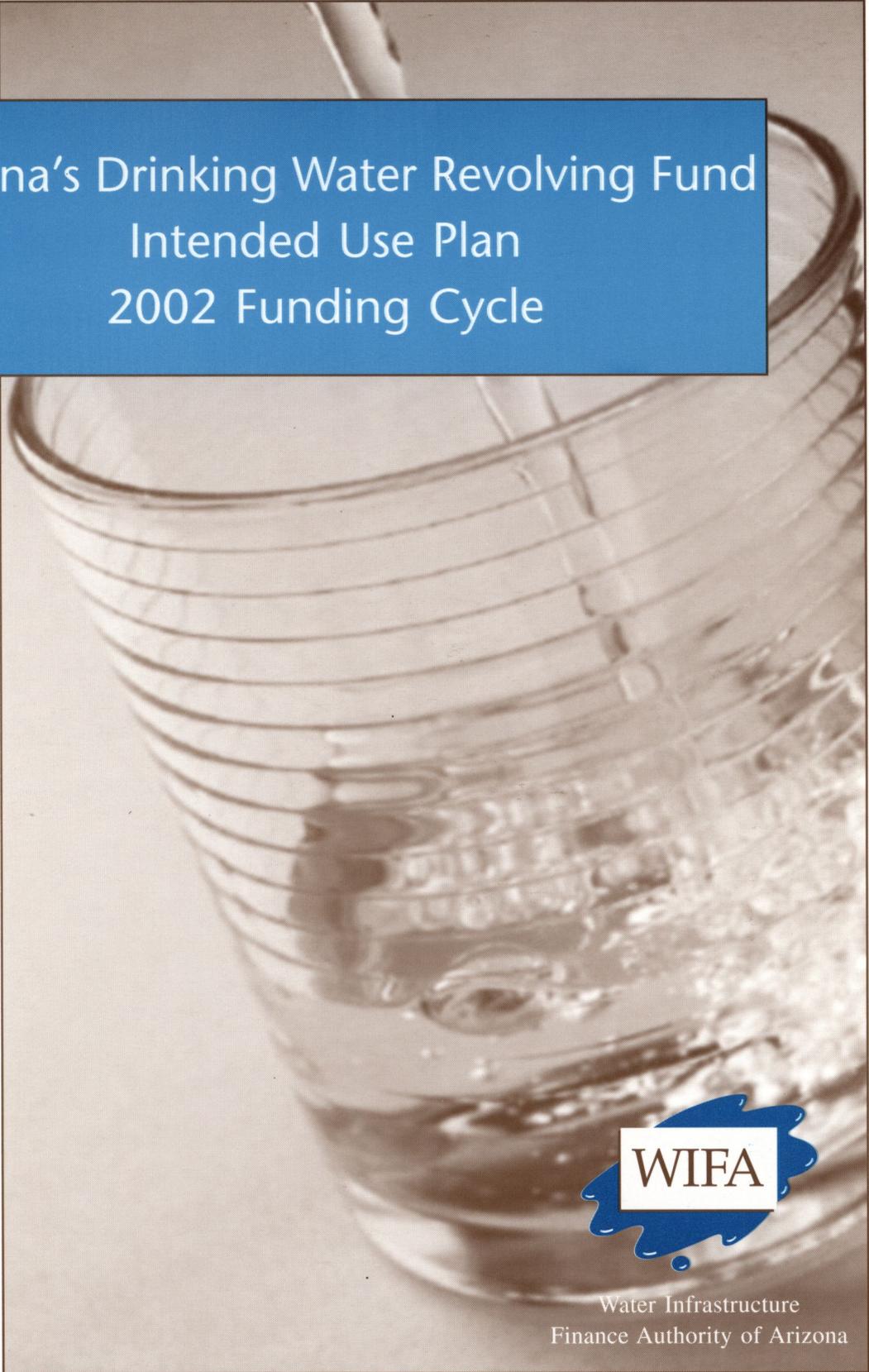


Arizona's Drinking Water Revolving Fund  
Intended Use Plan  
2002 Funding Cycle



WIFA

Water Infrastructure  
Finance Authority of Arizona

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*Exhibit A: 2002 Funding Cycle Priority List*

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## EXECUTIVE SUMMARY



The Board of Directors of the Water Infrastructure Finance Authority of Arizona is pleased to release **Arizona's Drinking Water Revolving Fund (DWRF) Intended Use Plan (IUP) for the 2002 Funding Cycle**. The DWRF IUP describes Arizona's plan to utilize various sources of funds to finance drinking water infrastructure and support related program activities during the 2002 Funding Cycle from January 1, 2002 through December 31, 2002.

Included as *Exhibit A* to the DWRF IUP is the **2002 Funding Cycle Priority List (PL)**. The PL lists, in priority order, communities and water systems seeking financial assistance from Arizona's DWRF. Communities and water systems throughout Arizona submitted 69 applications requesting \$144,967,869 in financial assistance.

From January 1, 2002 through December 31, 2002, WIFA's Board of Directors will use the PL as a guide to allocate financial assistance from Arizona's DWRF to communities and water systems listed on the PL. Each quarter, WIFA's Board of directors will revise the PL and modify the Fundable Range for Construction based on project readiness to proceed and other new information. WIFA Staff will circulate the revised PL and Fundable Range to communities and water systems listed on the PL.

Overall, the financial assistance and related program activities supported by Arizona's DWRF share the same objectives -- **protect public health, ensure safe and sustainable drinking water, and ensure the affordability of basic water infrastructure**.

## SECTION 1: INTRODUCTION

It is important to understand the distinction between WIFA's "***Lending Capacity***" and WIFA's "***Reduced Interest Rate Capacity***," which is its ability to reduce the financial burden of infrastructure investments by reducing the interest rate below typical market rates. As a "bond bank" since 1989, WIFA has **unlimited "lending capacity"** for governmental water systems and can lend to a borrower at WIFA's cost of borrowing ("AA" tax-exempt rates with dramatically reduced closing costs). For non-governmental water systems, WIFA will continue to seek capacity to expand its ***lending capacity*** beyond available funding within Arizona's DWRP.

The amounts shown in **Table 1** below are the sources of funding to support WIFA's "***reduced interest rate capacity***."

During the 2002 Funding Cycle, Arizona's DWRP ***reduced interest rate capacity*** will depend on the:

1. Sources of state contributions to Arizona's DWRP;
2. Amount of federal contributions to Arizona's DWRP;
3. Financing structure needs of water systems;
4. Interest rate on the DWRP financial assistance; and,
5. Availability of other state funds to support financial assistance activity.



At a minimum, Arizona's DWRP will have an estimated \$11,641,506 for ***reduced interest rate*** loan activity. At the maximum, Arizona's DWRP will have an estimated \$48,758,629 for ***reduced interest rate*** loan activity.

Additionally, Arizona will allocate \$182,526 to technical assistance, \$1,177,293 to local assistance and \$401,557 to program management as further defined in Table 1 and the narratives that follow. These related activities will benefit water systems by surveying threats to water sources, identifying mitigation measures, and providing technical assistance to assist water systems to provide safe and sustainable drinking water.

## SECTION 2: FUNDING SOURCES AND USES



Arizona's DWRP is capitalized by State contributions and by contributions appropriated by the United States Congress which flow through the United States Environmental Protection Agency.

Once capitalized, Arizona's DWRP provides, in perpetuity, reduced interest rate financial assistance to eligible drinking water systems.

