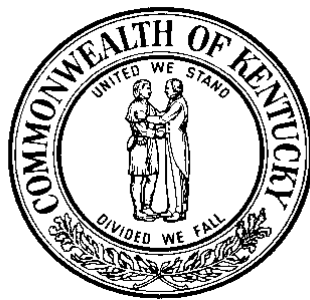

CLEAN WATER STATE REVOLVING FUND

State Fiscal Year 2025 Draft Intended Use Plan

Base Program
Supplemental Base Program
Emerging Contaminants

COMMONWEALTH OF KENTUCKY



Prepared by the

KENTUCKY INFRASTRUCTURE AUTHORITY
&
ENERGY AND ENVIRONMENT CABINET

TABLE OF CONTENTS

Introduction	1
What is the Clean Water State Revolving Fund (CWSRF).....	2
Eligibility.....	2
Significant Federal Components and Requirements.....	3
Bipartisan Infrastructure Law Funding Highlights	3
Meeting BIL Priorities.....	3
American Iron and Steel Utilization	3
Davis-Bacon Prevailing Wage Labor Law Compliance.....	3
Build America, Buy America Act (BABA).....	4
Technical Assistance	4
Additional Subsidization	4
Green Project Reserve	7
Fiscal Sustainability Planning	7
Cost and Effectiveness Evaluation	7
Single Audit Requirement	8
Federal Compliance	8
Clean Water State Revolving Fund Goals	9
Sustainable Infrastructure Initiative.....	9
Short-Term Goals.....	9
Long-Term Goals.....	10
Project Priority List	11
CWSRF Administration and Operation	13
Administrative Considerations.....	13
Funding Limits	13
Addition of New Projects to the Project Priority List	13
Emergency Projects	13
Refinancing	13
Financial Terms of Loans.....	14

Interest Rates.....	14
MHI Determination.....	14
Repayment Terms.....	15
Loan Servicing Fees.....	15
Large Project Financing.....	15
Planning and Design Loans	15
Loan Invitations	16
Bypass Process	16
Invitation Process.....	16
Invitation List	17
Structure of CWSRF Program in Kentucky.....	18
Borrower Loan Compliance and Financial Monitoring	18
Fund Transfers between the CWSRF and the DWSRF.....	19
Funds Available to be Committed and Disbursed	20
Table A – Base Program	20
Table B – Base Supplemental Program	21
Table C – Emerging Contaminants Program	22
Public Participation.....	24
Appendices:	
Appendix A: Comprehensive Project Priority List	
Appendix B: Priority System Guidance Document	
Appendix C: Public Comments	

INTRODUCTION

The 2024 Intended Use Plan (IUP) for the Clean Water State Revolving Fund Program (CWSRF) is used to communicate Kentucky's CWSRF plan for state fiscal year 2025 to potential borrowers from the CWSRF, public wastewater systems, the public, the U.S. Environmental Protection Agency (USEPA), and other interested parties. The IUP is prepared in accordance with Title VI of the Clean Water Act (CWA) and the Further Consolidated Appropriations Act, 2020 (Pub. L. 116-94, December 20, 2019) and is a requirement for participation in the Clean Water State Revolving Fund Program (CWSRF).

The CWSRF plan for FY 2025 will include the Base Program as well as additional funding provided through the Bipartisan Infrastructure Law (BIL) as Supplemental Base funding and Emerging Contaminants funding. Projects to be considered for funding through the CWSRF are submitted during the Call for Projects. Projects are reviewed for eligibility and ranked for funding priorities. 145 projects were considered for funding from the CWSRF. The total amount requested is approximately \$922 million. The total project need from all funding sources is approximately \$1.27 billion. The requests are primarily to fund construction but include planning and design. The IUP is to serve as the public documentation of the list of projects anticipated for funding as shown on the Comprehensive Project Priority List. This Project Priority List (PPL) is provided in Appendix A. For State Fiscal Year (SFY) 2025, the Fund has available just over \$101.7 million with \$66.2 million available in Base funding, \$33 million available in Supplemental Base funding, and \$2.5 million available in Emerging Contaminants funding.

An annual IUP is required by Title VI of the CWA and is an integral part of the process to request the federal funds. Each year, the US Congress authorizes funding for the CWSRF through the USEPA. The USEPA prepares allocations for states to receive the funds by way of a Capitalization Grant. The current IUP is for the 2024 Capitalization Grant, which is the FFY of October 1, 2024 through September 30, 2025. This IUP identifies how the funds available to Kentucky's CWSRF will be used during the SFY of July 1, 2024 through June 30, 2025.

The IUP identifies how the funds will be used to support the goals of the CWSRF. The 2025 IUP includes:

1. A description of the short and long term goals of the CWSRF;
2. The criteria and methods established for selecting projects;
3. Administration and operation policies of the CWSRF established by the KIA for compliance with requirements of the US Congress authorization as administered by the USEPA;
4. The public participation process;
5. The sources and uses of available funds; and
6. The Project Priority List - a list of eligible projects whose sponsors expressed interest in low interest rate loans from the CWSRF.

What is the Clean Water State Revolving Fund?

The CWSRF is a national program by which the USEPA provides capitalization grants to states to further the goals of the CWA. The national CWSRF was created in 1988, to establish a water pollution control revolving fund that would provide financial assistance for construction of publicly owned treatment works under section 212 of the CWA, implementation of watershed management plans under section 319 of the CWA, and development and implementation of conservation and management plans under section 320 of the CWA.

The CWSRF was established to fund projects and activities whose primary goal is the protection of water quality. In 1996, the USEPA issued the funding framework, which encouraged all states that fund both point and nonpoint source projects to integrate their planning and priority ranking systems so that CWSRF funds can most effectively target the nation's highest water quality problems.

The general intent of Title VI of the CWA is to ensure that each state's CWSRF is designed and operated to provide financial assistance for water pollution control activities in perpetuity. This is done by providing annual capitalization grants, while allowing states to utilize principal and interest repaid on prior loans to fund new loans. The Water Resources Reform and Development Act (WRRDA) amended Titles I, II, V, and VI of the CWA. The EPA implements the national CWSRF program in such a manner that preserves for states a high degree of flexibility to operate their programs in accordance with each state's unique needs and circumstances.

Kentucky's CWSRF financing program provides low interest loans for infrastructure projects that are considered a priority based on the water pollution control criteria outlined in the CWA. Projects identified to receive funding are selected from the ranked group of Project Profiles submitted during the annual Call for Projects. The Fund is administered by the Kentucky Infrastructure Authority (KIA). By Memorandum of Agreement, the Kentucky Energy and Environment Cabinet (EEC) through the Division of Water (DOW) perform environmental and technical reviews on projects that seek assistance from the CWSRF. Since its inception in 1988, Kentucky's CWSRF has committed funds to 467 clean water infrastructure projects, totaling more than \$1.86 billion (through April 30, 2024).

Eligibility

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

- Planning, design, and construction of wastewater or storm water collection, conveyance, and treatment facilities.
- The implementation of nonpoint source pollution control management programs.
- Purchase of another wastewater system eligible under 33 U.S.C. 1383(d).

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

Some examples include:

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

Significant Federal Components and Requirements

Bipartisan Infrastructure Law Funding Highlights:

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

Meeting BIL Priorities

The USEPA established several key priorities of BIL that KIA has constantly worked to meet. One of the main goals of BIL is to ensure that disadvantaged communities benefit from the historic investment in water infrastructure. In the past two state fiscal years, KIA has committed over \$113 million in CWSRF funding to disadvantaged communities and areas in the state. During this period, the KIA and DOW have continuously made an effort to market the BIL funding to disadvantaged communities through outreach while also trying to simplify the application process for them. The priority point system and disadvantaged community definitions have also been updated since the implementation of BIL to meet additional USEPA priorities. CWSRF emerging contaminants funding has been used to foster resilience to flood hazards and support climate adaptation.

American Iron and Steel (AIS) Utilization

On June 10, 2014, WRRDA amended the CWA to include permanent requirements for the use of AIS products in Clean Water SRF projects. Materials utilized must be certified as AIS. Implementation guidance can be found at the link below:

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

Davis-Bacon Prevailing Wage Labor Laws Compliance

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

Build America, Buy America Act (BABA)

BIL also expands domestic sourcing requirements with the inclusion of the Build America, Buy America Act (BABA). Starting on **May 14, 2022**, all steel, iron, manufactured products, non-ferrous metals, plastic and polymer-based products (including polyvinylchloride, composite building materials, and polymers used in fiber optic cables), glass (including optic glass), lumber, and drywall used in infrastructure projects for federal financial assistance programs must be produced in the United States. Final implementation guidance was published on August 14, 2023 and is available at the website: https://www.whitehouse.gov/wp-content/uploads/2023/08/REV_2-CFR-Guidance-Pre-publication-version-8.13.pdf. For additional BABA information, please visit: <https://www.epa.gov/grants/epas-identification-federal-financial-assistance-infrastructure-programs-subject-build>. A number of generally applicable waivers have been published by the EPA and borrowers may apply for project specific waivers under certain circumstances.

Technical Assistance

In addition to funding infrastructure projects, the CWSRF also allows the use of capitalization grant funds for technical assistance (TA). Up to 2% of the CWSRF capitalization grant, BIL Supplemental CWSRF capitalization grant, and BIL Emerging Contaminants capitalization grant will be used for TA. TA may be carried out directly by the KIA or the DOW in the EEC and through contracts with other agencies and organizations. The intent is to partially use TA set asides to fund upgrades to the Water Resource Information System (WRIS) to assist rural and small publicly owned treatment works. The WRIS works directly with utilities to assist disadvantaged communities in preparing for potential CWSRF projects. KIA reserves the right to utilize unused portions of the TA set aside for use at a later date.

Additional Subsidization

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

1. A system wide MHI less than the state's MHI (\$60,183) as calculated by the WRIS, or
2. A project area MHI less than the state's MHI (\$60,183) as calculated by the WRIS or by using census tract information, or
3. An affordability index ratio of 1.0 or greater calculated as the annual 4,000 gallon water rate divided by the system area MHI rounded to the nearest tenth.

KIA will use the same disadvantaged community definition for the Base, Supplemental, and Emerging Contaminants programs for the state fiscal year 2025 funding cycle.

The total amount of principal forgiveness available for Base and Supplemental borrowers will be distributed such that each qualifying borrower will receive the same percentage of principal forgiveness. This funding cycle, the percentage is approximately 42%. To arrive at the same percentage, the Base borrowers may also receive principal forgiveness from the Supplemental program.

1. Base Program – Additional Subsidy

The authorization of the base federal capitalization grant requires that beyond the subsidization provided through the low interest financing, additional subsidization is to be provided to utilities in disadvantaged communities. The amount of the capitalization grant received from the federal government that is available for additional subsidization varies each year based on the allowable range authorized by the federal grant, and the amount decided upon by the Commonwealth of Kentucky. The FFY 2024 Capitalization Grant requires that at least 10 percent, be provided as additional subsidization. An additional subsidization consistent with the WRRDA amended provisions will be provided between 10 to 30 percent. Total additional subsidization for FFY 2024 that must be awarded ranges between 20%, or \$2,078,000, and 40%, or \$4,156,000.

This additional subsidization is provided through forgiveness of a portion of the principal loan amount upon completion of the project. The KIA Board sets the amount of additional subsidization to be provided and determines the maximum amount to any single borrower as well as the criteria for determining the projects that will be offered additional subsidization. For SFY 2025 the total amount of base program additional subsidization that will be awarded is approximately 30%, or \$3,117,000. The table below consists of the projects being invited to submit a loan application that includes base program additional subsidization. All borrowers receiving additional subsidization have a system area MHI below the State’s MHI.

Loan Number	WRIS #	Applicant	Requested Loan Amount	Invited Loan Amount	System Service Area MHI	Principal Forgiveness Amount	Cumulative Principal Forgiveness
A25-006	SX21141056	Adairville, City of	\$4,869,000	\$4,869,000	36,737	\$337,791	\$337,791
A25-007	SX21043047	Olive Hill, City of	\$10,000,000	\$10,000,000	54,891	\$337,791	\$675,582
A25-010	SX21041006	Carrollton Utilities	\$4,500,000	\$4,500,000	48,508	\$337,791	\$1,013,373
A25-013	SX21071902	Wheelwright Utilities Commission	\$971,500	\$971,500	24,441	\$405,654	\$1,419,027
A25-019	SX21169017	Edmonton, City of	\$977,500	\$977,500	47,477	\$408,159	\$1,827,186
A25-022	SX21225033	Morganfield, City of	\$1,280,000	\$1,280,000	58,056	\$534,469	\$2,361,655
A25-026	SX21047011	Hopkinsville Water Environment Authority	\$1,000,000	\$1,000,000	43,613	\$417,554	\$2,779,209
A25-028	SX21159013	Martin County Sanitation District	\$4,836,550	\$4,836,550	38,804	\$337,791	\$3,117,000

Principal forgiveness will be reallocated in subsequent invitations as available. If a loan is eligible for principal forgiveness, it will be allocated only once. Principal forgiveness may not be provided on loan increase requests. This includes projects receiving financing over multiple funding cycles.

2. Supplemental Base Program – Additional Subsidy

BIL mandates that 49%, or \$14,182,560, of funds provided through the CWSRF General Supplemental Funding must be provided as additional subsidization to disadvantaged communities. The table below consists of projects being invited to submit a loan application that includes supplemental base program additional subsidization. All borrowers have a system area MHI below the State’s MHI. A portion of the principal forgiveness will be awarded to borrowers receiving a loan invitation from the base program.

