DRINKING WATER STATE REVOLVING FUND

INTENDED USE PLAN

SFY 2026 (July 1-2025 - June 30, 2026)

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I. Introduction

A. Arkansas's Drinking Water State Revolving Loan Fund

The State of Arkansas's Intended Use Plan (IUP) is prepared jointly by the Arkansas Department of Agriculture's Natural Resources Division and the Arkansas Department of Health's Engineering Section (ADH). The IUP identifies intended uses of the funds available to Arkansas as authorized by the Safe Drinking Water Act (SDWA), 42 U.S.C. § 300f, et seq.

In Arkansas, the overall program is named the Safe Drinking Water Fund (SDWF). The SDWF is made up of two programs, which are the Drinking Water State Revolving Fund (DWSRF) program and the State Set-Aside Fund (SSAF) program. The Natural Resources Division, through an interagency agreement with ADH (the Primacy Agency in Arkansas), administers the DWSRF. Through the DWSRF program, the Natural Resources Division uses funds for water projects that further the goals of the Safe Drinking Water Act. Except for the Administration Funds for the DWSRF program, which go to and are administered by the Natural Resources Division, the ADH administers all facets of the SSAF. The SSAF Program will use the funds to provide Small Systems Technical Assistance, State Program Management, Local Assistance, and Administration Funds. It is the intent of SDWF to consistently comply with all requirements as stipulated in each year's grant agreement for the capitalization grant. However, procedural changes and reporting requirements may be modified by EPA. These changes will be incorporated into the SDWF, as necessary.

As required by the SDWA, the State is required to prepare the IUP to identify set-aside programs and projects that are anticipated to utilize funds available to the SDWF. The IUP is prepared for the Natural Resources Division's State Fiscal Year 2026 (SFY 2026) beginning July 1, 2025, and ending June 30, 2026. The IUP identifies those sources and uses of available program funds. The capitalization grants and the state match to fund these activities are from prior fiscal years and the Federal Fiscal Year 2025 (FFY 2025) appropriation, including Infrastructure Investment and Jobs Act (IIJA) appropriations.

B. Public Notice

To ensure that the public has an opportunity to review the state's proposed plans for the program, a draft IUP was published on the Natural Resources Division's website to accept comments on the IUP. To ensure that interested parties were made aware of the draft IUP and the comment period, the Natural Resources Division also published the public notice advertisement for the Clean Water and Drinking Water Revolving Loan Fund Intended Use Plans in the Arkansas Democrat-Gazette, a statewide newspaper, on October 21, 2025, and November 2, 2025. The public comment period remained open with a deadline for submitting written comments of December 02, 2025. Copies of the IUP are also available, upon request, at the Natural Resources Division office. The IUP will be revised after the comment period to respond to major comments and concerns as required by 42 U.S.C. § 300j-12(b)(3)(B) and 40 C.F.R. §§ 35.3150(a) and 35.3555(b). At the end of the comment period on December 2, 2025, there were no comments submitted for review.

II. Projects and Available Assistance

This IUP contains a list of projects the Natural Resources Division anticipates funding and information on how the Natural Resources Division plans to use them:

1. The set-aside funds carried over from previous SFY(s), which includes set-asides from the FFY 22 General Supplemental IIJA, 2022 Emerging Contaminants (EC), 2023 base capitalization, 2023 General Supplemental IIJA, 2023 EC, 2024 base capitalization grants, 2024 General Supplemental IIJA, 2024 EC, along with the estimated 2025 capitalization grants.
2. The funds the State receives from the repayments of loans previously made by the DWSRF.
3. Funding sources identified in Chart 2.

The DWSRF program expects to disburse approximately $510 million to projects in the current fiscal year. These projects are all designed to meet one or more of the goals of the SDWA which are the following:

1. Help ensure public-health protection.
2. Comply with the SDWA.
3. Protect underground sources of drinking water from endangerment by underground injection of fluids.

A. Infrastructure Investment and Jobs Act

Infrastructure Investment Job Act (IIJA) funds will be used to strengthen the nation's drinking water. The SDWF will have three separate funding units for IIJA, which are the General Supplemental Grant, the EC Grant, and the Lead Service Line Replacement Grant. The key priority is to ensure that communities benefit equitably from the investment in water infrastructure.

III. Goal Statements

The Natural Resources Division's Drinking Water Program is an integrated and centralized program funded by the DWSRF, Public Water System Supervision, and state funding. The primary focus of the program is to achieve public health protection and rule compliance. All mandatory and voluntary program elements (i.e., technical assistance, capacity development, source protection, rule implementation, enforcement, etc.) are coordinated to ensure this end.

A. Short-term Goals

1. The Natural Resources Division anticipates entering ninety-nine (99) loans closing for approximately $509 million. The projects are identified in Chart 3.
2. The Natural Resources Division anticipates that multiple projects will have green components identified after loan closing occurs.
3. The Natural Resources Division anticipates loan closing for thirty-two (32) projects that will meet the additional subsidy requirements, and as many as twenty-five (25) of those projects will receive Rate Burden Funds in the form of principal forgiveness. The projects are identified in Chart 4.

4. The Natural Resources Division anticipates awarding a maximum of $20 million in loans. The amount does not include loans with principal forgiveness.
5. ADH will continue to utilize the State Program Management set-aside to fund a portion of the implementation of the State Public Water Supply Supervision Program plan effort. Activities in SFY 2026 will include review and approval of 200 (goal) plans and specifications; logging and tracking of 1,400 (goal) plan submissions; 250 (goal) sanitary surveys; technical assistance to Public Water System Supervision in a variety of ways; and other implementation activities.
6. The Natural Resources Division will strive to update the EPA database monthly with all new loan closings.

B. Long-term Goals

The Natural Resources Division is committed to continually working towards the following long-term goals:

1. Maintain the fiscal integrity of the DWSRF and assure a continuous enhancement of the loan fund for future generations.
2. Maintain the fund in perpetuity by protecting the principal that has been and continues to be deposited into the DWSRF program.
3. Provide entities with a source of long-term, low-interest financing that will allow them to protect their customers' health and comply with the SDWA.
4. Meet the growing demand for the DWSRF program by leveraging funds when the demand exceeds the current revenue stream.
5. Continue collaborative work with ADH to:
    a. Implement the Public Water System Supervision Program in conformance with its primacy commitments;
    b. Implement the State Source Water Assessment/Protection Program; and
    c. Implement the State Capacity Development Program strategy.
6. Maximize the number of entities meeting the SDWA requirements by combining the DWSRF program with other state and federal funding programs when feasible.
7. Ensure that funds are distributed in a timely and expeditious manner per program guidelines. In SFY 2024, the program failed to meet the timely and expeditious goals established by EPA. In SFY 2025, the program met or exceeded the goals and intends to continue to increase the disbursement ratios to meet or exceed EPA goals.

C. Environmental Results under EPA Assistance Agreement Goals

The Natural Resources Division's DWSRF program will satisfy the EPA's "Powering the Great American Comeback" Initiative, Pillar 1 for Clean Air, Land, and Water for Every American and Pillar 3 for Permitting Reform, Cooperative Federalism, and Cross-Agency Partnership. The pillars below are used as a measure to comply with the new requirements:

1. Pillar 1: Provide ninety-nine (99) binding commitments to water systems. The projects are identified in Chart 3.
2. Pillar 2: Enter into binding commitments with seventy-six (76) small systems and twenty-three (23) large systems during this fiscal year. The projects are identified in Chart 3.

3. Pillar 3: ADH also contracts to work with small systems. Goals for these contracts include one (1) eight-hour training course, twelve (12) one-hour group training sessions, and one (1) Comprehensive Performance Evaluation (CPE).

Environmental benefits will result from approved funds and completed projects to reduce specific contaminants, create energy savings, conserve water, increase capacity to meet current water needs, replace aging infrastructure, and comply with state and federal regulations.

IV. Distribution of Funds

A. Distribution of Funds Between DWSRF Program and SSAF Programs

The Natural Resources Division puts priority on providing existing Public Water Systems (PWS) with technical assistance to ensure all systems meet the requirements of the SDWA. Arkansas endeavors to provide services at no cost to the systems. *See* Section VII, "Set-Aside Programs and Amounts Requested," for details of the SSAF programs managed by ADH.

The administration of the DWSRF program also falls in the category of SSAF programs. The Natural Resources Division plans to use the full 4% allowed by the program for administration and will be responsible for the administration and reporting required by the program.

B. Distribution to Specific Projects in the DWSRF Program

The Natural Resources Division's method for the development of the priority list and fundable list explains the process used to select systems to receive assistance.

Priority System

ADH is responsible for developing the priority system, and the system includes factors for projects that:

1. Address the most serious risk to human health.
2. It is necessary to ensure compliance with the requirements of the SDWA to assist systems most in need on a per household basis according to state affordability criteria.

The priority system questionnaire is sent annually to each PWS in the state, and responses are used to add new projects to the DWSRF Project Priority List (PPL). The questionnaire describes the priority system used by the DWSRF program and lists the point values assigned to each category in the priority system. ADH evaluates the questionnaire responses and assigns point values to the various categories, which is included as Appendix A. A project's total points are used to determine the project's ranking. The more points that a project receives, the higher it is placed on the priority list. Projects that have funding will have a thousand-point range and are not counted with the new projects' ranking. The new projects are added to the projects which were not funded from the previous priority list, and a new priority list is assembled.

To be placed on the priority list, an entity must submit a questionnaire to ADH. Since submitting the questionnaire is a voluntary task, only projects that may be funded by the DWSRF program are listed on the priority list. Once ADH prepares the priority list, it is the Natural Resources Division's responsibility to create a fundable list from the priority list.

Priority List of Projects

The priority list contains projects that are interested in utilizing funding from the DWSRF program. Each project is evaluated to determine its relative priority as compared to the rest of the projects seeking funding through the DWSRF program. ADH prepares the priority system used to rank projects, included as Appendix A, sends out the questionnaires, determines the priority points for the projects that return questionnaires, and develops the priority list. The Natural Resources Division then takes the priority list and establishes a fundable list. The fundable list (Chart 3) is not a separate list but is instead comprised of projects from the priority list that expect to close a loan and expend funds in the current SFY. 40 C.F.R. § 35.3555(d) states that the priority lists may be amended during the year under provisions established in the IUP if additions or other substantive changes to the lists, except projects funded on an emergency basis, go through a public review process first. The public review process includes placing the PPL on the Natural Resources Division's website. The Natural Resources Division will update and post the PPL as necessary (up to 4 times) in SFY 2026 to reflect new projects.

Due Date	Publish Date
March 15	April 1
July 15	August 1
November 15	December 1

Fundable List of Projects

As stated in 40 C.F.R. § 35.3555(c)(2)(i), the IUP must contain a fundable list of projects that are expected to receive assistance from available funds designated for use in the current IUP. The Natural Resources Division defines "receive assistance" to mean closing a loan and expending funds. Projects that are ready to proceed are added to the fundable PPL and bypass those projects that are not on schedule. It is the Natural Resources Division's intent to offer funding to all projects listed on the priority list. The fundable list simply shows those projects that expect to receive assistance from the DWSRF in the current SFY (Chart 3).

1. Ready to Proceed: "Ready to proceed" means a project that has been approved by the Arkansas Natural Resources Commission. Projects that meet this requirement are moved to the fundable portion of the PPL and bypass those projects that are not on schedule or have not applied for funding.
2. Bond Purchase Agreements: Through SFY 2025, the Natural Resources Division has defined the Bond Purchase Agreement (BPA) as the date on which the BPA is signed by all parties. The BPA is the loan closing and binding commitment date.
3. Bypass Procedures: The Natural Resources Division's intention is to fund every project on the priority list as it becomes ready to proceed. Except for an emergency public health project, the Natural Resources Division does not plan to bypass a project that is ready to proceed for another project with a lower ranking.
    a. If a project's readiness to proceed changes status after it was placed on the fundable list, the Natural Resources Division reserves the right to put the project on hold and take another project from the priority list that is ready to proceed in its place. Previous examples of status change include commencement of litigation, withdrawal of other funding, or a change in administration of the entity proposing the project. If a project is not ready to proceed, the Natural Resources Division will substitute the next project on the priority list that is ready to proceed.

b. If a situation develops which causes the State to bypass a "ready to proceed" project for another project, the Natural Resources Division will include an explanation in the Safe Drinking Water Fund and State Revolving Loan Fund Program Annual Report.

Emergency Public Health Projects

The Natural Resources Division reserves the right to fund projects not on the priority list if these projects protect the public from an imminent health threat. ADH is the sole entity in Arkansas that can declare a situation to be an imminent health threat. The ADH Director or his/her designee would make the determination of an imminent health threat based on an immediate risk to the public health caused by a situation that is amenable to correction. The project developed to correct the situation must otherwise meet eligible qualifications for funding from the DWSRF program. The procedure allows a project designated as an imminent health threat to bypass only the priority list and fundable list phases of the DWSRF program.

The Natural Resources Division will notify EPA in the event a project is designated as an imminent health threat, and the project is reported as such in the annual report.

C. Type and Terms of Assistance

Prior to FFY 2010, the Natural Resources Division made the decision to provide loans as the only type of assistance. Loans provide the most flexible use of the funds. By providing assistance in the form of loans, the Natural Resources Division can vary the terms of the loans to help communities that are rate burden qualified, refinance existing debt to improve the finances of entities, or pledge the loans to leverage issues to increase the funds available for the program. Beginning with the American Recovery and Reinvestment Act of 2009 and the FFY 2010 Capitalization Grant, the Natural Resources Division may offer additional subsidization in the form of principal forgiveness, negative interest rate loans, or grants.

Assistance is provided in the form of loans of up to $30 million in SFY 2025. Due to the significant funding awarded during SFY 2023 and 2024, the program's capacity is limited. Implementing a funding cap helps ensure the program's financial stability and supports responsible lending practices. The funding cap also mitigates the risk of overexposure and encourages sustainable borrowing and repayment behavior. By setting a maximum loan amount, the integrity and long-term viability of the program are preserved.