During the 2002 Funding Cycle, Arizona's DWRF will rely on the funding outlined in **Table 1** to provide financial assistance to communities, support WIFA's operations, and support related program activities administered by WIFA and/or the Arizona Department of Environmental Quality (ADEQ). Each of the intended uses of funding is more fully described after Table 1.

**Table 1: Arizona DWRF Sources & Uses for 2002 Funding Cycle**

	<b>Federal Contributions</b>	<b>State Contributions</b>	<b>Recycled Funds</b>	<b>Total</b>
<b>Funding Sources</b>				
Recycled Funds (a)			2,721,246	2,721,246
Uncommitted Prior Year Funds (a)	95,128			95,128
2002 Funds	9,126,300	2,226,817		11,353,117
<b>Total Funding Sources</b>	<b>9,221,428</b>	<b>2,226,817</b>	<b>2,721,246</b>	<b>14,169,491</b>
<b>Funding Uses</b>				
Financial Assistance	7,095,000	1,825,260	2,721,246	11,641,506
Technical Assistance	182,526			182,526
Local Assistance	1,177,293			1,177,293
Program Management	401,557	401,557		803,114
Administration/Assistance	365,052			365,052
<b>Total Funding Uses</b>	<b>9,221,428</b>	<b>2,226,817</b>	<b>2,721,246</b>	<b>14,169,491</b>

(a) As of December 11, 2001

The sources and uses for the 2002 Funding Cycle shown in Table 1 are based on the federal FY 2002 President's budget request. Should the final FY 2002 budget be different, the program sources and uses will be adjusted.

### **Financial Assistance**

WIFA will provide three types of financial assistance: Cash Funded Loans, Bond Funded Loans, Linked Deposits, and Forgivable Principal. Each of these types of financial assistance is more fully described below or in WIFA's DWRF Financial Plan.

Total funding available for Financial Assistance equals \$11,641,506 including \$95,128 of uncommitted prior year funds, \$2,721,246 of recycled funds, \$6,999,872 federal contributions from 2002, and \$1,825,260 of state contributions. Of the total available for project funding, WIFA will reserve a minimum of 15% for water systems that serve less than 10,000 persons.

Cash Funded Loans, Bond Funded Loans, and Linked Deposits (\$11,641,506 including \$95,128 of Uncommitted Prior Year Funds; \$6,999,872 of FY 2002 Federal Contributions; \$2,721,246 of recycled funds; and \$1,825,260 of State Contributions; SDWA reference: 1452 (k)) – Eligible project costs include planning, design, engineering, and construction of drinking water facilities/infrastructure. Ineligible costs include maintenance and operation expenditures as well as projects exclusively intended for fire protection or to serve future growth. WIFA's use of one of these revolving fund financing structures depends on the credit quality of individual borrowers as well as WIFA's need to leverage limited resources to support a larger lending capacity. For

more details on these revolving fund financing structures, please contact WIFA's Finance Director to request a copy of WIFA's DWRP Financial Plan.

Forgivable Principal (\$900,000 of FY 2001 Federal Contributions; SDWA reference: 1452 (k)) – WIFA may award forgivable principal to disadvantaged communities in accordance with WIFA Policy 1.013 – Disadvantaged Drinking Water Systems. Funds allocated for this purpose may be used for standard project loans after July 1, 2002.

**Administration** (\$365,052 – 4% of FY 2001 Federal Contributions; SDWA reference: 1452(g)(2))

WIFA intends to use \$365,052 or 4% of the 2001 Federal Contributions to administer Arizona's DWRP and assist drinking water systems to conceive, develop, expedite, construct, and finance technically sound and sustainable water infrastructure.

### **Technical Assistance**

Technical Assistance will include:

- Project Level Technical Assistance – WIFA will award technical assistance to water systems on the DWRP Project Priority List to promote project development;
- Policy Level Technical Assistance – WIFA will use the technical assistance funding on projects, demonstrations, and proposals which benefit a wide range of water systems; and,
- Operation Level Technical Assistance – ADEQ will assist systems to analyze and evaluate system performance and provide site-specific training on system functions/operations.

Technical Assistance to Small Systems (\$182,526) -- 2% of FY 2001 Federal Contributions; Safe Drinking Water Act (SDWA) reference: 1452 (g) (2)) -- WIFA and ADEQ will coordinate technical assistance to small public water systems serving populations 10,000 or less.

Capacity Development Assistance (\$720,978) – 7.9% of FY 2001 Federal Contributions; Safe Drinking Water Act (SDWA) reference: 1452 (k) (1) (B)) -- WIFA and ADEQ will coordinate the use of this funding to identify and mitigate the technical, financial, and managerial impediments confronted by water systems in their efforts to provide safe and sustainable drinking water. Arizona has a unique opportunity to identify and resolve the underlying problems that cause noncompliance rather than only regulate the results of those underlying problems. It is in Arizona's best interests to prevent the creation of non-viable water systems.

### **Related Program Activities**

Public Water System Supervision (\$401,557) – 4.4% of FY 2001 Federal Contributions; Safe Drinking Water Act (SDWA) reference: 1452 (g) (2) (A)) -- Funding will flow through ADEQ for a variety of public water system supervision programs including Arizona's existing operator certification programs. ADEQ and WIFA will match expenditure of federal funds with an equal amount of state funds not connected to the State Match used for standard project loans. Funds not used for this purpose during State Fiscal Year 2003 (July 1, 2002 through June 30, 2003) will

revert to standard project loans after August 1, 2003 as will be more fully described within the 2004 Funding Cycle IUP.

Wellhead Protection (\$456,315) – 5% of FY 2001 Federal Contributions; Safe Drinking Water Act (SDWA) reference: 1452 (k) (1) (D)) -- ADEQ will use this funding to strengthen the Wellhead Protection (WHP) Program in order to (1) support the Source Water Assessment Plan (SWAP) activities and (2) transition the massive number of drinking water sources from the assessment phase to the protection phase. These activities include:

- Enhance outreach activities to educate the public about the process and the value of developing and implementing WHPA Computer Model;
- Update the inventory of potential sources of contamination whenever necessary;
- Update the susceptibility assessment whenever necessary;
- Assist communities to secure federal grants to implement a local source water protection program; and,
- Provide guidance to communities and local governments to implement drinking water protection management tools.

Funds not used for this purpose during State Fiscal Year 2003 (July 1, 2002 through June 30, 2003) will revert to standard project loans after August 1, 2003 as will be more fully described within the 2004 Funding Cycle IUP.



### **Mutual Support: DWRF and Arizona's Clean Water Revolving Fund**

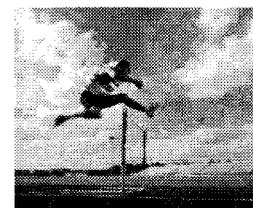
In addition to managing Arizona's DWRF, WIFA also manages Arizona's Clean Water Revolving Fund (CWRP) to provide financial and technical assistance to Arizona's water systems. To provide mutual support for both funds, WIFA "cross collateralizes" Arizona's DWRF and Arizona's CWRP within WIFA's leveraged loan structure. With a "cross-collateralized" structure, WIFA can cure loan repayment defaults by a DWRF borrower by drawing upon funds from the CWRP. Similarly, WIFA can cure loan repayment defaults by a CWRP borrower by drawing upon funds from the DWRF. For more information on "cross collateralization," please contact WIFA's Finance Director to request a copy of Arizona's DWRF Financial Plan.