Loan Number	WRIS #	Applicant	Requested Loan Amount	Invited Loan Amount	System Service Area MHI	Principal Forgiveness Amount	Cumulative Principal Forgiveness
A25-014	SX21229002	Springfield Water and Sewer Commission	\$4,606,050	\$4,606,050	49,263	\$1,923,275	\$1,923,275
A25-016	SX21003013	Scottsville, City of	\$6,890,110	\$6,890,110	35,378	\$2,876,993	\$4,800,268
A25-018	SX21133023	Whitesburg, City of	\$1,500,000	\$1,500,000	34,918	\$626,331	\$5,426,599
A25-006	SX21141056	Adairville, City of			36,737	\$1,695,280	\$7,121,879
A25-007	SX21043047	Olive Hill, City of			54,891	\$3,837,749	\$10,959,628
A25-010	SX21041006	Carrollton Utilities			48,508	\$1,541,202	\$12,500,830
A25-028	SX21159013	Martin County Sanitation District			38,804	\$1,681,730	\$14,182,560

3. Emerging Contaminants – Additional Subsidy

BIL mandates that 100%, or \$2,544,580, of available funds provided through the CWSRF Emerging Contaminants Funding must be provided as additional subsidization to the following assistance recipients or project types:

1. Municipalities that meet the state’s affordability criteria.
2. Municipalities that do not meet the state’s affordability criteria but seek additional subsidization to benefit individual ratepayers in the residential user rate class.
3. Entities that implement a process, material, technique, or technology that addresses water or energy efficiency goals; mitigates storm water runoff; or encourages sustainable project planning, design, and construction.

CWSRF Emerging Contaminants funding and additional subsidization will be awarded to the project below which addresses flooding and storm water runoff. The project is located in and will protect an area inside the city that has a median household income less than the State’s MHI and qualifies as a disadvantaged community.

Loan Number	WRIS #	Applicant	Requested Loan Amount	Invited Loan Amount	Project Service Area MHI	Principal Forgiveness Amount	Cumulative Principal Forgiveness
A23-007E	SX21111024	Louisville and Jefferson County MSD	\$170,289,345	\$2,544,580	\$36,514	\$2,544,580	\$2,544,580

Green Project Reserve

Provided that there are sufficient eligible projects in the 2025 PPL, not less than 10 percent of the funds shall be used by the KIA for projects that address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities. These projects and green amounts are identified in Appendix A.

Fiscal Sustainability Plan

Section 603(d)(1)(E) of the CWA requires that a loan recipient develop and implement a fiscal sustainability plan that includes:

1. An inventory of critical assets that are a part of the treatment works;
2. An evaluation of the condition and performance of inventoried assets or asset groupings;
3. A certification that the recipient has evaluated and will be implementing water and energy conservation efforts as part of the plan; and
4. A plan for maintaining, repairing, and, as necessary, replacing the treatment works and a plan for funding such activities.

The recipient may also certify that they have developed and implemented a plan that meets the forgoing requirements.

Cost and Effectiveness Evaluation

In accordance with Section 602(b)(13) of the CWA, as amended: “... the recipient of such assistance must certify, in a manner determined by the Governor of the State, that the recipient has studied and evaluated the cost and effectiveness of the processes, materials, techniques, and technologies for carrying out the proposed project or activity for which assistance is sought under this title; and has selected, to the maximum extent practicable, a project or activity that maximizes the potential for efficient water use, reuse, recapture, and conservation, and energy conservation, taking into account the cost of constructing the project or activity, the cost of operating and maintaining the project or activity over the life of the project or activity, and the cost of replacing the project or activity.”

Single Audit Requirement

If more than \$1,000,000 of federal funds are disbursed during any borrower's fiscal year, the borrower is required to have a single or program-specific audit conducted for that year in accordance with 2 CFR 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. This is the federal requirement, however, KIA requires all borrowers to complete an annual audit for the life of the loan.

Federal Compliance

1. The Commonwealth of Kentucky entered into the operating agreement and will enter into the FY24 grant agreement with the USEPA. All specific conditions of the agreements will be addressed in FFY24.
2. The Authority will update USEPA's SRF Data System at least quarterly to report financial information about the program and projects, loan information, and project activities and benefits.
3. The Authority agrees that all loan repayments will begin within 1 year of initiation of operations. Project closeout is monitored by the Authority and the DOW. The repayment dollars for loans in repayment will be considered as available loan funds for the funding cycle.
4. The available funds include the capitalization grant, the state match, the anticipated repayment funds from all loans currently in repayment and estimated interest earnings for the year.
5. Leverage bond debt service payments are paid from principal and interest loan repayments from borrowers directly financed with bond proceeds (leverage loans). Any additional interest debt service payments is repaid solely from interest earnings generated from non-leverage loans. Calculations showing that the fund is maintained in perpetuity were provided to EPA prior to issuance of the leverage bonds.
6. The Authority anticipates that 100% of the capitalization grant will be drawn in the first quarter of the FFY.

CLEAN WATER STATE REVOLVING FUND GOALS

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

Sustainable Infrastructure Initiative

The combination of aging water and wastewater infrastructure, population fluctuations, and declining investments in the area of water pollution abatement is forcing states and local governments to explore innovative methods for funding future water and wastewater capital projects. The USEPA collaborated with external stakeholders and developed the Sustainable Infrastructure (SI) Initiative with a goal to reduce the funding gap between projected investment needs and current spending levels at the federal and local levels so the public can continue to enjoy safe drinking water and adequate sanitary service.

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

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

Short-Term Goals

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

Goal #2: Increase the availability, quality, and reliability of information available to stakeholder parties via the web and other electronic means.

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

Goal #4: Create guidance for compliance with BABA Act where applicable.

Goal #5: Identify distressed borrowers through compliance monitoring and provide targeted financial and managerial guidance.

Goal #6: Develop a focused marketing strategy in conjunction with EEC to target systems with compliance and energy efficiency needs.

Goal #7: Increase inspection pace and achieve at least two inspections per project; one at 50% completion and other at 100% completion.

Goal #8: Improve the pace of the program by identifying tasks to commit more available funds in the current fiscal year.

Long-Term Goals

- Goal #1: Work with the EEC to explore solutions to increase energy efficiency for clean water utilities and future non-compliance issues under the CWA.
- Goal #2: Streamline loan processes, communication, and the sharing of data between KIA and DOW.
- Goal #3: Implement the utility portal within the WRIS to improve communication and reporting between the utility, KIA, and regulatory agencies.
- Goal #4: Establish a relationship with other funding agencies to coordinate project funding with multiple sources.
- Goal #5: Identify priority watersheds and reach out to the municipalities for project development and funding assistance.
- Goal #6: Identify systems with emerging contaminants and provide assistance and funding to those systems to develop feasible ways to eliminate those contaminants.
- Goal #7: Administer the CWSRF to issue loans at fees commensurate with risk, such that the revolving nature of the CWSRF is assured in perpetuity.

PROJECT PRIORITY LIST

Following the USEPA's recommendation, Kentucky developed the Priority System Guidance Document (Appendix B), designed to equally evaluate publicly owned treatment works, storm water, and nonpoint source projects according to water quality based criteria developed by the DOW.

Each year, the KIA issues a Call for Projects where potential borrowers are invited to submit CWSRF project information via the WRIS. The 2025 Call for Projects occurred September 26, 2023 to December 15, 2023 via a press release through the Governor's Office. Additionally, an email distribution was sent to all sewer utilities, ADDs, mayors, county judge executives, and the engineering community.

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

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

The 2025 PPL (Appendix A) shows that Kentucky has sufficient eligible projects to meet the binding commitment requirements of the FFY 2024 Base, Base Supplemental and Emerging Contaminants capitalization grants. A brief description of the following fields will be helpful in reviewing the list.

Rank: Rank of project on the comprehensive PPL.

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

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

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

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

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

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

GPR Amount: Amount of desired SRF loan identified that may qualify as green infrastructure.

Green Category: Identified numerically as to which category identified green infrastructure components are classified (1 – Green Infrastructure, 2 – Water Efficiency, 3 – Energy Efficiency, 4 – Environmentally Innovative).

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

The 2026 IUP process will begin September 16, 2024 with the annual Call for Projects and will conclude on December 13, 2024 for projects to be considered in the SFY 2026 funding cycle. The following schedule is tentative:

2026 Call for Projects	September 16, 2024 – December 13, 2024
Creation of Project Priority List	January 1, 2025 - March 31, 2025
Public Notice Period for IUP	June 1, 2025 - June 30, 2025
Finalize 2026 IUP and send to USEPA	Prior to July 1, 2025

Email notifications will be sent in September 2024 to all sewer utilities, ADDs, mayors, county judge executives, economic development directors, the engineering community and other stakeholders announcing the Call for Projects.

CWSRF ADMINISTRATION AND OPERATION

Although developing and maintaining a priority list is required by the CWA, states are not required to select the highest ranked projects in any given year for funding. However, due to limited funding availability, Kentucky will fund projects primarily based on priority ranking. Projects are vetted and many variables are considered prior to distribution of loan invitations.

Administrative Considerations

Funding Limits

This year, Kentucky's CWSRF funding limit will be \$20 million per borrower from the base and base supplemental capitalization grant. Funding limits may also be imposed on borrowers that have outstanding loan balances or loan commitments that increase the concentration risk for the total KIA loan portfolio.

Addition of New Projects to the Project Priority List

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

Emergency Projects

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

Refinancing

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

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

Financial Terms of Loans

Interest Rates

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

1. The standard rate is applied when the MHI is equal to or above the Kentucky MHI of \$60,183.
2. The first non-standard rate is applied for the following reasons:
 - a. When the MHI is greater than 80% but less than the Kentucky MHI;
 - b. Projects that meet the definition for regionalization; or
 - c. Projects necessary for compliance with an Agreed Order or Consent Decree.
3. The second non-standard rate is applied when the MHI is equal to or below 80% of the Kentucky MHI. This rate is also known as the Disadvantaged Community Rate (DCR).
 - a. Projects that qualify for the DCR are eligible for principal forgiveness consideration for and may request a loan amortization up to 30 years or the life expectancy of the facilities being financed.

The following interest rates were approved by the KIA Board on June 6, 2024 for this funding cycle:

Interest rate	MHI Threshold	Loan Type
2.25 (Standard)	> or = \$60,183	Construction
1.25 (Non-standard)	\$48,147 to \$60,182	Construction
0.50 (Non-standard or DCR)	< or = \$48,146	Construction
2.25	NA	Planning and Design

MHI Determination

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

If the applicant or representative has concerns with the default method, two alternative options are available: Modified Weighted Proximity Analysis or MHI Income Survey. Borrowers should not proceed with either alternative MHI methodology without first contacting KIA Staff. The Modified

Weighted Proximity Analysis is a GIS based assessment that uses customer meters or address points to calculate an estimated MHI for the project or service area. The second option is to complete an MHI Income Survey for the project service area which will need to be discussed with KIA.

Repayment Terms

Planning, design, and sanitary sewer evaluation study (SSES) loans will be amortized over five years. If the planning and design loan is rolled into a KIA funded construction loan, the term for the planning and design amount will convert to the term approved for the construction loan. Construction loans will have a standard 20-year repayment term. At the KIA Board's discretion, the repayment term for a construction loan for a service area that is eligible for the lowest non-standard rate may be extended to 30 years, but not beyond the expected design life of the project. Principal and interest payments on each loan will commence no later than the date specified in the Assistance Agreement.

Loan Servicing Fees

A loan servicing fee of 0.25 percent on the outstanding loan balance will be charged as a part of each semi-annual loan payment in accordance with 200 KAR 17:050, Section 12. The fee is assessed to recover salaries and other administrative expenses of the Authority incurred over the life of the loan. These fees are accounted for outside of the program fund and will be used for necessary CWSRF program expenses.

Large Project Financing

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

Planning and Design (P&D) Loans

KIA recognizes that larger or particularly complex projects may require a lengthy P&D process and thus may not be ready for construction within the allotted twelve months after the Conditional Commitment Letter is issued or perhaps even with a six-month extension period. P&D loans provide an opportunity for utilities to determine their exact needs without the time constraints in the project funding process. P&D loans can cover initial engineering assessments of the facilities, regionalization studies, alternative analyses, water supply evaluations, and rate studies for affordability. Additionally, P&D loans can be utilized to move forward into project design. This is specifically helpful for projects that may involve significant renovations at existing facilities. P&D loans can also include easement acquisition and legal costs. Borrowers may draw funds throughout the planning process, however, only 50% of design costs may be drawn until plans and specifications have been approved by the DOW.

The standard interest rate will apply during the five-year term of the loan. However, if the applicant initiates construction within a prescribed timeframe (generally one year) after approval of plans and specifications for the project, the construction loan may be incorporated into the planning and design loan and will receive the applicable interest rate for which the applicant would otherwise qualify and the term established in the Conditional Commitment Letter. Projects with an existing P&D loan through the CWSRF or any other KIA loan fund no longer receive a priority funding position to apply for a construction loan in a subsequent year's IUP and must go through the ranking process for the construction portion of their loan. Construction loans will be subject to interest rates and principal forgiveness amounts for the funding cycle in which the construction loan is reviewed by the KIA board.

