

## NOTICES OF PROPOSED RULEMAKING

Unless exempted by A.R.S. § 41-1005, each agency shall begin the rulemaking process by first submitting to the Secretary of State's Office a Notice of Rulemaking Docket Opening followed by a Notice of Proposed Rulemaking that contains the preamble and the full text of the rules. The Secretary of State's Office publishes each Notice in the next available issue of the *Register* according to the schedule of deadlines for *Register* publication. Under the Administrative Procedure Act (A.R.S. § 41-1001 et seq.), an agency must allow at least 30 days to elapse after the publication of the Notice of Proposed Rulemaking in the *Register* before beginning any proceedings for making, amending, or repealing any rule. (A.R.S. §§ 41-1013 and 41-1022)

### NOTICE OF PROPOSED RULEMAKING

#### TITLE 15. REVENUE

#### CHAPTER 5. DEPARTMENT OF REVENUE TRANSACTION PRIVILEGE AND USE TAX SECTION

#### PREAMBLE

- 1. Sections Affected**  
R15-5-2240
- Rulemaking Action**  
Repeal
- 2. The specific authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):**  
Authorizing statutes: A.R.S. §§ 42-1005 and 42-5003  
Implementing statute: A.R.S. § 42-5015
- 3. A list of all previous notices appearing in the Register addressing the proposed rule:**  
Notice of Rulemaking Docket Opening: 9 A.A.R. 1821, June 6, 2003
- 4. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:**  
Name: Christie Comanita  
Address: Office of Tax Policy & Legal Support  
Arizona Department of Revenue  
1600 W. Monroe  
Phoenix, AZ 85007  
Telephone: (602) 542-4672  
Fax: (602) 542-4680  
E-mail: ComanitaC@revenue.state.az.us
- 5. An explanation of the rule, including the agency's reasons for initiating the rule:**  
The rule provides definitions of various terms used in the rules and in the statutory provision and further identifies the requirements under the statute. The rule is proposed for repeal because the definitions of the terms "motion picture" and "completing the filming or production activities" are overly broad and go beyond the legislative intent of the implementing statute.
- 6. A reference to any study relevant to the rule that the agency reviewed and either proposes to rely on in its evaluation of or justification for the rule or proposes not to rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:**  
None
- 7. A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:**  
Not applicable
- 8. The preliminary summary of the economic, small business, and consumer impact:**  
The repeal of these rules will benefit the public by eliminating inaccurate rules that do not serve their intended purpose. The Department will incur the costs associated with the rulemaking process. Motion picture companies are not expected to incur any expense in the repeal of these rules.

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**9. The name and address of agency personnel with whom persons may communicate regarding the accuracy of the economic, small business, and consumer impact statement:**

Name: Christie Comanita  
Address: Office of Tax Policy & Legal Support  
Arizona Department of Revenue  
1600 W. Monroe  
Phoenix, AZ 85007  
Telephone: (602) 542-4672  
Fax: (602) 542-4680  
E-mail: ComanitaC@revenue.state.az.us

**10. The time, place, and nature of the proceedings for the making, amendment, or repeal of the rule, or if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rule:**

Date: July 8, 2003  
Time: 10:00 a.m.  
Location: Arizona Department of Revenue  
1600 W. Monroe, Room B-1  
Phoenix, AZ  
Nature: Public hearing on the proposed rulemaking

A person may submit written comments regarding the proposed rulemaking action by submitting the comments no later than 5:00 p.m., July 8, 2003, to the person listed in item #4.

**11. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:**

None

**12. Incorporations by reference and their location in the rules:**

None

**13. The full text of the rules follows:**

TITLE 15. REVENUE

CHAPTER 5. DEPARTMENT OF REVENUE  
TRANSACTION PRIVILEGE AND USE TAX SECTION

ARTICLE 22. TRANSACTION PRIVILEGE TAX - ADMINISTRATION

Section

R15-5-2240. ~~Motion Picture Production Refund~~ Repealed

ARTICLE 22. TRANSACTION PRIVILEGE TAX - ADMINISTRATION

**R15-5-2240. ~~Motion Picture Production Refund~~ Repealed**

**A.** The following definitions apply for purposes of determining qualification for the refund of transaction privilege and use tax by a motion picture company under A.R.S. § 42-1322.01:

