Water Infrastructure Finance Authority

SFY 2013 Drinking Water Intended Use Plan

WIFA

Arizona Drinking Water State Revolving Fund

INTRODUCTION

The WIFA Board of Directors is pleased to release Arizona's Drinking Water State Revolving Fund (DWSRF) Intended Use Plan (IUP) for the State Fiscal Year (SFY) 2013 funding cycle. The DWSRF IUP describes WIFA's plan to utilize various sources of funds to finance drinking water infrastructure and support related program activities during the SFY 2013 funding cycle from July 1, 2012 through June 30, 2013. This IUP is a required element of the grant application documentation to obtain the FFY 2012 grant award. Arizona herewith submits its IUP for the FFY 2012 funds available to Arizona for the purposes of continuing the development, implementation and administration of the DWSRF program in Arizona.

The Arizona DWSRF Loan Program funds publicly and privately-owned community water systems and non-profit non-community water systems. Eligible projects include treatment, transmission and distribution, source, storage, consolidation and creation of new systems. Projects to acquire land or to refinance debt obligations of publicly-owned systems may also be eligible. Loans made under the program currently have interest rates of less than 4% (except in the case of privately owned facilities). Loan repayments to the State will provide a continuing source of infrastructure financing into the future. The program also places an emphasis on small and disadvantaged communities and on programs that emphasize prevention and sustainability as tools for ensuring safe drinking water.

Section 1: Short Term Goals

For the purposes of this IUP, a short-term goal is an activity intended to be initiated, and in some cases, completed within a year:

- WIFA will make drinking water infrastructure loans more accessible and affordable to small communities by subsidizing all loans;
- WIFA will provide additional assistance to communities who are identified as disadvantaged;
- WIFA will provide at least 20% of the capitalization grant amount as additional subsidization in the form of forgivable principal;
- WIFA will continue to encourage borrowers to address green infrastructure, water and energy efficiency improvements and other environmentally innovative activities.

Section 2: Long Term Goals

For the purposes of this IUP, a long term goal is defined as the life of the program. The following are the long-term goals of the loan program:

- Award WIFA's resources in accordance with the needs of Arizona's citizens;
- Maintain the fiscal integrity of WIFA's funds and assure continuous enhancement for future generations;
- Effectively and efficiently deliver financial and technical assistance;
- Coordinate with other funding sources, technical resources, regulatory authorities, and private sector legal and financial counterparts;
- Actively pursue leadership in infrastructure finance;
- Efficiently administer WIFA within a positive work environment;
- Facilitate and encourage Board of Directors' involvement in WIFA.

Section 3: Important Program Changes

WIFA plans to adjust the interest vs. fee ratio of the Combined Interest and Fee Rate (CIFR) during SFY 2013.

Section 4: Agreement to Enter Data into PBR and NIMS

WIFA agrees to enter data into PBR and NIMS. WIFA is currently working with Northbridge Consulting to improve the historical data in NIMS.

Section 5: Description of Public Notice Process and Actions Taken to Address Public Comments

Public review and written comment period of this IUP will be conducted from May 23, 2012 through June 1, 2012.

WIFA will solicit public review and comment on the draft SFY 2013 DWSRF IUP and Project Priority List (PPL) according to the following schedule:

May 23, 2012	Distribution and Web posting of the draft DWSRF IUP and PPL to all interested parties.
May 30, 2012	Public Hearing – 1110 West Washington, Room 130, Phoenix, Arizona 85007 from 1:00 P.M. to 2:00 P.M.
June 1, 2012	Deadline for public comments on the draft DWSRF IUP and PPL.
June 20, 2012	The WIFA Board of Directors to adopt the final draft DWSRF IUP and PPL. IUP will then be sent to EPA for final approval.
July 1, 2012	Begin implementation of the Approved DWSRF IUP and PPL

Section 6: Assurances and Specific Proposals

WIFA intends to comply with the following:

- WIFA will comply with its Environmental Policy as approved by EPA;
- WIFA will comply with the Davis Bacon requirements outlined in the Capitalization Grant Terms and Conditions;
- WIFA will make every effort to comply with EPA's guidance for timely and expeditious use of funds; and
- WIFA agrees to the remaining required assurances and proposals in the grant application or the IUP.