Loan Invitations

Bypass Process

Once the projects are ranked in the PPL, the KIA issues invitations to apply for funding. A high-priority project that does not demonstrate readiness to proceed within the given timeframe will be bypassed. This bypass may occur at the request of the utility or as a decision from the KIA staff. A bypassed project may become ineligible for CWSRF funding in the current funding year. Bypassed project profiles will remain in the WRIS portal, but the utility must reapply through the annual Call for Projects process to be re-ranked for future funding cycles. Some examples that justify a bypass include, but are not limited to the following:

- Incomplete or unavailable audits (2021, 2022 and 2023);
- Borrower does not demonstrate readiness to proceed based upon project schedule;
- Non-compliance or delinquent payment on an existing KIA loan;
- Incomplete loan application;
- Applicant unresponsiveness;
- Applicant cannot establish a dedicated source of revenue for the repayment of the loan;
- Applicant has multiple projects under construction; or
- Applicant voluntarily postpones accepting invitation.

Invitation Process

An invitation letter is emailed to potential borrowers with specific instructions. Applicants that do not meet the deadline requirements may be bypassed and subsequent eligible project(s) will receive invitations. This process will continue until all estimated available funds have been allocated. If upon receipt of the loan application, the project scope differs significantly from information originally scored in the ranked project profile, KIA reserves the right to have the project reassessed by DOW. Changes in project scope can potentially impact funding priority.

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

Actual project funding amounts may vary from amounts presented in the PPL due to updated cost estimates and funding received from other sources. Increases to existing loans must be approved prior to the date of initiation of operation. The application invitation process is designed to commit available funds as soon as possible with limited invitation iterations. Given an uncertain invitation acceptance rate, KIA may invite more project dollars than are available to fund. If more projects than anticipated accept an invitation to apply it is possible that presentation of an invited project or projects to the KIA Board will be delayed.

Invitation List

The table in Appendix A indicates the projects that will receive a first round invitation to participate in the CWSRF for SFY 2025.

Structure of the CWSRF Program in Kentucky

KIA administers the CWSRF under a Memorandum of Agreement with DOW, pursuant to Kentucky Revised Statute (KRS) 224A.111 and Kentucky Administrative Regulation (KAR) 200 KAR 17:050¹. The following contacts can assist with CWSRF inquiries:

Contact	Agency	
Sandy Williams Executive Director (502) 892-3088 Sandy.Williams@ky.gov	KIA	General Information
John Brady Financial Analyst (502) 892-3177 John.brady@ky.gov	KIA	Intended Use Plan, Loan Application, Financial Terms, Interest Rates
Don Schierer WRIS Resource Management Analyst (502) 892-3486 Donald.Schierer@ky.gov	KIA	Project Profile Submittal
Jory Becker Water Infrastructure Branch Manager (502) 782-6887 Jory.Becker@ky.gov	DOW	Request for Proposals (RFPs), Asset Management, Package Treatment Plants
Russell Neal Environmental Control Supervisor (502) 782-7026 Russell.Neal@ky.gov	DOW	Environmental Review, Regional Facility Plans

Borrower Loan Compliance and Financial Monitoring

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

- The borrower must provide audited financial statements to KIA within six months of the entity's fiscal year end date. KIA will review each borrower's financial performance and, if necessary, will work with them to identify ways to remedy any non-compliance issues.

¹ KRS Ch. 224A.111 and 200 KAR 17:050 may be found at <https://kia.ky.gov/Information/Pages/Legislation-and-Regulations.aspx>.

- Borrowers are required to fund a repair and replacement reserve account equal to 5 percent of the KIA loan amount over 20 years and maintain it for the life of the loan. This requirement may be waived if a documented replacement program is in place and being actively funded at a level that is acceptable to KIA.

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

Regional Compliance Coordinators
Debbie Landrum (502) 892-3454 Debbie.Landrum@ky.gov
Julie Bickers (502) 892-3455 Julie.Bickers@ky.gov

Fund Transfers between the CWSRF and the DWSRF

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

KIA reserves the authority for BIL inter-SRF transfers and use the authority in later years from subsequent BIL appropriations.

FUNDS AVAILABLE TO BE COMMITTED AND DISBURSED

Kentucky’s CWSRF is capitalized by appropriations from the U.S. Congress and the Kentucky General Assembly. The CWSRF provides, in perpetuity, financial assistance to Kentucky’s eligible CWSRF projects. As of June 30, 2023 the CWSRF had a total net position of \$927,345,000 and 285 active loans. During SFY 2025, Kentucky will rely on funding as outlined in Table A through C to provide financial assistance, to support the operations of KIA and DOW, and to provide technical assistance.

Table A
Kentucky CWSRF Sources and Uses of Funds for SFY 2025
Base Program
 July 1, 2024 through June 30, 2025

Funding Sources	Federal Contribution	State Contribution	CWSRF Fund	Total
FFY 2024 Base Capitalization Grant	10,390,000	2,078,000		12,468,000
Loan Repayments (P&I)			60,705,849	60,705,849
Investment Interest Earnings			11,676,000	11,676,000
Banked Prior Year Administration Funds (Base)	1,545,295			1,545,295
Total Funding Sources	11,935,295	2,078,000	72,381,849	86,395,144
Funding Uses				
Financial Assistance - Base	9,766,600	2,078,000	54,347,274	66,191,874
Leverage Bond Debt Service			18,034,575	18,034,575
Banked Prior Year Administration Funds (Base)	1,545,295			1,545,295
FFY 2024 Administration - Base (4%)	415,600			415,600
FFY 2024 Technical Assistance - Base (2%)	207,800			207,800
Total Funding Uses	11,935,295	2,078,000	72,381,849	86,395,144

During the 2025 IUP funding cycle, KIA will have an estimated \$66,191,874 in the Base Program available to fund eligible 2025 CWSRF projects, and provide increases to previously approved projects under a phased funding plan. Funding is provided from the FFY 2024 capitalization grant of \$10,390,000, state match funds of \$2,078,000, estimated loan repayments of \$60,705,849, and interest earnings of \$11,676,000 on existing cash balances. Funding is reduced by leverage bond debt service of \$18,034,575, and capitalization grant administration and technical assistance funds of \$623,400 used by KIA and DOW to administer the CWSRF program and provide technical assistance to disadvantaged borrowers. Leverage bond debt service is paid out of loan repayments. Any administration or technical assistance funds that are not used or are transferred into the construction account will be reserved for use in a future year. KIA and DOW will have \$1,545,295 in banked administrative funds from prior capitalization grants for administration of the program.

The \$2,078,000 state match is provided from bond proceeds from the sale of tax-exempt revenue bonds with debt service provided by the Commonwealth. If additional capitalization grant funding is made available, the required 20 percent state match will be provided to the full extent of the available capitalization grant.

Table B
Kentucky CWSRF Sources and Uses of Funds for SFY 2025
Base Supplemental Program
 July 1, 2024 through June 30, 2025

Funding Sources	Federal Contribution	State Contribution	Total
FFY 2024 Supplemental Base Capitalization Grant	28,944,000	5,788,800	34,732,800
Total Funding Sources	28,944,000	5,788,800	34,732,800
Funding Uses			
Financial Assistance - Base Supplemental	27,207,360	5,788,800	32,996,160
FFY 2024 Administration - Supplemental Base (4%)	1,157,760		1,157,760
FFY 2024 Technical Assistance - Supplemental Base (2%)	578,880		578,880
Total Funding Uses	28,944,000	5,788,800	34,732,800

During the 2025 IUP funding cycle, KIA will have an estimated \$32,996,160 in the Base Supplemental Program available to fund eligible 2025 CWSRF projects.

Funding is provided from the FFY 2024 capitalization grant of \$28,944,000 and state match funds of \$5,788,800. Funding is reduced by capitalization grant administration and technical assistance funds of \$1,736,640 used by KIA and DOW to administer the CWSRF program and provide technical assistance to disadvantaged borrowers. Any administration or technical assistance funds that are not used or are transferred into the construction account will be reserved for use in a future year.

The \$5,788,800 state match is provided from bond proceeds from the sale of tax-exempt revenue bonds with debt service provided by the Commonwealth. If additional capitalization grant funding is made available, the required 20 percent state match will be provided to the full extent of the available capitalization grant.

Table C
Kentucky CWSRF Sources and Uses of Funds for SFY 2025
Emerging Contaminants Program
 July 1, 2024 through June 30, 2025

Funding Sources	Federal Contribution	Total
FFY 2024 Emerging Contaminants Capitalization Grant	2,707,000	2,707,000
Banked Prior Year Administration Funds (Emerging Contaminants)	153,400	153,400
Total Funding Sources	2,707,000	2,860,400
Funding Uses		
Financial Assistance - Emerging Contaminants	2,544,580	2,544,580
Banked Prior Year Administration Funds (Emerging Contaminants)	153,400	153,400
FFY 2024 Administration - Emerging Contaminants (4%)	108,280	108,280
FFY 2024 Technical Assistance - Emerging Contaminants (2%)	54,140	54,140
Total Funding Uses	2,860,400	2,860,400

During the 2025 IUP funding cycle, KIA will have an estimated \$2,544,580 in the Emerging Contaminants Program available to fund eligible 2025 CWSRF projects.

Funding is provided from the FFY 2024 capitalization grant of \$2,707,000. Funding is reduced by capitalization grant administration and technical assistance funds of \$162,420 used by KIA and DOW to administer the CWSRF program and provide technical assistance to disadvantaged borrowers. Any administration or technical assistance funds that are not used or are transferred into the construction account will be reserved for use in a future year. KIA and DOW will have \$153,400 in banked administrative funds from prior capitalization grants for administration of the program.

No state match is required for this capitalization grant.

PUBLIC PARTICIPATION

The draft 2025 CWSRF IUP including the PPL will be available for public review and comment on the KIA website at www.kia.ky.gov from June 13, 2024 through July 12, 2024. A public meeting will be held Thursday, June 27, 2024 at 2:00 p.m., EST as a virtual Zoom meeting, which will be accessible at the KIA website, at kia.ky.gov. Written comments may be submitted to Sandy Williams, Executive Director, by email to KIA.executivedirectors@ky.gov.

