunities arose to join water utility groups via virtual meetings, and KIA staff has attempted to take advantage of that to continue to promote the DWSRF program.

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.

B. Long Term Goals and Accomplishments

The IUP describes three 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 has created a utility portal within the Water Resources Information System. The portal will give utility personnel access to the WRIS to input current information on projects. The geographic information in the WRIS is being reviewed for quality assurance while the asset management tool will be evaluated for modifications to improve user-friendly measures. A WRIS workgroup has been formed to include stakeholders such as regulatory agencies, regulated utilities, technical assistance providers, KIA staff and other funding agencies.

IV. SET-ASIDE ACTIVITY

Exhibit 9 shows the administrative and set-aside disbursements for 2020. Since the inception of the program, Kentucky has disbursed administrative and other (state programs, local assistance and technical assistance) set-asides of \$68,989,458 (Exhibit 7) as compared to \$63,368,538 in 2019.

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 2020. 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 no loan is currently past due. Exhibit 9 shows the administrative and set-aside disbursements for 2020.

B. Financial Statements

Due to time constraint from CPVID-19, the 2020 Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position for the Drinking Water State Revolving Fund of the Kentucky Infrastructure Authority will be submitted separately on a later date.

C. Revenue Bond Funding

No bonds were issued in 2020.

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. The State had disbursed 15.2% of the match requirement to borrowers in FY 2020. The remaining 4.8% will be rolled over to the FY 2021 match requirement. Exhibit 8 displays the state match payments.

2. Binding Commitments within One Year

The Commonwealth of Kentucky entered into binding commitments to provide assistance from the SRF in amounts equal to 233% 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. \$25,593,807 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, 2020" 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 2020, \$21,190,049 in construction draw requests was reimbursed to DWSRF participants of which \$253,973, or 1.20% was reimbursed to MBE contractors and \$82,209 or 0.39% 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 points) 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. **WRIS Work Group**

The Water Resource Information Systems (WRIS) has been used to identify and develop water and sewer projects in the state of Kentucky since 2000. The three major components of the WRIS are System Data, Project Profiles, and GID mapping. The WRIS supports local, regional, and state planning and prioritization for water and sewer infrastructure development.

The WRIS Work Group was formed in 2018 to initiate the redesign of the WRIS Portal to support more planning and project development functionality in the WRIS Portal. The primary goals of the WRIS Work Group is to identify the strategies that will improve the integrity of the data in the WRIS, improve the

functionality of the WRIS Portal for local, regional, and state users, and improve collaboration between water and sewer stakeholders across the state. During 2020, the Work Group did not meet but the KIA is still implementing recommendations from the Work Group.

C. 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

This year proved that the relationship between the KIA and ACEC is moving in the proper direction. The 2019 – 2020 year included a change in Governor's office and although these changes can be disruptive to a relationship such as this, the new administration and remaining KIA staff worked to keep this interaction moving. ACEC members and KIA staff continued to stay engaged on pertinent issues facing both organizations.

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 2020 – 2021 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.

D. KIA WRIS Funding Dashboards

The WRIS Funding Dashboards were created as a proof of concept 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 created, thus far, as prototypes that will help pave the way for 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 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.
- 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.
- 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.

**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 2020 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. Nine drinking water projects were closed out during the 2020 state fiscal year.
3. Eleven DWSRF environmental reviews were conducted during the SFY 2020 for drinking water infrastructure projects.
4. Fifteen drinking water projects were reviewed by Water Infrastructure Branch Engineering Section from July 1, 2019 to June 30, 2020. The Engineering Section also performed associated project management responsibilities including attending preconstruction meetings, project inspections, review of invoices and change orders, etc.

SFY 2020 Project Review Summary	
Distribution- Line Extension	2
Distribution- Major Construction	2
Replacement/Rehabilitation	7
Tank	2
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 296 instances of assistance, training and consultation, covering technical, managerial, and financial capacity.
- ◆ Of the 74 sanitary surveys conducted in SFY 2020 69% were conducted at small drinking water systems (less than 10,000 population). Over 35% were in very small systems with less than 3,300 in population.
- ◆ Fifty-nine drinking water treatment plants achieved Area-Wide Optimization Program (AWOP) turbidity goals, resulting in safer drinking water for 1.46 million Kentucky citizens.
- ◆ Conducted KY/TN Cooperative Disinfectants & Disinfection Byproducts Performance Based Trainings (PBT):
 - Training Session 2 Stanford
 - Training Session 3 Somerset
- ◆ Also conducted:
 - Conducted Microbial Multi-State Comprehensive Performance Evaluation (CPE) at Mountain Water District, Pikeville, KY (8/19-23/2019)
- ◆ The partnership with USEPA's Technical Support Center (TSC Cincinnati) continued for the SFY 2020. Activities focused on AWOP, Disinfection Byproducts.
- ◆ Technical Assistance staff attended the following:
 - EPA - State Water Directors' Meeting, Decatur, GA
 - National AWOP Meeting, Cincinnati, OH
 - 16th Annual EPA Drinking Water Workshop, Cincinnati, OH
 - EPA R4 AWOP Meeting & DBP Workshop, Charleston, SC
 - Renewing the Water Workforce, (Brookings Institute) PSC, Frankfort