1. "Checking account in a financial institution in this state" means a checking account in an Arizona office or branch office of a financial institution.
2. "Completing the filming or production activities" means the later of the date the motion picture production company closes the checking account at the Arizona financial institution or the date production activities are completed in the state.
3. "Motion picture" means any audiovisual work with a series of related images either on film, tape, or other embodiment, where the images shown in succession impart an impression of motion together with accompanying sound, if any, which is produced, adapted, or altered for exploitation as entertainment, advertising, promotional, industrial, or educational media.
4. "Production activities" means those support activities related to the filming of a motion picture but which may occur before or after the actual filming begins or ends in Arizona.
5. "Qualified expenditures" means monies spent in Arizona except for those items which are statutorily excluded.

**B.** Tangible personal property, upon which Arizona tax was paid, which was purchased or leased in Arizona from an Arizona vendor or which was purchased from an out-of-state vendor, while the motion picture production company was engaged

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in production or filming in Arizona, shall qualify for refund treatment of the transaction privilege or use tax.

- ~~C.~~ Copies of records which support the claim for refund as documented by the total expenditure report, the payroll expenditure report, and the final expenditure report shall be made available to the Department upon request.
- ~~D.~~ The person designated pursuant to A.R.S. § 42-1322.01(B) as responsible for maintaining records of expenditures shall retain the records for the statutorily required period of time pursuant to A.R.S. § 42-113.

**NOTICE OF PROPOSED RULEMAKING**

**TITLE 18. ENVIRONMENTAL QUALITY**

**CHAPTER 15. WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA**

**PREAMBLE**

**1. Sections Affected**

**Rulemaking Action**

R18-15-101	Amend
R18-15-102	Re-number
R18-15-102	New Section
R18-15-103	Re-number
R18-15-103	Amend
R18-15-104	Re-number
R18-15-105	Re-number
R18-15-105	Amend
R18-15-106	Re-number
R18-15-107	Re-number
R18-15-108	Re-number
R18-15-108	Amend
R18-15-109	Re-number
R18-15-110	Re-number
R18-15-111	Re-number
R18-15-111	Amend
R18-15-112	Re-number
R18-15-113	Re-number
R18-15-202	Amend
R18-15-203	Amend
R18-15-204	Amend
R18-15-206	Amend
R18-15-207	Amend
R18-15-302	Amend
R18-15-303	Amend
R18-15-304	Amend
R18-15-306	Amend
R18-15-307	Amend
R18-15-501	Amend
R18-15-504	Amend
R18-15-506	Amend
R18-15-507	Repeal
R18-15-508	Amend
R18-15-510	Amend
R18-15-511	Repeal
Article 6	Amend
R18-15-601	Amend
R18-15-602	Amend
R18-15-603	Amend

**2. The specific authority for the rulemaking, including both the authorizing statutes (general) and the statutes the rules are implementing (specific):**

Authorizing statute: A.R.S. § 49-1203(B)(8)

Implementing statutes: A.R.S. Title 49, Chapter 8

**3. A list of all previous notices appearing in the Register addressing the proposed rule:**

Notice of Rulemaking Docket Opening: 9 A.A.R. 1822, June 6, 2003

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**4. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:**

Name: Moncef Tihami  
Address: Water Infrastructure Finance Authority  
1110 W. Washington, Suite 290  
Phoenix, AZ 85007  
Telephone: (602) 364-1326 or, toll-free in Arizona: (877) 298-0425  
Fax: (602) 364-1327  
E-mail: Moncef.Tihami@wifa-az.us

**5. An explanation of the rule, including the agency's reason for initiating the rule:**

The overall goal of this proposed rule is to allow WIFA to disburse monies to communities to conceive, develop, plan, and design water and wastewater infrastructure improvements in an efficient manner. In addition to updating definitions and clarifying public notice requirements for modifications to Priority Lists, the proposed rule will streamline and provide communities additional opportunities to waive Environmental Review requirements for projects directly related to public health (that is, Arsenic treatment). Additionally, the proposed rule will provide greater flexibility to respond to disadvantaged communities financial assistance requests.