Assistance is provided in the form of a loan for up to 100% of the eligible cost of projects. Loans at below market interest rates provide affordable financing and incentives for loan applicants to meet the program requirements. The program provides flexibility and the perpetuity of the DWSRF.

Lending Rate

The lending rate is composed of two parts: the interest rate and the service fee. The lending rate is determined at the time the borrower develops the BPA and Bond Ordinance. Rates are set as follows:

1 <u>Standard Lending Rates</u>:
   a. 3.5% for a 10-year repayment period (2.5% interest, 1% fee)
   b. 4.0% for a 20-year repayment period (3.0% interest, 1% fee)

c. 4.5% for a 30-year repayment period (3.5% interest, 1% fee)
    - The Natural Resources Division varies the lending rate in this manner to encourage entities to repay loans as quickly as possible. The sooner an entity repays, the sooner the DWSRF program can use funds on future projects. Service fees are deposited into the fees and administrative accounts, which are outside of the DWSRF and not subject to the 4% administration cap applicable to DWSRF.

2 Principal Forgiveness Lending Rates:
   a. 0% for all repayment periods (0% interest, 0% fee)

3 Special Lending Rates:
   a. Regionalization**:** 1.50% (.50 interest, 1% fee) for regionalization projects addressing water quality concerns for a maximum of 30 years or the life of the project, whichever is less.
    - Regionalization is the physical interconnection and consolidation of two (2) or more systems including the transfer of all assets to a single system. At least one (1) of the systems must be a small public water/sewer system, which is a system servicing 10,000 or fewer customers. In cases where a regional solution is clearly feasible but is not pursued, those systems should not expect to receive priority for government-subsidized funding. Small systems may maintain their independence, but their users must be willing to pay for it. Conversely, when a system is pursuing a regional alternative that has large capital costs but will provide a better long-term solution, the project is given priority for funding incentives. As a result, special lending rates and additional subsidization, where applicable, are incorporated for regionalization projects that are specifically designed to regionalize one or more small systems.

4. Cybersecurity: Reduction of lending rate (up to 0.50% rate reduction) for eligible cybersecurity component(s) of a publicly owned community water system infrastructure improvement project, with savings not to exceed the cost of the cybersecurity component(s) of a traditional infrastructure project.
    - When cybersecurity is included as a component of a traditional infrastructure improvement project, rate reduction is available. Cybersecurity is defined as the cybersecurity component(s) of a publicly owned community water system. Eligible cybersecurity is defined in the EPA fact sheet for the loan fund, Supporting Cybersecurity Measures with the DWSRF. Examples include development of effective cybersecurity practices and measures at publicly-owned community water systems; installation of cyber-related infrastructure, including upgrading information technology, operational technology, and equipment and infrastructure such as computers and software; creating secure network backups; enhancing the security of information technology (IT) and operational technology systems; installing or updating Supervisory Control and Data Acquisition (SCADA) systems; providing on-site back up power generation; and installing threat detection and monitoring systems. Water systems may use DWSRF loan funding to construct physical barriers and access control systems to protect IT systems from unauthorized physical access, which may include locking doors/cabinets, cabinet intrusion alarms, or protecting network cables.

   b. Lead Service Line Inventory or Replacement: 0% (0% interest, 0% fee) for lead service line inventory or replacement projects.
    - This rate is for lead service line replacement (LSLR) projects or associated activity directly connected to the identification, planning, design, and replacement of lead service lines. Any project funded by DWSRF involving the replacement of a lead service line must replace the entire lead service line, not just a portion, unless a portion has already been replaced or is concurrently being replaced with another funding source.

c. EC: 0% (0% interest, 0% fee)
   - Projects eligible under IIJA-EC project funding receive 100% additional subsidy for eligible projects or components of projects.

d. Equivalency Projects: Borrowers/Recipients selected by Natural Resources Division to meet all federal requirements for their projects are eligible for reduction of the standard interest rate by up to 1%. Standard fee rate remains the same.

Repayment Period

The standard repayment period is 20 years. Upon request the repayment period may be extended to 30 years. In addition, the repayment period may be adjusted to provide communities with an incentive to use the DWSRF program. However, the option to extend the term (repayment period) based on the life of the project is available. In no case will the extended loan term exceed the estimated life of the project.

D. Service Fee

The service fee is collected as part of the semi-annual or monthly repayments depending on how loan repayments are structured. Service fees are placed in the DWSRF administration account, which is a separate fund, and used for eligible program expenses.

E. Green Project Reserve (GPR)

The Green Project Reserve mandate was removed in the FFY 2012 appropriation, and the DWSRF program is no longer required to meet the 20% requirement on each cap grant. The Natural Resources Division will continue to solicit for "green" projects from PWS.

To be eligible for GPR funding, the applicant must be a PWS, and the project must demonstrate that it will facilitate compliance with national primary drinking water regulations or otherwise significantly further the public health protection objectives of the SDWA. Projects eligible for GPR must be in one of the following categories:

1. Energy Efficiency: Projects that reduce the energy consumption of eligible drinking water infrastructure.
2. Water Efficiency: Projects that use improved technologies and practices to deliver equal or better services with less water.
3. Green Infrastructure: Projects that include practices that manage wet weather to maintain and restore natural hydrology by infiltrating, evapotranspiring, and capturing and using stormwater. In the context of the DWSRF, green infrastructure consists of site-specific practices, such as green roofs and porous pavements at drinking water utility facilities. In addition to managing rainfall, these green infrastructure technologies can simultaneously provide other benefits, such as reducing energy demands.
1. Environmentally Innovative: Projects that demonstrate new or innovative approaches to delivering services or managing water resources in a more sustainable way, including projects that achieve public health protection and environmental protection objectives at the least life-cycle costs.

F. Additional Subsidization

The Natural Resources Division developed the following system to determine if a project is eligible for additional subsidization funds for the DWSRF. The Natural Resources Division provides additional subsidization in the form of principal forgiveness. *See* Chart 4 for additional subsidization projects on the SFY 2026 fundable project list.

To be eligible to receive additional subsidization from the fund, a borrower must show either:

1. The current utility rates or proposed utility rates for 4,000 gallons of water on an annual basis are at least 1.5% of the median household income (MHI) for the project area;
2. At least 51% of the customers who benefit from the project have either low or moderate income as defined by the U.S. Department of Housing and Urban Developments' Community Block Grant (CDBG) Program and have 1.25% of MHI; or
3. Projects addressing perfluorooctanesulfonic acid (PFOS)/ per and polyfluoroalkyl substances (PFAS).

Once a project is determined to be eligible for additional subsidization from the DWSRF, additional priority will be given to projects that meet the regionalization or green standards set by the Natural Resources Division.

Rate Burden Criteria/Additional Subsidization Community Assistance

As referenced in 40 C.F.R. § 35.3555(c)(7), Arkansas provides some incentive for communities who are rate burden qualified to use the DWSRF program. Because of the limited funds the DWSRF program receives, that assistance is limited to offering additional subsidization (principal forgiveness) or extending the maximum repayment period for loans. *See* Chart 4 for communities that meet Natural Resources Division rate burden qualification with projects anticipated to close in SFY 2026.

FFY Grant	Type	Type	Allocated	Available to Allocate
2021	Base	Congressional	$2,317,140.00	
2021	Base	Affordability Criteria (max)	$5,792,850.00	
2022	Base	Congressional	$1,476,020.00	
2022	Base	Affordability Criteria (max)	$3,690,050.00	
2022	IJJA – G	IJJA-GS	$13,264,300.00	
2022	IJJA – EC	IJJA-EC	$11,979,000.00	
2022	IJJA – LSL	IJJA-LSL	0	
2023	Base	Congressional	$827,680.00	
2023	Base	Affordability Criteria (max)	$2,069,200.00	
2023	IJJA – G	IJJA-GS	$12,352,410.00	
2023	IJJA – EC	IJJA-EC	$10,538,000.00	
2024	Base	Base	$781,200.00	
2024	Base	Affordability Criteria (max)	$1,953,000.00	
2024	IJJA-G	IJJA-GS	$13,484,800.00	
2024	IJJA-EC	IJJA-EC	$9,147,000.00	
*2025	Base	Congressional		$1,828,120
*2025	Base	Affordability Criteria (min)		$1,566,960
*2025	IJJA – G	IJJA-GS		$14,606,900
*2025	IJJA – EC	IJJA-EC		$9,147,000
Total			**$110,572,620**	**$27,148,980**

*Estimated

Definition of a Community that meets Rate Burden Criteria

In Arkansas, to meet the affordability criteria set forth in 40 C.F.R. § 35.3555(c)(7), a community must meet these requirements:

1. The current utility rates or proposed utility rates for 4,000 gallons of water on an annual basis are at least 1.5% of the MHI for the project area;*
2. 51% of the customers who benefit from a project are either low or moderate income as defined by the CDBG Program and have 1.25 percent of MHI; or
3. Projects addressing perfluorooctanesulfonic acid (PFOS)/ per and polyfluoroalkyl substances (PFAS).

**Project area MHI is the average of the most recent three (3) years of available data from the American Community Survey (ACS) five-year estimates provided by the Arkansas State Data Center. Arkansas' MHI for SFY 2026 is $55,744.*

Identification of Projects

The PPL can be found on the Natural Resources Division's website at: https://agriculture.arkansas.gov/natural-resources/. Chart 4 includes a column defining which projects qualify as communities that meet the rate burden criteria.

G. Wage Rate Requirements (Davis-Bacon)

The Natural Resources Division agrees to follow all federal labor laws regarding prevailing wages, hours of work, and rates of pay, collectively known as the Davis-Bacon laws. All projects funded as a whole or in part with assistance from DWSRF are required to comply with Davis-Bacon laws and incorporate applicable provisions into any project work that has been or will be contracted.

V. Financial Planning Process

The Natural Resources Division manages four (4) state programs and five (5) additional federal programs to meet the drinking water needs in the State of Arkansas. The programs are eligible for DWSRF funding. The financial planning process used for the DWSRF program considers all these sources of funding and the strengths and weaknesses of each source.

The Natural Resources Division also has an organization called the Water/Wastewater Advisory Committee (WWAC) that reviews all water and wastewater projects before the project applies to a funding program. WWAC's pre-application process provides the Natural Resources Division with knowledge of future projects and entities likely to apply for funding. The information is also used to project the future demand for DWSRF funds. Before a project is funded, it must first go through the WWAC pre-application process.

The Natural Resources Division contracts professional financial advisors and bond counsel to stay informed and current on changes in the financial market and both state and federal bond law. These professionals advise the Natural Resources Division on current market conditions so lending rates and repayment periods can be adjusted as needed.

The DWSRF program is continually reviewed in terms of future demand, changes in loan terms, and the need to leverage the program. The primary concern is always to provide low-cost loans to entities in Arkansas while maximizing the funds available, with the goal to turn no entity away due to a lack of funds.

From time-to-time the Natural Resources Division, through the Arkansas Development Finance Authority, issues bonds secured by the revenues from the pledged DWSRF project loans. Proceeds from any bonds issued are deposited directly into the DWSRF. To the extent that it would benefit the program, the Natural Resources Division may choose to exercise its option to cross-collateralize when issuing revenue bonds.

VI. Financial Status

The Natural Resources Division's funding sources for the DWSRF for the current fiscal year are identified in Chart 1. Sources include capitalization grants, the required state match for those capitalization grants, interest earnings, and loan repayments.

The Arkansas Natural Resources Commission approved funding for projects totaling approximately $1.2 billion as of April 30, 2025. The Natural Resources Division has worked diligently to increase the number of applications for funding and the amount approved and will continue to work with potential applicants to continue this trend. However, with the large amount approved in 2023 and 2024, the capacity for new loans has decreased with only $20 million available in new loan funding in the current fiscal year, not including principal forgiveness or emerging contaminant funding.

A. State Match Sources

The Natural Resources Division agrees to deposit into the Drinking Water State Revolving Fund or make available through a letter of credit or a letter of credit type instrument, monies in an amount equal to 20% of each quarterly grant payment on or before the date on which the state receives each payment from the grant award. The Natural Resources Division will fund the required state match by using state appropriations, grants from state funding programs, bond proceeds, or servicing fees. The state match requirement for the Base and General Supplemental IJJA amounts are in the table below.

State Match Requirements		
FFY25	**Requirements**	**Amount**
Base	20%	$2,611,600
General Supplemental	20%	$5,962,000

B. Leveraging of the Drinking Water State Revolving Fund

The Natural Resources Division leverages periodically to increase the funds available for assistance. The Natural Resources Division leveraged the program in August 2023 for $80 million and again in March 2025 for $70 million to meet the cash flow needs for the Clean Water and Drinking Water programs and anticipates leveraging in SFY 2026 for an estimated $150 million.

C. Cash Draw Ratio Proportionality

The Natural Resources Division will disburse 100% of the state match for capitalization grants first and then draw 100% of the federal funds for the capitalization grant (less the set-asides). Arkansas is prohibited from disbursing state match in any of the forms used for additional subsidization. *See* Ark. Code Ann. § 15-22-1102(b)(12)(B). If federal funds are required to be spent on additional subsidization, the Natural Resources Division will continue this process for future federal cap grants.

VII. Set Aside Programs and Amounts Requested

The SDWA allows each state to set aside up to 31% of its federal capitalization grant to support various drinking water programs including administration, technical assistance, state program management, and special activities. Spending has been structured to modernize the program through data collection contracts, software updates, state laboratory equipment maintenance, etc. The modernization process will improve the efficiency of the overall program and assist in the reduction of our un-liquidated obligations. Arkansas SSAF has and will continue to request set-asides for non-routine investigative monitoring, such as the UCMR, LT2ESWTR source monitoring, and source water monitoring, for ADH laboratory equipment replacement, as needed, and for updating our Source Water Assessment and Protection Plan. To maximize public health protection potential and minimize un-liquidated obligations, older set-aside funding will be transferred back to the DWSRF loan account as it is determined not to be needed by the SSAF.