Section 7: Disadvantaged Community Program

WIFA is committed to providing assistance to Public Water Systems serving Disadvantaged Communities. The Board may designate an applicant as a Disadvantaged Community if the applicant satisfies one of the following:

1. The community is a designated "colonia" community through the federal government, or
2. The applicant meets the following criteria:
    a. The applicant's project is above the 50th percentile on the DW PPL; and
    b. WIFA awarded the applicant 50 or more Local Fiscal Capacity points on the DW PPL.

WIFA intends on providing the 20% additional subsidy as forgivable principal to disadvantaged communities. WIFA's Disadvantaged Policy allows for extended term, reduced interest or a combination. WIFA may choose to provide additional subsidization to 'fix it first' projects if they are identified on the PPL and move into the 'ready to proceed' category.

Section 8: Criteria and Methods for Distribution of Funds (Priority Setting Criteria)

- **Project Priority List and Fundable Range**
  - **Project Priority List (PPL):** On an annual basis, following a statewide solicitation for projects, WIFA develops a statewide priority list of projects. Currently, WIFA's DW PPL has 21 project priority list applications totaling $25,083,193.
  - **Fundable Range:** The Fundable Range includes the applicants ready to receive design or construction financial assistance.
- **Project Priority List Updates**
  The WIFA Board of Directors may update the DW PPL by adding or deleting projects or adjusting the fundable ranges for design or construction projects. The decision to update the DW PPL may be based on a project's readiness to proceed, refined project cost estimates, availability of other funding sources or other new information affecting the expansion or contraction of the PPL and Fundable Ranges. The WIFA Board of Directors will adopt the updated DW PPL at a public meeting and the updates will be posted on the WIFA website. All projects must meet the applicable requirements under the Safe Drinking Water Act, 42 U.S.C. § 300f to 300j-26.
- **Project Readiness to Proceed**
  Applicants accrue readiness to proceed points based on the following criteria:
  - Approved debt authorization has been received by WIFA.
  - Plans and specifications are complete.
  - Local and state permits have been obtained.
  - The bid or solicitation process has been initiated.

Section 9: Bypass Procedures

The Fundable Range process is used to bypass projects that are not ready to proceed. As part of this process, readiness to proceed points are awarded for each of the criteria identified above, with a project needing to accrue at least 40 points out of 100 possible. Projects which have not received at least 40 points are bypassed, allowing projects which are ready to proceed to move forward with obtaining financing.

Section 10: Sources and Uses Table

Arizona DWSRF Sources & Uses for SFY 2013 (FFY 2012 Cap Grant)				
	Federal Contributions	WIFA Revenues	WIFA Loan Accounts	Total
Funding Sources				
Estimated fund balance as of 7/1/2012	$ 301,000	$ 3,692,200	$44,136,190	$ 48,129,390
New funds expected in SFY 2013	$18,026,000	$2,346,100	$10,159,241	$ 30,531,341
Total Funding Sources	$18,327,000	$ 6,038,300	$54,295,431	$ 78,660,731
Funding Uses				
Financial Assistance Loans	$13,498,460	$ 3,605,200	$54,295,431	$ 71,399,091
15% Set-Aside Wellhead Protection (ADEQ)	$ 1,800,000			$ 1,800,000
15% Set-Aside Technical Assistance (WIFA)	$ 307,500			$ 307,500
10% Set-Aside PWSS (ADEQ)*	$ 1,800,000			$ 1,800,000
4% Set-Aside Administration	$ 721,040	$ 610,100		$ 1,331,140
2% Set-Aside Capacity Development (ADEQ)	$ 200,000			$ 200,000
Drinking Water Programs (ADEQ)		$ 850,000		$ 850,000
Forgivable Principal $3,605,200 (20%)				
Green Infrastructure (voluntary)				
Total Funding Uses	$18,327,000	$ 5,065,300	$54,295,431	$ 77,687,731
** ADEQ PWSS 10% includes $75,000 Border TA. Required match comes from ADEQ Fees and PWSS FY-93*				
ADEQ has banked $500K in FFY 2009 and $600K in FFY 2010				
WIFA may sell water quality revenue bonds - proceeds will be used to increase WIFA's lending capacity				