APPENDIX A

COMPREHENSIVE PROJECT PRIORITY LIST

2025 CWSRF Project Priority List for Base, Supplemental, and Emerging Contaminants

Loan Number	Applicant	Loan Package Title	Total Project Costs	Requested Loan Amount	Invited Loan Amount - Base	Cumulative Loan Amount - Base	Invited Loan Amount - Supplemental	Cumulative Loan Amount - Supplemental	Invited Loan Amount - EC	Cumulative Loan Amount - EC	Principal Forgiveness Amount	Utility Service Area MHI	Population	Green Amount	Green Category
A23-007E	Louisville and Jefferson County MSD	Paddy's Run Flood Pumping Station - Capacity Improvements	233,280,046	170,289,345	20,000,000	20,000,000			2,544,580	2,544,580		68,435	786,330	15,082,000	
A21-018	Frankfort, City of	East Frankfort Interceptor Phase III Wet Weather Facility	\$ 58,000,000	\$ 28,275,000	20,000,000	40,000,000						60,521	36,149	\$ 10,045,000	
A25-001	Kuttawa, City of	Kuttawa - Phase V SSES and Rehabilitation Project	1,264,400	1,264,000		40,000,000						68,232	994	0	
A25-002	Liberty, City of	WWTP, Pump Station Rehab, US 127 North Sewer & Collection System	3,500,000	3,500,000		40,000,000		0				30,564	2,227	2,100,000	
A25-003	Shepherdsville, City of	Shepherdsville WWTP Improvements and Hydraulic Expansion	25,983,000	12,331,313		40,000,000	12,331,313	12,331,313				71,261	14,959	6,367,000	
A25-004	Louisville and Jefferson County MSD	Oldham County - KSR WWTP Expansion & Mockingbird Valley WWTP Elimination	17,323,600	17,323,600		40,000,000		12,331,313				68,435	786,330	11,628,400	1
A25-005	Louisville and Jefferson County MSD	Bullitt County - Willabrook WWTP Elimination and Hampton Inn PS Rehabilitation	2,000,000	2,000,000		40,000,000		12,331,313				68,435	786,330	4,008,000	1
A25-006	Adairville, City of	Adairville Wastewater Treatment Plant Modifications and Improvements	4,869,000	4,869,000	4,869,000	44,869,000		12,331,313			2,033,071	36,737	863	525,000	1
A25-007	Olive Hill, City of	Olive Hill General Wastewater Improvements and Flood Control through Watershed Management	10,000,000	10,000,000	10,000,000	54,869,000		12,331,313			4,175,540	54,891	1,775	750,000	
A25-008	Princeton Water & Wastewater Commission	Princeton - WWTP Improvements-Grit Chamber and Sludge Holding Tank	13,600,000	13,600,000		54,869,000		12,331,313				46,348	6,108	3,500,000	
A25-009	Beattyville, City of	Sewer Lift Station Rehabilitation	1,075,000	1,075,000		54,869,000		12,331,313				28,255	3,138	1,800	
A25-010	Carrollton Utilities	Industrial Customer Expansion - Treatment Plant Expansion & Enhancement(ICE-TEE)	8,531,015	4,500,000	4,500,000	59,369,000		12,331,313			1,878,993	48,508	8,525	0	
A25-011	Hopkinsville Water Environment Authority	HWEA Phase IX Sewer Rehabilitation Priority 3 & 3A	7,044,050	7,044,050		59,369,000		12,331,313				43,613	41,964	0	
A25-012	Louisville and Jefferson County MSD	Bullitt County Collection System Rehabilitation	500,000	500,000		59,369,000		12,331,313				68,435	786,330	410,000	
A25-013	Wheelwright Utilities Commission	Wheelwright - Replacement of Sewer System	971,500	971,500	971,500	60,340,500		12,331,313			405,654	24,441	708	0	
A25-014	Springfield Water and Sewer Commission	Springfield Sewer Collection System Rehab Phase I and WWTP Improvements	3,013,500	4,606,050		60,340,500	4,606,050	16,937,363			1,923,275	49,263	2,872	10,000	
A25-015	Greenville Utilities Commission	Greenville - WWTP Improvements Project	41,225,000	34,657,000		60,340,500		16,937,363				67,822	5,352	0	
A25-016	Scottsville, City of	Scottville - Inflow and Infiltration Project - Phase 1	5,637,000	6,890,110		60,340,500	6,890,110	23,827,473			2,876,993	35,378	4,557	2,550,000	
A25-017	Louisville and Jefferson County MSD	Jefferson - Gunpowder Pump Stations Elimination	6,667,910	6,667,910		60,340,500		23,827,473				68,435	786,330	10,015,000	
A25-018	Whitesburg, City of	Whitesburg I&I Phase I	1,500,000	1,500,000		60,340,500	1,500,000	25,327,473			626,331	34,918	2,036	12,000	
A25-019	Edmonton, City of	WWTP Wet Weather Retention Improvements	977,500	977,500	977,500	61,318,000		25,327,473			408,159	47,477	1,643	85,300	
A25-020	Frankfort, City of	Frankfort Sewer Department FSD Prevention Park Pump Station Replacement	24,273,162	19,800,000		61,318,000		25,327,473				60,521	36,149	2,700,000	
A25-021	Frankfort, City of	FSD - Mero Flood Pump Station Renewal & Mero Sanitary Pump Stati	24,000,000	11,460,000		61,318,000		25,327,473				60,521	36,149	21,570,000	
A25-022	Morganfield, City of	Morganfield WWTP Rehabilitation & Expansion Project	1,280,000	1,280,000	1,280,000	62,598,000		25,327,473			534,469	58,056	4,907	2,850,000	
A25-023	Shepherdsville, City of	Shepherdsville Blue Lick Road Drainage & Sanitary Sewer Improvement Project	10,535,229	10,535,229		62,598,000	7,668,687	32,996,160				71,261	14,959	20,125,000	1
A25-024	Maysville, City of	Maysville -LTCP- WWTP Upgrade	9,306,000	9,306,000		62,598,000						41,092	8,564	526,500	
A25-025	Mercer County Sanitation District	M C S D - Gwinn Island Road Sanitary Sewer Extension	3,614,000	2,062,344		62,598,000						58,827	961	2,676,915	
A25-026	Hopkinsville Water Environment Authority	HWEA - Oak Grove Wastewater Treatment Plant Expansion - Construction	12,135,000	1,000,000	1,000,000	63,598,000					417,554	43,613	41,964	0	
A25-027	Hardinsburg, City of	Hardinsburg Sewer System Rehabilitation Phase 2	5,941,830	5,941,830		63,598,000						52,592	2,215	250,000	
A25-028	Martin County Sanitation District	Inez Wastewater System Improvement Project	4,836,550	4,836,550	4,836,550	68,434,550					2,019,521	38,804	1,208	0	
A25-029	Grant County Sanitary Sewer District	Wastewater Treatment Plant Upgrade	6,800,000	188,915								55,807	5,455	110,000	
A25-030	Louisville and Jefferson County MSD	Bullitt County - Pioneer Village Expansion	25,000,000	25,000,000								68,435	786,330	10,024,000	1
A25-031	West Liberty, City of	I&I Study and Sewer Line Replacement Project	2,489,722	2,000,000								47,601	2,790	1,503,622	
A25-032	Irvine, City of	City of Irvine Sanitary Sewer Improvements	3,053,000	3,053,000								34,546	4,527	110,000	
A25-033	Beattyville, City of	Wastewater Treatment Plant Rehab	2,000,000	1,775,397								28,255	3,138	0	
A25-034	Edmonton, City of	City of Edmonton - New Wastewater Treatment Plant	12,000,000	12,000,000								47,477	1,643	0	
A25-035	Regional Water Resource Agency	Locust Force Main Replacement/Rehabilitation	12,424,000	12,424,000								58,819	79,747	6,000,000	
A25-036	Guthrie, City of	Guthrie - WWTP Expansion	25,430,000	25,430,000								34,657	1,328	5,560,000	
A25-037	Monticello, City of	Sanitary Sewer Improvements - Phase 1 and Carter Road	8,772,000	8,772,000								42,840	6,137	0	
A25-038	Elizabethtown, City of	Elizabethtown WWTP Upgrade and Expansion	200,000,000	20,000,000								54,886	31,924	0	
A25-039	Franklin County Fiscal Court	Forks of Elkhorn Creek Sanitary Sewer Extension	3,430,000	3,430,000								60,521	36,149	0	

* Funding is being prioritized for projects requesting an increase to an existing SRF construction loan or multi-year loans.

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

2025 CWSRF Project Priority List for Base, Supplemental, and Emerging Contaminants

A25-040	Louisa, City of	Louisa: Wastewater Treatment Plant	12,867,000	2,000,000									49,355	3,789	870,000
A25-041	Danville, City of	Danville Spears Creek Lift Station and Force Main Improvements	10,610,000	10,610,000									48,192	21,739	0
A25-042	Regional Water Resource Agency	Dublin Tunnel Rehabilitation	5,524,000	5,524,000									58,819	79,747	0
A25-043	Henderson Water Utility	NWWTP Biosolids Reduction Upgrade - Screw Press Installation	6,200,000	3,572,000									47,004	28,538	5,000,000
A25-044	Cadiz, City of	Cadiz - Sewer System Rehabilitation Project	1,696,600	1,696,600									41,335	3,002	0
A25-045	Somerset, City of	New 1 MGD Industrial Park Wastewater Treatment Plant	11,584,000	11,584,000									35,940	13,357	60,000
A25-046	Hopkinsville Water Environment Authority	HWEA - Oak Grove-Good Hope Cemetery Road-Derby Park-Patton Place SME	4,150,133	4,150,133									43,577	31,180	0
A25-047	Martin County Sanitation District	Inez & Tug Valley WWTP 2022 Improvements Project	685,625	685,625									38,804	1,208	0
A25-048	Danville, City of	Perryville Wastewater Treatment Plant Ugrades Phase II	503,250	503,250									48,192	21,739	503,250
A25-049	Monticello, City of	Trunk Sewer Replacement	13,313,000	13,313,000									42,840	6,137	0
A25-050	Cloverport, City of	Cloverport Wastewater Plant	4,972,750	4,972,750									33,250	1,073	700,000
A25-051	Paducah McCracken County Joint Sewer Agency	LTCP Project #3 Phase 2	8,220,000	8,220,000									53,491	45,964	50,000
A25-052	Somerset, City of	City of Somerset Wastewater Treatment Plant Upgrades - Pretreatment and Sludge Disposal	21,480,000	21,480,000									35,940	13,357	0
A25-053	Scottsville, City of	City of Scottsville - Pump Station Replacement Project	3,961,000	3,961,000									35,378	4,557	0
A25-054	Smithland, City of	Smithland Sewer Rehabilitation	2,000,000	2,000,000									63,829	280	1,082,350
A25-055	Bardstown, City of	Town Creek Pump Station & FM Upgrade	4,736,200	4,736,200									52,344	18,522	100,000
A25-056	Mortons Gap, City of	Mortons Gap - Sewer System Rehabilitation Project	2,735,000	2,735,000									39,789	781	1,741,000
A25-057	Danville, City of	Danville - Wastewater Treatment Plant Improvements Phase 2	17,673,000	17,673,000									48,192	21,739	300,000
A25-058	Lancaster, City of	City of Lancaster Sanitary Sewer Extension	2,836,738	2,000,000									45,703	4,029	0
A25-059	Lexington-Fayette Urban County Government	LFUCG - North Elkhorn Wet Weather Storage Tank	16,566,000	16,566,000									66,107	311,463	0
A25-060	Sandy Hook, City of	Little Sandy Correctional Facility Sewer Service Improvements (Wastewater Plant Renovation)	3,106,364	874,500									21,846	728	0
A25-061	Salyersville Water Works	Phase II Grinder Pump Replacement	685,000	685,000									31,578	3,037	0
A25-062	Middlesboro, City of	Middlesboro WWTP Improvements - Phase 2	1,563,000	1,563,000									35,378	9,500	0
A25-063	Kuttawa, City of	Kuttawa - Lift Station Rehabilitation	431,000	431,000									68,232	994	0
A25-064	Fleming-Neon, City of	Haymond Force Main Replacement Project	5,600,000	5,432,703									54,475	2,308	0
A25-065	Catlettsburg, City of	Catlettsburg: WWTP Improvements - Design and Bidding, Monitoring	1,250,000	1,250,000									39,971	2,329	0
A25-066	Morganfield, City of	Morganfield Trunk Sewer Replacement	8,827,000	8,827,000									58,056	4,907	0
A25-067	Morehead, City of	MUPB - Bluestone Wastewater Line Replacement Project	2,022,375	2,022,375									45,746	16,051	1,240,000
A25-068	Booneville, City of	Booneville Sewer Force Main Re-Direction Project	1,000,000	750,000									34,551	1,047	0
A25-069	Island, City of	Sewer System Rehabilitation Project	250,000	250,000									51,674	494	0
A25-070	Albany, City of	Albany WWTP Replacements & Improvements	1,590,000	1,590,000									39,747	2,151	0
A25-071	Grayson Utilities Commission	Sanitary Sewer Rehab	2,560,000	2,560,000									30,314	4,614	0
A25-072	London Utility Commission	L U C Wastewater Treatment Plant Expansion	12,954,000	12,954,000									52,621	11,881	0
A25-073	Booneville, City of	Booneville I&I Replacement Project - Phase 2	1,700,000	1,700,000									34,551	1,047	0
A25-074	Morganfield, City of	Morganfield WWTP Grit Removal System	1,060,000	1,060,000									58,056	4,907	850,000
A25-075	Morganfield, City of	Peracetic Acid Contact Tank Replacement	1,060,000	1,060,000									58,056	4,907	0
A25-076	Science Hill, City of	Science Hill Wastewater Treatment Plant Upgrades	3,100,000	2,309,906									38,739	1,159	0
A25-077	Hopkinsville Water Environment Authority	HWEA- Rockbridge Interceptor	12,624,576	12,624,576									43,613	41,964	0
A25-078	Morgantown, City of	Wastewater Treatment Plant Improvements- Phase 1	216,000	216,000									29,099	2,468	0
A25-079	South Shore, City of	South Shore: Upgrade McKell Lift Station	575,000	425,000									37,268	2,190	0
A25-080	Kuttawa, City of	Kuttawa - US 62 & WWTP Influent Lift Station Improvements	514,800	514,800									68,232	994	0
A25-081	Paducah McCracken County Joint Sewer Agency	Woodlawn WWTP Expansion	7,060,000	7,060,000									53,491	45,964	0
A25-082	Stanford, City of	Stanford Sewer Rehabilitation - Phase I	2,020,000	1,400,000									54,570	4,651	1,600,000
A25-083	Louisa, City of	Louisa System Consolidation	3,500,000	3,500,000									49,355	3,789	0
A25-084	Harrodsburg, City of	Harrodsburg - Sanitary Sewer Extensions	4,062,000	4,062,000									49,903	9,242	0
A25-085	Bardstown, City of	Withrow Creek Upgrade	8,368,610	8,368,610									52,344	18,522	0
A25-086	Russell Springs, City of	Gentry Mill & West KY 80 Sewer Rehabilitation	1,048,000	1,048,000									42,533	4,630	0
A25-087	Frankfort, City of	Silverlake Pump Station Replacement	2,921,687	2,921,687									60,521	36,149	30,000

* Funding is being prioritized for projects requesting an increase to an existing SRF construction loan or multi-year loans.

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

2025 CWSRF Project Priority List for Base, Supplemental, and Emerging Contaminants

A25-132	Lexington-Fayette Urban County Government	LFUCG - Greenbriar 2 Pump Station	2,383,700	2,383,700								66,107	311,463	0
A25-133	Jackson, City of	KY 15 Sewer Extension	439,000	439,000								33,238	2,966	0
A25-134	Salyersville, City of	Allen Drive Lift Station	260,000	260,000								31,578	3,037	0
A25-135	Hopkinsville Water Environment Authority	Commerce Park II SLE, SPS, & FM	31,500,000	31,500,000								43,613	41,964	0
A25-136	Albany, City of	Albany Bypass Sewer System Extension	1,100,000	1,100,000								39,747	2,151	0
A25-137	Frankfort, City of	E.C. McManis WWTP Class A Biosolids Improvements	20,834,000	12,200,000								60,521	36,149	0
A25-138	Hardinsburg, City of	Hardinsburg Hwy 60 East Sewer Extensions	5,748,050	5,748,050								52,592	2,215	0
A25-139	Central City Municipal Water & Sewer System	Central City - Bremen Gravity Sewer System	2,875,000	2,875,000								52,080	5,694	2,230,000
A25-140	Raceland, City of	Poplar Highlands Sewer Expansion	3,536,140	3,536,140								60,316	2,305	0
A25-141	Mortons Gap, City of	Mortons Gap - Lift Station and Sewer Pump Improvements	775,000	775,000								39,789	781	0
A25-142	Smithland, City of	Smithland Lagoon Rehabilitation Project	1,203,000	1,203,000								63,829	280	0
			\$ 1,278,965,677	\$ 922,374,245										\$ 189,659,637

* Funding is being prioritized for projects requesting an increase to an existing SRF construction loan or multi-year loans.