A. Set Aside for Emerging Contaminant

The Natural Resources Division amended the FFY 2023 grant to include set-asides that were not taken previously. These will be set aside for the Arkansas Department of Energy and Environment's Division of Environmental Quality (DEQ) project. DEQ will conduct non-routine sampling that is not for compliance purposes. DEQ will act as a third party to perform non-routine sampling/monitoring of PFAS and to set up equipment. DEQ will also do PFAS testing that is non-routine.

Grant	Fund	Set Asides	Available	Reserved	Budget
FFY 23	IJJA-EC	Capacity Development & Wellhead Protection	$1,016,481.83	0	$1,170,222.00
FFY 23	IJJA-EC	State Program Management	$1,372,050.0	0	$635,199.00

B. Administration of the Drinking Water State Revolving Fund Program

As provided in 42 U.S.C. § 300j-12(g)(2)(A), the maximum amount allowed for administering the fund does not exceed 4% of all grant awards received by the DWSRF, $400,000 per year, or 1/5% of the current valuation of the fund, whichever amount is greater, plus the amount of any fees collected by the state for such purpose regardless of the source.

The Natural Resources Division intends to budget up to 4% of the FFY25 grant allotments for administration, which will support various drinking water programs including administration, technical assistance, state program management, and special activities. The Natural Resources Division has the responsibility of managing the DWSRF program and will use the funds allocated to the set-aside program to defray the administrative costs associated with managing the program and assistance eligible under IJJA Lead Service Line (LSL) Replacement.

Grant	Fund	Available	Reserved	Budget
FFY22	IJJA-LSLR	$1,706,120.00		$1,706,120.00
FFY23	IJJA-LSLR	$1,474,172.00	$0	$1,474,172.00

Grant	Fund	Available	Reserved	Budget
FFY25	Base	$522,320.00	$522,320.00	
	IJJA-G	$1,192,400.00		$1,192,400.00
	IJJA-EC.	$365,880.00		$365,880.00
	Total	**$2,080,600**	**$522,320.00**	**$1,558,280.00**

C. Small Systems Technical Assistance

ADH uses Small Systems Technical Assistance (SSTA) funds to provide assistance to small water systems in assessing and implementing capacity development, which will identify individual water system needs, provide corrective action plans addressing identified deficiencies (goal 40), and provide technical assistance in correcting these deficiencies (goal 1,900 man-hours).

Grant	Fund	Available	Reserved	Budget
FFY25	Base	$261,160		$261,160
	IJJA-G	$596,200		$596,200
	IJJA-LSLR	$0		$0
	IJJA-EC.	$182,940		$182,940
	Total	**$1,040,300**		**$1,040,300**

This year, ADH will also reclaim a total of $904,944 reserved funds in the 2025 cap grant. *See* Chart 1 as a reference to which grant ADH is reclaiming.

D. State Program Management Program

Funds will be used by ADH to continue operating its Public Water Supply State Program Management (SPM) activities to ensure compliance with requirements of the SDWA. Funds will support full-time employees and related expenses, including salary, benefits, indirect costs, travel, training, office supplies, PC/LAN/GIS equipment and upgrades, laboratory equipment replacement, and similar routine costs. Day-to-day activities include sanitary surveys (goal 150), engineering plan reviews (goal 1400), complaint investigations, compliance tracking and grading, technical assistance in a variety of forms to water systems, administrative activities, and other needs.

FFY Grant	Fund	Available	Reserved	Budget
FFY25	Base	$1,305,800		$1,305,800

FFY25	IJJA-G	$2,981,000		$2,981,000
FFY25	IJJA-LSLR	$0		$0
FFY25	IJJA-EC.	$914,700		$914,700
	Total	**$5,201,500**		**$5,201,500**

This year, ADH will reclaim a total of $3,447,845 reserved funds in the 2025 cap grant. *See* Chart 1 as a reference to which grant ADH is reclaiming.

E. Wellhead Protection Program

ADH uses Wellhead Protection Program (WHP) funds to provide the necessary staff resources and support to implement and expand the WHP and to ensure an updated and well-maintained GIS database system. Tasks include delineation of wellhead protection areas; assistance to PWS in well sitting, aquifer identification, and recommended construction features; inventories for sources of contamination in source water assessment areas; hydrologic sensitivity assessments of water sources; public outreach efforts on the importance of source water protection; and other activities. ADHE utilizes State Program Management funds to provide these services.

Grant	Fund	Available	Reserved	Budget
FFY25	Base	$652,900		$652,900
	IJJA-G	$1,490,500		$1,490,500
	IJJA-LSLR	$0		$0
	IJJA-EC.	$457,350		$457,350
	Total	**$2,600,750**		**$2,600,750**

F. Capacity Development Program

ADH uses Capacity Development Program (CD) set-aside funds to provide a variety of technical assistance and public education activities to ensure continued sustainability and performance of public water systems in the state. Activities to be accomplished with CD funds include training and technical assistance to water systems in drafting CCRs (goal 672); water operator training and certification; publish and disseminate an informative quarterly newsletter (goal 3,500 copies) for operators and other interested parties; a coordinated review of and protection from proposed point and non-point discharges (goal 800 miscellaneous permits) into sources of drinking water; assistance to water systems in developing local source water protection plans; participation in EPA's Area Wide Optimization Program efforts; conducting Comprehensive Performance Evaluations at water systems when necessary; and other activities. Activities are performed utilizing the State Program Management and the 2% Small System Technical Assistance set-aside. The 15% Local Assistance from the LSLR fund is used to fund technical assistance projects related to lead service line inventory. These efforts require full-time employees and associated expenses, as well as technical assistance contractors.

Grant	Fund	Available	Reserved	Budget
FFY25	Base	$1,305,800		$1,305,800
	IJJA-G	$2,981,000		$2,981,000
	IJJA-LSLR	$0.00		$0.00
	IJJA-EC.	$914,700		$914,700

	Total	**$5,201,500**		**$5,201,500**

VIII. Small System Assistance

The Natural Resources Division is required to allocate a minimum of 15% of the total funds available each year to funding small systems. Small systems are defined as systems that regularly serve 10,000 or fewer people. Arkansas has approximately 677 Community Public Water Systems (PWS). Of those systems, approximately 52 serve a retail population of over 10,000 people, and 625 serve a population of 10,000 or less.

The Natural Resources Division has worked with small systems to help them meet all the regulatory requirements of the DWSRF program. However, over the last few years, small systems found the DWSRF program to be slow and cumbersome and looked elsewhere for funding. By working with applicants, the Natural Resources Division continues to be invested in small systems in the program.

The Natural Resources Division is required to demonstrate that at least 15% of the funds are used for small systems:

EPA Database as of April 30, 2025	
Cumulative Loans	$509,795,566.50
Cumulative Small Systems	$141,454,850.50
Percentage of Small System Binding Commitments	28%

Estimated as of Jun 30, 2025	
Cumulative Loans	$520,318,202.50
Cumulative Small Systems	$143,081,571.50
Percentage of Small System Binding Commitments	28%

The Natural Resources Division is committed to continually modifying the DWSRF program to make the program more attractive to small systems and continues to work towards a streamlined application process and shorter time for planning and design work.

The Natural Resources Division has ongoing marketing plans at various conferences and meetings describing the benefits of the Revolving Loan Fund program available to cities and communities. The Natural Resources Division will evaluate the need to lower the interest rates to cities that request funding. The goal is to provide a subsidy without harming the program in the long term.

IX. Capacity Assessment

The SDWA requires a PWS applying for a DWSRF loan to show that it has the technical, financial, and managerial capacity to ensure compliance. If a system does not have adequate capacity, assistance may only be provided if it helps the system achieve capacity. The goal of this requirement is to ensure that the DWSRF assistance is not used to create or support non-viable systems.

A. Technical Capacity

To demonstrate technical capacity, DWSRF loan applicants must show that drinking water sources are adequate; that the system's source, treatment, distribution, and storage infrastructure are adequate; and that personnel have the technical knowledge to efficiently operate and maintain the system. As part

of reviewing a loan application, ADH will review the system's records to assure that the system is properly operated and maintained. The water system must not have outstanding water compliance problems unless the DWSRF project is intended to correct those problems. The engineering reports, plans, and specifications for the proposed DWSRF project and the system's technical capacity are all evaluated during the loan application process.

B. Financial Capacity

To demonstrate financial capacity, the applicant must show that the system has sufficient revenue to cover necessary costs and demonstrate credit worthiness and adequate fiscal controls. The Natural Resources Division reviews the applicant's Self-Assessment Worksheets, project budget, annual financial reports, and other financial information to ensure adequate financial capacity of the applicant.

C. Managerial Capacity

To demonstrate managerial capacity, the water system must have personnel with expertise to manage the entire water system operation. ADH reviews the applicant's managerial capacity through supporting documentation to ensure that management is involved in the day-to-day supervision of the water system, is responsive to all required regulations, is available to respond to emergencies, and can identify and address all necessary capital improvements and assure financial viability. The water system must have a qualified water operator in accordance with the state's operator certification program. After reviewing the water system's technical and managerial capacity, ADH sends a letter to the applicant and the Natural Resources Division stating whether the system is eligible to be placed on the Priority List to receive DWSRF assistance.

D. Long-Term Capacity

ADH assesses whether each water system has a long-term plan to undertake feasible and appropriate changes in operations necessary to develop adequate capacity. In making these assessments, ADH consults with local health departments and reviews water resource management strategies, comprehensive studies, the Natural Resources Division's response to the Drinking Water Needs Survey, and other available engineering reports to improve the overall capacity of systems requesting assistance. ADH encourages consolidation efforts when two (2) or more systems can benefit and encourage other options, such as contract management or partnerships with other communities in their area. The priority ranking criterion provides additional points to encourage this objective.

X. Transfer Process

The Natural Resources Division reserves the authority to transfer up to $30 million of the DWSRF 2025 federal capitalization grant to the 2025 Clean Water State Revolving Fund (CWSRF) capitalization grant. The funds will be transferred from DWSRF construction to CWSRF construction and will not affect the total amount available for set-asides. The funds will be returned to DWSRF from CWSRF when bond proceeds become available to reimburse the program for disbursements.

SDWA and subsequent congressional action allow states to transfer an amount equal to 33% of their DWSRF capitalization grant to the CWSRF or an equivalent amount from the CWSRF to the DWSRF.

States can also transfer state matches, investment earnings, or principal and interest repayments between SRF programs and may transfer a previous year's allocation at any time. The Natural Resources Division transferred EC Grants from the CWSRF EC grants to DWSRF EC Grants from the following grant years:

Grant FFY	CWSRF EC Grant transfer amount	DWSRF EC Grant
2022	(254,000)	254,000
2023	(1,391,000)	1,391,000

The Natural Resources Division may transfer the 2024 CWSRF EC grant amount to the DWSRF EC grant within 6 to 12 months, which would require an amendment to the current IUP.

XI. Cross-Collateralization Process

The Natural Resources Division implemented a system for leveraging bonds and part of that system is cross-collateralization.

XII. Audits and Reporting

The Natural Resources Division's IUP and Annual Reports are posted on its website.

An independent audit, and single audit (as required), will be conducted by an outside certified public accounting firm annually.

Project milestones and information are reported through EPA's SRF Data System, the Grants Management System Database Requirement, as well as the National Information Management System (NIMS). These databases will be updated no less than quarterly. However, the goal is to update monthly.

XIII. Intended Use Plan Amendment Procedures

Revisions to the current IUP that are determined substantive will require public notice and EPA notification and approval. Significant changes to the IUP may be made through an amendment after a 14-day public review and comment period. Revisions to the IUP which are deemed to be non-substantive changes may be made by the Natural Resources Division without public notification. Any changes in the project funding list will be in accordance with procedures provided in the DWSRF priority system and list.

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XIV. CHARTS

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Chart 1 - Summary of Funding for SRF Capitalization Grant Set-Asides

SRF Grant FFY	Set-Aside	% of Grant	Total Available	Total Reserved	Total Budgeted	Total Expended To Date	Remaining Balance	Grant Start Date	Expense Begin Date	Expense End Date	Grant End Date
2007	Admin	4%	413,320.00	0.00	413,320.00	0.00	0.00	09/10/08	Sep-08	Sep-12	09/30/12
	SSTA	2%	206,660.00	6,084.00	200,576.00	6,084.00	6,084.00		Sep-08	Sep-12	
	PWSS	10%	1,033,300.00	0.00	1,033,300.00	1,033,300.00	0.00		Sep-08	Sep-12	
	WHP	5%	516,650.00	0.00	516,650.00	516,650.00	0.00		Sep-08	Sep-12	
	CD	10%	1,033,300.00	0.00	1,033,300.00	1,033,300.00	0.00		Sep-08	Sep-12	
	Total	31%	3,203,230.00	6,084.00	3,197,146.00	2,589,334.00	6,084.00				
2007-ARRA	Admin	4%	979,400.00	0.00	979,400.00	979,400.00	0.00	02/27/09	Feb-09	Sep-13	09/30/13
	SSTA	2%	489,700.00	489,700.00	0.00	0.00	489,700.00		Feb-09	Sep-13	
	PWSS	10%	2,448,500.00	2,448,500.00	0.00	0.00	2,448,500.00		Feb-09	Sep-13	
	WHP	5%	1,224,250.00	0.00	1,224,250.00	1,224,250.00	0.00		Feb-09	Sep-13	
	CD	10%	2,448,500.00	0.00	2,448,500.00	2,448,500.00	0.00		Feb-09	Sep-13	
	Total	31%	7,590,350.00	2,938,200.00	4,652,150.00	4,652,150.00	2,938,200.00				
2008	Admin	4%	409,160.00	0.00	409,160.00	409,160.00	0.00	10/01/09	Oct-09	Sep-13	09/13/13
	SSTA	2%	204,580.00	204,580.00	0.00	0.00	204,580.00		Oct-09	Sep-13	
	PWSS	10%	1,022,900.00	0.00	1,022,900.00	1,022,900.00	0.00		Oct-09	Sep-13	
	WHP	5%	511,450.00	0.00	511,450.00	511,450.00	0.00		Oct-09	Sep-13	
	CD	10%	1,022,900.00	0.00	1,022,900.00	1,022,900.00	0.00		Oct-09	Sep-13	
	Total	31%	3,170,990.00	204,580.00	2,966,410.00	2,966,410.00	204,580.00				
2009	Admin	4%	409,160.00			0.00	0.00	10/01/10	Oct-10	Sep-14	09/01/14
	SSTA	2%	204,580.00	204,580.00	0.00	0.00	204,580.00		Oct-10	Sep-14	
	PWSS	10%	1,022,900.00	400,000.00	622,900.00	622,900.00	400,000.00		Oct-10	Sep-14	
	WHP	5%	511,450.00	0.00	0.00	0.00	0.00		Oct-10	Sep-14	
	CD	10%	1,022,900.00	0.00		0.00	0.00		Oct-10	Sep-14	
	Total	31%	3,170,990.00	604,580.00	622,900.00	622,900.00	604,580.00				
2014	Admin	4%	533,360.00	0.00	533,360.00	533,360.00	0.00	10/01/14	Jul-14	Jan-15	09/30/18
	SSTA	2%	270,680.00	270,680.00	0.00	0.00	0.00		Jul-14	Jan-15	
	PWSS	10%	1,353,400.00	0.00	1,353,400.00	1,353,400.00	0.00		Aug-15	Sep-16	
	WHP	5%	676,700.00	0.00	676,700.00	676,700.00	0.00		Dec-15	Sep-16	
	CD	10%	1,353,400.00	0.00	1,353,400.00	1,353,400.00	0.00		Jan-16	Oct-16	
	Total	31%	4,187,540.00	270,680.00	3,916,860.00	3,916,860.00	0.00				

