

INTENDED USE PLAN
CLEAN WATER STATE REVOLVING FUND (CWSRF)
FY 2006 FEDERAL APPROPRIATION



Prepared by the
Tennessee Department of Environment and Conservation

**State Revolving Fund Loan Program
CWSRF Intended Use Plan
For FY 2006**

A. Introduction:

The State agrees to submit to the Environment Protection Agency (EPA), as part of its annual application for a Capitalization Grant under Title VI of the Water Quality Act of 1987, an Intended Use Plan (IUP) that meets the requirements of Section 606(c) of the Act and the Operating Agreement.

These requirements of the Act are as follows:

- (1) A list of those projects for construction of publicly owned treatment works on the State's priority list; and a list of activities eligible for assistance under Section 319 of the Act;
- (2) A description of the short and long term goals and objectives of the state's water pollution control revolving fund;
- (3) Information on the activities to be supported;
- (4) Assurances and specific proposals for meeting certain requirements of the Capitalization Grant Agreement; and
- (5) The criteria and methods established for the distribution of state revolving funds.

The IUP serves as the planning document for explaining how the fiscal year 2006 (FY) appropriations for the Clean Water State Revolving Fund (CWSRF) will be used. As currently developed, the IUP identifies the specific projects and activities associated with the federal appropriation for FY 2006 of \$12,721,005 federal dollars along with the appropriated state match of \$2,544,201. Table I lists the summary of funds available as a result of the Federal Capitalization Grant.

B. Listing of CWSRF Projects:

The State shall include a list of eligible projects for receiving loans from the above mentioned funds. Appendix D lists the CWSRF projects that are being considered by the Tennessee Department of Environment and Conservation (TDEC) for potential funding. In addition to the projects listed, TDEC may consider existing projects for loan increases and other CWSRF eligible projects.

The CWSRF project list may include nonpoint source (NPS) projects since the State's NPS Assessment and Management Program is approved.

Appendix A identifies the proposed binding commitment schedule over three (3) quarters for FY 2006 CWSRF funds. Appendix B lists the CWSRF quarterly disbursement schedule. This schedule anticipates the transfer of cash from the CWSRF to the assistance recipient and identifies the anticipated amount of federal dollars to be deposited into the CWSRF. Appendix C provides additional information on the CWSRF projects identified above. As mentioned earlier, Appendix D lists the CWSRF projects that are being considered for potential funding. Appendix E provides a Sources and Uses of CWSRF Funds.

Table I
Summary of Projected Funds Available as a Result of the
Federal Capitalization Grant

1.	Prior Year Carry-Over Funds		\$ 46,492,471
2.	Principle & Interest Receivable in FY 2007	+	\$ 32,951,602
3.	Interest on CWSRF Cash Projected During FY 2007	+	\$ 4,000,000
4.	FY2006 Capitalization Grant	+	\$ 12,721,005
5.	Less Set-asides:		
	04% Administration	-	508,840
6.	96% Balance to Project Fund	=	\$ 12,212,165
7.	20% of FY2006 Capitalization Grant matched by State	+	\$ 2,544,201
8.	CWSRF Project Fund	=	\$ 98,004,439

C. Short and Long-Term Goals/Objectives:

As required under the Act, the State is to identify the goals and objectives of its CWSRF Program. The goals as described below are not presented in any priority order.

The State has the following long-term goals and objectives for the CWSRF Program:

Goal #1: Maintain a self-sustaining revolving loan program through the CWSRF to provide local governments in Tennessee low-cost financial assistance for wastewater treatment projects.

Objective 1.A: To ensure financial stability of loan recipients by reviewing the financial history, loan security, and proposed user rates of loan applicants.

Objective 1.B: To ensure the use of accounting, audit, and fiscal procedures that conform with generally accepted government accounting standards.

Objective 1.C: To obligate funds in a timely manner and provide technical and administrative assistance for efficient project management.

Goal #2: Protect and enhance the water quality in Tennessee by ensuring the technical integrity of funded projects.

Objective 2.A: To ensure adequate and effective project planning, design, and construction management.

Objective 2.B: To maintain a priority ranking system and offer available funds to projects with the highest priority points that are ready to proceed.

In addition to these long term goals, the State has the following short-term goals for the CWSRF program.

Goal #3: Maximize funds available through cooperation with the EPA.

Objective 3.A: To prepare and submit an annual IUP; and prepare and submit along with the IUP an application for the Capitalization Grant.

Objective 3.B: To submit an annual report to EPA covering the accomplishments of the IUP.