## **SECTION 3: GOALS AND ONGOING OBJECTIVES**

### **WIFA Goals and Ongoing Objectives**

□ **Goal 1:** Award WIFA's resources in conformance with the goals of Arizona's Citizens

- ✓ Ongoing Objective 1A: Where appropriate, encourage the consolidation and regionalization of water and wastewater systems.
- ✓ Ongoing Objective 1B: Where appropriate, encourage reuse of treated effluent.
- ✓ Ongoing Objective 1C: Where appropriate, encourage use of renewable water supplies and reduced reliance on non-renewable water supplies.



- ✓ Ongoing Objective 1D: Finance infrastructure technology consistent with end use, location, local fiscal capacity, and the technical capability of system operators.
  - ✓ Ongoing Objective 1E: Where appropriate, finance non-point source project and other non-traditional project solutions to water quality problems.
- **Goal 2:** Maintain the fiscal integrity of WIFA's Funds and assure continuous enhancement for future generations.
- ✓ Ongoing Objective 2A: Aggressively pursue federal funding to ensure Arizona obtains its fair share of federal allocations.
  - ✓ Ongoing Objective 2B: Pursue state funding with WIFA Board and Staff as the primary contacts for WIFA appropriation requests.
  - ✓ Ongoing Objective 2C: Maximize the amount and, as applicable, duration of funds invested to maximize earnings.
  - ✓ Ongoing Objective 2D: Maintain and enhance WIFA credit ratings.
  - ✓ Ongoing Objective 2E: Balance needs of low credit, high priority borrowers with high credit, low priority borrowers.
  - ✓ Ongoing Objective 2F: Decrease administrative dependency on new cap grants without depleting Revolving Funds.
  - ✓ Ongoing Objective 2G: Observe construction activities to ensure compliance with WIFA's financial assistance agreement terms and conditions.
  - ✓ Ongoing Objective 2H: Consider impacts to DWRF when allocating funding to set-asides.
- **Goal 3:** Facilitate access to and efficiently deliver financial and technical assistance.
- ✓ Ongoing Objective 3A: Implement Annual Outreach Plan.
  - ✓ Ongoing Objective 3B: Assist communities to conceive and develop infrastructure, and educate the public about the need for infrastructure.
  - ✓ Ongoing Objective 3C: Schedule Board action on complete Project Finance Applications within 90 days of submission.
  - ✓ Ongoing Objective 3D: Circulate and obtain comments on draft loan documents within 30 days of Board action.
  - ✓ Ongoing Objective 3E: Execute financial assistance agreements within 75 days of Board action.
  - ✓ Ongoing Objective 3F: Coordinate with stakeholders to present WIFA's programs and include WIFA Projects of the Year within their conference agendas.
- **Goal 4:** Coordinate with other funding sources, technical resources, and regulatory authorities.
- ✓ Ongoing Objective 4A: Coordinate with the Arizona Department of Commerce, Arizona Department of Environmental Quality, Arizona Department of Water Resources, Border Environmental Cooperation Commission, commercial banking institutions, Economic Development Administration, Greater Arizona Development Authority, North American Development Bank, Rural Development and other

funding sources to maximize the amount of financial resources available to Arizona's communities.

- ✓ Ongoing Objective 4B: Coordinate with Arizona Department of Environmental Quality, Arizona Department of Water Resources, Arizona Small Utilities Association, Arizona Water Pollution Control Association, ASSET Center, Indian Health Service, Rural Community Assistance Corporation, Rural Water Association, and other technical resources and regulatory authorities to align needs with financial assistance awards.
- ✓ Ongoing Objective 4C: Actively participate in the 208 Planning Group, Arizona Rural Development Council, Rural Infrastructure Committee, and the Water Systems Coordinating Council.

□ **Goal 5:** Assume leadership role in water infrastructure finance.

- ✓ Ongoing Objective 5A: Create greater visibility, appreciation and understanding of the WIFA Board, WIFA programs and WIFA accomplishments with Arizona Legislators, Congressional representatives, cities, towns, counties, other federal and state agencies, other political subdivisions, and non-governmental water systems.
- ✓ Ongoing Objective 5B: Provide more media coverage of WIFA activities via quarterly newsletter, news advisories, press releases, and articles in newspapers, magazines, newsletters, and WIFA Web-Site.

### **Related Program Activity Goals and Ongoing Objectives**

#### *Capacity Development and Technical Assistance*

- ✓ Identify and mitigate the technical, financial and managerial impediments faced by drinking water systems in their efforts to achieve and maintain compliance.

#### *Wellhead Protection Program (WHP)*

- ✓ Ensure that the susceptibility assessment reflects the new potential sources of contamination.
- ✓ Encourage land acquisition to protect drinking water sources.
- ✓ Assist local governments in implementing drinking water protection management tools.

#### *Operator Certification*

- ✓ Assist ADEQ Operator Certification staff and committee draft legislation, if necessary, to meet minimum standards mandated by the Safe Drinking Water Act Amendments of 1996.

## **SECTION 4: METHOD AND CRITERIA FOR DISTRIBUTING ARIZONA'S DWRP**

WIFA will use a combination of leveraging, direct loans, linked deposit guarantees, administrative funding, and technical assistance funding to maximize total funds available, to provide financial and technical assistance to as many communities as possible, and to administer Arizona's DWRP. If there are insufficient projects ready to proceed during the 2002 Funding Cycle, WIFA will apply funds to the FY 2003 Funding Cycle Project Priority List. If additional funding becomes available during the fiscal year, WIFA will expand the Fundable Range of the 2002 Funding Cycle Project Priority List.

- A. **Reduced Interest Rate Capacity for 2002 Funding Cycle** – At a minimum, Arizona’s DWRF will have \$20,068,522 to provide reduced interest financial assistance during the 2002 Funding Cycle.
- B. **Priority List – Exhibit A.** Representatives from the Arizona Department of Environmental Quality and the Water Infrastructure Finance Authority scored and ranked Priority List applications submitted by communities pursuant to WIFA's DWRF award criteria. All applications received appear on the 2002 Funding Cycle Priority List for the DWRF.

Each quarter, WIFA staff have the ability to update the DWRF PL, Fundable Range for Design and Fundable Range for Construction based on project readiness to proceed, refined project cost estimates, availability of other funding sources, and other new information affecting the expansion and contraction of the PL and Fundable Ranges. If necessary, projects will be by-passed pursuant to procedures established in rule. The updated DWRF PL and Fundable Ranges will be adopted by WIFA's Board of Directors at a public meeting and distributed to all DWRF PL applicants and other interested parties.

- C. **Fundable Range for Design -- Exhibit B** includes the anticipated projects that will be prepared to begin design of the project and represents the combination of the:
  1. Highest ranking communities ready to receive assistance from Arizona's DWRF for project design, and
  2. Estimated minimum **reduced interest rate capacity** of Arizona's DWRF.
- D. **Fundable Range for Construction -- Exhibit C** includes the anticipated projects that will be prepared to begin construction of the project and represents the combination of the:
  1. Highest ranking communities ready to receive assistance from Arizona's DWRF for project construction, and
  2. Estimated minimum **reduced interest rate capacity** of Arizona's DWRF.
- E. **Market Loan Rate** – WIFA’s Board of Directors has established a target interest rate ranging between 70% and 100% of tax-exempt interest or prime rates. WIFA’s Board of Directors will set interest rates/subsidies on individual loans pursuant to the:
  - ✓ Priority of the project;
  - ✓ Local fiscal capacity of the area served by the system requesting assistance; and,
  - ✓ **Reduced interest rate capacity** of Arizona’s DWRF.