SRF Grant FFY	Set-Aside	% of Grant	Total Available	Total Reserved	Total Budgeted	Total Expended To Date	Remaining Balance	Grant Start Date	Expense Begin Date	Expense End Date	Grant End Date
2015	Admin	4%	537,800.00	0.00	537,800.00	537,800.00	0.00	10/01/15	Jan-15	Feb-17	09/30/19
	SSTA	2%	268,900.00	268,900.00	0.00	0.00	0.00		N/A	N/A	
	PWSS	10%	1,344,500.00	0.00	1,344,500.00	1,344,500.00	0.00		Sep-16	Jul-17	
	WHP	5%	672,250.00	0.00	672,250.00	672,250.00	0.00		Sep-16	Aug-17	
	CD	10%	1,344,500.00	0.00	1,344,500.00	1,344,500.00	0.00		Oct-16	Sep-17	
	Total	31%	4,167,950.00	268,900.00	3,899,050.00	3,899,050.00	0.00				
2016	Admin	4%	508,760.00	0.00	508,760.00	508,760.00	0.00	10/01/16	Feb-17	Sep-17	09/30/20
	SSTA	2%	254,380.00	(54,440.00)	308,820.00	308,820.00	0.00		Nov-16	Jan-18	
	PWSS	10%	1,271,900.00	0.00	1,271,900.00	1,271,900.00	0.00		Jul-17	Nov-18	
	WHP	5%	635,950.00	0.00	635,950.00	635,950.00	0.00		Aug-17	Sep-18	
	CD	10%	1,271,900.00	0.00	1,271,900.00	1,271,900.00	0.00		Sep-17	Sep-18	
	Total	31%	3,942,890.00	(54,440.00)	3,997,330.00	3,997,330.00	0.00				
2017	Admin	4%	504,400.00	0.00	504,400.00	504,400.00	0.00	10/01/17	Sep-17	Sep-18	09/30/21
	SSTA	2%	252,200.00	0.00	252,200.00	252,200.00	0.00		Jan-18	Jul-18	
	PWSS	10%	1,361,000.00	0.00	1,361,000.00	1,361,000.00	0.00		Nov-18	Jul-19	
	WHP	5%	630,500.00	0.00	630,500.00	630,500.00	0.00		Aug-19	Jul-19	
	CD	10%	1,261,000.00	0.00	1,261,000.00	1,261,000.00	0.00		Sep-18	Jul-19	
	Total	31%	4,009,100.00	0.00	4,009,100.00	4,009,100.00	0.00				
2018	Admin	4%	668,440.00	0.00	668,440.00	668,440.00	0.00	10/01/18	Sep-18	Sep-19	09/30/22
	SSTA	2%	334,220.00	334,220.00	0.00	0.00	0.00		Oct-18	Sep-22	
	PWSS	10%	1,671,100.00	300,800.00	1,370,300.00	1,192,210.75	0.00		Oct-18	Sep-22	
	WHP	5%	835,550.00	0.00	835,550.00	835,550.00	0.00		Oct-18	Sep-22	
	CD	10%	1,671,100.00	0.00	1,671,100.00	1,684,696.43	0.00		Oct-18	Sep-22	
	Total	31.0%	5,180,410.00	635,020.00	4,545,390.00	4,380,897.18	0.00				
2019	Admin	4.0%	599,700.00		599,700.00	599,700.00	0.00	10/01/19	Sep-19	Sep-20	09/30/23
	SSTA	2.0%	331,100.00	331,100.00	0.00	0.00	0.00		Oct-19	Sep-23	
	PWSS	10.0%	400,000.00	400,000.00	0.00	400,000.00	0.00		Oct-19	Sep-23	
	WHP	5.0%	827,750.00		827,750.00	827,750.00	0.00		Oct-19	Sep-23	
	CD	10.0%	1,655,500.00		1,655,500.00	1,655,500.00	0.00		Oct-19	Sep-23	
	SWP	0.0%			0.00	0.00	0.00		Oct-19	Sep-23	
	Total	31.0%	3,814,050.00	731,100.00	3,082,950.00	3,482,950.00	0.00				
	Admin	4.0%	662,640.00	0.00	662,640.00	662,640.00	0.00	10/01/20	Sep-20	Sep-21	09/30/25

SRF Grant FFY	Set-Aside	% of Grant	Total Available	Total Reserved	Total Budgeted	Total Expended To Date	Remaining Balance	Grant Start Date	Expense Begin Date	Expense End Date	Grant End Date
2020	SSTA	2.0%	331,320.00	331,320.00	0.00	0.00	0.00		Sep-20	Sep-21	
	PWSS	10.0%	1,490,040.00	496,980.00	1,159,620.00	1,159,620.00	0.00		Sep-20	Sep-21	
	WHP	5.0%	662,040.00	0.00	828,300.00	828,300.00	0.00		Sep-20	Sep-21	
	CD	10.0%	1,656,600.00	0.00	1,656,600.00	1,656,600.00	0.00		Sep-20	Sep-21	
	SWP	0.0%		0.00	0.00	0.00	0.00		Sep-20	Sep-21	
	Total	31.0%	4,802,640.00	828,300.00	4,307,160.00	4,307,160.00	0.00				
2021	Admin	4.0%	662,640.00	0.00	662,040.00	662,040.00	0.00	10/01/21	Sep-20	Sep-26	09/30/25
	SSTA	2.0%	331,320.00	331,020.00	0.00	0.00	0.00		Sep-20	Sep-26	
	PWSS	10.0%	1,490,040.00	496,530.00	1,158,570.00	1,158,570.00	0.00		Sep-20	Sep-26	
	WHP	5.0%	662,040.00	0.00	827,550.00	820,126.47	7,423.53		Sep-20	Sep-26	
	CD	10.0%	1,656,600.00	0.00	1,655,100.00	1,649,010.03	6,089.97		Sep-20	Sep-26	
	SWP	0.0%		0.00	0.00	0.00	0.00		Sep-20	Sep-26	
	Total	31.0%	4,802,640.00	827,550.00	4,303,260.00	4,289,746.50	13,513.50				
2022 Base	Admin	4.0%	421,720.00	0.00	421,720.00	421,720.00	0.00	10/01/22	Oct-23	Sep-26	09/30/26
	SSTA	2.0%	210,860.00	210,860.00	0.00	0.00	0.00		Oct-23	Sep-26	
	PWSS	0.0%	0.00	0.00	0.00	0.00	0.00		Oct-23	Sep-26	
	WHP	0.0%	0.00	0.00	0.00	0.00	0.00		Oct-23	Sep-26	
	CD	10.0%	1,054,300.00	1,054,300.00	0.00	0.00	0.00		Oct-23	Sep-26	
	SWP	0.0%	0.00	0.00	0.00	0.00	0.00		Oct-23	Sep-26	
	Total	16.0%	1,686,880.00	1,265,160.00	421,720.00	421,720.00	0.00				
2022 IIJA-GS	Admin	4.0%	1,082,800.00	0.00	1,082,800.00	1,028,611.59	54,188.41	10/01/22	Oct-23	Sep-26	09/30/26
	SSTA	2.0%	541,400.00	0.00	541,400.00	322,564.36	218,835.64		Oct-23	Sep-26	
	PWSS	10.0%	2,707,000.00	0.00	2,707,000.00	1,820,555.04	886,444.96		Oct-23	Sep-26	
	WHP	0.0%	0.00	0.00	0.00	0.00	0.00		Oct-23	Sep-26	
	CD	0.0%	0.00	0.00	0.00	0.00	0.00		Oct-23	Sep-26	
	SWP	0.0%	0.00	0.00	0.00		0.00		Oct-23	Sep-26	
	Total	16%	4,331,200.00	0.00	4,331,200.00	3,171,730.99	1,159,469.01				
	Admin	4.0%	1,706,120.00	0.00	1,706,120.00	1,240,894.97	465,225.03	10/01/22	Oct-23	Sep-26	09/30/26

SRF Grant FFY	Set-Aside	% of Grant	Total Available	Total Reserved	Total Budgeted	Total Expended To Date	Remaining Balance	Grant Start Date	Expense Begin Date	Expense End Date	Grant End Date
2022 GIL-LSL	SSTA	2.0%	853,060.00	0.00	853,060.00	630,913.84	222,146.16		Oct-23	Sep-26	
	PWSS	10.0%	4,265,300.00	0.00	4,265,300.00	0.00	4,265,300.00		Oct-23	Sep-26	
	WHP	5.0%	2,132,650.00	0.00	0.00	0.00	0.00		Oct-23	Sep-26	
	CD	10.0%	4,265,300.00	0.00	4,265,300.00	5,712.50	4,259,587.50		Oct-23	Sep-26	
	SWP	0.0%	0.00	0.00	0.00	0.00	0.00		Oct-23	Sep-26	
	Total	31%	13,222,430.00	0.00	11,089,780.00	1,877,521.31	9,212,258.69				
2022 IIJA-EC	Admin	4.0%	454,680.00	454,680.00	1,706,120.00	1,240,894.97	465,225.03	05/01/23	Oct-23	Sep-26	04/30/27
	SSTA	2.0%	227,340.00	0.00	227,340.00	0.00	227,340.00		Oct-23	Sep-26	
	PWSS	10.0%	1,136,700.00	0.00	0.00	0.00	0.00		Oct-23	Sep-26	
	WHP	0.0%	0.00	0.00	0.00	0.00	0.00		Oct-23	Sep-26	
	CD	0.0%	0.00	0.00	0.00	0.00	0.00		Oct-23	Sep-26	
	SWP	0.0%	0.00	0.00	0.00	0.00	0.00		Oct-23	Sep-26	
	Total	16%	1,818,720.00	454,680.00	1,933,460.00	1,240,894.97	692,565.03				
2023 Base	Admin	4.0%	236,480.00	236,480.00	0.00	0.00	0.00	10/01/23	Oct-23	Sep-27	09/30/27
	SSTA	2.0%	118,240.00	0.00	118,240.00	0.00	118,240.00		Oct-23	Sep-27	
	SPM	10.0%	591,200.00	0.00	591,200.00	0.00	591,200.00		Oct-23	Sep-27	
	WHP	5.0%	295,600.00	0.00	295,600.00	0.00	295,600.00		Oct-23	Sep-27	
	CD	10.0%	591,200.00	0.00	591,200.00	0.00	591,200.00		Oct-23	Sep-27	
	SWP	0.0%	0.00	0.00	0.00	0.00	0.00		Oct-23	Sep-27	
	Total	31.0%	1,832,720.00	236,480.00	1,596,240.00	0.00	1,596,240.00				
2023 IIJA-GS	Admin	4.0%	1,008,360.00	0.00	1,008,360.00	0.00	1,008,360.00	10/01/23	Oct-23	Sep-27	09/30/27
	SSTA	2.0%	504,180.00	0.00	504,180.00	0.00	504,180.00		Oct-23	Sep-27	
	PWSS	10.0%	2,520,900.00	0.00	2,520,900.00	0.00	2,520,900.00		Oct-23	Sep-27	
	WHP	5.0%	0.00	0.00	0.00	0.00	0.00		Oct-23	Sep-27	
	CD	10.0%	0.00	0.00	0.00	0.00	0.00		Oct-23	Sep-27	
	SWP	0.0%	0.00	0.00	0.00	0.00	0.00		Oct-23	Sep-27	
	Total	31.0%	4,033,440.00	0.00	4,033,440.00	0.00	4,033,440.00				
	Admin	4.0%	365,880.00	0.00	365,880.00	0.00	365,880.00	10/01/23	Oct-23	Sep-27	09/30/27