- Technical Assistance/Rural Water Coordination/Capacity Development Meeting
 - EPA R4 Annual AWOP meeting, Winston-Salem, NC
- ◆ The Division of Water's drinking water staff provided training events with a focus on small systems:
- Capacity Development/Sanitary Surveys/SRF Project Profiles - Green River Area Development District's Water Management Council Meeting (September 2019)
 - Capacity Development/Operation & Maintenance Manuals - Operator Training, Berea (September 2019)
 - Operator Training with RCAP – Sustainable Utilities (Asset Management), Harlan (October 2019)
 - Operator Training with RCAP - Sustainable Utilities (Asset Management), Morehead (October 2019)
 - Operator Training with RCAP - Sustainable Utilities (Asset Management), Russell Springs (November 2019)
 - Operator Training with DCA – Asset Management, Frankfort (December 2019)
 - Capacity Development and Asset Management, Kentucky River Area Development District's Water Management Council Meeting (March 2019)
 - Operator Training with RCAP – Asset Management Overview, Capacity Development, Asset Inventories, WRIS, and Operation & Maintenance Manuals, Maysville (March 2019)
 - Capacity Development and Asset Management, Lake Cumberland Area Development District's Water Management Council Virtual Meeting (June 2019)
- ◆ The Division of Water's drinking water staff and management attended and/or participated in training events with a focus on small systems:
- EEC DEP 8Hr HAZWOPER Refresher (July 2019)
 - Webinar - Ask the Expert: Mapping for Water Loss and Asset Management (July 2019)
 - Webinar - ASDWA & EPA AWIA Webinar on Water System Partnerships (August 2019)
 - Webinar - Get to Know Emerging Drinking Water Contaminants: Per- and Polyfluoroalkyl Substances (PFAS) (August 2019)
 - ASDWA Small Systems Conference Call (August 2019)
 - ASDWA/EPA Webinar: Understanding State Requirements for America's Water Infrastructure Act (AWIA) Sections 2013 & 2018 (August 2019)

- Webinar - America's Water Infrastructure Act (AWIA): Promoting Asset Management via the Capacity Development Program (August 2019)
- Webinar - U.S. EPA Updated Risk Assessment and Emergency Response Plan Tools (August 2019)
- EPA Webinar: U.S. EPA Updated Risk Assessment and Emergency Response Plan (September 2019)
- Attended the 16th Annual EPA Drinking Water Workshop: Small Systems Challenges and Solutions (Cincinnati, OH) (September 2019)
- Webinar - Integrating Sustainability into Daily Decision-Making (October 2019)
- Webinar - U.S. EPA's Assistance to Small and Disadvantaged Communities Drinking Water Grant Information Webinar (October 2019)
- EFCN Webinar: Ready to Work: Creating a Competency-Based Credential for the Water Sector (November 2019)
- Webinar - Water Asset Management Conference Online, Session 1 (November 2019)
- EFCN Webinar: Creating a Water Workforce Pre-Apprenticeship (November 2019)
- EFCN Webinar: Dealing with Declining Water Demand and Decreasing Customers (December 2019)
- EFCN Webinar: Measuring Benefits from Asset Management (January 2020)
- EFCN Webinar: Ask the Expert: Asset Management (January 2020)
- EFCN Webinar: Reducing Water System Costs Through Energy Efficiency (February 2020)
- Completed Certification of Training in Asset Management 100 (Buried Asset Management Institute – International) (February 2020 and June 2020)
- EFCN Webinar: First Steps to an Effective Internship Program at Your Utility: Inspiration from the Intern Herself (March 2020)
- EFCN Webinar: Workforce Planning for Alabama Water Systems (March 2020)
- EFCN Webinar: Illinois Webinar Series: Utility Asset Management 101 (March 2020)
- NRWA Webinar Cybersecurity and AWIA Made Easy (March 2020)
- EPA WSD & AWWA Webinar: Operationalize Your ERP with Resource Typing (March 2020)
- WaterOperator.org Webinar: Free Compliance Resources for RTCR (March 2020)
- AWWA Webinar: Utility Actions to Sustain Operations during Covid-19 (March 2020)

- EPA Webinar: Drinking Water Regulations 101 and Best Practices for Training Utilities (March 2020)
- AWA Webinar: Legal Aspects of COVID-19 for Water Utilities (April 2020)
- RCAC Online Training: Asset Series: Google Earth Mapping and Asset Management (April 2020)
- EFCN Webinar: A Conversation Regarding Coronavirus and How It Might Affect Your Small Water System's Finance & Management (April 2020)
- NRW Webinar: Emergency Preparedness & Asset Management: Your 5 Step Game Plan (April 2020)
- EPA Webinar: Asset Management 101 – Finding Financial Assistance for Infrastructure Upgrades (April 2020)
- EPA Region 4 Webinar: Risk Assessment & Emergency Response Plan Training (April 2020)
- EFCN Webinar: Options for Small Water Systems Considering Regionalization (April 2020)
- ASDWA Webinar: ASDWA Committees & Workgroups Webinar (April 2020)
- RCAC Webinar: Asset Management and Capital Improvement Planning PART 1 (April 2020)
- RCAC Webinar: Asset Management and Capital Improvement Planning PART 2 (April 2020)
- RCAC Webinar: Sustainable Management of Rural and Small Systems Workshop Part 1 (April 2020)
- RCAC Webinar: Sustainable Management of Rural and Small Systems Workshop Part 2 (April 2020)
- Electro Scan and Innovyze Webinar: From Sewer Infiltration to Asset Rehabilitation – An End-to-End Roadmap for Action (April 2020)
- AWWA Webinar: How to Create Your Digital Plant (April 2020)
- ASDWA Webinar: What's New with the NRCS National Water Quality Initiative This Year (April 2020)
- RCAC Webinar: Mechanical Systems/Valves, Online Workshop (May 2020)
- KRWA Webinar: Process Optimization: Manganese Removal and Coagulation (May 2020)
- Benjamin Media Webinar: Water Asset Management Conference Online Spring 2020 Series (Session 1) (May 2020)
- Innovyze Education Webinar: Water Talks – The I's of Asset Management (May 2020)
- KRWA Webinar: Algae, TOC, and Corrosion Control (May 2020)