Local fiscal capacity will be measured by the area’s median household income, user rates and charges, and the community’s outstanding debt. This interest rate range will be applied to leveraged loans, direct loans and linked deposit guarantees.

- F. Binding Commitments: Allocation of Financial and Technical Assistance** – WIFA’s Board of Directors will allocate financial and technical assistance in accordance with DWRF funds available, the DWRF PL, financial assistance requested, a community’s financial capacity, and project readiness to proceed.

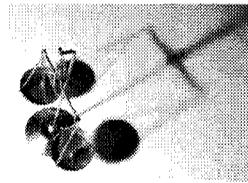
Once on the DWRF PL, an applicant will submit a Project Finance Application to request financial assistance. WIFA Staff will review the Project Finance Application, analyze the applicant’s legal, technical, managerial, and financial capability, and provide recommendations to WIFA’s Board of Directors.

If WIFA’s Board of Directors approves an applicant’s financial assistance request, WIFA Staff will prepare and circulate financial assistance documents to evidence the Binding Commitment in accordance with applicable federal requirements. WIFA Staff will schedule financial assistance closings for the fourth Friday of each month.

*It is important to note that Exhibit A assumes the projects listed require all requested funding during the 2002 Funding Cycle. The reality is certain to be different; most water systems on the priority list will require requested funding over a period of multiple years. Given this fact, WIFA will accommodate as many water systems as possible based on (1) amounts requested; (2) timing of the loan/funding draws; and, (3) project readiness to proceed.*

The Fundable Range during the 2002 Funding Cycle can expand to include additional projects if one or a combination of the following occurs:

- ✓ State contributions to Arizona’s DWRF are appropriated;
- ✓ The national DWRF allocation disparity is corrected, and Congress allocates DWRF funds to Arizona in amounts consistent with Arizona’s population and needs; and/or,
- ✓ Additional state funds are appropriated to Arizona’s DWRF to serve as security to DWRF loans.



## SECTION 5: PUBLIC REVIEW AND COMMENT

WIFA will solicit public review and comment on the **2002 DWRF IUP and PL** according to the following schedule of activities:

- |                   |   |
|-------------------|---|
| October 29, 2001  | WIFA Staff distributes the Draft DWRF IUP and PL to all interested parties.   |
| November 16, 2001 | Public Hearing – Arizona Department of Environmental Quality, Public Hearing Room #1706, 3033 N. Central Avenue, Phoenix, AZ 85012, at 10:00 a.m. |

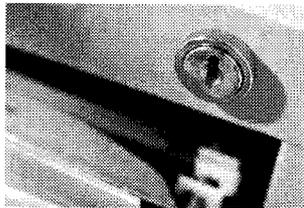


November 26, 2001 Deadline for public comments on the Draft DWRF IUP and PPL. Comments can be submitted by 5:00 p.m. to Suzanne Price, WIFA, 202 E. Earll Dr., Suite 480, Phoenix, AZ 85012.

December 20, 2001 WIFA's Board of Directors adopts the **Final DWRF IUP and PL.**

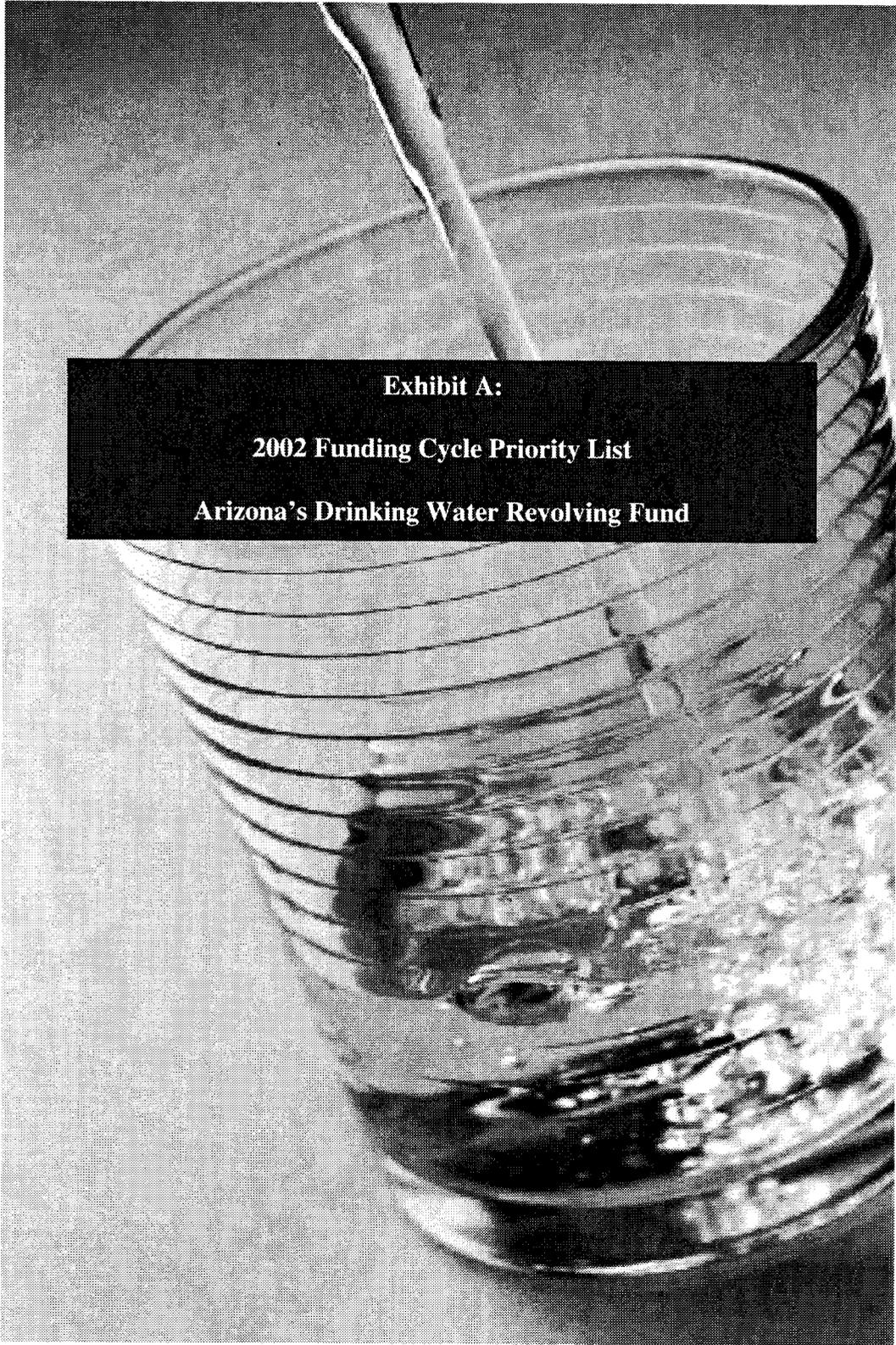
## SECTION 6: ASSURANCES

- A. Files and Records Retention** – WIFA will receive and review project documents from financial assistance applicants. These documents will be filed in official project files maintained by WIFA. The project files and other DWRF records will be made available in accordance with the Arizona Public Record Law. It is expected that EPA will review the files on a sample basis in conjunction with on-site visits scheduled as part of other monitoring of the State's WIFA's annual review or management of DWRF funds.



The State of Arizona will retain the official project files and other DWRF files in accordance with federal and state requirements and will otherwise arrange for the storage of files in accordance with State law.