SRF Grant FFY	Set-Aside	% of Grant	Total Available	Total Reserved	Total Budgeted	Total Expended To Date	Remaining Balance	Grant Start Date	Expense Begin Date	Expense End Date	Grant End Date
2023 IIJA-EC	SSTA	2.0%	182,940.00	0.00	0.00	0.00	0.00		Oct-23	Sep-27	
	PWSS	10.0%	914,700.00	0.00	635,199.00	0.00	635,199.00		Oct-23	Sep-27	
	WHP	5.0%	457,350.00	0.00	58,512.00	0.00	58,512.00		Oct-23	Sep-27	
	CD	10.0%	914,700.00	0.00	1,111,710.00	0.00	1,111,710.00		Oct-23	Sep-27	
	SWP	0.0%	0.00	0.00	0.00	0.00	0.00		Oct-23	Sep-27	
	Total	31.0%	2,835,570.00	0.00	2,171,301.00	0.00	2,171,301.00				
2024 Base	Admin	4.0%	223,200.00	0.00	223,200.00	0.00	223,200.00	10/01/24	Oct-24	Sep-28	09/30/28
	SSTA	2.0%	111,600.00	0.00	11,600.00	0.00	11,600.00		Oct-24	Sep-28	
	SPM	10.0%	558,000.00	0.00	558,000.00	0.00	558,000.00		Oct-24	Sep-28	
	WHP	5.0%	279,000.00	0.00	795,150.00	0.00	795,150.00		Oct-24	Sep-28	
	CD	10.0%	558,000.00	0.00	41,850.00	0.00	41,850.00		Oct-24	Sep-28	
	SWP	0.0%	0.00	0.00	0.00	0.00	0.00		Oct-24	Sep-28	
	Total	31.0%	1,729,800.00	0.00	1,629,800.00	0.00	1,629,800.00				
2024 IIJA-GS	Admin	4.0%	1,100,800.00	0.00	1,100,800.00	0.00	1,100,800.00	10/01/24	Oct-24	Sep-28	09/30/28
	SSTA	2.0%	550,400.00	0.00	55,040.00	0.00	55,040.00		Oct-24	Sep-28	
	PWSS	10.0%	2,752,000.00	0.00	2,752,000.00	0.00	2,752,000.00		Oct-24	Sep-28	
	WHP	5.0%	1,376,000.00	0.00	206,400.00	0.00	206,400.00		Oct-24	Sep-28	
	CD	10.0%	2,752,000.00	0.00	3,921,600.00	0.00	3,921,600.00		Oct-24	Sep-28	
	SWP	0.0%	0.00	0.00	0.00	0.00	0.00		Oct-24	Sep-28	
	Total	31.0%	8,531,200.00	0.00	8,035,840.00	0.00	8,035,840.00				
2024 IIJA-EC	Admin	4.0%	365,880.00	0.00	365,880.00	0.00	365,880.00	10/01/24	Oct-24	Sep-28	09/30/28
	SSTA	2.0%	11,600.00	0.00	0.00	0.00			Oct-24	Sep-28	
	PWSS	10.0%	558,000.00	0.00	0.00	0.00			Oct-24	Sep-28	
	WHP	5.0%	279,000.00	0.00	0.00	0.00			Oct-24	Sep-28	
	CD	10.0%	558,000.00	0.00	0.00	0.00			Oct-24	Sep-28	
	SWP	0.0%	0.00	0.00	0.00	0.00	0.00		Oct-24	Sep-28	
	Total	31.0%	1,772,480.00	0.00	365,880.00	0.00	0.00				
	Admin	4.0%	522,320.00	0.00	522,320.00	0.00	522,320.00	10/01/25	Oct-25	Sep-29	09/30/29

SRF Grant FFY	Set-Aside	% of Grant	Total Available	Total Reserved	Total Budgeted	Total Expended To Date	Remaining Balance	Grant Start Date	Expense Begin Date	Expense End Date	Grant End Date
2025 Base	SSTA	2.0%	261,160.00	0.00	261,160.00	0.00	261,160.00		Oct-25	Sep-29	
	SPM	10.0%	1,305,800.00	0.00	1,305,800.00	0.00	1,305,800.00		Oct-25	Sep-29	
	WHP	5.0%	652,900.00	0.00	652,900.00	0.00	652,900.00		Oct-25	Sep-29	
	CD	10.0%	1,305,800.00	0.00	1,305,800.00	0.00	1,305,800.00		Oct-25	Sep-29	
	SWP	0.0%	0.00	0.00	0.00	0.00	0.00		Oct-25	Sep-29	
	Total	31.0%	4,047,980.00	0.00	4,047,980.00	0.00	4,047,980.00				
2025 IIJA-GS	Admin	4.0%	1,192,400.00	0.00	1,192,400.00	0.00	1,192,400.00		Oct-25	Sep-29	
	SSTA	2.0%	596,200.00	0.00	596,200.00	0.00	596,200.00		Oct-25	Sep-29	
	PWSS	10.0%	2,981,000.00	0.00	2,981,000.00	0.00	2,981,000.00		Oct-25	Sep-29	
	WHP	5.0%	1,490,500.00	0.00	1,490,500.00	0.00	1,490,500.00	10/01/25	Oct-25	Sep-29	09/30/29
	CD	10.0%	2,981,000.00	0.00	2,981,000.00	0.00	2,981,000.00		Oct-25	Sep-29	
	SWP	0.0%	0.00	0.00	0.00	0.00	0.00		Oct-25	Sep-29	
	Total	31.0%	9,241,100.00	0.00	9,241,100.00	0.00	9,241,100.00				
2025 IIJA-EC	Admin	4.0%	365,880.00	0.00	365,880.00	0.00	365,880.00		Oct-25	Sep-29	
	SSTA	2.0%	182,940.00	0.00	182,940.00	0.00	182,940.00		Oct-25	Sep-29	
	PWSS	10.0%	914,700.00	0.00	914,700.00	0.00	914,700.00		Oct-25	Sep-29	
	WHP	5.0%	457,350.00	0.00	457,350.00	0.00	457,350.00	10/01/25	Oct-25	Sep-29	09/30/29
	CD	10.0%	914,700.00	0.00	914,700.00	0.00	914,700.00		Oct-25	Sep-29	
	SWP	0.0%	0.00	0.00	0.00	0.00	0.00		Oct-25	Sep-29	
	Total	31.0%	2,835,570.00	0.00	2,835,570.00	0.00	0.00				
Reclaimed & Reserved	Admin	4%	11,643,660.00	691,160.00			691,160.00				
	SSTA	2%	5,685,740.00	2,023,660.00			2,023,660.00		TBD	TBD	
	PWSS	10%	25,236,580.00	1,694,310.00			1,694,310.00		TBD	TBD	
	WHP	5%	10,422,380.00	0.00			0.00	N/A	TBD	TBD	N/A
	CD	10.0%	22,564,100.00	1,054,300.00			1,054,300.00		TBD	TBD	
	SWP	0.0%	0.00	0.00			0.00		TBD	TBD	
	Total		**75,552,460.00**	**5,463,430.00**	**0.00**	**0.00**	**5,463,430.00**				

Totals	**Set-Aside**	**% of Grant**	**Total Available**	**Total Reserved**	**Total Budgeted**	**Total Expended To Date**	**Total Remaining Balance**	**N/A**	**Expense Begin Date**	**Expense End Date**	**Grant End Date**

Current Balance Totals *(Includes Estimated FFY25 Cap Grants)*	Admin		13,724,260.00	691,160.00	14,738,620.00	8,609,261.53	6,129,358.47	N/A	TBD	TBD	
	SSTA		4,206,780.00	2,023,660.00	3,912,180.00	1,514,498.20	2,397,681.80		TBD	TBD	N/A
	PWSS		18,490,980.00	1,694,310.00	25,795,389.00	11,061,755.79	14,955,543.96		TBD	TBD	
	WHP		7,735,430.00	0.00	9,890,962.00	5,927,126.47	3,963,835.53		TBD	TBD	
	CD		17,190,200.00	1,054,300.00	27,002,260.00	11,882,318.96	15,133,537.47		TBD	TBD	
	Total		**61,347,650.00**	**5,463,430.00**	**81,339,411.00**	**38,994,960.95**	**42,579,957.23**				

Chart 2 - Sources of Funds

Beginning Balance (04/30/2024)	128,619,537.75	128,419,537.75
Federal Grant FFY 2021	6,638,114.84	6,538,114.84
Federal Grant FFY 2022	10,121,280.00	10,121,280.00
Federal Grant BIL-G FFY 2022	21,053,284.57	21,003,284.57
Federal Grant BIL-EC FFY 2022	10,898,794.00	10,898,794.00
Federal Grant BIL-LSL FFY 2022	31,563,220.00	31,563,220.00
Federal Grant Base 2023	4,315,760.00	4,315,760.00
Federal Grant BIL-G 2023	21,175,560.00	21,175,560.00
Federal Grant BIL-EC 2023	8,366,699.00	8,366,699.00
Federal Grant BIL-LSL 2023	47,449,828.00	47,449,828.00
Federal Grant Base 2024	3,850,200.00	3,850,200.00
Federal Grant BIL-G 2024	18,988,800.00	18,988,800.00
Federal Grant BIL-EC 2024	8,781,120.00	8,781,120.00
Federal Grant Base 2025	13,058,000.00	13,058,000.00
Federal Grant BIL-G 2025	29,810,000.00	29,810,000.00
Federal Grant BIL-EC 2025	9,147,000.00	9,147,000.00
Federal Grant BIL-LSL 2025	44,000,000.00	44,000,000.00
State Match FFY 2025-BASE (FFY25 Cap Grant)	2,611,600.00	2,611,600.00
State Match FFY 2025 BIL-G (FFY25 Cap Grant)	5,962,000.00	5,962,000.00
Principal Repayments *	201,518,372.62	201,760,372.62
Interest Earnings on Loans & Investments *	7,047,346.10	7,289,346.10
Sub Total		**$ 635,110,516.88**
Total Sources of Funds		**$ 763,530,054.63**
USES OF FUNDS		
DWSRF Loan Commitments for SFY 2025		
ANRC Approved Loans *(not closed)*	626,927,081.50	685,615,121.50
ANRC Approved Loans *(closed, undisbursed funds)*	367,616,632.01	363,611,815.93
ANRC - Estimated new funding applications/projects		50,000,000.00
Sub Total		**$ 1,099,226,937.43**
DWSRF Set-Aside Programs for SFY 2025		
Administration BIL-G Grant *		$ 907,412.11
Administration Base Grant *		-
Small System Technical Assistance (SSTA) *		-
State Program Management (PWSS) Base *		2,989.80
Wellhead Protection Program (WHP) Base *		89,591.97
Capacity Development Program (CD) Base *		-
Sub Total		**$ 999,993.88**
DWSRF Set-Aside Programs for SFY 2025		
Administration BIL-EC Grant *		$ 34,206.37
Administration BIL-LSL Grant *		$ 30,798.90
Small System Technical Assistance (SSTA) BIL-G*		152,579.58
State Program Management (PWSS) BIL-G*		2,752,000.00
Wellhead Protection Program (WHP) BIL-G*		2,036,288.03
Capacity Development Program (CD) BIL-G*		-
Sub Total		**$ 5,005,872.88**
Leveraged Bond Principal (Jul 23 to Jun 24)		6,415,000.00
Leveraged Bond Interest (Jul 23 to Jun 24)		5,230,750.00
Sub Total		**$ 11,645,750.00**
Total Uses of Funds		**$ 1,116,878,554.19**
Available Funds		**$ (353,348,499.56)**

*Estimated amounts

Fees are not deposited into the Fund; therefore, based on EPA guidance they are not included in the Sources and Uses for the Fund

Totals are based on SFYTD Total plus a seven-month average of SFYTD totals for the remaining reporting months.

Chart 3 - Drinking Water Fundable List

PPL #	Total Points	PWS ID.	Entity	Loan #	Est. Loan Closing Date	Commission Approval Date	Project Cost	Population	Small System (Y/N)	Rate Burden Qualified (Y/N)	Project Description
141	1003	271	Altheimer	02429-DW-L	06/30/26	11/15/23	207,699.50	900	Yes	Yes	Lead Service Line Inventory to replace two hundred lead service lines.
142	1003	271	Altheimer	02430-DW-F	06/30/26	11/15/23	207,699.50	900	Yes	Yes	Lead Service Line Inventory to replace two hundred lead service lines.
007	1088	088	Amity	02486-DW-L	02/15/26	04/05/24	300,000.00	1,705	Yes	Yes	Water system improvements
093	1017	462	Bee Branch WA	02425-DW-L	10/12/25	11/15/23	874,121.25	3,345	Yes	Yes	Water Line Replacement
093	1017	462	Bee Branch WA	02426-DW-F	10/12/25	11/15/23	2,622,363.75	3,345	Yes	Yes	Water Line Replacement
143	1003	365	Blytheville	02650-DW-F	06/20/26	11/21/24	13,819,500.00	16,243	No	No	PFAS Sampling and Remediation
065	1021	008	Calico Rock	02307-DW-L	02/15/26	06/22/23	963,252.00	1,603	Yes	No	Water system improvements
120	1011	404	Camden	02317-DW-L	12/04/25	06/22/23	2,334,224.00	10,999	No	Yes	Water Master Plan Phase 2
002	1144	465	Central Arkansas Water	01343-DW-F	06/30/26	05/26/21	1,200,000.00	330,667	No	Yes	Low to Moderate Income (LMI) Assistance for residents needing financial assistance for service lines to home.
038	1031	465	Central Arkansas Water	02467-DW-L	03/10/26	01/17/24	1,000,000.00	365,000	No	No	CAW 2024 LCRR Compliance Project
023	1045	465	Central Arkansas Water	02393-DW-L	06/30/26	11/15/23	150,000,000.00	365,000	No	No	Resiliency Project will renew the plant while increasing its optimization to allow it to continue to provide high-quality water for decades to come.