The Safe Drinking Water Act §1452(g) and §1452(k) allows States to set aside up to 31% of the capitalization grant for specific activities. These are referred to as the 2%, 4%, 10%, and 15% set-asides and are further described below. Funds not expended in these categories by the end of SFY 2013 will revert to the DW Loan Fund Account. In addition, ADEQ has been budgeted to receive $850,000 from WIFA revenues to support the Drinking Water Programs (also described below).

15% Set-aside

State and Federal Statutes allow setting aside up to 15% of the Federal Capitalization Grant funds to provide local assistance to water systems in Arizona. A maximum of up to 10% ($1,800,000) of the Capitalization Grant funds will be used by ADEQ for Wellhead Protection activities to protect underground sources of drinking water. WIFA will utilize $307,500 of this set-aside. $7,500 will support the Drinking Water Residential Rate Survey and $350,000 will be provided as planning and design assistance through two competitive cycles beginning on January 1, 2013 and July 1, 2013.

10% Set-aside

State and Federal Statutes allow setting aside up to 10% of the Federal funds for the Public Water System Supervision activities. This set-aside requires an additional 1:1 match which will be provided by ADEQ Fees. ADEQ will use this funding for the PWSS Program, which encompasses all of the various activities involved in implementing the Safe Drinking Water Act requirements in Arizona.

These activities include operator certification, source water assessment and protection, development of regulatory guidance and assistance documents, assisting systems in obtaining the technical, financial, and managerial capability to comply with drinking water regulations, and technical consultations on water system and treatment system design.

4% Set-aside

State and Federal Statutes allow setting aside up to 4% of the Federal funds for the administration of the DWSRF program. WIFA will utilize this set-aside to pay salaries and associated expenses of program's personnel devoting time to the administration of the funds as well as the necessary ancillary services performed by other agencies. These funds will also be used to procure equipment and training necessary for the adequate performance of staff. Expenses for DWSRF-related public meetings, workshops and conferences will also be paid for out of this set-aside. Funds not used immediately will be reserved for use in future years. As evidenced in the Sources and Uses Table, WIFA will provide additional program administration support through use of WIFA Fees.

2% Set-aside

State and Federal Statutes allow setting aside 2% of the Federal funds to provide local assistance to water systems in Arizona. The 2% set-aside in the amount of $200,000 will be used by ADEQ's Capacity Development Program.

ADEQ Drinking Water Program

The Drinking Water program is federally mandated to ensure safe drinking water supplies for the public. Staff reviews water system construction plans, conducts compliance inspections on drinking water systems, reviews water quality monitoring data, initiates enforcement actions in response to continued or significant noncompliance, and conducts outreach to educate stakeholders on regulatory requirements. The program also evaluates source waters to ascertain their susceptibility to contamination, promotes voluntary community programs aimed at protecting aquifers for drinking water use, and administers the monitoring assistance program to assist public water systems in complying with monitoring requirements under the federal Safe Drinking Water Act. This effort is being funded through WIFA Revenues.

Section 11: Identify the Types of Assistance Provided and the Terms (Principal Forgiveness, Extended Terms)

WIFA provides low interest loans for projects eligible under the Safe Drinking Water Act. Eligible projects include treatment, transmission and distribution, source, storage, consolidation and creation of new systems. Projects to acquire land or to refinance debt obligations of publicly-owned systems may also be eligible.

- Subject to the limitation that loan terms are not to exceed the useful life of the project, all loans for the financing of projects will be for a term not to exceed 20 years from loan closing date; except that under certain conditions (including loans to disadvantaged communities) project financing may be made for a period of up to 30 years.
- WIFA will provide additional subsidization to Disadvantaged Communities (as described in Section 7 of this document).