Goal #4: Manage an effective and efficient CWSRF Program.

Objective 4.A: To review and update administrative rules and guidance and standard operation procedures for the CWSRF program.

Objective 4.B: To coordinate and work with the Comptroller of the Treasury to ensure the best financing alternative to local governments.

D. Information On Activities To Be Supported:

Pursuant to Section 606(c)(3) of the Act, information pertinent to each CWSRF project is contained in Appendix C. As identified in the Capitalization Grant application, the State intends to use 4% of the federal funds for administrative support. Based on the available FY 2006 appropriation for CWSRF, the State will use up to \$508,840 for administrative support in managing and operating the CWSRF program.

E. Criteria and Methods for Distributing Funds:

The State's Priority Ranking System rules, Chapter 1200-22-1, provide a clear objective order of ranking wastewater facilities projects. The basic criteria established under these rules places emphasis on water quality and public health concerns. The rationale for funding projects in an order other than that shown on the priority list shall be in accordance with the rules for the Priority Ranking System, Chapter 1200-22-1-.04.

The State legislation, the Wastewater Facilities Act of 1987, establishes a State Revolving Fund as an enduring and viable fund. Also, the State agrees that the CWSRF shall be maintained and be available in perpetuity for providing financial assistance as authorized and limited by the federal Water Quality Act of 1987.

The State's NPS Management Program has been approved and the IUP may include NPS projects and activities for funding under the CWSRF when viable projects are identified.

F. Assurances and Specific Proposals:

The State shall provide the necessary assurances and certifications described in the Operating Agreement submitted as part of the Capitalization Grant Application. This Agreement is the official operating agreement between the State of Tennessee and the U. S. Environmental Protection Agency.

Pursuant to Sections 606(c)(4) and 606(c)(5) of the Act, the State certifies that:

- (1) The State will enter into binding commitments equal to at least 120% of each quarterly grant payment within one year after receipt of the payment,
- (2) The State will expend all funds in the CWSRF in an expeditious and timely manner,
- (3) Funds will first be used to assure maintenance of progress toward compliance with enforceable deadlines, goals, and requirements of the Act,
- (4) The State agrees to commit or expend each quarterly capitalization grant payment in accordance with the State's own laws and procedures.

In addition, the State certifies that it will conduct environmental reviews on wastewater facility projects in satisfying the NEPA-like requirements. The State's NEPA-like procedures are contained in the approved Operating Agreement.

G. Annual Report:

Section 606(d) requires that beginning the first fiscal year after receiving payments under the CWSRF the State shall provide an Annual Report to the EPA. The Annual Report shall be submitted to EPA within 90 days after the end of the fiscal year covered by the IUP. This report shall identify loan recipients, loan amounts and terms, similar details on other forms of financial assistance provided from CWSRF, and other such information as EPA may require.

H. MBE/WBE Goals:

In accordance with federal Executive Order 11625 dated October 13, 1971, and Executive Order 12138 dated May 18, 1979, the local government must make a good faith effort to include participation from minority and women's businesses in sub-agreement awards. The MBE fair share goal is 2.6% for construction and 6.6% for supplies, services and equipment. The WBE fair share goal is 2.6% for construction and 3.9% for supplies, services and equipment.

I. Environmental Benefits:

To meet the EPA Order 5700.7, the State agrees to complete a one-page worksheet for all binding commitments (loan agreements). Copies of the one-page worksheets will be placed in the Annual Report.

J. Public Review and Comment:

A public meeting was held on May 12, 2006, in Nashville to review the IUP for FY 2006 and to receive comments on the IUP. The State formally issued a public notice on April 11, 2006 to solicit participation in the public meeting. Over eight-hundred notices were sent to local governments, including municipalities, counties, and utility districts, consulting engineers, and interested parties which are included in the Division's mailing list. A copy of the IUP is posted on the Departments website located at <http://www.state.tn.us/environment/srf/>. A summary of the public meeting is on file in the TDEC State Revolving Fund Loan Program.