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

APPENDIX B

PRIORITY SYSTEM GUIDANCE DOCUMENT

Priority System Guidance Document

For Eligible Infrastructure Projects
To Be Funded By The

**KENTUCKY CLEAN WATER STATE REVOLVING FUND
2025 Funding Cycle**



ENERGY AND
ENVIRONMENT CABINET

Department for Environmental Protection
Division of Water

300 Sower Boulevard
Frankfort, KY 40601
Phone: 502-564-3410
water.ky.gov

Table of Contents

I.	Introduction	1
II.	Identifying and Ranking Water Quality Priorities	2
	A. Project Needs	2
	B. Regionalization	4
	C. Compliance and Enforcement.....	5
	D. Water Quality	5
	E. Disadvantaged Community Financial Need	7
	F. Asset Management.....	7
	G. Cyber Security	8
	H. Green Projects	8
	I. Project Readiness.....	13
III.	Summary of Points System Used to Establish Project Priority Ranking	14
IV.	Developing and Updating the Project Priority List and Intended Use Plan	18
V.	Eligible Project Applicants	19
VI.	References	19
VII.	Kentucky Division of Water State Priority Watersheds	20
VIII.	319h Funded Watershed-Based Plans in Kentucky.....	26

I. Introduction

The Federal Water Pollution Control Act of 1956 provided a strong role for the federal government in the construction of publicly owned wastewater treatment works. The amendments enacted in 1972, commonly referred to as the Clean Water Act (CWA), expanded the level of federal aid and increased the federal grant share in an effort by Congress to speed up the pace of construction of wastewater treatment facilities and eliminate the backlog of needed facilities. The 1977 Amendments to the Clean Water Act directed the Environmental Protection Agency (EPA) to delegate most of its construction grants management functions to the states. EPA continued to provide funds for grants to local governments to construct wastewater treatment facilities through federal fiscal year (FFY) 1990. The Water Quality Act of 1987, which amended the CWA, authorized EPA to make capitalization grants to each state for the purpose of establishing a water pollution control revolving fund for providing financial assistance for projects designed to protect and restore water quality, including publicly owned treatment works (POTWs), nonpoint source pollution control, and estuary management. EPA made capitalization grants beginning in FFY 1987. However, when federal funding ends, the Clean Water State Revolving Fund (CWSRF) is to be maintained in perpetuity by the state in place of federal participation.

The Kentucky General Assembly enacted House Bill 217 during the 1988 legislative session, which established the CWSRF as an enduring and viable fund. This fund is intended to allow the Commonwealth of Kentucky to qualify for the federal CWSRF capitalization grants. The CWA requires, in section 602, a state match to be deposited into the CWSRF of an amount equal to at least 20 percent of the total amount of all capitalization grants which will be made to the State.

The CWSRF may fund projects for construction of publicly owned treatment works as defined in section 212 of the Clean Water Act, including stormwater projects. Amendments to the program will also allow funding of projects for: decentralized systems; storm water or subsurface drainage water; water conservation, efficiency, or reuse; watershed projects as defined in section 122; energy consumption; reuse or recycling of wastewater, stormwater, or subsurface drainage water; security; and assistance by nonprofit agencies. The CWSRF may also fund nonpoint source pollution control activities which implement the U.S. EPA-approved *Kentucky Nonpoint Source Management Plan: A Strategy for 2019-2023* (Kentucky Division of Water, 20019) required under Section 319 of the Clean Water Act, which lists specific activities for controlling nonpoint source pollution impacts and identifies responsible implementing agencies and potential/available funding sources.

The purpose of this document is to outline the Division of Water's (DOW) project selection and ranking criteria which shall be used to establish project priority ranking in the annual CWSRF Intended Use Plan (IUP). This document complies with EPA's *Integrated Planning and Priority Setting in the Clean Water State Revolving Fund* guidance (EPA-832-R-01-002 March 2001), which states, "An integrated planning and priority setting system is effective if it ensures that CWSRF-funded projects address high priority water quality problems. Four actions are key to its success: identifying water quality priorities, assessing the CWSRF role, undertaking outreach efforts, and selecting priority projects."

DOW is committed to reassessing the Integrated Project Priority Ranking Criteria and Points System upon the completion of the initial review and ranking process and development of the Project Priority List. Modifications may be made to the criteria and points system if it is determined this process does not meet EPA's guidance for utilizing the CWSRF to address the high priority water quality problems.

II. Identifying and Ranking Water Quality Priorities

According to the March 2001 EPA IPPS guidance:

“Water quality priorities provide a context for the activities of the CWSRF program. CWSRF resources should address these priorities in the most efficient manner possible. State water quality priorities also provide a valuable standard against which a state can measure the success of its water quality programs, i.e., has the state used its resources to address its highest water quality priorities?”

A state’s water quality program should be the CWSRF’s major resource in identifying the state’s water quality priorities. A water quality program has typically developed its understanding of the state’s priorities by considering water quality information from many sources. Familiarity with these sources of water quality information is also useful to the CWSRF during the development of project ranking systems.”

DOW operates several water quality programs that have proven useful to identify criteria for ranking projects in the context of CWSRF funding priority.

All surface waters in Kentucky are assessed based on a five-year, rotating watershed basin cycle. Assessment data and narrative explanations are compiled into the 305(b) Report to Congress. Section 303(d) of the CWA requires each state to list those waters within its boundaries for which technology based effluent limitations are not stringent enough to protect any water quality standard applicable to such waters. The 303(d) List of Waters identifies all waters assessed as "impaired" for one or more pollutants, and are therefore waters not "meeting the water quality standard." Listed waters are prioritized with respect to designated use classifications and the severity of pollution. The 305(b) report and 303(d) list are now published together in the *Integrated Report to Congress on Water Quality in Kentucky* <https://eec.ky.gov/Environmental-Protection/Water/Monitor/Pages/IntegratedReportDownload.aspx>.

Kentucky is required to develop Total Maximum Daily Loads (TMDLs) for those water bodies that are not meeting water quality standards. The TMDL process establishes the allowable loadings of pollutants or other quantifiable parameters for a waterbody based on the relationship between point and nonpoint pollution sources and in-stream water quality conditions. See the following website for approved TMDLs <https://eec.ky.gov/Environmental-Protection/Water/Protection/TMDL/Pages/Approved-TMDLs.aspx>

As required in 200 KAR 17:050, the cabinet must determine the priority for funding eligible projects to be included on the Project Priority List based on criteria established pursuant to 33 U.S.C. 1296, which states that projects should be designed to achieve optimum water quality management consistent with public health and water quality goals, and the following:

A. Project Needs

A project is awarded points based on the importance of the need in addressing a water quality or public health problem. Each of the need categories are defined in this section.

Criterion #1: Combined Sewer Overflow (CSO) Correction- Correction measures used to achieve water quality objectives by preventing or controlling periodic discharges of a mixture of stormwater and untreated wastewater (combined sewer overflows) that occur when the capacity of a sewer system is exceeded.

Points Received: 40

Criterion #2: Sanitary Sewer Overflow (SSO) Correction- Control of sanitary sewer overflows caused by undersized lines and/or excessive infiltration and inflow into the sanitary sewer collection system. Sanitary sewer overflow refers to overflow, spill, release, or discharge of untreated or partially treated wastewater from a sanitary sewer system.

Points Received: 30

Criterion #3: Replacement or Rehabilitation of Aging Infrastructure, including correction of moderate infiltration and inflow (i.e., no associated SSO)- The problem of water penetration into a sewer system from the ground through such means as defective pipes or manholes or from sources such as drains, storm sewers, and other improper entries into the systems is referred to as infiltration and inflow (I/I). Reinforcement or reconstruction of structurally deteriorating sewers and pipes used to collect and convey wastewater by gravity or pressure flow to a common point are projects designed to correct I/I (i.e., no associated SSO) go under this criterion.

Points Received: 50

Criterion #4: New Treatment Plant- Construction of a new facility including any devices and systems used in the storage, treatment, recycling or reclamation of municipal sewage, sewage sludge, and biosolids, or industrial waste.

Points Received: 10

Criterion #5: New Collector Sewers and Appurtenances- Install new pipes used to collect and carry wastewater from a sanitary or industrial wastewater source to an interceptor sewer that will convey the wastewater to a treatment plant.

Points Received: 10

Criterion #6: Decentralized Wastewater Treatment Systems- This includes onsite, mound, and/or cluster treatment systems that process household and/or commercial sewage that may include, but are not limited to, septic systems, disposal beds, and packaged wastewater treatment plants configured to treat and dispose of wastewater without offsite discharge. Often the wastewater is percolated into the soil through infiltration beds or trenches or is disposed by irrigation or other means.

Points Received: 20

Criterion #7: Upgrade to Advanced Treatment- Upgrade of a facility to a level of treatment that is more stringent than secondary treatment or produces a significant reduction in nonconventional pollutants.

Points Received: 20

Criterion #8: Emerging Contaminants- Eligible projects may include but are not limited to monitoring, testing, outreach, and mitigation programs associated with addressing emerging contaminants in solids, collection systems, indirect dischargers, and effluent.

Points Received: 100

Criterion #9: Optimization of Existing Treatment Plant- Rehabilitation, upgrades, improvements, or expansion of existing treatment plant.

Points Received: 50

Criterion #10: New Interceptors and Appurtenances- Install new major sewer lines receiving wastewater flows from collector sewers. The interceptor sewer carries wastewater directly to the treatment plant or another interceptor.

Points Received: 10

Criterion #11: Storm Water Control- Storm water is defined as runoff water resulting from precipitation. Includes activities to plan and implement municipal storm water management programs with environmental benefits pursuant to National Pollutant Discharge Elimination System permits for discharges from municipal separate storm sewer systems.

Points Received: 20

Criterion #12: Nonpoint Source (NPS) Pollution Control- NPS projects may include, but are not limited to, stream restoration, Best Management Practices, and land purchases.

Points Received: 20

Criterion #13: Recycled Water Distribution- Projects may include, but are not limited to, the recycling of nonpotable water or reclaimed water for irrigation and other nonpotable uses.

Points Received: 10

Criterion #14: Planning- Developing plans to address water quality and water quality-related public health problems that are supported by sound science and appropriate technology. Examples included Watershed-Based Plan, Total Maximum Daily Load Implementation Plans and Long-term Control Plans for Combined Sewer Overflow (CSO).

Points Received: 10

Criterion #15: Other- Any project that does not meet the list of project needs definitions and/or standards provided above. If the project is to conduct optimization studies for technology-based limits for nutrients the project will receive 50 points*. Project need must be provided.

Points Received: 10 or 50*

B. Regionalization

Criterion #1: Will this project provide regionalization and/or consolidation of wastewater treatment systems?

This question addresses regionalized wastewater treatment approaches which may significantly minimize wastewater impacts. Regionalization occurs when smaller systems integrate part or all of their wastewater management systems to reduce costs, improve service, and maintain regulatory compliance. Smaller systems, regardless of ownership status, lack economies of scale and often have a difficult time finding the capital and human resources required to comply with stringent water quality standards to remain viable. Regionalized wastewater treatment approaches may significantly minimize wastewater impacts, resulting in a reduced number of KPDES discharges. This includes projects that will combine one or more existing treatment plants, result in the abandonment of one or more wastewater treatment plants and connection to an existing wastewater treatment plant, acquisitions of smaller systems by larger systems, and mergers between utilities. Project must reduce the number of KPDES discharges.

Points Received: 20

Criterion # 2: Will this project eliminate a package treatment plant that is more than 25 years old?

Points Received: 25

Criterion # 3: Will this project eliminate a package treatment plant that has received notices of violations resulting in degradation of waters of Commonwealth within the last two state fiscal years?

Points Received: 25

C. Compliance and Enforcement

Criterion #1: Is the project necessary to achieve full or partial compliance with a court order, or a judicial or administrative consent decree?

Points Received: 50

Criterion #2: Primary system has not received any CWA Notices of Violation within the previous state fiscal year.

Points Received: 25

D. Water Quality

Criterion #1: Will the project implement an approved Total Maximum Daily Load (TMDL) for impaired waterbodies?

Is the project located on a stream having an approved TMDL? See the following website for approved TMDLs <https://eec.ky.gov/Environmental-Protection/Water/Protection/TMDL/Pages/Approved-TMDLs.aspx>

Points Received: 10

Criterion #2: Will the project address existing or projected nutrient TMDL?

Is the TMDL established for nutrients or is the stream nutrient impaired? Refer to the DOW website for impairment/TMDL information <https://eec.ky.gov/Environmental-Protection/Water/Protection/TMDL/Pages/Approved-TMDLs.aspx>

Points Received: 30

Criterion #3: Will the project implement any part of an approved Watershed Plan?

Please refer to list of approved watershed plans in Section VIII. [DOW Priority Watersheds \(arcgis.com\)](http://www.dow.state.ky.us/arcgis.com)

Points Received: 10

Criterion #4: Will the project make reasonable progress towards eliminating identified pollutant sources for waterbodies that appear in the *Integrated Report to Congress on Water Quality in Kentucky*?

This question addresses the state's goal to improve water quality in impaired waterbodies. The Integrated Report and maps are available on DOW's website. <https://eec.ky.gov/Environmental-Protection/Water/Monitor/Pages/IntegratedReportDownload.aspx>.

The reports list the impaired waterbodies with the pollutants of concern and probable sources of the pollutants.

Points Received: 20 for each pollutant-water body combination addressed

Criterion #5: Will the project eliminate existing or potential sources of pollution in groundwater sensitivity areas?