WIFA also provides three types of Technical Assistance:

- **Staff Technical Assistance** (2% set-aside) - ADEQ's Capacity Development Unit assists small individual drinking water systems, serving 10,000 or fewer people, to improve their day-to-day operation. For more information contact ADEQ's Drinking Water Division Deputy Director.

- **Professional Technical Assistance** – Professional Technical Assistance includes studies, surveys and other types of reports that provide benefit to a range of drinking water systems statewide. WIFA will complete the Drinking Water Residential Rate Survey with these funds.
- **Planning and Design Assistance**– WIFA will assist individual drinking water systems to conceive, plan, design, and develop infrastructure; including water and energy efficiency, green stormwater infrastructure or other environmentally innovative activities.

Financial Terms of Loans

- Repayment of loan principal must begin within 12 months of project completion based on the construction schedule available at the loan closing date or actual completion date or three years from the date of the initial principal advance, whichever is earlier.
- Loan disbursements are to be made on a cost reimbursement basis.
- The decision to leverage will be based on demand on the loan fund for projects to address public health concerns, market conditions and long-term impact to the fund.
- A minimum of 20% of the FFY 2012 Capitalization Grant funds will be provided as forgivable principal.
- All contracts for financial assistance will require the borrower to comply with the Davis-Bacon Act regardless of the source of funding if required as part of the FFY 2012 Capitalization Grant.
- WIFA will allocate income from the Standard Combined Interest and Fee Rate (CIFR) as either fee income or interest income in accordance with the following table.

Combined Interest and Fee Rate (CIFR)

Financial Structure	CIFR	Fees	Interest
Governmental	Municipal Market Data Index (times) Subsidy Rate	1.5%	CIFR – 1.5%
Non-Governmental	Prime Rate (times) Subsidy Rate	3.0%	CIFR – 3.0%

Section 12: State Match Sources

As demonstrated in the Sources and Uses Table, WIFA revenues will provide match for the FFY 2012 Capitalization Grant.

Section 13: Identification of Overmatch

WIFA has overmatched the federal grants when viewed in a cumulative perspective through SFY 2011. However, it is WIFA's intention to simply meet match requirements for each subsequent award.

Section 14: Anticipated Cash Draw Ratio (proportionality) or Statement of Match Drawdown then Federal

WIFA will fund loan disbursements with WIFA revenues prior to drawing down federal grant monies.

Section 15: Estimated Disbursement Schedule

First Quarter	Second Quarter	Third Quarter	Fourth Quarter
20%	35%	35%	10%

Section 16: Identification of any Intended Transfers between Funds
WIFA currently has no planned transfers between the CWSRF and the DWSRF.

Section 17: Identification and Explanation of any Cross Collateralization
The Authority maintains the CWSRF and DWSRF as separate and distinct programs. Revenues generated by either program will remain within that program. Any transfers between funds will be temporary in nature and done only to alleviate short term cash shortages.

Section 18: Loan Interest Rate
The WIFA Board of Directors has established a target interest rate ranging between 70% and 95% of tax-exempt AAA Bond Rate for government entities and 70% to 95% of the prevailing prime rate plus 200 basis points for non-government entities. This subsidy rate is based on the system's local fiscal capacity which is measured by the area's median household income, user rates and charges, the system's outstanding and proposed debt, and cost effectiveness of the project. Interest rates/subsidies on individual loans will be set pursuant to the criteria below:

- Priority of the project;
- Local fiscal capacity of the area served by the system requesting assistance; and,
- Lending capacity of Arizona's DWSRF.

Section 19: Fees Charged if Applicable and Uses of Fees
Section 11 describes how fees are charged. The Sources and Uses table demonstrates how fees will be used for SFY 2013, providing match to the federal grant, administration of the SRF, and providing support to ADEQ's Drinking Water Program.

Section 20: Overview of Program Financial Status and Management
The Federal Capitalization grant for FFY 2012 will be $18,026,000, and an additional $301,000 of funding will be received from EPA as a redistribution. See Table below.