Appendices

- A. CWSRF Binding Commitment Schedule
- B. CWSRF Quarterly Disbursements Schedule
- C. CWSRF Project Information
- D. CWSRF Projects for Potential Funding
- E. CWSRF Sources and Uses of Funds
- F. Public Notice, April 11, 2006

APPENDIX A
PROPOSED CWSRF BINDING COMMITMENT SCHEDULE

<u>Quarter</u>	<u>Amount</u>
October 1, 2006 - December 31, 2006	\$ 4,000,000
January 1, 2007 - March 31, 2007	4,000,000
April 1, 2007 - June 30, 2007	4,721,005
	<hr/>
Total	\$12,721,005

APPENDIX B
CWSRF QUARTERLY DISBURSEMENTS SCHEDULE
AUTOMATED CLEARING HOUSE DRAWS
(Quarters are based on Federal fiscal year)

<u>FY 2007</u>	<u>Amount</u>
Qt 1	-0-
Qt 2	2,000,000
Qt 3	3,000,000
Qt 4	2,000,000
<u>FY 2008</u>	
Qt 1	\$ 2,000,000
Qt 2	2,000,000
Qt 3	<u>1,721,005</u>
Total	\$12,721,005

APPENDIX C
CWSRF Priority Ranking List
FY 2007

CWSRF PRL Ranking Points	City	Type of Project	Total Project Amt
125.0	Lenoir City*	WWTP Improvements- Secondary Treatment (Phases I and II)	\$8,026,800
117.5	Fairview*	WWTP Improvements - Secondary Treatment	\$2,345,000
115.7	Lafollette*	WWTP Improvements- Secondary Treatment	\$6,500,000
111.1	Kingsport	WWTP Improvements (Phase I - Plant Hydraulics and Solids Dewatering)	\$5,822,000
109.0	Portland*	WWTP Improvements - Secondary Treatment	\$500,000
106.0	Lebanon	WWTP Upgrade/Expansion - Secondary Treatment to 22 MGD and Sludge Treatment	\$14,000,000
70.0	Englewood	I/I Correction	\$600,000
70.0	Kingsport	I/I Correction (Ridgefields & West Kingsport)	\$2,850,000
70.0	Knoxville UB*	I/I Rehab	\$61,000,000
70.0	Lebanon	I/I--Sinking Creek Basin--2007-2008 CIP Contract	\$1,550,000
70.0	Lebanon	I/I--Sinking Creek Basin--2007-2008 Annual Rehab	\$450,000
70.0	Lebanon	I/I--Sinking Creek Basin--2008-2009 CIP Contract	\$1,550,000
70.0	Lebanon	I/I--Sinking Creek Basin--2008-2009 Annual Rehab	\$450,000
70.0	Lebanon	I/I--Walkers Branch Basin--2009-2010 CIP Contract	\$1,550,000
70.0	Lebanon	I/I--Walkers Branch Basin--2009-2010 Annual Rehab	\$450,000
70.0	Portland*	I/I Correction	\$1,000,000
35.0	Ethridge	Collection System (new)	\$1,100,000
20.0	Dresden*	I/I Correction	\$1,000,000
20.0	Shelbyville*	I/I Correction	\$600,000
20.0	Waynesboro*	Collection System Rehabilitation	\$500,000
17.0	White House	WWTP Improvements-Secondary Treatment--Scada System Replacement, new headworks, etc.	\$750,000
16.3	Loudon	Collection System Expansion--Philadelphia	\$1,250,000
15.0	Loudon	WWTP Improvements - Secondary Treatment-(RAS/WAS/PS, belt press-Phase III)	\$2,100,000
13.0	Chattanooga*	Collection System Rehabilitation (Tampa Street Interceptor Replacement)	\$725,000
13.0	Chattanooga*	Collection System Rehabilitation (Eastgate Area Sewer Rehab. Mayfair Sewer Rehab. Northcrest Sewer Replacement)	\$13,000,000
13.0	Lexington	Collection System Rehabilitation (One Mile Creek Interceptor Replacement)	\$1,500,000
13.0	Maynardville	Collection System Rehabilitation-Phases III & IV	\$900,000
13.0	White House	Collection System Rehabilitation	\$1,940,000
12.5	First UD of Knox County*	Collection System Expansion (Force Main, two Pump Stations and new collection system lines north of Martel Road)	\$6,000,000
12.5	Maynardville	Collection System Expansion-Sewer Extension--SR33	\$900,000
12.5	Red Boiling Springs	Collection System Expansion	\$600,000
11.3	Shelbyville*	WWTP Upgrade/expansion-secondary treatment	\$25,200,000
10.0	Atoka*	Collection System Expansion	\$1,600,000
10.0	Chattanooga*	Collection System Rehabilitation (Eastgate Pump Station II and Highland Interceptor)	\$1,000,000
10.0	Ethridge	WWTP-Secondary Treatment (new)	\$439,000
10.0	Jellico	Collection System Expansion	\$3,176,000
10.0	Jellico	WWTP Upgrade/Expansion- Secondary Treatment--to 1.5 MGD	\$4,650,000