PPL #	Total Points	PWS ID.	Entity	Loan #	Est. Loan Closing Date	Commission Approval Date	Project Cost	Population	Small System (Y/N)	Rate Burden Qualified (Y/N)	Project Description
025	1040	465	Central Arkansas Water	02408-DW-L	03/19/26	06/22/23	350,000.00	156,000	No	Yes	Resiliency project with Perla to improve water systems
025	1040	465	Central Arkansas Water	02409-DW-F	03/19/26	06/22/23	1,050,000.00	156,000	No	Yes	Resiliency project with Perla to improve water systems
034	1034	385	Clarendon	02638-DW-L	05/20/26	11/20/24	540,028.00	1,526	Yes	Yes	WTP Improvements
034	1034	385	Clarendon	02639-DW-F	05/20/26	11/20/24	1,620,085.00	1,526	Yes	Yes	WTP Improvements
036	1033	564	Clinton	02545-DW-L	10/12/25	07/17/24	7,491,364.00	2,506	Yes	Yes	Regionalization with Bee Branch and Upgrades
095	1016	101	Community Water System Public Water Authority	02503-DW-L	03/17/26	05/15/24	1,325,000.00	17,412	No	No	Edgemont Pump Station
027	1038	101	Community Water System Public Water Authority	02475-DW-L	03/17/26	01/17/24	2,000,000.00	18,203	No	No	Water Plant Expansion Engineering
126	1011	189	Conway Corp	02566-DW-L	06/16/25	07/17/24	8,267,870.00	65,121	No	No	Emerging Contaminants Cyanotoxins
088	1019	189	Conway Corp	02637-DW-L	06/30/26	11/20/24	27,295,300.00	27,813	No	No	Redundant Raw Water Line and PAC
088	1019	189	Conway Corp	02657-DW-F	08/21/25	11/20/24	5,200,000.00	27,813	No	No	Redundant Raw Water Line and PAC
003	1125	340	Coy	02617-DW-L	06/20/26	11/20/24	534,516.00	225	Yes	Yes	Grand Prairie Regionalization Project
003	1125	340	Coy	02618-DW-F	06/20/26	11/20/24	1,603,550.00	225	Yes	Yes	Grand Prairie Regionalization Project
017	1053	249	Cushman	02260-DW-L	06/04/25	06/22/23	568,747.00	1,200	Yes	Yes	Water System Improvements

PPL #	Total Points	PWS ID.	Entity	Loan #	Est. Loan Closing Date	Commission Approval Date	Project Cost	Population	Small System (Y/N)	Rate Burden Qualified (Y/N)	Project Description
017	1053	249	Cushman	02261-DW-F	06/04/25	06/22/23	1,706,241.00	1,200	Yes	Yes	Water System Improvements
067	1021	714	Dorcheat	02394-DW-L	04/20/26	09/20/23	548,825.00	1,860	Yes	No	Water Meter Replacement
030	1035	525	Evening Shade	02217-DW-L	11/15/25	06/22/23	162,111.75	428	Yes	Yes	Water System Improvements
030	1035	525	Evening Shade	02218-DW-F	11/15/25	06/22/23	486,335.25	428	Yes	Yes	Water System Improvements
043	1027	009	Gillett	02431-DW-L	06/15/26	11/15/23	630,000.00	564	Yes	Yes	Elevated Storage Tank
043	1027	009	Gillett	02432-DW-F	06/15/26	11/15/23	630,000.00	564	Yes	Yes	Elevated Storage Tank
044	1027	422	Glenwood	02365-DW-L	11/20/25	06/22/23	938,643.75	4,399	Yes	Yes	Water Treatment Plant Improvements
044	1027	422	Glenwood	02366-DW-F	11/20/25	06/22/23	2,815,931.25	4,399	Yes	Yes	Water Treatment Plant Improvements
008	1075	344	Grand Prairie Regional Water Distribution District	02443-DW-L	07/24/25	11/15/23	716,041.00	181	Yes	Yes	Homnoke consolidation with Grand Prairie
008	1075	344	Grand Prairie Regional Water Distribution District	02444-DW-F	07/24/25	11/15/23	2,116,827.00	181	Yes	Yes	Homnoke consolidation with Grand Prairie
039	1030	419/416	Helena West Helena	02478-DW-L	07/15/25	02/18/24	10,000,000.00	9,709	Yes	Yes	Water System Upgrades
039	1030	419/416	Helena West Helena	02628-DW-L	06/30/26	11/20/24	3,250,000.00	9,709	Yes	Yes	Water System Upgrades

PPL #	Total Points	PWS ID.	Entity	Loan #	Est. Loan Closing Date	Commission Approval Date	Project Cost	Population	Small System (Y/N)	Rate Burden Qualified (Y/N)	Project Description
039	1030	419/416	Helena West Helena	02629-DW-F	06/30/26	11/20/24	9,750,000.00	9,709	Yes	Yes	Water System Upgrades
039	1030	419/416	Helena West Helena	02672-DW-L	06/30/26	02/18/24	1,000,000.00	9,709	Yes	Yes	Water System Upgrades
092	1018	388	Holly Grove	02433-DW-L	06/15/26	11/15/23	127,503.00	1,010	Yes	Yes	Tank and Plant Modifications
092	1018	388	Holly Grove	02434-DW-F	06/15/26	11/15/23	382,509.00	1,010	Yes	Yes	Tank and Plant Modifications
041	1029	388	Holly Grove	02640-DW-L	03/20/26	11/20/24	2,500,129.12	1,010	Yes	Yes	Water System Improvements
041	1029	388	Holly Grove	02641-DW-F	03/20/26	11/20/24	1,621,432.88	1,010	Yes	Yes	Water System Improvements
147	1003	209	Hot Springs	02517-DW-L	06/30/26	05/15/24	1,912,500.00	88,909	No	No	Compliance with the Revised Lead and Copper rule
147	1003	209	Hot Springs	02518-DW-F	06/30/26	05/15/24	1,837,500.00	88,909	No	No	Compliance with the Revised Lead and Copper rule
006	1089	372	Joiner	02252-DW-L	05/22/25	06/22/23	371,680.25	698	Yes	Yes	Consolidation with Sandridge Bardstown and Bassett
006	1089	372	Joiner	02253-DW-F	05/22/25	06/22/23	1,115,040.75	698	Yes	Yes	Consolidation with Sandridge Bardstown and Bassett
070	1021	552	Junction City	02579-DW-L	09/09/25	07/17/24	250,000.00	726	Yes	Yes	Water Line Improvements
071	1021	483	Lafe Rural Water District	02636-DW-L	04/20/26	11/20/24	1,254,955.00	2,478	Yes	No	Elevated Storage Tank
015	1054	787	Little River County RDA (LRCRDA)	02627-DW-L	05/20/26	11/20/24	4,821,382.00	7,856	Yes	No	Tank Improvements and Winthrop Consolidation

PPL #	Total Points	PWS ID.	Entity	Loan #	Est. Loan Closing Date	Commission Approval Date	Project Cost	Population	Small System (Y/N)	Rate Burden Qualified (Y/N)	Project Description
149	1003	343	Lonoke	02651-DW-F	06/30/26	11/20/24	572,088.00	4,167	Yes	No	Manganese Treatment
129	1011	109	Magnolia	02508-DW-F	07/30/25	05/15/24	613,240.00	11,000	No	No	Lake Columbia Intake Aeration
150	1003	237	Malvern	02543-DW-L	06/30/26	07/17/24	2,167,500.00	9,690	Yes	No	Compliance with the Revised Lead and Copper rule and to conduct LSLI
150	1003	237	Malvern	02544-DW-F	06/30/26	07/17/24	2,082,500.00	9,690	Yes	No	Compliance with the Revised Lead and Copper rule and to conduct LSLI
058	1023	501	Marshall	02634-DW-L	09/23/25	11/20/24	642,125.00	3,295	Yes	Yes	Main Rehab phase 2
058	1023	501	Marshall	02635-DW-F	09/23/25	11/20/24	1,926,375.00	3,295	Yes	Yes	Main Rehab phase 2
131	1011	170	McGehee	02659-DW-L	06/19/25	11/20/24	350,000.00	3,849	Yes	Yes	Water System Improvements
131	1011	170	McGehee	02356-DW-L	06/19/25	06/22/23	2,170,983.00	3,849	Yes	Yes	Water System Improvements
132	1011	170	McGehee	02649-DW-L	12/19/25	11/20/24	2,880,147.00	3,849	Yes	Yes	Meter Replacement
001	1174	438	Mena	02471-DW-L	06/20/26	01/17/24	7,750,000.00	55,980	No	No	Iron Forks Water Treatment Facility
026	1039	128	Monette	02437-DW-L	06/15/26	11/15/23	1,150,623.00	692	Yes	Yes	Water System Improvements
026	1039	128	Monette	02438-DW-F	06/15/26	11/15/23	383,541.00	692	Yes	Yes	Water System Improvements
018	1052	951	Montgomery County Regional PWA	02224-DW-L	03/01/26	06/22/23	1,504,970.00	3,500	Yes	No	WTP Rehab and Expansion

PPL #	Total Points	PWS ID.	Entity	Loan #	Est. Loan Closing Date	Commission Approval Date	Project Cost	Population	Small System (Y/N)	Rate Burden Qualified (Y/N)	Project Description
152	1003	184	Monticello	01385-DW-L	03/01/26	08/11/22	2,136,616.00	9,467	Yes	No	Main St. Relocations
010	1065	136	Mulberry	02479-DW-L	09/30/25	02/28/24	7,142,983.00	1,648	Yes	Yes	Water Treatment Plant Improvements
031	1035	244	Nashville, City of	02275-DW-L	02/05/26	06/22/23	12,079,207.00	4,153	Yes	No	Water System Expansion
028	1038	867	North Garland County Regional Water Dist.	01394-DW-L	04/30/26	12/02/22	4,110,000.00	15,000	No	Yes	Water Treatment Plant Expansion
097	1016	697	Northeast Yell County Water Association	02376-DW-L	04/30/26	06/22/23	1,504,970.00	6,795	Yes	No	Pump Station Improvements
013	1061	676	Oak Hills Suburban Improvements District	02623-DW-L	03/17/26	11/20/24	1,375,000.00	150	Yes	Yes	Consolidation with Bentonville
013	1061	676	Oak Hills Suburban Improvements District	02624-DW-F	03/17/26	11/20/24	4,125,000.00	150	Yes	Yes	Consolidation with Bentonville
009	1066	753	Old Bella Vista	02619-DW-L	11/20/25	11/20/24	800,000.00	36	Yes	Yes	Consolidation with Bentonville
009	1066	753	Old Bella Vista	02620-DW-F	11/20/25	11/20/24	3,200,000.00	36	Yes	Yes	Consolidation with Bentonville
105	1014	720	Pleasant Grove Water Assoc	02643-DW-L	06/20/26	11/20/24	580,342.00	2,613	Yes	Yes	Water System Improvements/Meters
083	1021	217	Poyen	02511-DW-L	06/30/26	05/15/24	684,442.00	875	Yes	No	Elevated Storage Tank
154	1003	217	Poyen	02499-DW-L	06/30/26	05/15/24	581,400.00	875	Yes	No	Compliance with the Revised Lead and Copper rule and to conduct LSLI
154	1003	217	Poyen	02500-DW-F	06/30/26	05/15/24	558,600.00	875	Yes	No	Compliance with the Revised Lead and Copper rule and to conduct LSLI

PPL #	Total Points	PWS ID.	Entity	Loan #	Est. Loan Closing Date	Commission Approval Date	Project Cost	Population	Small System (Y/N)	Rate Burden Qualified (Y/N)	Project Description
134	1011	394	Prescott	02439-DW-L	06/20/26	11/15/23	3,047,705.75	4,525	Yes	Yes	Water Intake Improvements
134	1011	394	Prescott	02440-DW-F	06/15/26	11/15/23	349,699.25	4,525	Yes	Yes	Water Intake Improvements
024	1042	354	Pyatt	02625-DW-L	06/30/26	11/20/24	251,511.00	225	Yes	Yes	Tank Rehab and System Improvements
024	1042	354	Pyatt	02626-DW-F	06/30/26	11/20/24	241,648.00	225	Yes	Yes	Tank Rehab and System Improvements
155	1003	329	Ratcliff	02441-DW-L	05/15/26	11/15/23	1,000,000.00	1,395	Yes	Yes	Tank and Main Replacement
098	1016	622	Saline Regional Public Water Authority	02447-DW-L	04/15/26	11/15/23	125,000,000.00	99,918	No	No	Water System Improvements
012	1064	870	SE Bradley County	01242-DW-F	06/30/26	07/17/19	505,323.00	2,665	Yes	yes	Connection and Consolidation with Banks
062	1023	870	Southeast Bradley County Water District Public Water Authority	02631-DW-L	06/30/26	11/20/24	418,926.00	10,805	No	Yes	Water System Improvements
062	1023	870	Southeast Bradley County Water District Public Water Authority	02633-DW-F	06/30/26	11/20/24	1,256,778.00	10,805	No	Yes	Water System Improvements
056	1024	495	Southwest WUPWA	02381-DW-L	02/15/26	06/22/23	5,549,878.00	12,000	No	No	Water supply connection transmission and tank
135	1011	566	Tontitown	02648-DW-L	06/30/26	11/20/24	1,000,000.00	7,300	Yes	No	Water Storage Tank
063	1022	782	Tri-County Regional Water Distribution District	02382-DW-L	09/17/25	06/22/23	3,631,835.00	8,101	Yes	No	Center Valley Upgrade & Hector A/C replacement

PPL #	Total Points	PWS ID.	Entity	Loan #	Est. Loan Closing Date	Commission Approval Date	Project Cost	Population	Small System (Y/N)	Rate Burden Qualified (Y/N)	Project Description
063	1022	782	Tri-County RWWD	02584-DW-L	09/17/25	09/18/24	363,185.50	8,101	Yes	No	Center Valley Upgrade & Hector A/C replacement
137	1011	142	Van Buren	02647-DW-L	09/28/25	11/20/24	2,300,000.00	23,218	No	No	Tank Recoat and Mixing
136	1011	142	Van Buren	02646-DW-L	09/28/25	11/20/24	3,750,000.00	23,218	No	No	Waterline improvements
011	1065	283	Abasia	02621-DW-L	05/12/25	11/20/24	2,300,000.00	185	Yes	Yes	Grand Prairie consolidation
011	1065	283	Wabbaseka	02622-DW-F	05/12/25	11/20/24	1,978,298.00	185	Yes	Yes	Grand Prairie consolidation
156	1003	309	Walnut Ridge	02469-DW-L	06/30/26	01/17/24	147,600.00	5,234	Yes	No	Compliance with the Revised Lead and Copper rule and to conduct LSLI & replace
156	1003	309	Walnut Ridge	02470-DW-L	06/30/26	01/17/24	3,452,400.00	5,234	Yes	No	Compliance with the Revised Lead and Copper rule and to conduct LSLI & replace
138	1011	066	Warren	02645-DW-L	05/12/25	11/20/24	720,000.00	6,228	Yes	No	N. Warren tank raising
029	1037	332	Winslow	02383-DW-L	10/15/25	06/22/23	512,317.00	2,400	Yes	Yes	Water System Improvements
029	1037	332	Winslow	02384-DW-F	10/15/25	06/22/23	1,536,951.00	2,400	Yes	Yes	Water System Improvements
158	1003	163	Wynne-LSL	02397-DW-L	06/30/26	09/20/23	3,551,000.00	7,652	Yes	No	LSLI & service line replacements
042	1029	319	Yorktown Water Assoc	02630-DW-L	06/30/26	11/20/24	1,536,951.00	7,364	Yes	No	Wells Bayou Garrett Acquisition