- B. Expeditious and Timely Expenditures** – WIFA will expend DWRF funds in a timely and expeditious manner.
- C. Environmental Review Requirements** – In accordance with applicable federal requirements, WIFA will continue to conduct environmental reviews pursuant to applicable federal and state statutes and rules.



**Exhibit A:**

**2002 Funding Cycle Priority List**

**Arizona's Drinking Water Revolving Fund**

**Arizona's Drinking Water Revolving Fund  
2002 Funding Cycle -- Priority List for Drinking Water Revolving Fund**

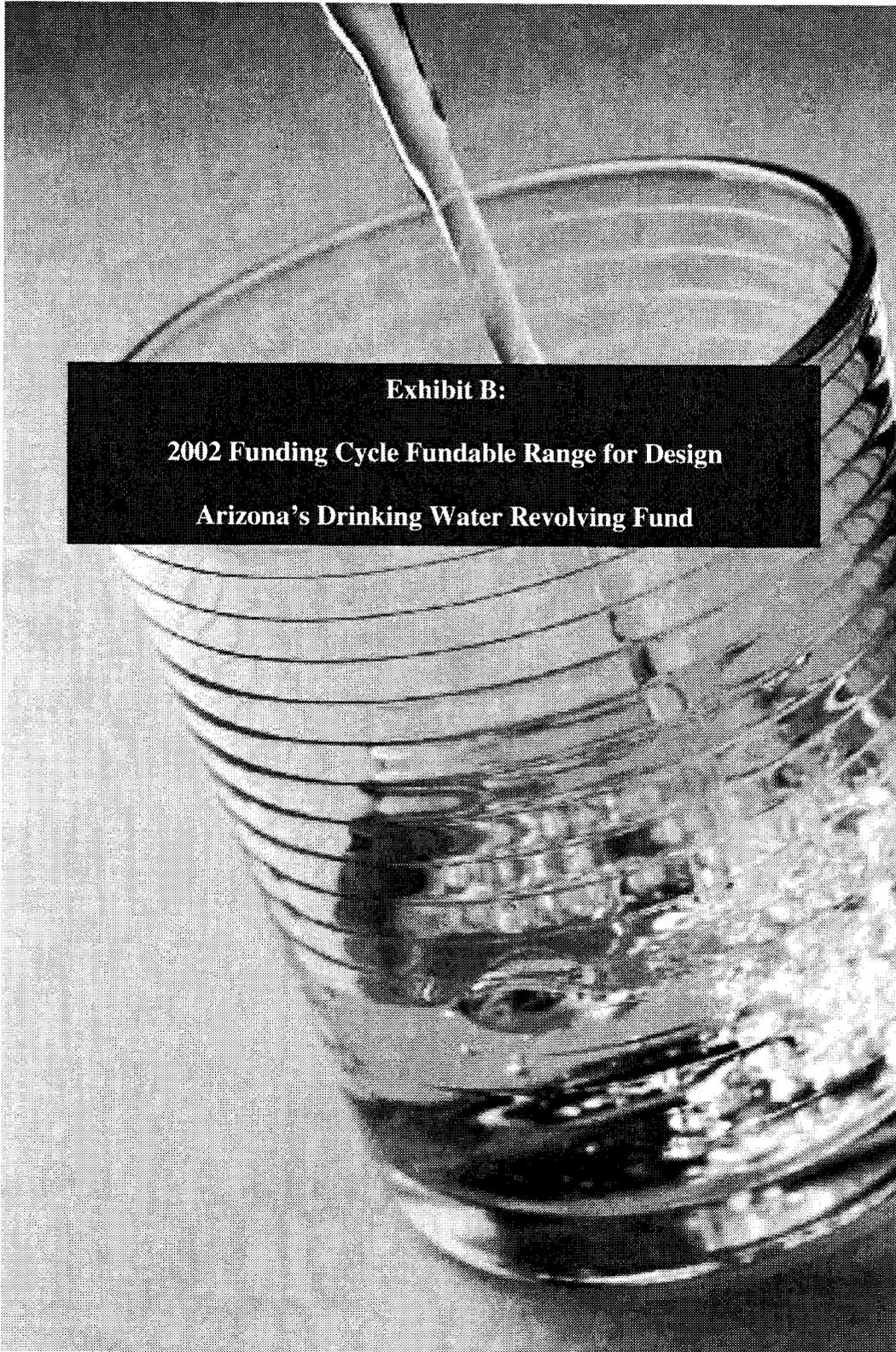
<b>Rank</b>	<b>Applicant</b>	<b>Population</b>	<b>Project Title</b>	<b>Project #</b>	<b>Amount Requested</b>	<b>Subsidy Rate Index</b>	<b>Funding Cycle</b>
1	Prescott Mobile Home Estates	30	System Connection	005 2002	\$ 25,000	70%	2002
2	Town of Gila Bend	1,950	Watermain Booster	007 2002	\$ 30,000	70%	2002
3	Alpine Water System	350	Alpine Water System	009 2002	\$ 778,291	70%	2002
4	Chloride DWID	400	New Source	017 2002	\$ 1,000,000	70%	2002
5	Marana DWID	2,102	Capital Improvements	050 2002	\$ 898,150	70%	2002
6	Papago Butte DWID	450	System Improvements	012 2002	\$ 883,000	75%	2002
7	Town of Jerome	500	Transmission Line and Storage Tank	046 2002	\$ 50,000	70%	2002
8	White Mountain Apache	1,500	Drinking Water Project	068 2002	\$ 3,000,000	70%	2002
9	Water Utility of Greater Tonopah, Inc.	150	Connector Pipeline	064 2002	\$ 100,000	70%	2002
10	Sherman Pines Homeowners Assoc.	100	Booster Station Upgrade	020 2002	\$ 80,000	70%	2002
11	Mt. Lemmon Co-op Water	1,000	System Improvement	016 2002	\$ 540,000	70%	2002
12	Abra Water Co., Inc.	1,200	Storage Tank Replacement	049 2002	\$ 155,889	70%	2002
13	Sierrita Mt. Water	230	Sierrita Mt. Water	003 2002	\$ 2,000	80%	2002
14	Yarnell Water Improvement Assoc.	1,200	New Well Project	036 2002	\$ 200,000	70%	2002
15	Willow Valley Water Co., Inc.	1,836	Unit 17 Water Treatment System	061 2002	\$ 110,000	70%	2002
16	Tucson Water	675,000	Recharge Basins: (CRRF)	041 2002	\$ 4,000,000	75%	2002
17	Tuscon Water	675,000	Wilmot D-Zone Reservoir & Booster	044 2002	\$ 1,000,000	75%	2002
18	Town of Snowflake	5,000	Langley Farms Water Main	053 2002	\$ 1,105,000	70%	2002
19	Fort McDowell Yavapai Nation	970	Drinking Water Distribution System	062 2002	\$ 3,592,800	80%	2002
20	City of El Mirage	15,000	Water System CIP	069 2002	\$ 3,100,000	70%	2002
21	Mohawk Utility Co.	300	System Upgrade	011 2002	\$ 750,000	70%	2002
22	Water Utility of Greater Buckeye Inc.	600	Connector Pipeline	060 2002	\$ 55,000	75%	2002
23	City of Peoria	106,000	24" Water Line	033 2002	\$ 526,000	70%	2002
24	City of Peoria	106,000	24 and 16" Water Line	034 2002	\$ 1,192,000	70%	2002
25	Tierra Mesa Estate Water Co., Inc.	700	Storage Tank	059 2002	\$ 175,000	70%	2002
26	Town of Snowflake	5,000	Well Site Water Storage Tank	051 2002	\$ 360,000	70%	2002