This question considers the importance of groundwater as one of Kentucky's vital resources as a source of drinking water, a source for industrial and agricultural use, and the source of sustained base flow in most streams. Groundwater is classified according to its sensitivity to pollution on a scale from 1 (lowest) to 5 (highest). Groundwater data is available for download at <http://kygeonet.ky.gov/metadataexplorer/>.

Points Received: 15 if project is in a 4 or 5 sensitivity area

Points Received: 10 if project is in a 2.5 or 3 sensitivity area

Criterion #6: Will the project eliminate existing or potential sources of pollution in an identified SWAPP zone or WHPA?

Each public water system (PWS) must develop a Source Water Assessment and Protection Plan (SWAPP) which delineates its drinking water source protection area, called SWAPP zones or Wellhead Protection Areas (WHPA), and potential sources of contamination within those areas. Look up SWAPP and WHPA areas in the Watershed Viewer at

<https://kygis.maps.arcgis.com/apps/webappviewer/index.html?id=c2324b998e78433aaf9e6a3d7ad9f86a>

Points Received: 10 for each SWAPP Zone 1 or WHPA Zone 3

Points Received: 7 for each SWAPP Zone 2 or WHPA Zone 2

Points Received: 3 for each SWAPP Zone 3 or WHPA Zone 1

Criterion #7: Will the project make reasonable progress towards eliminating identified pollutant sources of water quality impairments within an identified DOW Priority Watershed?

The Division of Water has developed a list of state priority watersheds at the HUC12 level. Refer to the list of Kentucky Division of Water State Priority Watersheds in Section VII. <https://kygis.maps.arcgis.com/apps/webappviewer/index.html?id=773b89336b914f909ad7036f7b1efd80>

Points Received: 30

Criterion #8: Will the project protect Special Use Waters?

This question considers the importance of protecting special waters in Kentucky. Special Use Waters are rivers, streams and lakes listed in Kentucky Administrative Regulations (<https://apps.legislature.ky.gov/law/kar/TITLE401.HTM>) as Cold Water Aquatic Habitat (401 KAR 10:031 Section 4), Exceptional Waters (401 KAR 10:030 Section 1), Reference Reach Waters (401 KAR 10:030 Section 1), Outstanding State Resource Waters (401 KAR 10:031 Section 8), Outstanding National Resource Waters (401 KAR 10:030 Section 1), State Wild Rivers (Kentucky Wild Rivers Act of 1972), and Federal Wild and Scenic Rivers (Wild and Scenic Rivers Act, PL 90-542). https://eec.ky.gov/Nature-Preserves/conserving_natural_areas/wild-rivers/Pages/default.aspx

Points Received: 10

Criterion #9: Will the project eliminate existing or potential sources of contamination within a 5-mile radius of a drinking water source location?

This question considers the importance of protecting drinking water supplies from potential contaminant sources.

Points Received: 10

Criterion #10: Will the project eliminate failing on-site septic tanks or straight pipes?

This question considers the importance of protecting groundwater and surface water quality from potential contaminant sources.

Points Received: 15

E. Disadvantaged Community Financial Need

This section of the project ranking criteria considers the importance or the ability of facilities/systems to acquire and manage sufficient financial resources to achieve and maintain regulatory compliance. Project-based census data may be used if provided by the applicant.

Points will be given if the project is in an area of Kentucky where the Median Household Income (MHI) is below 80 percent of the Commonwealth's MHI as determined by the American Community Survey (ACS) 5-Year Estimate.

Points Received: 50

Points will be given if the project is an area with a MHI between 80 and 100 percent of the Commonwealth's MHI as determined by the ACS 5 Year Estimate.

Points Received: 30

F. Planning

Criterion #1: Points can be applied in this category if the water system has a documented asset management plan, which includes an asset inventory, strategic plan, and capital improvement plan. Points can be applied for each component of an asset management plan. Supporting documents must be uploaded into the WRIS or submitted independently to the Division of Water for verification.

The intent of providing priority points in this category is to encourage water systems to develop and implement asset management planning. A complete inventory of assets is not required in order to obtain points in this category. However, water systems should have an established inventory of known assets and be actively updating their asset inventory as unknown assets are discovered and new assets are added. The DOW must verify documentation of an asset management plan implemented by the public water system in order to receive points in this category. The asset management plan or a letter verifying implementation of an asset management plan are both acceptable and may be uploaded into the WRIS or sent to the DOW.

Asset Management Plan

- **Asset Inventory:** a list of above and below ground assets, which, includes as available the date constructed/installed, identifying information, location, remaining useful life, condition, estimated cost to replace, and priority rating, based on criticality.
Points Received: 20
- **Strategic Plan:** at a minimum, must include a mission statement, level of service goals for the system that are SMART (Specific, Measurable, Attainable, Realistic, and Time-bound), and preventive maintenance program.
Points Received: 20

- **Capital Improvement Plan:** a list of capital projects for the next five (5) years or more which includes project title, anticipated year of construction, cost estimate, and sources of potential funding.
Points Received: 20

Criterion #2: Monthly bill, based on 4,000 gallons, as a percentage of system-wide or project-based census data Median Household Income is:

Greater than or equal to 2%	Points Received: 10
Between 1 and 1.99%	Points Received: 5
Below 1%	Points Received: 0

Criterion #3: System financial audits System has a completed financial audit for each of the last three years proposed projects not meeting this requirement may be ineligible for the DWSRF. System must submit verification that audits have been conducted.
Points Received: 1

Criterion #4: System has specifically allocated funds for the rehabilitation and replacement of aging and deteriorating infrastructure (The funds allocated to the current sinking fund account should not be a requirement of an existing loan, but a good business practice). To obtain points under this category supporting documents must be uploaded in WRIS (i.e. approved budget).
Points Received: 25

G. Cyber Security

Points are awarded for the installation of cyber security to protect against the unauthorized use of systems, networks, programs, and devices.
Points Received: 5

H. Green Projects

The following four categories will be considered incentives by the Kentucky Division of Water, and projects that incorporate components from any of the categories will receive bonus points. ***Projects with an “*” may require business case.***

1. Green Infrastructure:

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

Examples:

- *Implementation of green streets (combinations of green infrastructure practices in transportation rights-of-ways), for either new development, redevelopment or retrofits including: permeable pavement, bioretention, trees, green roofs, and other practices such as constructed wetlands that*

can be designed to mimic natural hydrology and reduce effective imperviousness at one or more scales. Vector trucks and other capital equipment necessary to maintain green infrastructure projects.

- *Wet weather management systems for parking areas including: permeable pavement, bioretention, trees, green roofs, and other practices such as constructed wetlands that can be designed to mimic natural hydrology and reduce effective imperviousness at one or more scales. Vector trucks and other capital equipment necessary to maintain green infrastructure projects.*
- *Implementation of comprehensive street tree or urban forestry programs, including expansion of tree boxes to manage additional stormwater and enhance tree health.*
- *Stormwater harvesting and reuse projects, such as cisterns and the systems that allow for utilization of harvested stormwater, including pipes to distribute stormwater for reuse.*
- *Downspout disconnection to remove stormwater from sanitary, combined sewers and separate storm sewers and manage runoff onsite.*
- *Comprehensive retrofit programs designed to keep wet weather discharges out of all types of sewer systems using green infrastructure technologies and approaches such as green roofs, green walls, trees and urban reforestation, permeable pavements and bioretention cells, and turf removal and replacement with native vegetation or trees that improve permeability.*
- *Establishment or restoration of permanent riparian buffers, floodplains, wetlands and other natural features, including vegetated buffers or soft bioengineered stream banks. This includes stream day lighting that removes natural streams from artificial pipes and restores a natural stream morphology that is capable of accommodating a range of hydrologic conditions while also providing biological integrity. In highly urbanized watersheds this may not be the original hydrology.*
- *Projects that involve the management of wetlands to improve water quality and/or support green infrastructure efforts (e.g., flood attenuation).*
 - *Includes constructed wetlands.*
 - *May include natural or restored wetlands if the wetland and its multiple functions are not degraded and all permit requirements are met.*
- *The water quality portion of projects that employ development and redevelopment practices that preserve or restore site hydrologic processes through sustainable landscaping and site design.*
- *Fee for simple purchase of land or easements on land that has a direct benefit to water quality, such as riparian and wetland protection or restoration.*
- *Fencing to keep livestock out of streams and stream buffers. Fencing must allow buffer vegetation to grow undisturbed and be placed a sufficient distance from the riparian edge for the buffer to function as a filter for sediment, nutrients and other pollutants.**

Points Received: 10 each / maximum 50

Projects That Do Not Meet the Definition of Green Infrastructure:

- Stormwater controls that have impervious or semi-impervious liners and provide no compensatory evapotranspirative or harvesting function for stormwater retention.
- Stormwater ponds that serve an extended detention function and/or extended filtration. This includes dirt lined detention basins.

- In-line and end-of-pipe treatment systems that only filter or detain stormwater.
- Underground stormwater control and treatment devices such as swirl concentrators, hydrodynamic separators, baffle systems for grit, trash removal/floatables, oil and grease, inflatable booms and dams for in-line underground storage and diversion of flows.
- Stormwater conveyance systems that are not soil/vegetation based (swales) such as pipes and concrete channels.
- Hardening, channelizing or straightening streams and/or stream banks.
- Street sweepers, sewer cleaners, and vactor trucks unless they support green infrastructure projects.

2. Water Efficiency:

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

Examples:

- *Installing or retrofitting water efficient devices, such as plumbing fixtures and appliances*
 - *For example -- shower heads, toilets, urinals and other plumbing devices*
 - *Implementation of incentive programs to conserve water such as rebates.*
- *Installing any type of water meter in previously unmetered areas*
 - *If rate structures are based on metered use*
 - *Can include backflow prevention devices if installed in conjunction with water meter*
- *Replacing existing broken/malfunctioning water meters, or upgrading existing meters, with:*
 - *Automatic meter reading systems (AMR), for example: Advanced metering infrastructure (AMI), Smart meters*
 - *Meters with built in leak detection*
 - *Can include backflow prevention devices if installed in conjunction with water meter replacement*
- *Retrofitting/adding AMR capabilities or leak detection equipment to existing meters (not replacing the meter itself).*
- *Water audit and water conservation plans, which are reasonably expected to result in a capital project.*
- *Recycling and water reuse projects that replace potable sources with non-potable sources,*
 - *Gray water, condensate and wastewater effluent reuse systems (where local codes allow the practice)*
 - *Extra treatment costs and distribution pipes associated with water reuse.*
- *Retrofit or replacement of existing landscape irrigation systems with more efficient landscape irrigation systems, including moisture and rain sensing equipment.*
- *Retrofit or replacement of existing agricultural irrigation systems with more efficient agricultural irrigation systems.*
- *Water meter replacement with traditional water meters.**
- *Projects that result from a water audit or water conservation plan.**
- *Storage tank replacement/rehabilitation to reduce loss of reclaimed water.**
- *New water efficient landscape irrigation system (where there currently is not one).**

- *New water efficient agricultural irrigation system (where there currently is not one).**

Points Received: 15 each/ no maximum

Projects That Do Not Meet the Definition of Water Efficiency:

- Agricultural flood irrigation.
- Lining of canals to reduce water loss.
- Replacing drinking water distribution lines.
- Leak detection equipment for drinking water distribution systems, unless used for reuse distribution pipes.

3. Energy Efficiency:

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

Examples:

- *Renewable energy projects such as wind, solar, geothermal, micro-hydroelectric, and biogas combined heat and power systems (CHP) that provide power to a POTW. Micro-hydroelectric projects involve capturing the energy from pipe flow.*
 - *POTW owned renewable energy projects can be located onsite or offsite.*
 - *Includes the portion of a publicly owned renewable energy project that serves POTW's energy needs.*
 - *Must feed into the grid that the utility draws from and/or there is a direct connection.*
- *Collection system Infiltration/Inflow (I/I) detection equipment*
- *POTW energy management planning, including energy assessments, energy audits, optimization studies, and sub-metering of individual processes to determine high energy use areas, which are reasonably expected to result in a capital project are eligible.*
- *POTW projects or unit process projects that achieve energy efficiency improvement. Retrofit projects should compare energy used by the existing system or unit process to the proposed project. The energy used by the existing system should be based on name plate data when the system was first installed, recognizing that the old system is currently operating at a lower overall efficiency than at the time of installation. New POTW projects or capacity expansion projects should be designed to maximize energy efficiency and should select high efficiency premium motors and equipment where cost effective. Estimation of the energy efficiency is necessary for the project to be counted toward Green Project Reserve (GPR).**
- *Projects implementing recommendations from an energy audit.**
- *Projects that cost effectively eliminate pumps or pumping stations.**
- *Infiltration/Inflow (I/I) correction projects that save energy from pumping and reduced treatment costs and are cost effective*.*
- *Projects that count toward GPR cannot build new structural capacity. These projects may, however, recover existing capacity by reducing flow from I/I.**
- *Replacing pre-Energy Policy Act of 1992 motors with National Electric Manufacturers Association (NEMA) premium energy efficiency motors.**
- *Upgrade of POTW lighting to energy efficient sources such as metal halide pulse start technologies, compact fluorescent, light emitting diode (LED).**
- *Supervisory Control And Data Acquisition (SCADA) systems can be justified based upon substantial energy savings.**

- *Variable Frequency Drive can be justified based upon substantial energy savings.**
- Points Received: 15 each/ no maximum**

Projects That Do Not Meet the Definition of Energy Efficiency:

- Renewable energy generation that is *privately* owned or the portion of a publicly owned renewable energy facility that does not provide power to a POTW, either through a connection to the grid that the utility draws from and/or a direct connection to the POTW.
- Simply replacing a pump, or other piece of equipment, because it is at the end of its useful life, with something of average efficiency.
- Facultative lagoons, even if integral to an innovative treatment process.
- Hydroelectric facilities, except micro-hydroelectric projects. Micro-hydroelectric projects involve capturing the energy from pipe flow.