- ASDWA Webinar: Thinking Bigger with Asset Management: There's Room for Source Water Protection (May 2020)
- EPA Webinar: Drinking Water Microbes 101 (May 2020)
- KRWA Webinar: Source Water Protection, Energy Savings, and Waterborne Pathogens (May 2020)
- EFCN Webinar: Ask the Expert: Protecting and Investing in the Water Workforce Through Covid-19 and Beyond (May 2020)
- EFCN Webinar: Funding and Financing Strategies for Integrated Hazard Mitigation and Water Resource Plans (May 2020)
- KRWA Webinar: Storage Tank Maintenance and Inspection (June 2020)
- NRWA Webinar: Small System Risk and Resilience Assessments Under AWIA (June 2020)
- NRWA Webinar: Additional Components of AWIA Compliance (June 2020)
- NRWA Webinar: Use of Advanced Technologies to Mitigate the Impact of PFAS on Water Supplies (June 2020)
- RCAC Webinar: How to Prepare for Sanitary Surveys, Online Workshop (June 2020)
- KY/TN AWWA Webinar: Developing a Compliant Asset Management Program (June 2020)
- EFCN Webinar: Keeping the Water on During and After the Covid-19 Pandemic (June 2020)
- Webinar: Early Detection of Algal Blooms in US Freshwater Systems: CyAN Mobile Application
- Webinar: Increasing Analytical Laboratory Preparedness
- Webinar - Public Health Goal Initiation Webinar: PFOA and PFOS Toxicity and Epidemiology Data
- Webinar - Lead Service Line Replacement Webinar #4: Small Utility Perspectives
- Webinar - Legionella Management and Treatment
- Webinar - Harmful Algal Blooms (HABs) and Algal Toxins
- ASDWA Webinar - Launching ASDWA's New PFAS - Source Water Protection Guide and Toolkit
- EPA Webinar - U.S. EPA: Sampling Guidance for Unknown Contaminants
- EPA Webinar - U.S. EPA: Accessing Laboratory Support Webinar
- Webinar - Drinking Water Tools for Small Systems
- EPA Webinar - U.S. EPA: Water Laboratory Alliance Response Plan Tabletop Exercise
- KRWA Webinar: Ditch to Desk (Drinking Water Regulations)
- EPA Webinar: R4 RTCR Refresher Training Webinar

- Webinar: Impact of Prolonged Shutdown on Buildings from a Water Quality Perspective - The Water Research Foundation
- KRWA Webinar: Water Electronic Data Submittal Webinar
- KRWA Webinar: Disinfection By-Product Control Strategies
- Webinar: Pipe Repair, THM Control and Residual Control

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.
- ◆ Implemented electronic reporting for public water systems (PWS).
 - The Division expects the availability of electronic reporting to result in a decline in monitoring and reporting violations.
 - From April 2020 (19 PWS) to June 2020 (243 PWS) we have seen an increase in use of electronic submittal.
- ◆ Participated in SDWIS Prime activities.
- ◆ 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 2020 there were 8 Chemistry Laboratories and 25 Microbiology Laboratories audited by DOW Certification Officers. Currently, four staff members are EPA certified to conduct Chemistry, Microbiology, Cryptosporidium, or Radiochemistry Laboratory audits.
- ◆ Provided compliance and technical assistance presentations at various conferences:
 - KY AWOP Update and Self-Assessment Presentations at the USEPA National AWOP Meeting in Cincinnati on KY AWOP (August 2019)

- KRWA Corrosion Control Workshops in Prestonsburg, Calvert City and Bowling Green.
 - EPA - State Water Directors' Meeting, Decatur, GA – AWOP Disinfection Byproducts Compliance Impacts.
 - Kentucky Municipal Utilities Association, Water Plant Safety Programs.
- ◆ Continued to support the microbial and disinfection by-products activities associated with the Area-Wide Optimization Program. The focus for SFY 2020 remained disinfection by-product formation control for both water treatment plants and distribution systems.

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 82 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, 78 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 33 small public water systems and additional assistance was provided to multiple systems (168) upon request.
- ◆ Six continuing education training sessions were conducted during the contract year, which covered Emergency Response, Disinfection By-Product Control Strategies, KY Electronic Drinking Water Compliance and SDWA Compliance (Ditch to Desk). Although, the contract requires three hours of training to be performed quarterly; participants received no less than six CEUs at any of the classes. The objective of the sessions was to provide useful information to attendees to help them better perform their duties as drinking water professionals and to enhance the operations at their facilities. The following training sessions were conducted:

FY 2020 PROGRAM TRAINING CONDUCTED				
Date	Location	Topic	Attendees	CEU's
July 9-10, 2019	KY Dam SRP	Emergency Response Training	46	12
April 7, 2020	Webinar	KY Electronic Drinking Water Compliance	130	1
April 30, 2020	Webinar	KY Electronic Drinking Water Compliance	107	1
May 28, 2020	Webinar	KY Electronic Drinking Water Compliance	85	1
June 17, 2020	Webinar	Disinfection By-Product Control Strategies	87	3
June 30, 2020	Webinar	SDWA Compliance (Ditch to Desk)	115	3
TOTALS			570	21

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 425 drinking water certification applications, administered 375 drinking water certification exams, and issued 245 new drinking water certificates during the 2020 state fiscal year. The drinking water certification program had an average pass rate of 69 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 1,555 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 13 drinking water training events during this timeframe totaling approximately 150 training hours with 460 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 2,477.50 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.