**Arizona's Drinking Water Revolving Fund**  
**2002 Funding Cycle -- Priority List for Drinking Water Revolving Fund**

<b>Rank</b>	<b>Applicant</b>	<b>Population</b>	<b>Project Title</b>	<b>Project #</b>	<b>Amount Requested</b>	<b>Subsidy Rate Index</b>	<b>Funding Cycle</b>
27	Town of Snowflake	5,000	Paper Mill Well & Water Storage Tank	054 2002	\$ 1,275,000	70%	2002
28	Town of Snowflake	5,000	Water Tank and Pumping Station	055 2002	\$ 360,000	70%	2002
29	City of Yuma	67,000	16th Street Booster Pump Station	028 2002	\$ 1,200,525	75%	2002
30	City of Flagstaff	52,701	Lake Mary WTP Filter/ Disinfection Up	019 2002	\$ 5,665,000	75%	2002
31	City of Flagstaff	52,701	Town Well #3	048 2002	\$ 1,389,230	75%	2002
32	Joseph City Sanitary District	2,000	Water System Loop	056 2002	\$ 135,000	75%	2002
33	Bonita Creek HOA	80	Waterline Expansion	002 2002	\$ 30,000	70%	2002
34	Town of Snowflake	5,000	Water System Master Plan	052 2002	\$ 40,000	75%	2002
35	Joseph City Sanitary District	2,000	New Water Tank	057 2002	\$ 340,000	75%	2002
36	Town of Huachuca City	1,751	Water Pressure and Loop Problems	013 2002	\$ 230,000	70%	2002
37	Town of Huachuca City	1,751	Water Line Across SR90	018 2002	\$ 102,000	70%	2002
38	Sunrise Water Co.	3,553	Water Storage Tank	015 2002	\$ 347,750	75%	2002
39	Ponderosa Utility Corp	1,250	Well #1 Rehabilitation	001 2002	\$ 50,000	75%	2002
40	Town of Fredonia	1,036	Culinary Water Improvements	037 2002	\$ 269,300	75%	2002
41	Pineview Water Company	3,500	2M Gallon Storage Tank	038 2002	\$ 500,000	70%	2002
42	Pineview Water Company	3,500	New Well Expansion	039 2002	\$ 90,000	70%	2002
43	Pine Valley Water Co.	340	Loop 6" Main	006 2002	\$ 70,000	75%	2002
44	City of Wilcox	3,733	Water System Expansion	010 2002	\$ 2,300,000	70%	2002
45	City of Peoria	106,000	Lake Pleasant Water Treatment Plant	031 2002	\$ 20,000,000	75%	2002
46	Tucson Water	675,000	Hayden Udall Treatment Plant/Rehabilit	035 2002	\$ 1,500,000	70%	2002
47	Valley Pioneers Water Company Inc.	4,000	Purchase of Phelps Dodge Well	063 2002	\$ 1,000,000	75%	2002
48	Dragoon Water Co.	462	Main and Service Line Meter Replacem	008 2002	\$ 78,234	75%	2002
49	City of Peoria	106,000	10M Gallon Water Storage Reservoir	032 2002	\$ 8,750,000	75%	2002
50	City of Peoria	106,000	Pyramid Peak WTP Phase II	045 2002	\$ 12,000,000	75%	2002
51	City of Yuma	67,000	Avenue B Water Transmission Line	027 2002	\$ 1,836,000	75%	2002
52	City of Yuma	67,000	Main Street Zone 2 Booster Pump Static	029 2002	\$ 2,699,700	75%	2002

**Arizona's Drinking Water Revolving Fund  
2002 Funding Cycle -- Priority List for Drinking Water Revolving Fund**

<b>Rank</b>	<b>Applicant</b>	<b>Population</b>	<b>Project Title</b>	<b>Project #</b>	<b>Amount Requested</b>	<b>Subsidy Rate Index</b>	<b>Funding Cycle</b>
53	City of Yuma	67,000	Zone 1 Water Transmission Line	030 2002	\$ 2,754,000	75%	2002
54	City of Phoenix	1,300,000	Replace Water Lines	021 2002	\$ 1,500,000	80%	2002
55	City of Phoenix	1,300,000	Chlorine Containment Facilities	022 2002	\$ 3,000,000	80%	2002
56	City of Phoenix	1,300,000	Replace Water Lines	023 2002	\$ 2,000,000	80%	2002
57	City of Phoenix	1,300,000	Steel Tank Rehabilitation	024 2002	\$ 3,000,000	80%	2002
58	Whispering Wind Mobile Home Park	160	Water Improvement Project	040 2002	\$ 200,000	80%	2002
59	Tucson Water	675,000	Plumer Ave/Broadway B-Zone Transmi:	042 2002	\$ 1,148,000	80%	2002
60	Tuscon Water	675,000	Alvernon/Grant B-Zone Transmission N	043 2002	\$ 1,000,000	80%	2002
61	West End Water Co.	791	West End Water Wittman System	014 2002	\$ 500,000	85%	2002
62	Flowing Wells Irrigation Dist.	15,000	Wetmore/Flowing Wells Mainline	004 2002	\$ 350,000	85%	2002
63	Joseph City Sanitary District	2,000	Fire Hydrant Project	058 2002	\$ 45,000	85%	2002
64	Copper Mountain Ranch CFD	900	New Well Development	070 2002	\$ 555,000	75%	2002
65	City of Holbrook	5,900	Little Colorado Water Line River Crossi	066 2002	\$ 600,000	80%	2003
66	City of Holbrook	1,000	Shippley/Phillips Water Line	067 2002	\$ 850,000	80%	2003
67	City of Holbrook	5,900	Spurlock Hill Water Storage Tank	065 2002	\$ 500,000	80%	2003
68	City of Phoenix	1,300,000	Roof Rehabilitation for Reservoirs	026 2002	\$ 3,000,000	80%	2003
69	City of Phoenix	1,300,000	North Gateway Water Reclamation Plan	025 2002	\$ 38,000,000	80%	2003