AZ DW-SRF Capitalization Grants			
	Document	**Total Amount**	
1	FS99989498	16,938,300.00	
2	FS99990299	14,863,800.00	
3	FS99990200	7,905,300.00	
4	FS99990201	7,937,900.00	
5	FS99990202	9,126,300.00	
6	FS99990203	9,071,400.00	
7	FS99990204	9,345,300.00	
8	FS99990205	9,455,400.00	
9	FS99990206	23,350,750.00	
10	FS99990207	23,358,750.00	
11	FS99990208	23,118,000.00	
12	FS99990209	23,118,000.00	
13	2F00T05809	55,340,000.00	
14	FS99990210	27,259,000.00	
15	FS99990211	18,614,000.00	
16	FS99990212	18,026,000.00	
17	Supplement	301,000.00	
	Totals	**297,129,200.00**	

The Arizona DWSRF program supports the National USEPA Strategic Plan Goal 2 (Clean and Safe Water), Objective 1 (Protect Human Health), Sub-objective 1 (Water Safe to Drink) listed below. Specifically, Arizona established and is managing the revolving loan fund to make low cost loans and other types of assistance to water systems to finance the cost of infrastructure projects to achieve or maintain compliance with Safe Drinking Water Act requirements. Arizona DWSRF activities support USEPA Program Reporting Measure SDW-04 Fund Utilization and SDW-05 DWSRF projects that have initiated operations.

All planned and prior year loans have assisted public water systems in meeting the federal and state drinking water compliance requirements. Details of Arizona's DWSRF activities supporting the National USEPA Strategic Plan will be included in the DWSRF Annual Report as well as in the Drinking Water National Information Management System (DW NIMS), Drinking Water Project Benefit Reporting System (PBR); and the Federal Funding Accountability and Transparency Act (FFATA) Reporting System.

Measure	Measure Text	National Target	Region 9 Target	Arizona Target
SDW-04	Fund utilization rate [cumulative dollar amount of loan agreements divided by cumulative funds available for projects] for the Drinking Water State Revolving Fund (DWSRF)	93%	86%	100%
SDW-05	Number of Drinking Water State Revolving Fund (DWSRF) projects that have initiated operations (cumulative)	Base ARRA Total 6,080	 360	111 29 140

DWSRF Fund Utilization is calculated by dividing the cumulative funds provided as of June 30, 2011 (DWNIMS Line 130) by the cumulative DWSRF Funds available as of June 30 2011 (DWNIMS line 283).

Section 21: Leveraging Plan

As a matter of practice, WIFA pays close attention to its cash position and lending capacity. This practice includes reports to the WIFA Board of Directors at each Board meeting defining WIFA's current cash position and lending capacity. As a result of slow loan demand and prepayments, it appears that WIFA's next Bond Issue won't be needed until late summer 2013.

Section 22: Binding Commitment Schedule

When the WIFA Board of Directors approves an applicant's financial assistance request, WIFA staff prepares and circulates financial assistance (loan) documents to evidence the binding commitment in accordance with applicable federal and state requirements**.** Based on the DW PPL, WIFA expects to enter into binding commitments at 139% (min is 120%) (dollars on PPL vs the federal cap grant).

Section 23: Grant Payment Schedule

WIFA will receive all payments in the first quarter available.

Sections 24-33: These Sections are for CWSRF, not applicable to DWSRF.