◆ ***Communications***

- Operation Matters, the certification blog, continues to thrive. It has gained followers in 169 countries, has over 332,000 all-time views, and has several direct blog followers who have subscribed to receive emails for every post made. Positive feedback has been received from the operator community. To follow the blog, go to www.kyocp.wordpress.com.

D. Wellhead Protection Program

The Wellhead Protection Program (WHPP) staff continue to provide assist 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 including water supply planning, water withdrawal and groundwater protection plans. Staff is actively developing an updated guidance, plan templates, checklists and training. Staff has also developed and held training sessions regarding plans requirements and compliance schedules with Kentucky Rural Water Association's' newly appointed Source Water Protection Specialist.

Staff continues to work on assisting public water systems with updating wellhead plans according to the program's compliance schedule and processing everything in the Department's CGI Advantage Regulatory Management (ARM) 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 the Wellhead Protection Areas, Groundwater Database, and ArcMap data layer file. The staff also revised and updated all of the 321 Source Water Protection and Wellhead Protection Areas for public water systems and updated the ArcMap data layer file.

Program staff developed a training module and hosted training sessions in coordination with the Kentucky Rural Water Association (KRWA) and Kentucky Department of Compliance Assistance (DCA) for certified water and wastewater operators regarding the background, core elements, and requirements of the source water and wellhead protection programs. The staff was also tasked with conducting a study to determine the presence of per- and poly-fluoroalkyl substances in Kentucky's public drinking water. The initiative required the development of a Standard Operating Procedure (SOP) and Project Management Plan, conducting sample collection across the state, transport and delivery of all the samples for analyses, review and summarize the analyses, and drafting of a final report. Staff also compiled and published a [Source Water Protection Viewer](#) to be used as an interactive tool to view assessments and plans and to showcase the Source Water Protection program in Kentucky. 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). Staff also finalized the Groundwater Under the Direct Influence (GUDI) guidance. 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 in order to effectively implement the 2018 Farm Bill which requires that 10 percent (~\$4 billion) of funds authorized for conservation programs be used to protect sources of drinking water. Additionally, staff attended numerous webinars to supporting their continuing education and awareness of program developments.

Wellhead staff also attended and/or provided presentations at the following conferences and meetings:

- ◆ Area Development Districts' Water Management Council Meetings
- ◆ Wastewater & Drinking Water Joint Advisory Council Meetings
- ◆ Source Water Protection Sub-Committee of the Drinking Water Advisory Council
- ◆ WHPP Public Meetings: Monroe County Water District, Carrollton Utilities, due to COVID-19 other public meetings were provided via alternative platforms
- ◆ U. S. Department of Agriculture, National Resource Conservation State Technical Meetings
- ◆ American Institute of Professional Geologists, Core Logging Course
- ◆ American Geosciences Institute, Bedrock Water Well Drilling Part 1 and 2
- ◆ U.S. Environmental Protection Agency, Water Quality Standards Academy training
- ◆ Kentucky Interagency Groundwater Monitoring Network Meeting

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	22	13	3
Total Population Served	8,563	63,258	120,429	231,195	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	12	5,756
Transient Non-Community Systems	32	3,744

Wellhead Protection Plans			
	Phase I Plan	Phase II Plan	Five Year Update
Developed	3	1	12
Reviewed	1	1	19
Approved	1	1	19

EXHIBIT 1
 KENTUCKY INFRASTRUCTURE AUTHORITY
 FEDERALLY ASSISTED DRINKING WATER LOAN PROGRAM
 PROJECTS RECEIVING SRF FINANCIAL ASSISTANCE
 FISCAL YEAR ENDED JUNE 30, 2020

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 Lebanon	F18-006	\$1,855,457.00	11/7/2019	2/1/2019	7/5/2020	L(1)	0.50%	30	10,001 to 100,000	Y	Y
City of West Liberty	F20-006	\$300,000.00	11/7/2019	3/15/2020	11/15/2020	L	1.50%	20	3,301 to 10,000	Y	Y
Estill County Water District	F20-013	\$2,399,450.00	12/5/2019	5/27/2020	10/29/2020	L	0.50%	30	3,301 to 10,000	Y	Y
City of Somerset	F20-019	\$7,027,878.00	12/5/2019	6/1/2020	6/1/2021	L	0.50%	30	10,001 to 100,000	N	Y
City of Burnside	F19-005	\$573,000.00	1/9/2020	5/1/2020	2/28/2021	L(1)	0.50%	30	501 to 3,300	Y	Y
Lyon County Water District	F20-034	\$2,094,675.00	2/6/2020	6/1/2020	10/1/2021	L	2.50%	20	3,301 to 10,000	Y	N
City of Lebanon	F20-002	\$5,238,230.00	3/5/2020	11/1/2020	3/31/2022	L	0.50%	30	3,301 to 10,000	Y	Y
Adair County Water District	F20-009	\$1,342,530.00	3/5/2020	10/1/2020	10/1/2021	L	0.50%	30	10,001 to 100,000	N	Y
Northern KY Water District	F20-044	\$8,000,000.00	5/7/2020	8/1/2020	9/1/2022	L	1.50%	20	10,001 to 100,000	N	N
City of Olive Hill	F17-007	\$122,344.00	6/4/2020	10/24/2018	11/30/2020	L(1)	0.25%	30	3,301 to 10,000	Y	Y
City of Salem	F20-017	\$585,000.00	6/4/2020	1/15/2021	7/31/2021	L	0.50%	30	3,301 to 10,000	Y	Y
Cave Run Water Commission	F20-021	\$1,171,350.00	6/4/2020	12/1/2020	8/1/2021	L	1.50%	20	501 to 3,300	N	N
City of Whitesburg	F20-026	\$600,000.00	8/6/2020	4/1/2021	9/1/2022	L	0.50%	30	501 to 3,300	Y	Y