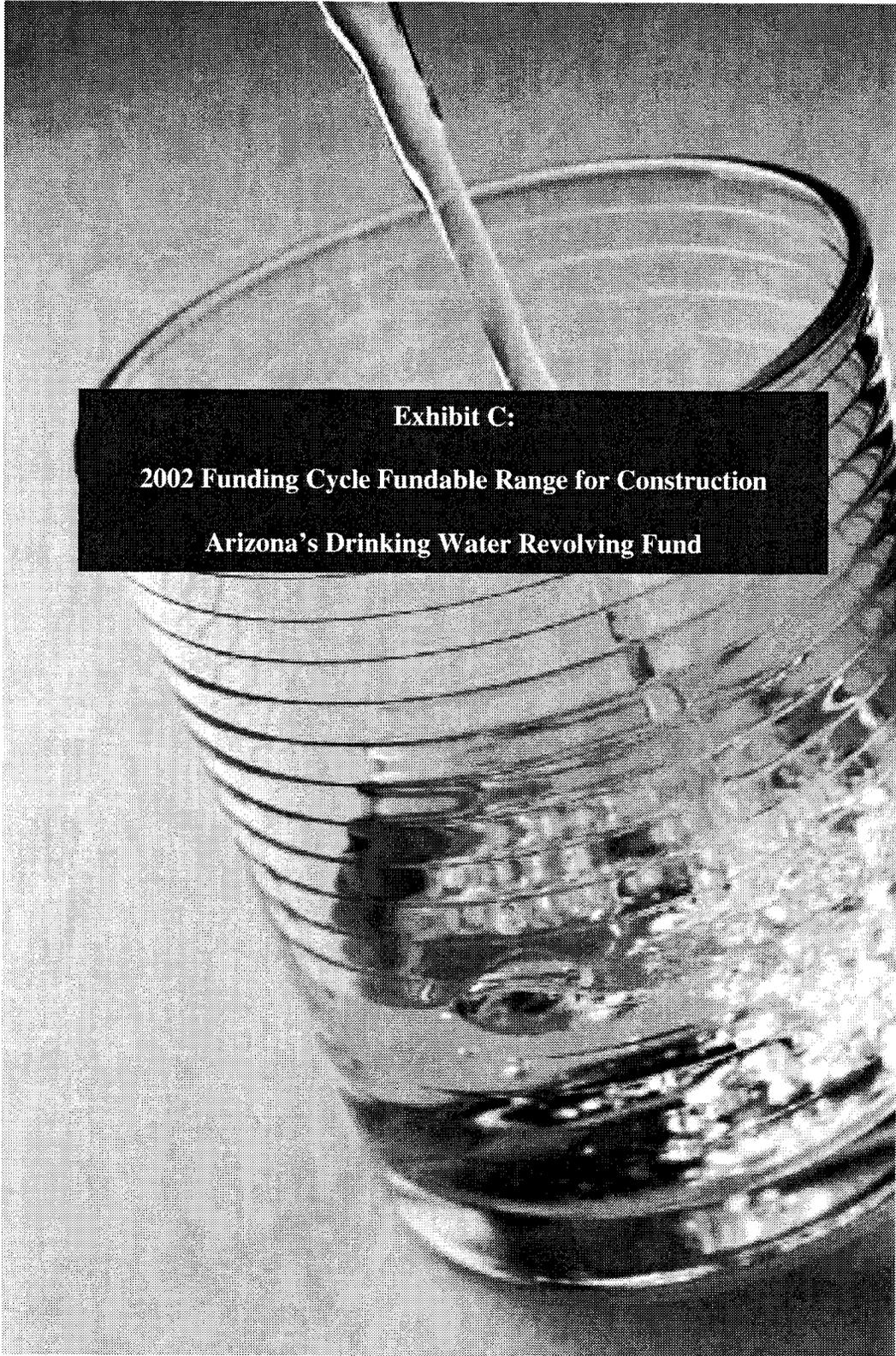
**Exhibit B:**

**2002 Funding Cycle Fundable Range for Design**

**Arizona's Drinking Water Revolving Fund**

**Arizona's Drinking Water Revolving Fund  
2002 Funding Cycle -- Fundable Range for Design Financial Assistance**

<b>Rank</b>	<b>Applicant</b>	<b>Project Title</b>	<b>Project #</b>	<b>Amount Requested</b>	<b>Subsidy Rate Index</b>
1	Town of Snowflake	Langley Farms Water Main	053 2002	\$ 250,000	70%
2	City of El Mirage	Water System CIP	069 2002	\$ 500,000	70%
3	City of Peoria	24" Water Line	033 2002	\$ 526,000	70%
4	City of Peoria	24 and 16" Water Line	034 2002	\$ 1,192,000	70%
5	Town of Snowflake	Well Site Water Storage Tank	051 2002	\$ 50,000	70%
6	Town of Snowflake	Paper Mill Wesll & Water Storage Tank	054 2002	\$ 300,000	70%
7	Town of Snowflake	Water Tank and Pumping Station	055 2002	\$ 50,000	70%
8	Joseph City Sanitary District	Water System Loop	056 2002	\$ 30,000	75%
9	Town of Snowflake	Water System Master Plan	052 2002	\$ 40,000	75%
10	Joseph City Sanitary District	New Water Tank	057 2002	\$ 80,000	75%
11	Town of Huachuca City	Water Pressure and Loop Problems	013 2002	\$ 230,000	70%
12	Town of Huachuca City	Water Line Across SR90	018 2002	\$ 102,000	70%
13	Town of Fredonia	Culinary Water Improvements	037 2002	\$ 269,300	75%
14	City of Peoria	Lake Pleasant Water Treatment Plant	031 2002	\$ 2,000,000	75%
15	City of Peoria	10M Gallon Water Storage Reservoir	032 2002	\$ 1,000,000	75%
16	City of Peoria	Pyramid Peak WTP Phase II	045 2002	\$ 1,200,000	75%
17	Whispering Wind Mobile Home Park	Water Improvement Project	040 2002	\$ 40,000	80%
18	West End Water Co.	West End Water Wittman System	014 2002	\$ 50,000	85%
19	Joseph City Sanitary District	Fire Hydrant Project	058 2002	\$ 45,000	85%
20	Copper Mountain Ranch CFD	New Well Development	070 2002	\$ -	75%
21	City of Holbrook	Little Colorado Water Line River Crossing	066 2002	\$ 100,000	80%
22	City of Holbrook	Shippley/Phillips Water Line	067 2002	\$ 200,000	80%