Chart 4 - Fundable Projects: Additional Subsidy – Rate Burden Criteria (40 CFR 35.3555(c)(7))

Project Name	L/C Date * Estimated	Term (in years)	Principal Forgiveness Amt	Rate Burden Qualified (Y/N)	Rate Burden Funds
Altheimer	6/30/2026	10	$207,700	Y	207,699.50
Bee Branch WA	10/12/2025	20	$2,622,364	Y	2,622,363.75
Blytheville	6/20/2026	20	$13,819,500	N	13,819,500.00
CAW #10 - LMI West Pulaski	6/30/2026	20	$1,200,000	Y	1,200,000.00
CAW-Perla	3/19/2026	20	$1,050,000	Y	1,050,000.00
Clarendon	5/20/2026	20	$1,620,085	Y	1,620,085.00
Conway Corp	8/21/2026	20	$5,200,000	N	5,200,000.00
Coy	6/20/2026	**30**	$1,603,550	Y	1,603,550.00
Cushman	6/4/2026	20	$1,706,241	Y	1,706,241.00
Evening Shade	11/15/2025	20	$486,335	Y	486,335.25
Gillett	6/15/2026	**30**	$630,000	Y	630,000.00
Glenwood	11/20/2025	20	$2,815,931	Y	2,815,931.25
Grand Prairie Regional Water Distribution District	7/24/2026	**30**	$2,116,827	Y	2,116,827.00
Helena West Helena	6/30/2026	20	$9,750,000	Y	9,750,000.00
Holly Grove	6/15/2026	20	$382,509	Y	382,509.00
Holly Grove	3/20/2026	20	$1,621,433	Y	1,621,432.88
Hot Springs	6/30/2026	20	$1,837,500	N	1,837,500.00
Joiner	5/22/2026	20	$1,115,041	Y	1,115,040.75

Lonoke	6/30/2026	20	$572,088	N	572,088.00
Magnolia	7/30/2026	20	$613,240	N	613,240.00
Malvern	6/30/2026	0	$2,082,500	N	2,082,500.00
Marshall	9/23/2026	20	$1,926,375	Y	1,926,375.00
Monette	6/15/2026	20	$383,541	Y	383,541.00
Oak Hills Suburban Improvements District	3/17/2026	**30**	$4,125,000	Y	4,125,000.00
Old Bella Vista	11/20/2025	**30**	$3,200,000	Y	3,200,000.00
Poyen	6/30/2026	20	$558,600	N	558,600.00
Prescott	6/15/2026	20	$349,699	Y	349,699.25
Pyatt	6/30/2026	20	$241,648	Y	241,648.00
SE Bradley County	6/30/2026	20	$505,323	Y	505,323.00
Southeast Bradley County Water District Public Water Authority	6/30/2026	20	$1,256,778	Y	1,256,778.00
Wabbaseka	5/12/2026	**30**	$1,978,298	Y	1,978,298.00
Winslow	10/15/2025	20	$1,536,951	Y	1,536,951.00

XV. Appendices:

Appendix A – Project Priority List

Priority Setting Procedures for Drinking Water State Revolving Loan Fund

Priority points are used for ranking proposed drinking water projects for eligibility for funding from the DWSRF. Arkansas will update and post the PPL as necessary (up to 4 times) in State Fiscal Year 2026 to reflect new projects. The most current published PPL is available on the Natural Resources Division's website.

The points system presented below will be used.

A project otherwise determined to be eligible under DWSRF may not receive funding for improvements that were not included in the original project for which priority points were assigned. The additional unranked improvements must rely on alternate funding sources for the improvements or wait for the next funding cycle for a new point's assessment. Fundable projects proposing to omit specific improvements for which points were assigned must show that the omission will not compromise public health and will not otherwise impair the water system's capacity when compared to the original project. Acceptable downsized projects will be reassessed and re-ranked under the priority ranking system, possibly resulting in a lower priority status.

PRIMARY MCL VIOLATIONS FACTORS	POINTS
1. Surface Water or Groundwater under the direct influence of surface water with no filtration	100
2. Treatment technique violations, microbiological Maximum Contaminant Levels (MCL) violations a. Total points for first two violations b. Points for additional violations after first two c. Points for imminent violation of future regulation	 100 5 50
3. Acute Chemical Violations a. Total points for first two violations b. Points for additional violations after first two c. Points for imminent violation of future regulation	 100 5 50
4. New Service Areas for area(s) with contaminated private drinking water sources a. Points for microbial contamination b. Points for acute chemicals c. Points for other chemicals	 100 100 50
5. Chemical MCL Violations a. Total points for first two violations b. Points for additional violations after first two c. Points for imminent violation of future regulations d. Points for lead service lines	 50 5 50 100
SOURCE VULNERABILITY FACTOR	POINTS

1. Vulnerable to point or non-point upstream discharge	
a. Microbiological	25
b. Industrial, agricultural, or mineral	15
c. Unprotected watershed	15
CONSOLIDATION / INTERCONNECTION FACTOR	POINTS
1. Consolidation with an existing system	
< 40 service connections	50
41 – 200	40
201 - 1,320	30
1,321 - 4,000	20
> 4,000	10
2. Interconnection with an existing system	
< 40 service connections	25
41 – 200	20
201 - 1,320	15
1,321 - 4,000	10
> 4,000	5
AFFORDABILITY FACTOR	POINTS
1. Total Population Served: Service Connections < 1,321	10
2. Affordability Ratio	
a. > 2.49 %	15
b. 2.0 % - 2.49 %	12
c. 1.5 % - 1.99 %	9
d. 1.0 % - 1.49 %	6
e. <1.0 %	3
OTHER DEFICIENCIES FACTOR	POINTS
1. Secondary MCL violation	25
2. Fluoridation start-up	5
3. Quantity deficiencies	
Continual/frequent outages	25
Peak demand/daily shortages	20
Peak demand/seasonal shortages	10
Peak demand/sporadic shortages	5
3. Design deficiencies	
Disinfection	10
Chemical Feed	8
Mixing	8
Clarification	8
Filtration	8
Storage	8
Distribution/low pressures	10
Distribution/deteriorated mains	8
Distribution/unaccounted for water	8

Treatment capacity	8
Intake structure	8
Well construction	10
BONUS POINTS	POINTS
1. Board Member or City Council Training in the past 5 years	15
2. Up-to-date Asset Management Plan	10

Eligibility for Priority Points

Projects for PWS will not be eligible for points in any category unless they meet the requirements specified below for that category. Should two or more projects accumulate the same number of points, priority will be given beginning with the project serving the least population and moving to the project serving the next higher population until all projects with the same point total are prioritized.

Discretion is used when awarding points in the following categories: Primary MCL Violations; Source Vulnerability; Consolidation/Interconnection; Affordability; Public Health Improvements or Deficiencies; and Bonus Points. If PWS accumulates violations due to negligence or inattention on the part of the system, points will not be awarded. PWS must be taking reasonable actions to achieve compliance.

Primary MCL Violations Factors

1. Surface Water or Ground Water under the direct influence of surface water with inadequate filtration:
   - a. Points are awarded only for a water system that currently is required by the SDWA to provide filtration, and the system does not have a filtration system that complies with the SDWA and associated regulations. In the case of consolidating systems where the project applicant does not qualify but one of the consolidating systems does, points are awarded based on the consolidating system. If there are multiple consolidating systems within the same project that are SW or GWUDI, an additional five (5) points are awarded for each system after the first.
2. Treatment technique violations and microbiological MCL violations:
   - a. Points are awarded only for a water system that has had more than one treatment technique or microbiological MCL violation of the Safe Drinking Water Act during the eighteen (18) months preceding the date of the most recent ranking questionnaire.
   - b. Each microbiological MCL violation and treatment technique violation will be counted as an individual violation, even if the violations occur in the same month. Points may be awarded for multiple violations of the same type or in combination with other types of violation. For example, if a system had both a microbiological MCL and a treatment technique violation in the same month, it would receive points for two violations in that month.
     - i. 100 points total are awarded for the first two violations.
     - ii. 5 points are awarded for each additional violation.
     - iii. 50 points may be awarded to a project whose purpose is to prevent a future NPDWS treatment technique or microbiological violation based upon EPA regulations, both promulgated and final but not yet promulgated.
3. Acute Chemical and Chemical MCL violations:
   - a. Points are awarded only for a water system that currently has contamination from a SDWA regulated contaminant or other chemical contaminant for which no MCL has been adopted

but that presents an acute health risk to consumers, based on EPA standards, health advisories, or other peer reviewed health risk studies found acceptable to the Department.
    i 100 points are awarded for the first two violations.
    ii 5 points are awarded for each additional violation.
    iii 50 points may be awarded to a project whose purpose is to prevent a future NPDWS violation based upon EPA regulations, both promulgated and final but not yet promulgated.
    iv 100 points may be awarded to a project whose purpose is to locate or replace lead service lines.

4 New Service Area for Area(s) with contaminated Private Drinking Water Sources: Points may be awarded for a project to provide public drinking water service to an unserved area provided that:
    a At least 10% of the private water sources in the project area are sampled at random for microbiological contamination, and at least 50% of those samples coliform positive;
    b At least 10% of the private water sources in the project area are sampled at random for a regulated acute chemical contaminant, and at least 50% of those samples exceed the Maximum Contaminant Level or Action Level specified by EPA; or
    c At least 10% of the private water sources in the project area are sampled at random for other chemical contaminants, and at least 50% of those samples exceed the Maximum Contaminant Level or Action Level specified by EPA.

5 Chemical MCL Violations: Points are awarded only for a water system that currently has contamination from a SDWA regulated contaminant at a level that exceeds the MCL or Action Level specified by EPA and has not already received points under "Acute Chemical Violations."
    a Each chemical MCL violation is counted as an individual violation, even when multiple violations occur in the same reporting period. Points may be awarded for multiple violations of the same type (i.e., inorganic, organic, radiochemical) or in combination with other violation types. For example, if a system had both an arsenic MCL and a barium MCL in the same reporting period, it would receive points for two violations in that reporting period.
        i 50 points are awarded for the first two violations.
        ii 5 points are awarded for each additional violation.
        iii 50 points may be awarded to a project whose purpose is to prevent a future NPDWS violation based upon EPA regulations, both promulgated and final but not yet promulgated.

Source Vulnerability Factors

1 Source Vulnerable Due to Contamination from a Point or Non-Point Source Discharge (with the potential to cause microbiological contamination): Points are awarded only to a surface water source where there exists identifiable point or non-point discharges which can be documented to result in, or can potentially result in, instances where the raw water coliform concentrations exceed the limitations set forth in Section IX.A of the "Rules and Regulations Pertaining to Public Water Systems," or otherwise cause significant microbiological contamination of the source water.
    a Source Vulnerable Due to Contamination from Industrial Operations: Points are awarded for a water source where analyses indicate the occasional presence of hazardous chemicals from an industrial source. In the case of a water system utilizing a ground water source, points are awarded when documentation is provided that a contaminant plume exists in the source aquifer and is approaching the wellhead.

b Source Vulnerable Due to Contamination from Agricultural Operations: Points are awarded for a water source where analyses indicate the occasional presence of agricultural chemicals. Points are awarded in the case of a water system utilizing a ground water source only when analyses indicate the occasional presence of contaminants of agricultural origin in the source water or when documentation is provided that a contaminant plume in the source aquifer is approaching the wellhead.

c Source Vulnerable Due to Potential Contamination from Oil, Gas, or Mineral Operations: Points are awarded for a surface water source where analyses indicate the occasional presence of contaminants from oil, gas, or mineral operations. Points are awarded for a ground water source where the recharge area contains oil, gas, or mineral operations that have caused a plume of contamination that is approaching the water supply wellhead.

d Source with Inadequate Buffer Zone: Points are awarded for a surface water source where the required 300-foot buffer zone required by the Arkansas Rules Pertaining to Public Water Systems, specifically, 20 CAR §140-108, was not obtained. *See* 20 CAR § 140-108. Points are awarded for a groundwater source where the 100-foot radius buffer (wellhead protection) zone required by 20 CAR § 140-107 was not obtained.

Consolidation/Interconnection Factor

1. Consolidation with an Existing System: Points are awarded only for systems which agree to legally merge with another water system that is fully compliant with the SDWA and associated water quality regulations or will become compliant because of the merger. In cases where multiple systems will consolidate, point assignments are based upon the number of service connections of the smallest system. Extra points for additional consolidating systems under the same project are assigned at a rate of 10% of the original rate for each additional consolidating system.
2. Interconnection with an Existing System: Points are awarded only for systems that propose an interconnection and water purchase agreement with another water system that is SDWA compliant as a means of resolving a water quantity or quality problem for which points are awarded. In cases where multiple systems will interconnect, point assignments are based upon the number of service connections of the smallest system. Extra points for additional systems under the same project are assigned at a rate of 10% of the original rate for each additional consolidating system.
3. Projects are eligible for either consolidation points or interconnection points, but not both.

Affordability Factor

1. Total Population Served: Points are awarded for systems serving fewer than 1,321 service connections.
2. Affordability Ratio: Points are also awarded based on the value of the Affordability Ratio calculated as the current average yearly residential rate, based on a usage of 4,000 gallons of water per month, divided by the Median Household Income. The Median Household Income is based on the entire service area of the project water system using the most current information available.