**6. A reference to any study relevant to the rule that the agency reviewed and either proposes to rely on in its evaluation of or justification for the rule or proposes not to rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:**

None

**7. A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:**

Not applicable

**8. The preliminary summary of the economic, small business, and consumer impact:**

**A. Introduction**

The Water Infrastructure Finance Authority of Arizona (WIFA) is a public financing agency. It does not regulate any consumer or business. WIFA's purpose is to provide financial and technical assistance. WIFA is a self-supporting agency and pays administrative costs from income or from a maximum of four percent of federal capitalization grants.

**B. Potential Impacts on Regulated Industry**

WIFA concluded that this rulemaking will impact the following regulated industries:

1. Drinking Water Facility (A.R.S. § 49-1201): a community water system or a non-profit noncommunity water system as defined in the Safe Drinking Water Act (P.L. 93-523; 88 STAT. 1660; P.L. 95-190; 91 STAT. 1393; P.L. 104-182; 110 STAT. 1613) that is located in Arizona, excluding water systems owned by federal agencies.
2. Wastewater Treatment Facility (A.R.S. § 49-1201): a facility as defined in the clean water act, located in this state which is designed to hold, cleanse, or purify or to prevent the discharge of untreated or inadequately treated sewage or other polluted waters for purposes of complying with the clean water act.

The impact to these industries is beneficial.

**C. Social Impacts**

This rulemaking is not expected to have a quantifiable social cost. This is because compliance by the regulated industry is not a requirement for the rule, but a goal as the result of funding "out-of-compliance" facilities. It is not anticipated that the rule amendments will add any deadweight-welfare losses (policy changes that make people worse off), adjustment costs for displaced resources, or other business or market costs. Because WIFA does not anticipate any type of reduction in industry output, deadweight-welfare losses are expected to be zero, that is, because no losses in consumers' and producers' surplus are anticipated. Finally, this rulemaking will not have an impact on state revenues.

**D. Anticipated Impacts on Employment, Revenues, and Expenditures**

This rulemaking is expected to have either a positive or neutral impact on short and long-term employment, production or revenues.

**E. General Impact on Small Businesses and Reduction of Impacts**

WIFA directs financial and technical assistance to assist small businesses, in the form of drinking water utilities, and small communities because those entities tend to have the smallest user base and are less likely to be able to upgrade or rehabilitate their infrastructure without outside assistance. Therefore the general impact is a greater availability for financial and technical assistance to improve infrastructure.

**F. The probable costs and benefits to the political subdivisions directly affected**

The political subdivisions directly affected include drinking water facilities and wastewater facilities. These facilities are impacted in the same manner as small business in that they can now solve infrastructure problems with financial and technical assistance. Other benefits include faster processing time of their applications for assistance, as well as more accurate and equitable distribution of monies to those systems.

**G. The probable cost-benefit to government agencies**

The Arizona Corporation Commission (ACC) is minimally affected by these rules because the private drinking water facilities must request a rate increase from the ACC to ensure payment of the loan. Additionally, most loans for financial and technical assistance are anticipated to be of a small enough size that rate increases to cover the loans will not be necessary. The Arizona Department of Environmental Quality (ADEQ) is impacted favorably as systems provided with assistance by WIFA can mitigate outstanding compliance issues with ADEQ.

**H. Data limitations and methods employed to attempt to obtain data if adequate data were not available**

WIFA will continue to utilize ADEQ databases of eligible drinking water and wastewater systems in the state as a source of data to solicit applications for financial and technical assistance. Additionally, through annual public meetings and workshops throughout the state, eligible systems are aware of WIFA's financial and technical assistance. Based on WIFA's experience and ongoing interaction with water and wastewater systems throughout the state, including stakeholder meetings, WIFA believes it understands the infrastructure needs of small systems and communities and has reflected these needs within this proposed rulemaking.

**I. The probable benefits outweigh the probable costs**

This rulemaking is atypical for a government agency, because most government agencies are in the business of education, compliance, and enforcement. WIFA's goal is to provide financial and technical assistance, which in some instances may trigger an increase in user rates for the consumer, however, it is believed that the rate will be lower than could have been achieved by any other alternative method. In the end, the community benefits from (sometimes significantly) improved drinking or wastewater systems.