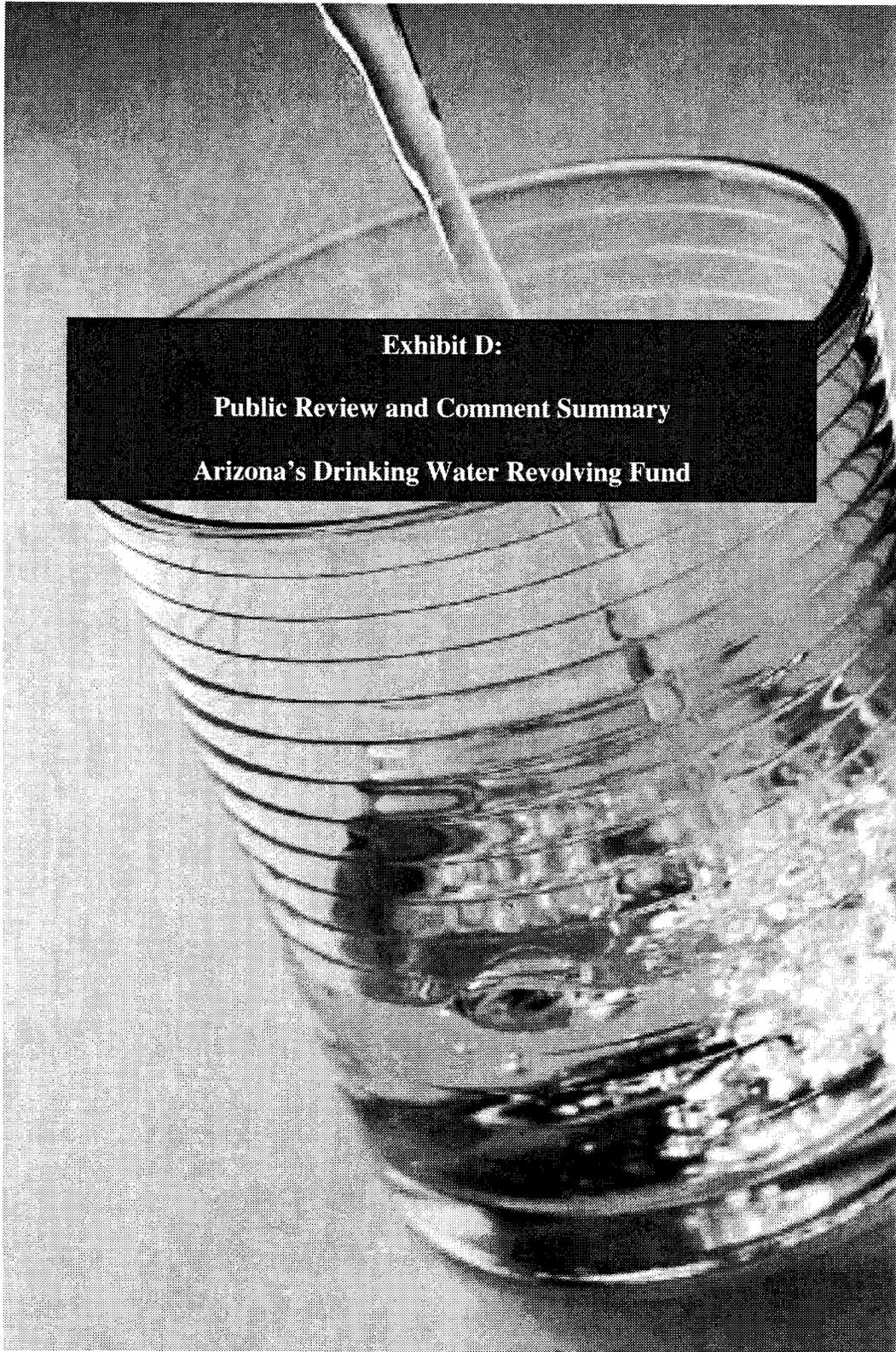
**Exhibit C:**

**2002 Funding Cycle Fundable Range for Construction**

**Arizona's Drinking Water Revolving Fund**

**Arizona's Drinking Water Revolving Fund**  
**2002 Funding Cycle -- Fundable Range for Construction Financial Assistance**

<b>Rank</b>	<b>Applicant</b>	<b>Project Title</b>	<b>Project #</b>	<b>Amount Requested</b>	<b>Subsidy Rate Index</b>
1	White Mountain Apache	Drinking Water Project	068 2002	\$ 3,000,000	70%
2	Tucson Water	Recharge Basins: (CRRF)	041 2002	\$ 4,000,000	75%
3	Tuscon Water	Wilmot D-Zone Reservoir & Booster	044 2002	\$ 1,000,000	75%
4	Ponderosa Utility Corp	Well #1 Rehabilitation	001 2002	\$ 50,000	75%
5	City of Flagstaff	Lake Mary WTP Filter/ Disinfection Upgrade Project	019 2002	\$ 5,665,000	75%
6	Alpine Water System	Alpine Water System	009 2002	\$ 778,291	70%
7	Mt. Lemmon Co-op Water	System Improvement	016 2002	\$ 540,000	70%
8	City of Flagstaff	Town Well #3	048 2002	\$ 1,389,230	75%
9	City of Yuma	16th Street Booster Pump Station	028 2002	\$ 1,200,525	75%
10	Pineview Water Company	2M Gallon Storage Tank	038 2002	\$ 500,000	70%
11	Pineview Water Company	New Well Expansion	039 2002	\$ 90,000	70%
12	City of Yuma	Avenue B Water Transmission Line	027 2002	\$ 1,836,000	75%
13	City of Yuma	Main Street Zone 2 Booster Pump Station	029 2002	\$ 2,699,700	75%
14	City of Yuma	Zone 1 Water Transmission Line	030 2002	\$ 2,754,000	75%
15	Flowing Wells Irrigation Dist.	Wetmore/Flowing Wells Mainline	004 2002	\$ 350,000	85%
16	Fort McDowell Yavapai Nation	Drinking Water Distribution System	062 2002	\$ 3,592,800	80%
17	City of Wilcox	Water System Expansion	010 2002	\$ 2,300,000	70%
18	Prescott Mobile Home Estates	System Connection	005 2002	\$ 25,000	70%
19	Marana DWID	Capital Improvements	050 2002	\$ 898,150	70%
20	Mohawk Utility Co.	System Upgrade	011 2002	\$ 750,000	70%
21	Bonita Creek HOA	Waterline Expansion	002 2002	\$ 30,000	70%
22	Tucson Water	Hayden Udall Treatment Plant/Rehabilitation Program	035 2002	\$ 1,500,000	70%
23	Tucson Water	Plumer Ave/Broadway B-Zone Transmission Main	042 2002	\$ 1,148,000	80%
24	Copper Mountain Ranch CFD	New Well Development	070 2002	\$ 555,000	75%
25	Tuscon Water	Alvernon/Grant B-Zone Transmission Main	043 2002	\$ 1,000,000	80%



**Exhibit D:**

**Public Review and Comment Summary**

**Arizona's Drinking Water Revolving Fund**

## SECTION 1: SUMMARY OF COMMENTS FROM PUBLIC HEARINGS AND PUBLIC MEETINGS

A **public hearing** was conducted in Phoenix at 3033 N. Central Avenue, Room 1706 from 10 a.m. to 12 p.m. Friday, November 16, 2001.

Members of the public present:

Michael Kokcsz, ASW Associates, Inc.  
Waseem Khan, Miller Brooks Environmental, Inc.  
Steve Owen, PACE  
Tom Candelaria, Town of Wickenburg  
Craig Tinney, Arizona Dept. of Environmental Quality

There was no oral testimony or written comments presented at the November 16, 2001 public hearing.

The Board of Directors approved and adopted the Final DWRF Intended Use Plan, Final Priority List, Final Fundable Range for Design and Fundable Range for Construction at a **public meeting** on Thursday, December 20, 2001.

## SECTION 2: SUMMARY OF CHANGES TO THE DRAFT DWRF INTENDED USE PLAN

WIFA added the following EPA Region 9 recommended comments to Section 2 of the Draft DWRF Intended Use Plan:

*The sources and uses for the 2002 Funding Cycle shown in Table 1 are based on the federal FY 2002 President's budget request. Should the final FY 2002 budget be different, the program sources and uses will be adjusted proportionately.*

Copies of written comments (correspondence) are available upon request.

## SECTION 3: SUMMARY OF CHANGES TO THE DRAFT DWRF PRIORITY LIST

The following application was submitted after publication of the Draft Priority List during the public review and comment period:

<u>Application #</u>	<u>Applicant</u>	<u>Amount Requesting</u>
DW-063-2002	Valley Pioneers Water Co., Inc.	\$1,000,000
DW-070-2002	Copper Mountain Ranch CFD	\$ 555,000

**Valley Pioneers Water Co., Inc. – Ref#: DW-063-2002**

**Adjustment: Project scored and ranked # 47 on the DWRP Priority List.**

*Justification for adjustment:* Valley Pioneers Water Co., Inc. submitted their application after the publication of the draft Funding Cycle 2002 Priority List. Since the WIFA Board of Directors will approve a final Project Priority List at a public meeting on December 20, 2001, WIFA Staff included the application for Board review and approval.

**Copper Mountain Ranch CFD – Ref#: DW-070-2002**

**Adjustment: Project scored and ranked # 64 on the DWRP Priority List.**

*Justification for adjustment:* Copper Mountain Ranch CFD submitted their application after the publication of the draft Funding Cycle 2002 Priority List. Since the WIFA Board of Directors will approve a final Project Priority List at a public meeting on December 20, 2001, WIFA Staff included the application for Board review and approval.

Based on the additional applications submitted during the public review and comment period, Funding Cycle 2002 DWRP Priority List Rankings were adjusted. Copies of written comments (correspondence) are available upon request.

This concludes the Responsiveness Summary.



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