Section 34-43: Fundable List
Arizona's Drinking Water Revolving Fund Project Priority List – 2013 Funding Cycle

PPL Rank	Applicant	Population	County	PWS#	Project Name	Description	Project Number	Amount Requested / Probable Green Amount	Subsidy Rate
1	*Cienega Water Company	140	La Paz	AZ0415002	Fluoride Treatment and System Upgrades	Water quality sampling indicated a fluoride content of 5.6 ppm. Company will install Point of Use (POU) devices for the 55 residential metered connections in their service area.	007 2013	$50,000.00	80%
2	*Sulger Water Company #2	50	Cochise	AZ0402120	Well, Tank and Disinfection System Improvements	Two wells - each need a flow meter, check valve, disinfection system, new fence, entrance gate and signs. Storage tank and booster pump at Well 2 should be relocated to Well 1 site - along with a backup booster pump installed at this time. System also needs 50,000 gallon storage tank at Well #1.	022 2013	$56,000.00	80%
3	*Sunland Water Company	170	Pinal	AZ0411334	New Well and Blending Plan for Arsenic Compliance	Install approx 1/4 mile of pipe between two wells, buy holding and blending tanks, purchase and install pumps and switches to blend the water to below 0.11 (arsenic).	008 2013	$125,000.00	80%
4	*Clear Springs Utility Company	1,180	Cochise	AZ0402008 AZ0402049	Clear Springs Utility Consolidation & Upgrades	Fix-it-first: Water system needs to upgrade aging infrastructure which includes a 100,000 gallon steel reservoir, refurbishing a well and upgrading the distribution system to provide for increased pressure and water flow. A water main needs to be relocated to a public right-of-way.	009 2013	$511,000.00	75%

5	*Rim Trail Domestic Water Improvement District	25	Gila	AZ0404035	Rim Trail Surface and Groundwater Sustainability Upgrade	Replace 31 year old water meters and valves. Evaluation and potential negotiation of sharing new treatment plant facilities and storage with two neighboring communities. Improve operating efficiencies (electric usage, looping of dead-end water lines, water storage, SCADA between wells and river diversion systems). Deep well resources for redundancy.	004 2013	$250,000.00 / Categorical $23,700.00	80%
6	Sabrosa Water Company	100	Maricopa	AZ0407052	Arsenic Treatment And Zorrillo Well Drilling	Wells are running dry. Deepen well an additional 295 feet. Project includes wellhead arsenic treatment.	021 2013	$149,252.00	80%
7	East Slope Water Company	2,877	Cochise	AZ0402028	System Improvements (Storage, Booster Pumps, Well Improvements, Main Replacement)	Interconnect with Antelope Run and Indiada Water Companies. Storage needs to be addressed at three wells. New booster pumps need to be installed at each well and electrical upgrades to the existing panels. The wells need to be deepened or relocated. Need to replace aged 2" lines with 6" lines and all 3" and 4" mains with 6" mains. Looping is needed for redundancy.	010 2013	$3,000,000.00	85%
8	Litchfield Park Service Company	39,000	Maricopa	AZ0407046	Airline Reservoir Solar Project / LPSC	LPSCO currently utilizes approximately $100,000/month for water and wastewater power demand. LPSCO is proposing the installation of a roof mounted 200 Kw solar (PV) generator to reduce operating costs.	017 2013	$1,170,000.00 / Categorical $1,170,000.00	85%
9	Litchfield Park Service Company	39,000	Maricopa	AZ0407046	LPSCO Recharge Wells	LPSCO currently produces approximately 3,200 acre feet of effluent/year. LPSCO will install several recharge wells within its service area to recharge approximately 1,290 acre feet of effluent/year.	018 2013	$1,755,000.00	85%