*Current CWSRF Projects from Previous PRL

APPENDIX C
CWSRF Priority Ranking List
FY 2007

<i>CWSRF PRL Ranking Points</i>	<i>City</i>	<i>Type of Project</i>	<i>Total Project Amt</i>
10.0	Lexington	Pump Station Improvements	\$250,000
10.0	Loudon	Collection System Expansion--Blair Bend/Poplar Springs	\$1,500,000
10.0	Loudon	Collection System Expansion--Hwy 72 to Roane Co. Line	\$750,000
10.0	Loudon	Collection System Expansion--Sugar Limb Rd & I-75	\$1,100,000
10.0	Madisonville	WWTP Upgrade/Expansion- Secondary Treatment--to 1.25 MGD	\$8,000,000
10.0	Maynardville	WWTP Improvements (Secondary Treatment)-Bar Screen	\$300,000
10.0	McMinnville*	WWTP Improvements - Lime Sludge Stabilization Treatment	\$2,500,000
10.0	Memphis	Collection System Expansion--Loosahatchie FM & Gravity Interceptor Sewer	\$4,500,000
10.0	Memphis	Collection System Expansion--Mary's Creek Gravity Interceptor Sewer--Phase I	\$2,100,000
10.0	Memphis	Collection System Expansion--Mary's Creek Gravity Interceptor Sewer--Phase II	\$2,550,000
10.0	Sweetwater	WWTP Upgrade/Expansion-Secondary Treatment	\$2,000,000
7.0	Moscow*	WWTP Improvements - Secondary Treatment	\$857,383
6.9	First UD of Knox County*	WWTP Upgrade/Expansion-Secondary Treatment-- Turkey Creek WWTP	\$19,000,000
6.2	Waynesboro*	WWTP Improvements--Secondary Treatment	\$2,500,000
		TOTAL	\$225,481,183

*Current CWSRF Projects from Previous PRL

APPENDIX D
CWSRF Priority Ranking List
FY 2007

<i>CWSRF PRL Ranking Points</i>	<i>City</i>	<i>Type of Project</i>	<i>Total Project Amt</i>
10.0	Atoka*	Collection System Expansion	\$1,600,000
13.0	Chattanooga*	Collection System Rehabilitation (Eastgate Area Sewer Rehab. Mayfair Sewer Rehab. Northcrest Sewer Replacement)	\$13,000,000
10.0	Chattanooga*	Collection System Rehabilitation (Eastgate Pump Station II and Highland Interceptor)	\$1,000,000
20.0	Dresden*	I/I Correction	\$1,000,000
70.0	Englewood	I/I Correction	\$600,000
35.0	Ethridge	Collection System (new)	\$1,100,000
10.0	Ethridge	WWTP-Secondary Treatment (new)	\$439,000
117.5	Fairview*	WWTP Improvements - Secondary Treatment	\$2,345,000
12.5	First UD of Knox County*	Collection System Expansion (Force Main, two Pump Stations and new collection system lines north of Martel Road)	\$6,000,000
6.9	First UD of Knox County*	WWTP Upgrade/Expansion-Secondary Treatment--Turkey Creek WWTP	\$19,000,000
70.0	Knoxville UB*	I/I Rehab	\$61,000,000
115.7	Lafollette*	WWTP Improvements- Secondary Treatment	\$6,500,000
125.0	Lenoir City*	WWTP Improvements- Secondary Treatment (Phases I and II)	\$8,026,800
13.0	Maynardville	Collection System Rehabilitation-Phases III & IV	\$900,000
12.5	Maynardville	Collection System Expansion-Sewer Extension--SR33	\$900,000
10.0	McMinnville*	WWTP Improvements - Lime Sludge Stabilization Treatment	\$2,500,000
10.0	Memphis	Collection System Expansion--Loosahatchie FM & Gravity Interceptor Sewer	\$4,500,000
10.0	Memphis	Collection System Expansion--Mary's Creek Gravity Interceptor Sewer--Phase I	\$2,100,000
7.0	Moscow*	WWTP Improvements - Secondary Treatment	\$857,383
70.0	Portland*	I/I Correction	\$1,000,000
109.0	Portland*	WWTP Improvements - Secondary Treatment	\$500,000
20.0	Shelbyville*	I/I Correction	\$600,000
11.3	Shelbyville*	WWTP Upgrade/expansion-secondary treatment	\$25,200,000
20.0	Waynesboro*	Collection System Rehabilitation	\$500,000
6.2	Waynesboro*	WWTP Improvements--Secondary Treatment	\$2,500,000
		TOTAL	\$163,668,183