4. Environmentally Innovative:

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

Examples:

- *Total/integrated water resources management planning likely to result in a capital project.*
- *Utility Sustainability Plan consistent with EPA SRF's sustainability policy.*
- *Greenhouse gas (GHG) inventory or mitigation plan and submission of a GHG inventory to a registry (such as Climate Leaders or Climate Registry)*
- *Planning activities by a POTW to prepare for adaptation to the long-term effects of climate change and/or extreme weather.*
- *Construction of US Building Council Leadership in Energy and Environmental Design (LEED) certified buildings or renovation of an existing building on POTW facilities.*
- *Decentralized wastewater treatment solutions to existing deficient or failing onsite wastewater systems.*
- *Constructed wetlands projects used for municipal wastewater treatment, polishing, and/or effluent disposal.**
- *Projects or components of projects that result from total/integrated water resource management planning consistent with the decision criteria for environmentally innovative projects and that are Clean Water SRF eligible.**
- *Projects that facilitate adaptation of POTWs to climate change identified by a carbon footprint assessment or climate adaptation study.**
- *POTW upgrades or retrofits that remove phosphorus for beneficial use, such as biofuel production with algae.**
- *Application of innovative treatment technologies or systems that improve environmental conditions and are consistent with the Decision Criteria for environmentally innovative projects such as:*
 - *Projects that significantly reduce or eliminate the use of chemicals in wastewater treatment;*
 - *Treatment technologies or approaches that significantly reduce the volume of residuals, minimize the generation of residuals, or lower the amount of chemicals in the residuals. Includes composting, class A and other sustainable biosolids management approaches.*
- *Educational activities and demonstration projects for water or energy efficiency.**

- *Projects that achieve the goals/objectives of utility asset management plans.**
- *Sub-surface land application of effluent and other means for ground water recharge, such as spray irrigation and overland flow.**
- *Spray irrigation and overland flow of effluent is not eligible for GPR where there is no other cost effective alternative.*

Points Received: 10 each / maximum 50

Projects That Do Not Meet the Definition of Environmentally Innovative:

- Air scrubbers to prevent nonpoint source deposition.
- Facultative lagoons, even if integral to an innovative treatment processes.
- Surface discharging decentralized wastewater systems where there are cost effective soil-based alternatives.
- Higher sea walls to protect POTW from sea level rise.
- Reflective roofs at POTW to combat heat island effect.

I. Project Readiness:

Criterion# 1: Borrower has submitted complete technical plans to the Division of Water; and

Criterion# 2: Borrower has conducted a full environmental review for all components of the project or has completed the cross-cutter scoping process (including eClearinghouse, US Fish and Wildlife service, National Resource Conservation Service, and U. S. Army Corps of Engineers); and

Criterion# 3: Borrower has received funding commitments from other funding sources; or the CWSRF is the sole source of funding.

To be considered “project ready”, the borrower must have completed a majority of the planning phase and be ready to bid the project.

Points Received: 30 if all three criteria have been met

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

III. Summary of Points System Used to Establish Project Priority Ranking

Priority Ranking Criteria		Possible Points
A. Project Needs Category		
1.	Combined Sewer Overflow (CSO) Correction	40
2.	Sanitary Sewer Overflow (SSO) Correction	30
3.	Replacement or Rehabilitation of Aging Infrastructure, including correction of moderate infiltration and inflow (i.e., no associated SSO).	50
4.	New Treatment Plant	10
5.	New Collector Sewers and Appurtenances	10
6.	Decentralized Wastewater Treatment Systems	20
7.	Upgrade to Advanced Treatment	20
8.	Emerging Contaminants	100
9.	Optimization of Existing Treatment Plant	50
10.	New Interceptors and Appurtenances	10
11.	Storm Water Control	20
12.	Nonpoint Source (NPS) Pollution Control	20
13.	Recycled Water Distribution	10
14.	Planning	10
15.	Other (specify):	10/50
B. Regionalization		
1.	Will this project provide regionalization and/or consolidation of wastewater treatment systems? Proposed project reduces the number of NPDES discharges by regionalization.	20
2.	Will this project eliminate a package treatment plant that is more than 25 years old?	25
3.	Will this project eliminate a package treatment plant that has received notices of violations resulting in degradation of waters of Commonwealth within the last two state fiscal years?	25
C. Compliance and Enforcement		
1.	Is the project necessary to achieve full or partial compliance with a court order, agreed order, or a judicial or administrative consent decree?	50
2.	System has not received any Notices of Violation within the previous state fiscal year – July 2022-June 2023	25
D. Water Quality		
1.	Will the project allow the system to address existing Total Maximum Daily Load (TMDL)?	10

Kentucky Priority System Guidance Document for Clean Water

2.	Will the project allow the system to address existing or projected nutrient TMDL?	30
3.	Will the project allow the system to address an approved Watershed Management Plan?	10
4.	Will the project make reasonable progress towards eliminating identified pollutant sources for waterbodies that appear on the <i>2014 Integrated Report to Congress on Water Quality in Kentucky</i> ?	20 points for each pollutant-waterbody combination
5.	Does the project eliminate existing or potential sources of pollution in groundwater sensitivity areas?	15 points for high or highest sensitivity 10 points for moderate sensitivity
6.	Is the project located within an identified SWAPP zone or WHPA?	10 for each Zone 1 or 3 7 for each Zone 2 or 2 3 for each Zone 3 or 1
7.	Will the project make reasonable progress towards eliminating identified pollutant sources of water quality impairments within an identified DOW Priority Watershed?	30
8.	Will the project have a positive effect on Special Use Waters?	10
9.	Will the project have a positive impact on drinking water sources within a 5-mile radius of its location?	10
10.	Will the project eliminate failing on-site septic tanks or straight pipes?	15
E. Financial Need		
1.	Borrowers with a median household income (MHI) below 80 percent of the State's MHI as determined by the current American Community Survey (ACS) 5-Year Estimate	50
2.	Borrowers with a MHI between 80 and 100 percent of the State's MHI as determined by the current ACS 5-Year Estimate	30
F. Planning		
1.	Asset Management Plan	
	Asset Inventory	20
	Strategic Plan	20
	Capital Improvement Plan	20
2.	System's monthly wastewater bill, based on 4,000 gallons, as a percentage of Median Household Income is:	
	Greater than or equal to 2.0%	10
	Between 1 and 1.99%	5
	Below 1%	0
3.	System Financial Audits	1

Kentucky Priority System Guidance Document for Clean Water

4.	System has specifically allocated funds for the rehabilitation and replacement of aging and deteriorating infrastructure	25
----	--	----

G. Cyber Security

1.	Cyber security to protect against the unauthorized use of systems, networks, programs, and devices.	5
----	---	---

H. Green Projects (See Green Project Reserve Guidance Document)

1.	<p><u>Green Infrastructure:</u> Green stormwater infrastructure includes a wide array of practices at multiple scales that manage wet weather and that maintains and restores natural hydrology by infiltrating, evapotranspiring and harvesting and using stormwater. On a regional scale, green infrastructure is the preservation and restoration of natural landscape features, such as forests, floodplains, and wetlands, coupled with policies such as infill and redevelopment that reduce overall imperviousness in a watershed. On the local scale, green infrastructure consists of site- and neighborhood-specific practices, such as:</p> <ul style="list-style-type: none"> • Implementation of green streets • Wet Weather management systems for parking areas • Implementation of comprehensive urban forestry programs • Stormwater harvesting and reuse • Downspout disconnection • Comprehensive retrofit programs designed to keep wet weather discharges out of sewer systems • Establishment or restoration of riparian buffers, floodplains, wetlands or other natural features • Management of wetlands • Purchase of land or easements on land that has a direct benefit to water quality 	<p>10 pts. each/50 pts. Maximum</p>
----	--	---

Kentucky Priority System Guidance Document for Clean Water

<p align="center">2.</p>	<p><u>Water Efficiency:</u> The use of improved technologies and practices to deliver equal or better services with less water. Water efficiency encompasses conservation and reuse efforts, as well as water loss reduction and prevention, to protect water resources for the future. Examples include:</p> <ul style="list-style-type: none"> • Installing or retrofitting water efficient devices such as plumbing fixtures and appliances (toilets, showerheads, urinals) • Installing any type of water meter in previously unmetered areas (can include backflow prevention if in conjunction with meter replacement) • Replacing existing broken/malfunctioning water meters with AMR or smart meters, meters with leak detection, backflow prevention • Retrofitting/adding AMR capabilities or leak equipment to existing meters • Developing water audit and conservation plans, which are reasonably expected to result in a capital project • Recycling and water reuse projects that replace potable sources with non-potable sources (Gray water, condensate, and wastewater effluent reuse systems, extra treatment or distribution costs associated with water reuse) • Retrofit or replacement of existing landscape irrigation/agricultural systems to more efficient landscape/agricultural irrigation systems (rain and moisture sensing equipment) • Water meter replacement with traditional water meters * • Projects that result from a water audit or water conservation plan* • Storage tank replacement/rehabilitation to reduce water loss* • New water efficient landscape/agricultural irrigation system, where there currently is not one* 	<p align="center">15 pts. each</p>
<p align="center">3.</p>	<p><u>Energy Efficiency:</u> Energy efficiency is the use of improved technologies and practices to reduce the energy consumption of water projects, use energy in a more efficient way, and/or produce/utilize renewable energy. Examples include:</p> <ul style="list-style-type: none"> • Renewable energy projects such as wind, solar, geothermal, and micro-hydroelectric, and biogas combined heat and power systems that provide power to a POTW • POTW-owned renewable energy projects • Collection system infiltration/inflow (I/I) detection equipment • POTW energy management planning, including energy assessments, energy audits, optimization studies, and sub-metering of individual processes to determine high energy use areas • Projects that achieve a reduction in energy consumption (pumps, motors)* • Projects that cost effectively eliminate pumps or pumping stations* • I/I correction projects that save energy from pumping and reduced treatment costs* • Replacing old motors with premium energy efficiency motors* • Upgrade of POTW lighting to energy efficient sources* • SCADA systems where substantial energy savings can be demonstrated* • Variable Frequency Drive (VFD) controllers where substantial energy savings can be demonstrated* 	<p align="center">15 pts. each</p>

Kentucky Priority System Guidance Document for Clean Water

4.	<p><u>Environmentally Innovative:</u> Environmentally innovative projects include those that demonstrate new and/or innovative approaches to delivering services or managing water resources in a more sustainable way. Examples include:</p> <ul style="list-style-type: none"> • Total integrated water resources management planning likely to result in a capital project • Utility sustainability plan consistent with EPA’s sustainability policy • Greenhouse gas inventory or mitigation plan and submission of a GHG inventory to a registry as long as it is being done for an SRF eligible facility • Planning activities by a POTW to prepare for adaption to the long-term effects of climate change and/or extreme weather • Construction of US Building Council LEED certified buildings, or renovation of an existing building on POTW facilities • Decentralized wastewater treatment solutions to existing deficient or failing onsite wastewater systems • Constructed wetlands projects used for municipal wastewater treatment, polishing, and/or effluent disposal* • Projects that result from total/integrated water resource management planning consistent with the decision criteria for environmentally innovative projects and that are CWSRF eligible* • Projects that facilitate adaptation of POTWs to climate change identified by a carbon footprint assessment or climate adaption study* • POTW upgrades or retrofits that remove phosphorus for beneficial use, such as biofuel production with algae* • Projects that significantly reduce or eliminate the use of chemicals in wastewater treatment* • Treatment technologies that significantly reduce the volume of residuals, generation of residuals, or lower the amount of chemicals in the residuals* • Educational activities and demonstration projects for water or energy efficiency* • Projects that achieve the goals/objectives of utility asset management plans* • Sub-surface land application of effluent and other means for groundwater recharge, such as spray irrigation and overland flow* 	10 pts. each/50 pts. maximum
----	---	------------------------------

I. Project Readiness

1.	Borrower has submitted complete technical plans and specifications to the Division of Water; and	30
2.	Borrower has conducted a full environmental review for all components of the project or has completed the cross-cutter scoping process (including eClearinghouse, US Fish and Wildlife service, National Resource Conservation Service, and US Army Corps of Engineers reviews); and	
3.	Borrower has received funding commitments from other funding sources, where applicable	

*Denotes that a business case may be required.

IV. Developing and Updating the Project Priority List and Intended Use Plan

In order for a project to be considered for funding from the CWSRF, it must appear on the Comprehensive Project Priority List for the state fiscal year in which the project will receive a binding commitment. To be included in this list, an eligible project applicant must complete or update a Project Profile (and related mapping) in the Water Resource Information System (WRIS)

through the Area Development District (ADD). **Projects will *not be accepted* after the call for projects is closed.** Once the project is submitted for CWSRF funding, DOW staff will evaluate the project based on the ranking system discussed above and assign the project a numeric score. Eligible projects will then be added to the next Comprehensive Project Priority List. In the event of a tie, the following factors will be utilized to priority rank each project: (1) service of a small system as defined by population; (2) projects with existing enforcement actions (i.e. Agreed Orders, Consent Decrees); (3) water quality impacts; and (4) financial need as evident by the median household income of the applicant. If the project is only for accommodating future growth and will not address an existing water quality or public health need, and therefore does not receive any points from the above criteria, the project will be still included on the Comprehensive Project Priority List if it is eligible for CWSRF funding.