TOTAL	13	\$31,309,914.00		0.91%
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<u>Summary</u>	<u>Total</u>	<u>Loan Count</u>	<u>% of Total</u>
Total Funding For Loans	\$31,309,914.00	13	
Total Funding For Small Communities	\$13,768,156.00	9	44%
Total Funding For Disadvantaged Communities	\$20,043,889.00	10	64%
Weighted Average Interest Rate	0.91%		

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, 2020

RECIPIENT NAME	LOAN NUMBER	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	TOTAL	TYPE OF ASSISTANCE
City of Lebanon	F18-006		\$ 1,855,457			\$ 1,855,457	L(1)
City of West Liberty	F20-006		\$ 300,000			\$ 300,000	L
Estill County Water District	F20-013		\$ 2,399,450			\$ 2,399,450	L
City of Somerset	F20-019		\$ 7,027,878			\$ 7,027,878	L
City of Burnside	F19-005			\$ 573,000		\$ 573,000	L(1)
Lyon County Water District	F20-034			\$ 2,094,675		\$ 2,094,675	L
City of Lebanon	F20-002			\$ 5,238,230		\$ 5,238,230	L
Adair County Water District	F20-009			\$ 1,342,530		\$ 1,342,530	L
Northern KY Water District	F20-044				\$ 8,000,000	\$ 8,000,000	L
City of Olive Hill	F17-007				\$ 122,344	\$ 122,344	L(1)
City of Salem	F20-017				\$ 585,000	\$ 585,000	L
Cave Run Water Commission	F20-021			\$ -	\$ 1,171,350	\$ 1,171,350	L
City of Whitesburg	F20-026				\$ 600,000	\$ 600,000	L
TOTAL	13	\$ -	\$ 11,582,785	\$ 9,248,435	\$ 10,478,694	\$ 31,309,914	
PROGRAM ADMINISTRATION		\$ -	\$ 470,230	\$ 356,105	\$ -	\$ 826,335	
SET-ASIDES		\$ -	\$ 1,738,965	\$ 1,838,458	\$ -	\$ 3,577,423	
TOTAL		\$ -	\$ 13,791,980	\$ 11,442,998	\$ 10,478,694	\$ 35,713,672	
CUMULATIVE TOTALS		\$ -	\$ 13,791,980	\$ 25,234,978	\$ 35,713,672		
FEDERAL PAYMENTS - 2019		\$ -	\$ 3,964,506	\$ 4,729,835	\$ 6,615,630	\$ 15,309,970	
CUMULATIVE FEDERAL PAYMENTS		\$ -	\$ 3,964,506	\$ 8,694,341	\$ 15,309,970		
BINDING COMMITMENT % OF PAYMENTS			348%	290%	233%		

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, 2020**

<u>Rank</u>	<u>Applicant</u>	<u>Project Title</u>	<u>Invitation Status</u>
*	Southern Water & Sewer District	SWSD - Lackey to Wayland Water Line Replacement	Bypassed
*	Frankfort Electric & Water Plant Board	Frankfort Plant Board Water Storage Improvement Project	Bypassed
*	Morehead, City of	Regional Water Treatment Plant Construction	Accepted
*	Burnside, City of	Burnside Combined Waterline Improvements	Bypassed
*	Green-Taylor Water District	Green-Taylor Water District - Distribution Upgrades	Withdrawn
*	South Shore, City of	New South Shore Water Treatment Plant	Bypassed
1	Nicholasville, City of	Nicholasville 24" Parallel Transmission Main	Withdrawn
2	Lebanon Water Works Company Inc	Lebanon Main Replacement Project	Accepted
3	Edmonton, City of	Edmonton Water Improvement Project - Contract A & B	Bypassed
4	Greensburg, City of	Water Distribution System Improvements	Accepted
5	Fleming-Neon, City of	Fleming-Neon Waterline Improvement Project - Phase I	Declined
6	West Liberty, City of	Water Quality Improvements Project	Accepted
7	Green-Taylor Water District	Green-Taylor Water District--Line Extensions to Improve Flow	Withdrawn
8	Cumberland, City of	Cumberland Water System Improvements	Withdrawn
9	Adair County Water District	CAUD- Water Main Replacement	Accepted
10	Jackson, City of	Jackson Waterline Replacement Project Phase I	Withdrawn
11	Carrollton, City of	MainS - Materials and Infrastructure Size Replacement Project	Declined
12	McKinney Water District	McKinney WD - 2019 Water Improvements Project, Phase 1B	Declined
13	Estill County Water District #1	ECWD - Phase 11 - System Improvements & Meter Purchase and Replacement Project	Accepted
14	Letcher County Water & Sewer District	Water Line Extensions for Federal Prison Facility at Roxanna	Accepted
15	Fordsville, City of	Fordsville Water Tank Rehab Project	Declined
16	Stanton, City of	Stanton - Water Improvements Project	Accepted
17	Salem, City of	Salem - Water Main Replacement Project	Accepted
18	Whitesburg, City of	Waterline Replacement and Water Tank Rehab	Withdrawn
19	Somerset, City of	Oak Hill Storage Tank Replacement, 5 MG Booster Station, & Water Main Extension	Accepted
20	Somerset, City of	Valley Oak Industrial Park Water System Improvements	Withdrawn
21	Cave Run Water Commission	Cave Run Water Commission Elevated Water Storage Tank Construction Project	Accepted