*Current CWSRF Projects from Previous PRL

PROJECTED FUNDS AVAILABLE TO LOAN DURING 2007 - WITH FEDERAL GRANT

	Through FY2006	For FY 2007	Total
Sources of Funds:			
Capitalization Grants	\$ 391,183,217	\$ 12,721,005	\$ 403,904,222
State Match	\$ 77,961,246	\$ 2,544,201	\$ 80,505,447
Investment Earnings (estimated)	\$ 39,778,751	\$ 4,000,000	\$ 43,778,751
Loan Repayments - Principle and Interest	\$ 313,098,366	\$ 32,951,602	\$ 346,049,968
Total Sources of Cash	<u>\$ 822,021,580</u>	<u>\$ 52,216,808</u>	<u>\$ 874,238,388</u>
Uses of Funds:			
Loans and Amendments	\$ 760,077,780		\$ 760,077,780
Administration Expense Allocations	\$ 15,647,329	\$ 508,840	\$ 16,156,169
Total Uses of Cash	<u>\$ 775,725,109</u>	<u>\$ 508,840</u>	<u>\$ 776,233,949</u>
Sources of Cash less Uses of Cash	<u>\$ 46,296,471</u>	<u>\$ 51,707,968</u>	
Net Available to Loan during FY 2006		<u>\$ 98,004,439</u>	<u>\$ 98,004,439</u>



STATE OF TENNESSEE
DEPARTMENT OF ENVIRONMENT AND CONSERVATION
State Revolving Fund Loan Program
8th Floor, L & C Tower
401 Church Street
Nashville, TN 37243

April 11, 2006

PUBLIC NOTICE

TO ALL POTENTIAL STATE REVOLVING FUND (SRF) LOAN APPLICANTS AND INTERESTED PARTIES:

CLEAN WATER SRF (CWSRF) LOAN PROGRAM:

The Tennessee Department of Environment and Conservation (TDEC), is in the process of applying for fiscal year (FY) 2006 EPA Capitalization Grant for the CWSRF loan program. The FY 2006 EPA CWSRF grant allotment to Tennessee is \$12,721,005 and requires a twenty percent (20%) state match of \$2,544,201.

DRINKING WATER SRF (DWSRF) LOAN PROGRAM:

The Tennessee Department of Environment and Conservation (TDEC), is in the process of applying for fiscal year (FY) 2006 EPA Capitalization Grant for the DWSRF loan program. The FY 2006 EPA DWSRF grant allotment to Tennessee is \$8,540,700 and requires a twenty percent (20%) state match of \$1,708,140.

TDEC will conduct public meetings on **Friday, May 12, 2006, at 1:00p.m. CDT for CWSRF and 2:00p.m. CDT for the DWSRF in the 17th Floor "Conference Room A" of the L & C Tower, 401 Church Street, Nashville, Tennessee**, to present and receive comments on the FY 2006 Intended Use Plan for the CWSRF capitalization grant application and the FY 2006 Intended Use Plan for the DWSRF capitalization grant application.

The Intended Use Plan includes the priority list of potential loan recipients, the intended uses of the set-asides for non-project activities, program goals, and explanation of the priority system and affordability criteria. The Draft UP's will become final following a ten (10) day comment period after the public meeting.

If you are unable to attend the meeting, but would like to review the CWSRF FY 2006 Intended Use Plan, or the DWSRF FY 2006 Intended Use Plan or both, please contact James Goodman, at (615) 532-0472. All comments must be received in our office no later than May 23, 2006. Comments may be mailed to the letterhead address above, or submitted on the Internet via e-mail to James.O.Goodman@state.tn.us, or sent to facsimile number (615) 532-0199.

Individuals with disabilities who wish to participate in these proceedings (or to review these filings) should contact the Tennessee Department of Environment and Conservation to discuss any auxiliary aids or services needed to facilitate such participation. Such contact may be in person, by writing, telephone, or other means and should be made no less than ten days prior to the scheduled meeting date (date such party intends to review such filings), to allow time to provide such aid or services. Contact the Tennessee Department of Environment and Conservation ADA Coordinator, John White, 12th Floor L&C Tower, 401 Church Street, Nashville, Tennessee 37243, (615) 532-0207. Hearing impaired callers may use the Tennessee Relay Service (1-800-848-0298).