DOW and the Kentucky Infrastructure Authority (KIA) will prepare an annual Intended Use Plan (IUP) that will describe how the state intends to use the funds in the Kentucky CWSRF for each state fiscal year, and how those uses support the objectives of the CWA. DOW will publish and maintain the IUP and Project Priority List on its CWSRF website. Each IUP will include an updated Comprehensive Project Priority List and a Fundable List of projects that are anticipated to receive funding during that state fiscal year. Once the IUP has been drafted, notice will be given to the public that the draft IUP is available for review and comment for a period of at least 30 days. After the comment period has ended DOW and KIA will review any comments received and make changes to the IUP as appropriate. Both the draft and final IUPs will be available on DOW's CWSRF website.

<https://eec.ky.gov/Environmental-Protection/Water/Funding/cwintendeduseplan/Pages/default.aspx>

V. Eligible Project Applicants/Projects

Any governmental agency shall be eligible to apply for financial assistance for planning, design and construction of eligible projects. Any project that triggers the requirement of 401 KAR 5:006 wastewater planning regulation to submit a facility plan will be eligible for planning and design loan only. A sewer extension project will be deemed ineligible if the receiving wastewater treatment plant is at or over 90% (for <10 mgd) or 95% (for >10 mgd) of its design capacity.

VI. References

Kentucky Division of Water website: <https://eec.ky.gov/Environmental-Protection/Water/Pages/default.aspx>

Kentucky Division of Water CWSRF website: <https://eec.ky.gov/Environmental-Protection/Water/Funding/CWSRF/Pages/default.aspx>

Kentucky Infrastructure Authority website: <http://kia.ky.gov/>

U.S. EPA CWSRF website: <https://www.epa.gov/cwsrf>

VII. Kentucky Division of Water State Priority Watersheds

DOW Priority Watersheds

Big Sandy/Little Sandy

Blackberry Creek-Tug Fork	050702010310
Sycamore Creek-Tug Fork	050702010312
Pond Creek	050702010313
Upper Big Creek	050702010501
Lower Big Creek	050702010502
Miller Creek-Tug Fork	050702010506
Jennie Creek-Tug Fork	050702010602
Coldwater Fork	050702010603
Drag Creek-Tug Fork	050702010607
Beaver Creek	0507020301
Abbott Creek-Levisa Fork	050702030206
Buffalo Creek-Johns Creek	050702030304
Daniels Creek-Johns Creek	050702030305
Headwaters Little Sandy River	050901040101
Laurel Creek	050901040102
Middle Fork Little Sandy River	050901040103
Newcombe Creek	050901040104
South Ruin Creek-Little Sandy River	050901040105
Caney Creek	050901040301
Bruin Creek-Little Sandy River	050901040303

Cumberland River

Looney Creek-Poor Fork Cumberland River	051301010102
Upper Clover Fork Cumberland River	051301010104
Lower Clover Fork Cumberland River	051301010105
Lower Poor Fork Cumberland River	051301010106
Upper Straight Creek	051301010301
Lower Straight Creek	051301010302
Upper Stinking Creek	051301010304
Lower Stinking Creek	051301010305
Headwaters Laurel River	051301010801
Little Laurel River	051301010802
Robinson Creek-Laurel River	051301010803
Lower Marsh Creek	051301010902
Roundstone Creek	0513010203
Little Rockcastle River	051301020402
Brushy Creek	051301030103

Kentucky Priority System Guidance Document for Clean Water

Lower Pitman Creek	051301030204
Big Clifty Creek-Fishing Creek	051301030304
Lower Crocus Creek	051301030607
Big Renox Creek-Cumberland River	051301030701
Little River	0513020505
Donaldson Creek	051302050701
Upper Eddy Creek	051302050704
Lower Eddy Creek	051302050706
McNabb Creek-Cumberland River	051302050707
Lower Livingston Creek	051302050803
Richland Creek-Cumberland River	051302050804
Headwaters Red River	051302060101
Sulphur Spring Creek-Red River	051302060102
Lower South Fork Red River	051302060202
Sinking Creek	051302060203
Little Whippoorwill Creek	051302060204
Pleasant Grove Creek-Red River	051302060205
Whippoorwill Creek	0513020603
City of Oak Grove-West Fork Red River	051302060604
Valley Branch-Spring Creek	051302060701
Buzzard Creek-Red River	051302060702

Green River

Upper Green River	0511000101
Robinson Creek	0511000102
Headwaters Casey Creek	051100010301
Woods Creek-Casey Creek	051100010302
Upper Dry Creek	051100010303
Lower Dry Creek-Casey Creek	051100010304
Bryant Creek-Green River	051100010305
Casey Creek-Green River	051100010306
White Oak Creek-Green River	051100010307
Butler Creek-Green River	051100010308
Little Barren River	0511000106
Ugly Creek-Green River	051100010808
Upper Walters Creek	051100010901
South Fork Branch-South Fork Nolin River	051100010902
Lower Walters Creek-South Fork Nolin River	051100010903
Castleman Creek-North Fork Nolin River	051100010904
McDougal Creek-North Fork Nolin River	051100010905
Nolin River	0511000110
Bacon Creek – Nolin River	0511000111
Echo River-Green River	051100011301
Buffalo Creek-Green River	051100011302
Little Trace Creek-Line Creek	051100020101

Kentucky Priority System Guidance Document for Clean Water

Trace Creek-Line Creek	051100020102
Mill Creek	051100020103
East Fork Barren River	051100020104
Long Fork	051100020105
Salt Lick Creek	051100020106
Indian Creek	051100020107
Puncheon Creek	051100020108
Sugar Creek-Barren River	051100020109
Upper Long Creek	051100020201
Lower Long Creek	051100020202
Pinchgut Creek-Barren River	051100020203
Glover Creek-Barren River	051100020204
Upper Peter Creek	051100020205
Lower Peter Creek	051100020206
Walnut Creek - Barren River	051100020207
Skaggs Creek – Beaver Creek	0511000203
Difficult Creek-Barren River	051100020403
Lower Bays Fork	051100020404
Lower Middle Fork Drakes Creek-Drakes Creek	051100020607
Rich Pond	051100020901
Jennings Creek	051100020902
Rays Branch-Barren River	051100020903
Headwaters Mud River	051100030204
Norman Branch-Rocky Creek	051100030207
Welch Creek	051100030301
Indian Camp Creek	051100030303
Caney Creek-Pond Creek	051100030403
Upper Caney Creek	051100040401
Morrison Run-Rough River	051100040502
Lower East Fork Deer Creek-Deer Creek	051100050105
Buck Creek	051100050201
Panther Creek	0511000503
City of Sacramento – Cypress Creek	051100060404

Kentucky River

Crafts Colly Creek-North Fork Kentucky River	051002010103
Cowan Creek-North Fork Kentucky River	051002010104
Walker Creek-North Fork Kentucky River	051002010706
Hell Creek-North Fork Kentucky River	051002010707
Bear Creek-Middle Fork Kentucky River	051002020407
Red Bird River	0510020302
Contrary Creek – Kentucky River	051002040105
Swift Camp Creek	051002040204
Clifty Creek-Red River	051002040205

Kentucky Priority System Guidance Document for Clean Water

Gladie Creek-Red River	051002040206
Indian Creek-Red River	051002040209
Upper Otter Creek	051002050105
Headwaters Silver Creek	051002050201
Lower Howard Creek-Kentucky River	051002050302
Upper Paint Lick Creek	051002050303
Upper Dix River	0510020504
Hanging Fork Creek	0510020505
Upper East Hickman Creek	051002050601
West Hickman Creek	051002050602
Glenns Creek	051002050709
North Elkhorn Creek	0510020508
South Elkhorn Creek	0510020509
Goose Creek-Benson Creek	051002051002
Lower North Benson Creek-Benson Creek	051002051005
Sixmile Creek	0510020511
Lower Ten Mile Creek	051002051402
Severn Creek	051002051505
Whites Run-Kentucky River	051002051510

Licking River

Elk Fork	0510010102
Triplett Creek	0510010106
Slate Creek	0510010107
Locust Creek-Licking River	051001010807
Poplar Creek-Fleming Creek	051001010905
North Fork Licking River	0510010110
Blanket Creek-Licking River	051001011203
South Fork Grassy Creek	051001011204
Cruises Creek	051001011301
Phillips Creek-Licking River	051001011302
Pond Creek-Licking River	051001011303
Upper Banklick Creek	051001011304
Lower Banklick Creek	051001011305
DeCoursey Creek-Licking River	051001011306
Strodes Creek	0510010201
Stoner Creek	0510010202
Hinkston Creek	0510010203
Silas Creek	051001020401
Grays Run-South Fork Licking River	051001020402
Indian Creek-South Fork Licking River	051001020403
Mill Creek	051001020404
Twin Creek	051001020405
Raven Creek	051001020406
Curry Creek-South Fork Licking River	051001020407
Crooked Creek	051001020501

Kentucky Priority System Guidance Document for Clean Water

Snake Lick Creek-South Fork Licking River	051001020502
---	--------------

Ohio River

Ninemile Creek-Ohio River	050902011208
Woolper Creek	050902030801
Taylor Creek-Ohio River	050902030802
Middle Creek-Ohio River	050902030804
Upper Gunpowder Creek	050902030806
Lower Gunpowder Creek	050902030807
Lick Creek-Ohio River	050902030808
Brush Creek-Harrods Creek	051401010502
Beargrass Creek	051401010902
Mill Creek Cutoff	051401010903
Fall Run-Ohio River	051401010904
Fourmile Creek-Ohio River	051401010906
Tioga Creek-Ohio River	051401040102
Eagle Creek-Ohio River	051402020401
Bayou Creek-Ohio River	051402060701
Shawnee Creek Slough	080101000102
Ford Creek-Mayfield Creek	080102010102
Key Creek-Mayfield Creek	080102010104
Gilbert Creek-Mayfield Creek	080102010105
Hurricane Creek-Mayfield Creek	080102010205
Truman Creek-Mayfield Creek	080102010303
Upper Bayou De Chien	080102010401
Cane Creek	080102010402
Middle Bayou De Chien	080102010404
Lower Bayou De Chien	080102010405
Opossum Creek-Obion Creek	080102010503
Russells Creek-Obion Creek	080102010505
Hurricane Creek-Obion Creek	080102010506
Cane Creek-Obion Creek	080102010507
Wolf Creek-Richland Creek	080102020204

Salt River

Salt River	0514010201
Timber Creek-Salt River	051401020201
Little Beech Creek-Salt River	051401020303
Clear Creek – Bullskin Creek	0514010203
Guist Creek	0514010205
Currys Fork	051401020803
Long Run	051401020805
Pennsylvania Run-Cedar Creek	051401021002

Kentucky Priority System Guidance Document for Clean Water

Cedar Creek	051401021101
Long Lick Creek	051401021102
Cedar Point Branch-Salt River	051401021304
Long Lick Creek	051401030204
Wilson Creek	051401030602
Crooked Creek	051401030604
Lower Pup Creek	051402010804
Canoe Creek	0514020204
Piney Creek-Lake Beshear	051402050104
Middle Fork Massac Creek	051402060302
Black Branch-Massac Creek	051402060304
Middle Humphrey Creek	051402060602

Tennessee River

Blood River	0604000508
Panther Creek-Kentucky Lake	060400050906
Turkey Creek-Kentucky Lake	060400050907
Jonathan Creek – Kentucky Lake	0604000510
Clarks River	0604000601
West Fork Clarks River	0604000602
West Fork Clarks River	0604000603
Clarks River	0604000604
Upper Cypress Creek	060400060501
Lower Cypress Creek	060400060503
White Oak Creek-Tennessee River	060400060505

VIII. 319h Funded Watershed-Based Plans in Kentucky

Watershed Name	River Basin	Plan Status
Bacon Creek	Green	Accepted
Banklick Creek	Licking	Accepted
Bee Creek	Tennessee	Under Development
Brushy Creek	Upper Cumberland	Accepted
Cane Run	Kentucky	Accepted
Chestnut Creek	Four Rivers	Accepted
Clarks Run	Kentucky	Accepted
Clarks Run	Licking	Under Development
Clayton Creek	Tennessee	Under Development
Corbin City Reservoir	Upper Cumberland	Accepted
Curry's Fork	Salt	Accepted
Damon Creek	Four Rivers	Accepted
Darby Creek	Salt	Accepted
Dry Creek	Licking	Accepted
Glenns Creek	Kentucky	Under Development
Gunpowder Creek	Licking	Accepted
Hancock Creek	Licking	Accepted
Hanging Fork Creek	Kentucky	Accepted
Hinkston Creek	Licking	Accepted
Jennings Creek	Green	Under Development
Lake Linville	Cumberland	Under Development
Lower Howards Creek	Kentucky	Accepted
Lower Pitman Creek	Cumberland	Under Development
Middle Fork Beargrass Creek	Salt	Accepted
Mill Creek	Salt	Under Development
North Fork Kentucky River	Kentucky	Accepted
Pleasant Run	Green	Accepted
Red Bird River	Kentucky	Accepted
Red River	Kentucky	Accepted
South Fork Little River	Four Rivers	Accepted
Stockton Creek	Licking	Accepted
Sulphur Creek	Salt	Accepted
Ten Mile Creek	Kentucky	Accepted
Triplett Creek	Licking	Accepted
Upper Paint Lick Creek	Kentucky	Under Development
West Hickman Creek	Kentucky	Accepted
Wolf Run	Kentucky	Accepted
Woolper Creek	Licking	Accepted

APPENDIX C

PUBLIC COMMENTS