10	Payson, Town of	15,500	Gila	AZ0404032	Payson Cragin Project Phase II	Phase II includes: 1) Construction of diversion headworks at the SRP generation station. 2) Construction of the treated water line to town. 3) Water treatment plant final engineering and design. 4) Final SCADA design and data communications integration with SRP. 5) Water treatment plant filtration equipment partial payment. 6) In-Town infrastructure improvements, 7) Legal, Permitting and related expenses.	006 2013	$6,250,000.00	80%
11	Clarkdale, Town of	4,097	Yavapai	AZ0413024	Twin 5s Water Main Replacement	Fix-it-first: Existing 8" AC pipe and 2-5" steel water mains are old, not buried, a maintenance problem and are very vulnerable. Town will replace 8" AC and above ground 2-5" steel water mains with new buried 18" ductile iron pipe. Flow Regulation & Telemetry and a Pressure Control Station are also necessary.	002 2013	$1,800,000.00	80%
12	Livco Water Company	850	Apache	AZ0401018	Refurbish exterior of water tank #1	Fix-it-first: Main water tank is over 40 years old (original exterior paint mostly gone). The metal of the tank is in need of refurbishment to stop metal deterioration. Livco will refurbish and repaint the tank.	019 2013	$30,000.00	80%
13	Springerville, Town of	1,900	Apache	AZ0401013	Water System Improvements	Fix-it-first: Replacement of aging infrastructure: -Interior & exterior renovation & repair one 500,000 gallon tank and one 1,000,000 gallon -New Well - drill, case & install pumping system for one well -Upgrade East Booster Pump Station - modify by adding additional pump and increasing firm pumping capacity -Line replacement - replace galvanized pipe	016 2013	$1,100,000.00	80%

14	Sonoita Valley Water Company	327	Santa Cruz	AZ0412005 AZ0412308 AZ0412010	System Consolidation	Company needs to interconnect and upgrade aging systems so that both may have adequate water supply. The solution is a system interconnection, replace leaking pressure tanks and old electrical controls for wells, add a new 20k storage tank and booster pumps. Both systems need system mapping and engineering studies to determine water loss and repair leaking infrastructure.	013 2013	$228,000.00	85%
15	Clarkdale, Town of	4,026	Yavapai	AZ0413024	Water System Security Improvements	Town has two potable water storage reservoirs (Haskell Springs Reservoir and 89A Reservoir). Each site has two water storage tanks and one has a production well with a chlorinator building. These sites do not conform with Water System Security Standards. At the 89A Reservoir: install 350 feet of security fencing. At the Haskell Springs Reservoir site: install 1400 feet of security fencing with an access gate and install security lighting, alarm systems and surveillance systems.	003 2013	$68,000.00	80%
16	Sandario Water Company	1,000	Pima	AZ0410093	Capital Improvements (Storage, Pipe Replacement)	Fix-it-first: Water system and infrastructure are over 30 years old. Existing distribution system include Asbestos Cement pipe and 4-inch or less diameter pipe. The system does not have adequate storage. Remove and replace the aging AC pipe and replace with PVC pipe with the appropriate pipe size. Upgrade the plant boosters to provide sufficient water flow. Engineering evaluation to prepare system upgrades.	014 2013	$780,000.00	85%

17	Payson Water Company, Inc	1,148	Gila	AZ0404030	Mesa del Caballo Supplemental Water Supply Project	Participation by Mesa del Caballo subdivision (Payson Water Company) in the SRP/Town of Payson Cragin pipeline project with water deliveries to Mesa del Caballo will solve the subdivision's chronic water supply problem.	005 2013	$1,150,000.00	85%
18	Southland Utilities Company, Inc	1,958	Cochise	AZ0402029	System Improvements	Fix-it-first: pipe and isolation valve replacement program (age, condition, and composition of the existing pipe distribution system). Install adequate storage for an average day of peak month demand. Install back-up power to ensuring continuous service to customers.	020 2013	$1,045,941.00	85%
19	Buckeye, Town of	25,000	Maricopa	AZ0407154	Sundance to Historic Town Water Connection	Connecting the water lines from Sundance to the Historic Buckeye area to allow blending of the water will eliminate the need for more expensive and long term water treatment.	001 2013	$5,500,000.00	85%

* *Disadvantaged communities*

Total: **$25,018,193.00**

Section 44: IUP Includes Set-Asides Taken and Authority to be Banked if Applicable
See Sources and Uses Table for Set-Aside budgeted for SFY 2013 as well as the funds already approved to be banked.

Section 45: IUP Includes Uses of the Set-Aside Funds and Expected Timeline of Expenditure

Section 10 describes the uses of the set-aside funds. ADEQ provides a timeline in a separate work plan for their portion.

Section 46: IUP Includes Expected Outcomes of the Set-Aside Funds

Provided by ADEQ under separate cover.