**EXHIBIT 3
KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER LOAN PROGRAM
PROJECT PRIORITY LIST STATUS REPORT
FISCAL YEAR ENDED JUNE 30, 2020**

<u>Rank</u>	<u>Applicant</u>	<u>Project Title</u>	<u>Invitation Status</u>
22	Flatwoods, City of	City of Flatwoods Water Tank Rehab Project	Withdrawn
23	Nicholasville, City of	Nicholasville - Hayden Park Water Main Replacement	Declined
24	Versailles, City of	Automatic Meter Reading (AMR) System	Declined
25	McKee, City of	Downtown Water Storage Tank Replacement	Bypassed
26	Whitesburg, City of	Whitesburg - Water Storage Tank Replacement	Accepted
27	McLean County Fiscal Court	Beech Grove Water System Storage Tank Addition	Declined
28	Hindman, City of	Hindman Waterline Extensions	Bypassed
29	Mount Vernon, City of	Tower Tank Transmission Main	Withdrawn
30	West Carroll Water District	Hardy Creek Extension	Declined
31	Munfordville, City of	Munfordville Water Meter Replacement	Withdrawn
32	Estill County Water District #1	ECWD - Meter Purchase and Replacement Project (MERGED WITH F20-013 WX21065009)	Withdrawn
33	Williamsburg, City of	Valve locating; recovery; exercising and/or replacement	Withdrawn
34	Lyon County Water District	LCWD - Water System and Storage Tank Improvements Project	Accepted
35	McCreary County Water District	Stearns to Smithtown Phase 2 - Water Line Replacements	Declined
36	McCreary County Water District	Marsh Creek to HWY 92	Declined
37	Murray, City of	Murray WTP Electrical Upgrade	Declined
38	Eubank, City of	Eubank – Water Line Replacement and Water Meter Replacement	Withdrawn
39	Glasgow Water and Sewer Commission	Glasgow Water Improvement - 24-Inch Transmission Line Pritchardsville to Old Cavalry Dr	Accepted
40	Science Hill, City of	KY 1247 Waterline Extension	Declined
41	Hyden-Leslie County Water District	Phase III b Water System Improvements	Accepted
42	Versailles, City of	Versailles - Water Distribution System Improvements Phase 2	Bypassed
43	Versailles, City of	Versailles - Water Distribution System Improvements - Low Pressu	Bypassed
44	Northern Kentucky Water District	Taylor Mill Treatment Plant Emergency Generator	Accepted
45	Versailles, City of	Versailles - Water Treatment Plant Improvements - Generators	Bypassed
46	Hyden-Leslie County Water District	Phase VI Water System Improvements	Bypassed
47	Campton, City of	Campton South Valeria Water Extension Project	Accepted
48	Cumberland, City of	City of Cumberland 10 Inch Waterline Upgrade	Accepted

**EXHIBIT 3
KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER LOAN PROGRAM
PROJECT PRIORITY LIST STATUS REPORT
FISCAL YEAR ENDED JUNE 30, 2020**

<u>Rank</u>	<u>Applicant</u>	<u>Project Title</u>	<u>Invitation Status</u>
49	Uniontown, City of	Uniontown New Booster Pump Station Project	Declined
50	Benton, City of	City of Benton-Line Replacement Along Main Street	Not Invited
51	Breathitt County Water District	Hwy 30 East and KY 542 Lambric Waterline Extensions	Not Invited
52	Hardinsburg, City of	City of Hardinsburg - Extension Area A	Not Invited
53	Scottsville, City of	City of Scottsville - WTP Emergency Generator Project	Not Invited
54	Mayfield, City of	Mayfield Electric & Water-WTP Clearwell Rehabilitation	Not Invited
55	Maysville, City of	Mayslick Tank	Not Invited
56	Hardinsburg, City of	City of Hardinsburg - Extension Area B	Not Invited
57	Cumberland, City of	City of Cumberland Water Treatment Plant Upgrades (Was WX21095662)	Not Invited
58	Estill County Water District #1	ECWD/Beattyville Emergency Regional Interconnect	Not Invited
59	Campton, City of	Spring Branch, Kelse Holland Fork And Becky Patton Water Line	Not Invited
60	Maysville, City of	Maysville Third Street Waterline Replacement	Not Invited
61	Dexter-Almo Heights Water District	Dexter-Almo Heights Water District- Boggess Drive Loop	Not Invited
62	Worthington, City of	Worthington: Clean out Wells to Increase Output	Not Invited
63	Greenup, City of	City of Greenup new Water Treatment Plant	Not Invited
64	Nebo Water District	Nebo - Pump Station Rehabilitation and AMR Project	Not Invited
65	Lynch, City of	Lynch - Backwash at WTP	Not Invited
66	Lynch, City of	City of Lynch - Water Treatment Plant Rehabilitation	Not Invited
67	Greenup, City of	Greenup: New Water Intake Structure	Not Invited
68	Dixon, City of	Dixon Water Line Upgrade	Not Invited
69	Kuttawa, City of	Kuttawa - New Water Treatment Plant Project	Not Invited
70	Eubank, City of	Water Meter Replacement Project	Not Invited
71	Eubank, City of	Relocate Water Line from KY 501 Bridge at RR - Kings Mountain	Not Invited