**9. The name and address of agency personnel with whom persons may communicate regarding the accuracy of the economic, small business, and consumer impact statement:**

Name: Moncef Tihami  
Address: Water Infrastructure Finance Authority  
1110 W. Washington, Suite 290  
Phoenix, AZ 85007  
Telephone: (602) 364-1326 or, toll-free in Arizona: (877) 298-0425  
Fax: (602) 364-1327  
E-mail: Moncef.Tihami@wifa-az.us

**10. The time, place, and nature of the proceedings for the making, amendment, or repeal of the rule, or if no proceedings is scheduled, where, when, and how persons may request an oral proceeding on the proposed rule:**

A public oral proceeding will be held on July 7, 2003, at 10:00 a.m., to receive oral comments on the rulemaking. The proceeding will be held at 1110 W. Washington, Room 145, Phoenix, AZ 85007. In addition, WIFA will accept written comments on the proposed rules, addressed to the contact person listed in item #4, until 5:00 p.m. July 7, 2003, which is the close of record date. All written comments must be received by this date to be included in the rulemaking record.

All written requests for information, or letters containing written comments, should be addressed to the Water Infrastructure Finance Authority, 1110 W. Washington, Suite 290, Phoenix, AZ 85007. To request additional information please call Suzanne Price at (602) 364-1314 or, toll-free in Arizona, (877) 298-0425; e-mail: Suzanne.Price@wifa-az.us. If an individual with a disability needs any type of special accommodation, please call to request the needed accommodation at least 72 hours before the oral proceeding.

**11. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:**

Not applicable

**12. Incorporations by reference and their location in the rules:**

Not applicable

**13. The full text of the rules follows:**

**TITLE 18. ENVIRONMENTAL QUALITY**

**CHAPTER 15. WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA**

**ARTICLE 1. MANAGEMENT**

Section

- R18-15-101. Definitions
- R18-15-102. Public Notice
- ~~R18-15-102. R18-15-103. Application Process~~
- ~~R18-15-103. R18-15-104. Legal Capability~~
- ~~R18-15-104. R18-15-105. Financial Capability~~
- ~~R18-15-105. R18-15-106. Technical Capability~~
- ~~R18-15-106. R18-15-107. Managerial and Institutional Capability~~
- ~~R18-15-107. R18-15-108. Environmental Review~~
- ~~R18-15-108. R18-15-109. Interest Rate Determinations~~
- ~~R18-15-109. R18-15-110. Bid Document Review~~
- ~~R18-15-110. R18-15-111. Disbursements and Repayments~~
- ~~R18-15-111. R18-15-112. Administration~~
- ~~R18-15-112. R18-15-113. Disputes~~
- ~~R18-15-113. Renumbered~~

**ARTICLE 2. CLEAN WATER REVOLVING FUND**

Section

- R18-15-202. Eligibility Requirements for Financial Assistance
- R18-15-203. Clean Water Revolving Fund Intended Use Plan
- R18-15-204. Clean Water Revolving Fund Priority List
- R18-15-206. Fundable Range for Clean Water Revolving Fund Design Financial Assistance
- R18-15-207. Fundable Range for Clean Water Revolving Fund Construction Financial Assistance

**ARTICLE 3. DRINKING WATER REVOLVING FUND**

Section

- R18-15-302. Eligibility Requirements for Financial Assistance
- R18-15-303. Drinking Water Revolving Fund Intended Use Plan
- R18-15-304. Drinking Water Revolving Fund Priority List
- R18-15-306. Fundable Range for Drinking Water Revolving Fund Design Financial Assistance
- R18-15-307. Fundable Range for Drinking Water Revolving Fund Construction Financial Assistance

**ARTICLE 5. TECHNICAL ASSISTANCE**

Section

- R18-15-501. Technical Assistance Intended Use Plan
- R18-15-504. Clean Water Project Technical Assistance Priority List
- R18-15-506. Fundable Range for Clean Water Project Technical Assistance ~~Grants~~
- R18-15-507. ~~Fundable Range for Clean Water Project Technical Assistance Loans Repealed~~
- R18-15-508. Drinking Water Project Technical Assistance Priority List
- R18-15-510. Fundable Range for Drinking Water Project Technical Assistance ~~Grants~~
- R18-15-511. ~~Fundable Range for Drinking Water Project Technical Assistance Loans Repealed~~