Other Factors – Public Health Improvements or Deficiencies

1 Secondary MCL Violations: Points are awarded only for those water systems where analyses document that a violation of an MCL for any of the Secondary Drinking Water Standards occurred.
2 Fluoridation Start-Up: Points are awarded for those water systems installing fluoridation to the treatment process.
3 Quantity Deficiencies:
    a Continual Shortage (Frequent Outages): Points are awarded only for a water system that experiences frequent complete pressure losses, which are the result of demand exceeding supply, and are not the result of main break, equipment failure, lack of proper maintenance, or other operational failures.
    b Shortage During Peak Demand Period (Daily): Points are awarded only for a water system that frequently experiences minimal pressures due to daily demand exceeding supply.
    c Shortage During Peak Demand Period (Seasonal): Points are awarded only for a water system that routinely issues conservation orders during heavy use periods or experiences minimal pressures during heavy use periods.
    d Occasional Shortage During Peak Demand Period: Points are awarded only for a water system that, once or twice a year, experiences some pressure loss due to peak demand.
4 Design Deficiencies:
    a Inadequate Disinfection: Points are awarded for a water system that either does not disinfect or does not continuously disinfect due to equipment failure or lack of adequate feed rate capacity. Points may also be awarded for inadequate chlorine contact time (CT) as defined by regulation.
    b Inadequate Chemical Feed: Points are awarded only for a water system that is unable to either reliably or consistently feed adequate chemicals to meet treatment objectives.
    c Inadequate Mixing: Points are awarded only for a water system whose rapid mixing detention time is inadequate based on Department of Health design standards.
    d Inadequate Clarification: Points are awarded for a water system whose clarification process is functioning improperly due to inadequate detention time, using Department of Health accepted design standards. Points are awarded for a water system where improper functioning is occurring due to mechanical or structural failure.
    e Inadequate Filtration: Points are awarded for a water system whose filtration process is functioning improperly due to excessive filtration rates, damaged underdrains, or other physical plant defects. Points will not be awarded under this section if points were awarded under the section pertaining to filtration of surface water or groundwater under the direct influence of surface water.
    f Inadequate Storage: Points are awarded only for a water system whose usable storage is less than one day's average system demand.
    g Inadequate Distribution (Low Pressures): Points are awarded only for a water system that has areas of chronic low pressure due to localized peak demands.
    h Inadequate Distribution (Deteriorated Mains): Points are awarded only for a water system that has chronic consumer complaints directly tied to the deterioration of cast iron, galvanized, or other metal piping, or frequent main breaks due to deteriorated pipe.
    i Inadequate Distribution (Unaccounted for Water): Points are awarded only for a water system that has unaccounted for water at a level that exceeds 10% of average daily production.
    j Inadequate Treatment Unit Capacity: Points are awarded only for a system whose plant, or individual process units in the plant, are undersized for process flow rates determined by using Department of Health accepted design standards.

k Inadequate Intake Structure: Points are awarded only for a water system whose intake structure is either unable to deliver an adequate quantity of water or whose intake structure will not allow for adjustment of withdrawal depth.
l Improper Well Construction: Points are awarded only for a water system whose well is vulnerable to surface drainage into the well from improper wellhead and appurtenances construction or inadequate casing and/or grouting.

Bonus Points

1 Board Member or City Council Training in the Past Five Years: Points are awarded to systems for training.
2 Up-To-Date Asset Management Plan: Points are awarded only for a water system whose Asset Management Plan is current.
3 A project previously approved for funding will receive 1,000 points. The points are awarded to ensure that funded projects needing additional funding remain at the top of the list. This will not affect new projects on the PPL.

Appendix B - EPA Assurances

Arkansas's Intended Use Plan includes the following assurances as required by the EPA DWSRF Program Guidelines and 40 C.F.R. §§ 35.3550 and 35.3515(b)(1)(i)-(iii).

1 Assurance that the State has the authority to establish a fund and to operate the DWSRF program in accordance with the Safe Drinking Water Act.
   a The Arkansas Safe Drinking Water Fund Act, codified at Ark. Code Ann. § 15-22-1101 et seq., the Arkansas Natural Resources Commission's Rules Governing Loans from the Safe Drinking Water Fund, codified at 15 CAR Pt. 25, and the Interagency Agreement between the ADH, ADFA and the Natural Resources Division establish the proper authority, assign responsibilities, and set up the necessary funds to manage SDWA programs pursuant to 42 U.S.C. § 300j-12.
2 Assurance that the State will comply with State statutes and regulations.
   a The State of Arkansas agrees to comply with all state laws applicable to DWSRF funds, including Federal Capitalization Grant funds, state match, interest earning, bond proceeds and repayments, and funds used for set-aside activities.
3 Assurance that the State has the technical capability to operate the program.
   a Since 1961, the Arkansas Natural Resources Commission has administered state financial assistance programs. The Natural Resources Division currently manages both the DWSRF and the CWRLF programs.
   b Except for Administration, the ADH manages the set-aside programs. Twenty-two (22) new staff positions were created upon the availability of the initial funds set aside. ADH was granted primacy from the EPA to administer the State Public Water Supply Supervision program and continues to receive favorable reviews from the EPA Region 6 staff.
   c The ADFA manages the banking, fund accounting and auditing requirements. It has administered the CWRLF program since 1987 and many other state and federal financial assistance programs. No new staff positions are anticipated.
4 Assurance that the State will accept Federal Capitalization Grant funds in accordance with a payment schedule.

a The State of Arkansas agrees to accept the federal grant payments in accordance with the negotiated payment schedule and use the payments for the activities of the DWSRF and state set-aside programs under SDWA, 42 U.S.C. § 300j-12.

b Arkansas has requested that the **2025 base cap grant** be allocated in two payments during FFY 2025. Arkansas agrees to accept grant funds that will be released by EPA utilizing the ASAP payment method. Access to these funds will be in accordance with the following schedule:

Payment Quarter			Payment Date	Payment Amount
FFY 2026	/	Quarter -3	4/01/2026	$6,529,000.00
FFY 2026	/	Quarter -4	07/01/2026	$6,529,000.00

c Arkansas has requested that the **2025 IJJA-General Supplemental (IJJA-GS)** cap grant be allocated in four payments during FFY 2025. Arkansas agrees to accept grant funds that will be released by EPA utilizing the ASAP payment method. Access to these funds will be in accordance with the following schedule:

Payment Quarter			Payment Date	Payment Amount
FFY 2027	/	Quarter -1	10/01/2026	$7,452,500.00
FFY 2027	/	Quarter -2	01/01/2027	$7,452,500.00
FFY 2027	/	Quarter -3	04/01/2027	$7,452,500.00
FFY 2027	/	Quarter-4	07/01/2027	$7,452,500.00

d Arkansas has requested that the **2025 IJJA Emerging Contaminant (IJJA-EC)** cap grant be allocated in three payments during FFY 2025. Arkansas agrees to accept grant funds that will be released by EPA utilizing the ASAP payment method. Access to these funds will be in accordance with the following schedule:

Payment Quarter			Payment Date	Payment Amount
FFY 2026	/	Quarter -2	01/01/2026	$3,049,000.00
FFY 2026	/	Quarter -3	04/01/2026	$3,049,000.00
FFY2026	/	Quarter-4	07/01/2026	$3,049,000.00

5 Assurance that the State will enter binding commitments with assistance recipients to provide assistance from the Fund.

a Binding commitments must be made in an amount equal to the amount of each capitalization grant payment and accompanying state match that is deposited into the DWSRF and must be made within one (1) year after the receipt of each grant payment.

b A state may make binding commitments for more than the required amount and credit the excess towards the binding commitment requirements of subsequent grant payments.

c If a state is concerned about its ability to comply with the binding commitment requirement, it must notify the RA and propose a revised payment schedule for future grant payments.

6 Assurance that the state will deposit all Federal Capitalization Grant funds in the fund or set-aside accounts.
   a The State of Arkansas agrees to deposit all the Federal Capitalization Grant funds into the DWSRF account except those portions of the grant that Arkansas intends to use for set-aside purposes authorized under the SDWA, 42 U.S.C. § 300j-12(a)(1)(B). Funds for set-aside activities will be placed in separate accounts inside the SDWF but outside the DWSRF account.
7 Assurance that the state will provide an amount at least equal to 20 percent of the Federal Capitalization Grant (state match) in the Fund.
   a The State of Arkansas agrees to provide an amount into the DWSRF equaling at least 20% of the amount of each Federal Capitalization Grant.
8 Assurance that the state will deposit net bond proceeds, interest earning, and repayments into the Fund.
   a The State of Arkansas agrees to credit the applicable proportion of net bond proceeds and interest earnings and the DWSRF borrower's principal and interest repayments to the Arkansas DWSRF.
   b The State of Arkansas also agrees to deposit into the Arkansas DWSRF any principal and interest repayments for loans made pursuant to 42 U.S.C. § 300j-12(k).
9 Assurance that the state will match Federal Capitalization Grant funds uses for 1452(g) (2) set-asides.
   a The State of Arkansas agrees to provide 100% state match funds equaling its Federal Capitalization Grant for set-asides authorized by 42 U.S.C. § 300j-12(g)(2).
10 Assurance that the state will use Generally Accepted Accounting Principles (GAAP).
   a The State of Arkansas agrees to establish fiscal controls and accounting systems, according to GAAP as promulgated by the Governmental Accounting Standards Board, that are sufficient to account for and report DWSRF program activities.
11 Assurance that the state will have the fund and set-aside accounts audited annually in accordance with Generally Accepted Government Auditing Standards (GAGAS).
   a The State of Arkansas agrees to conduct an annual audit on its SDWF in accordance with GAGAS.
12 Assurance that the state will adopt policies and procedures to ensure that borrowers have a dedicated source of revenue for repayments (or in the case of a privately owned system, demonstrated that there is adequate security).
   a The State of Arkansas requires all DWSRF borrowers to have a dedicated source of revenue for repayments, or in the case of a privately owned system, to demonstrate that there is adequate security, as required by Arkansas Natural Resources Commission's Rules Governing Loans from the Safe Drinking Water Fund, codified at 15 CAR Pt. 25.
13 Assurance that the state will commit and expend funds as efficiently as possible and in an expeditious and timely manner.
   a The State of Arkansas agrees to commit and expend all funds allotted under SDWA "as efficiently as possible" and in an expeditious and timely manner, as required by 42 U.S.C. § 300j-12(g)(3).
   b Federal EPA/ACH payments will be expended within sixteen (16) quarters from scheduled payment dates. Bond proceeds will be expended within three (3) years from the bond issue dates. State Match funds will be expended in a prudent and expeditious managerial manner.
14 Assurance that funds will be used in accordance with the IUP.
   a The State of Arkansas agrees to expend DWSRF funds in accordance with the IUP, which complies with 42 U.S.C. § 300j-12(b).

15 Assurance that the state will provide EPA with an annual report.
   a The State of Arkansas DWSRF agrees to complete and submit an annual report with available financial information to the Region within ninety (90) days after the end of the state's reporting period.
16 Assurance that the state will comply with all Federal cross-cutting authorities.
   a The State of Arkansas agrees to comply with all applicable federal cross-cutting authorities.
17 Assurance that the state will comply with the American Iron and Steel (AIS) requirements.
   a The Consolidated Appropriations Act, 2016, P.L. 114-113, includes an American Iron and Steel (AIS) requirement in section 424 that requires Clean Water State Revolving Loan Fund and Drinking Water State Revolving Fund assistance recipients to use iron and steel products that are produced in the United States for projects for the construction, alteration, maintenance, or repair of a public water system or treatment works if the project is funded through an assistance agreement executed between January 17, 2014, through September 30, 2016 (the end of Federal Fiscal Year 2016).
18 Assurance that the state will comply with the Build America, Buy America requirements.
   a On November 15, 2021, the Build America, Buy America Act (BABA), codified at 41 U.S.C. § 8301 et seq. and included in the IIJA, was signed into law. BABA strengthens Made in America Laws and will bolster America's industrial base, protect national security, and support high-paying jobs. BABA requires that no later than May 14, 2022, 180 days after the enactment of the IIJA, the head of each covered Federal agency shall ensure that "none of the funds made available for a Federal financial assistance program for infrastructure, including each deficient program, may be obligated for a project unless all of the iron, steel, manufactured products, and construction materials used in the project are produced in the United States." *See also* 2 C.F.R. § 184.1.
19 Assurance of Competency.
   a In 2013, EPA Issued Agency Policy Directive Number FEM 2012-2 Rev. 1, requiring organizations to generate or use environmental measurement data under EPA-funded agreements to submit documentation of their competency prior to performing new grant-funded work. The directive is effective for grants totaling more than $200,000 and issued or renewed after October 1, 2013. The goal of the directive is to ensure that organizations (and their grantees/contractors) performing environmental data operations have effective quality management systems and the technical competence to generate valid environmental data.
   b Competency is demonstrated through ADH's Quality Management Plan (QMP) submitted to and approved by EPA annually. The QMP provides descriptions of the quality policies, including all requirements described in EPA QA/R-2. The ADH QA manager will ensure implantation of the directive through coordination with the individual EPA Programmatic Project Officers. The ADH also submits to and receives approval from EPA a Quality Assurance Project Plan (QAPP) every four years. The QAPP addresses the collection of environmental data made during water quality monitoring and sanitary survey program activities.
20 Signage
   a The State of Arkansas agrees to comply with all SRF Signage Guidance to enhance public awareness of EPA assistance agreements nationwide.
21 Arkansas will comply with the following federal requirements:
   a Federal Socioeconomic Crosscutters;
   b Federal Environmental Crosscutters;
   c Grants Management System Database Requirement;

d Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, codified at 2 C.F.R. Pt. 200.

22 Equivalency

a Crosscutter equivalency standards are applied to each Section 212 project. *See, generally*, 33 U.S.C. § 1383. Each project will be subject to a technical review which is sufficient to determine compliance with the equivalency requirements. However, in the event BABA domestic sourcing requirements are judged to be an equivalency item, equivalency may be implemented in the current state fiscal year or a future state fiscal year.