* 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, 2020

RECIPIENT NAME / LOCATION	LOAN NUMBER	PROJECT NAME	AMOUNT OF ASSISTANCE	ORIGINAL SUBSIDY	INTEREST RATE	MHI MHI	MHI AS % OF STATE	POPULATION
Estill County Water District	F20-013	System Improvements and Meter Replacement	\$ 2,399,450	\$ 1,000,000	0.50%	\$ 30,080	64.6%	9,378
City of Lebanon	F20-002	Water Main Replacement	\$ 5,238,230	\$ 1,300,000	0.50%	\$ 30,025	64.5%	6,144
Adair County Water District	F20-009	Water Main Replacement	\$ 1,342,530	\$ 671,265	0.50%	\$ 34,172	73.4%	16,785
City of Salem	F20-017	Water Main Replacement	\$ 585,000	\$ 292,500	0.50%	\$ 31,416	67.5%	5,471
City of Whitesburg*	F20-026	Water Storage Tank Replacement	\$ 600,000	\$ 300,000	0.50%	\$ 34,559	74.3%	3,203
Average						\$ 31,426	67.5%	

* Project approved in August, 2020, principal forgiveness to be allocated retroactively in November, 2020

TOTALS	<u>5</u>		<u>\$ 10,165,210</u>	<u>\$ 3,563,765</u>		<u>69.4%</u>
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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, 2020**

PROJECT NAME	LOAN NUMBER	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	TOTAL
CAPITALIZATION GRANT FUNDS						
Allen County Water District	F19-025		952,249			952,249
Burnside, City of	F19-005		703,398			703,398
Campbellsville, City of	F17-014	924,681	527,404	407,038	1,054,433	2,913,556
Cynthiana, City of	F19-020	92,810			787,051	879,862
Elkton, City of	F19-035				157,399	157,399
Green-Taylor Water District ***ACH***	F18-005		76,905	136,473	178,453	391,831
Hardinsburg, City of	F19-059	219,972	288,492			508,464
Hopkinsville, City of	F13-020	46,064		577,741	554,041	1,177,846
Irvine, City of	F17-006	723,235	326,826	291,759	1,430,640	2,772,460
Lebanon, City of	F18-006	196,870	520,314	78,628	161,088	956,899
Louisa, City of	F18-018	72,295		134,178	398,545	605,018
Nicholasville, City of ***ACH***	F115-066			13,330		13,330
Nicholasville, City of ***ACH***	F14-036				95,636	95,636
Northern Kentucky Water District	F16-027	377,659			569,581	947,240
Olive Hill, City of	F17-007			8,150		8,150
Pineville, City of	F18-003	142,711	40,805	208,464	386,382	778,362
Salyersville, City of	F14-015			90,899	12,764	103,663
Stanford, City of	F16-027	1,104,090	337,632		446,426	1,888,148
PROJECT TOTAL		\$ 3,900,388	\$ 3,774,024	\$ 1,946,661	\$ 6,232,439	\$ 15,853,512
PROGRAM ADMINISTRATION		\$ -	\$ 470,230	\$ 356,105	\$ -	\$ 826,335
SET-ASIDES		\$ -	\$ 1,738,965	\$ 1,838,458	\$ -	\$ 3,577,423
FIRST USE TOTALS		\$ 3,900,388	\$ 5,983,220	\$ 4,141,223	\$ 6,232,439	\$ 20,257,269
CUMULATIVE TOTALS		\$ 3,900,388	\$ 9,883,608	\$ 14,024,831	\$ 20,257,269	

**EXHIBIT 5
KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER LOAN PROGRAM
TOTAL DISBURSEMENTS
FISCAL YEAR ENDED JUNE 30, 2020**

PROJECT NAME	LOAN NUMBER	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	TOTAL
REPAYMENT FUNDS						
Allen County Water District	F19-025		503,054			503,054
Campbellsville, City of	F17-014		314,736	638,617		953,354
Cave Run Water Commission	F16-032			15,750		15,750
Cynthiana, City of	F19-020	12,704	80,035			92,738
Elkton, City of	F19-035	12,601				12,601
Fleming-Neon, City of	F17-003			143,598		143,598
Green-Taylor Water District ***ACH***	F18-005			94,076	21,818	115,894
Hardinsburg, City of	F19-059				119,553	119,553
Hopkinsville, City of	F13-020		102,479		131,381	233,860
Irvine, City of	F17-006		131,084	1,134,441		1,265,525
Lebanon, City of	F14-036			167,516		167,516
Lebanon, City of	F18-006	11,742	100,626	273,034		385,401
Louisa, City of	F18-018		71,753	157,658		229,412
Morehead, City of	F18-004			57,020		57,020
Mortons Gap, City of	f19-044		60,710			60,710
Nicholasville, City of ***ACH***	F115-066		32,312	22,181	6,523	61,015
Ohio County Water District	F15-069			25,000		25,000
Olive Hill, City of	F17-007			225,363		225,363
Pineville, City of	F18-003		3,440	515,567		519,007
Stanford, City of	F17-005		150,167			150,167
PROJECT TOTAL		\$ 37,046	\$ 1,550,396	\$ 3,469,820	\$ 279,275	\$ 5,336,538
GRAND TOTAL		\$ 3,937,434	\$ 7,533,616	\$ 7,611,043	\$ 6,511,714	\$ 25,593,807

EXHIBIT 6
KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER LOAN PROGRAM
PROPORTIONATE FEDERAL SHARE THROUGH CASH DRAWS
FISCAL YEAR ENDED JUNE 30, 2020

	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	TOTAL
DISBURSEMENT SCHEDULE					
SELECT DISBURSEMENTS					
FIRST ROUND	\$ 3,900,388	\$ 3,774,024	\$ 1,946,661	\$ 6,232,439	\$ 15,853,512
ADMINISTRATION	0	470,230	356,105	0	826,335
SET-ASIDES	0	1,738,965	1,838,458	0	3,577,423
REPAYMENT	37,046	1,550,396	3,469,820	279,275	5,336,538
REVENUE BONDS	0	0	0	0	0
TOTAL SELECT DISBURSEMENTS	\$ 3,937,434	\$ 7,533,616	\$ 7,611,043	\$ 6,511,714	\$ 25,593,807
CUMULATIVE TOTAL	\$ 3,937,434	\$ 11,471,050	\$ 19,082,093	\$ 25,593,807	
CASH DRAW FROM LINE OF CREDIT	\$ -	\$ 3,964,506	\$ 4,729,835	\$ 6,615,630	\$ 15,309,970
STATE SHARE	\$ -	\$ 1,946,661	\$ 805,939	\$ -	\$ 2,752,600
CASH DRAWS AS % OF DISBURSEMENTS	0%	53%	62%	102%	60%

**EXHIBIT 7
KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER LOAN PROGRAM
AMENDED FINANCIAL PROGRAM OVERVIEW
FISCAL YEAR ENDED JUNE 30, 2020**

Reference	Capitalization Grant FFY:	2012	2013	2014	2015	2016	2017	2018	2019	Totals
	Capitalization Grant Award Date:	9/19/2012	9/11/2013	9/2/2014	9/29/2015	9/27/2016	9/19/2017	8/14/2018	8/28/2019	
	Capitalization Grant Award Amount:	\$12,956,000	\$12,156,000	\$13,770,000	\$13,680,000	\$12,941,000	\$12,830,000	\$18,303,000	\$18,132,000	\$300,759,200
	DWSRF Program Administration (4%):	388,680	364,680	413,100	547,200	517,640	513,200	732,120	725,280	10,286,704
1452(g)(2)	DOW (3%)	259,120	243,120	275,400	410,400	388,230	384,900	549,090	543,960	7,279,112
1452(g)(2)	KIA (1%)	129,560	121,560	137,700	136,800	129,410	128,300	183,030	181,320	3,007,592
	State Program Management (up to 10% available):	1,295,600	1,215,600	1,377,000	1,368,000	1,294,100	1,283,000	1,830,300	1,813,200	26,820,644
1452(g)(2)(A)	Supplement PWSS Program	1,295,600	1,215,600	1,377,000	1,368,000	1,294,100	1,283,000	1,830,300	1,813,200	25,875,817
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):	259,120	243,120	275,400	273,600	258,820	256,600	366,060	362,640	5,350,850
	State/Local Assistance (up to 15%-10% maximum):	1,807,362	1,452,642	2,065,500	2,052,000	1,941,150	1,924,500	2,745,450	2,719,800	26,531,260
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	259,120	0	413,100	410,400	388,230	384,900	549,090	543,960	4,865,155
1452(k)(2)(D)	Source Water Assessment Program:	252,642	237,042	268,515	273,600	258,820	256,600	366,060	362,640	2,952,332
1452(k)(2)(C)	Capacity Development – TMF assistance	1,295,600	1,215,600	1,383,885	1,368,000	1,294,100	1,283,000	1,830,300	1,813,200	17,954,143
	Total Grant Set-Asides:	3,750,762	3,276,042	4,131,000	4,240,800	4,011,710	3,977,300	5,673,930	5,620,920	68,989,458
	Project Funds:	9,205,238	8,879,958	9,639,000	9,439,200	8,929,290	8,852,700	12,629,070	12,511,080	231,769,742
	Kentucky Matching Dollars:	2,591,200	2,431,200	2,754,000	2,736,000	2,588,200	2,566,000	3,660,600	3,626,400	56,061,840
	Total Project Fund:	11,796,438	11,311,158	12,393,000	12,175,200	11,517,490	11,418,700	16,289,670	16,137,480	287,831,582

**EXHIBIT 8
KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER LOAN PROGRAM
SOURCE AND ALLOCATION OF SRF FUNDS
FISCAL YEAR ENDED JUNE 30, 2020**

CUMULATIVE SOURCES		FY 2020 DISBURSEMENTS				
	TOTAL	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	TOTAL
Capitalization Grants	\$ 231,769,742	0	\$ 5,426,500	\$ 3,900,388	\$ 3,774,024	\$ 13,100,912
State Matching Funds	56,061,840	0	1,946,661	805,939	0	2,752,600
Program Administration	10,286,704	0	470,230	356,105	0	826,335
Other Set Asides	58,702,754	0	1,738,965	1,838,458	0	3,577,423
Revenue Bond Proceeds (Net)	80,000,000	0	0	0	0	0
TOTALS	<u>\$ 436,821,040</u>	<u>\$ -</u>	<u>\$ 9,582,356</u>	<u>\$ 6,900,890</u>	<u>\$ 3,774,024</u>	<u>\$ 20,257,269</u>

EXHIBIT 9
KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER LOAN PROGRAM
ADMINISTRATIVE AND SET-ASIDE EXPENSES
FISCAL YEAR ENDED JUNE 30, 2020

	SET-ASIDE DISBURSEMENTS				
	QTR 1	QTR 2	QTR 3	QTR 4	TOTAL
Administration	0 \$	470,230 \$	356,105	0 \$	826,335
Technical Assistance	0	19,925	167,640	0	187,565
State Programs	0	727,829	924,098	0	1,651,927
Local Assistance	0	991,212	746,719	0	1,737,931
Total Set-Aside Expenses	0 \$	2,209,196 \$	2,194,562	0 \$	4,403,758

EXHIBIT 12
KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER REVOLVING LOAN PROGRAM
REPORT OF ANNUAL LOAN REPAYMENTS
FISCAL YEAR ENDED JUNE 30, 2020

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

No principal amounts delinquent as of June 30, 2020.