**ARTICLE 6. ~~HARDSHIP GRANT FUND~~ DISADVANTAGED COMMUNITY FINANCIAL ASSISTANCE**

Section

- R18-15-601. Types of Assistance Available
- R18-15-602. Eligibility Requirements for ~~Hardship Grant~~ Disadvantaged Community Financial Assistance
- R18-15-603. ~~Hardship Grant~~ Disadvantaged Community Financial Assistance Awards

**ARTICLE 1. MANAGEMENT**

**R18-15-101. Definitions**

In addition to the definitions prescribed in A.R.S. §§ 49-101, 49-201, and 49-1201, the terms of this Chapter, unless otherwise specified, have the following meanings:

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“Applicant” means a governmental unit, a non-point source project sponsor, or a drinking water facility that is seeking financial assistance or technical assistance from the Authority under the provisions of this Chapter.

“Application” means a request for financial assistance or technical assistance submitted to the Board, by an applicant.

“Approval to Construct” means the written approval issued by the Department or the Department’s designee to an applicant or recipient indicating that project construction may begin.

“Authority” means the Water Infrastructure Finance Authority of Arizona pursuant to A.R.S. § 49-1201.

“Board” means the board of directors of the Authority pursuant to A.R.S. § 49-1201.

~~“Certified Water Quality Management Plan” means a plan prepared by the designated Water Quality Management Planning Agency, pursuant to § 208 of the Clean Water Act, 33 U.S.C. § 1288.~~

“Clean Water Revolving Fund” means the fund established by A.R.S. § 49-1221.

“Construction” means, for a project, any placement, assembly, or installation of a building, structure, equipment, treatment process, collection lines, distribution lines, pumps, or related drinking water or water pollution control activity.

“Dedicated Revenue Source for Repayment” means the source of revenue pledged by a borrower to repay the financial assistance.

“Department” means the Arizona Department of Environmental Quality.

~~“Designated Water Quality Management Planning Agency” means a single representative organization designated by the Governor pursuant to § 208 of the Clean Water Act, 33 U.S.C. § 1288, to develop a Certified Water Quality Management Plan for the area.~~

“Disbursement” means the transfer of cash from the fund to a recipient.

“Drinking Water Facility” means a community water system as defined in R18-4-101, or a nonprofit non-community water system as defined in R18-4-101.

“Drinking Water Revolving Fund” means the fund established by A.R.S. § 49-1241.

“EPA” means the United States Environmental Protection Agency and its successor.

“Equivalency Project” means a wastewater treatment facility under § 212 of the Clean Water Act, 33 U.S.C. § 1292, constructed in whole or in part before October 1, 1994, with funds equaling the amount of the federal capitalization grant.

“Executive Director” means the executive director of the Water Infrastructure Finance Authority of Arizona.

“Federal capitalization grant” means the assistance agreement by which the EPA obligates and awards funds allotted to the Authority for purposes of capitalizing the Clean Water Revolving Fund and the Drinking Water Revolving Fund.

“Financial assistance” means the use of monies for any of the purposes identified in R18-15-201, R18-15-301, and R18-15-401.

“Financial assistance agreement” means any agreement, including a financial assistance loan repayment agreement, technical assistance loan repayment agreement, or grant agreement that defines the terms for financial assistance given pursuant to this Article.

“First Use Project” means a project identified by EPA and the state as part of the National Municipal Policy List for the state.

“Funding Cycle” shall be defined by the board within the Financial Assistance and Technical Assistance Intended Use Plan, respectively.

“Governmental unit” means a political subdivision or Indian tribe that may receive financial assistance from the Authority pursuant to A.R.S. § 49-1203.

~~“Infiltration” means water other than wastewater that enters a sewer system, including sewer service connections and foundation drains, from the ground through such means as defective pipes, pipe joints, connections, or manholes.~~

“Intended Use Plan” means the document prepared by the Authority identifying the intended uses of Clean Water Revolving Fund and Drinking Water Revolving Fund capitalization grants pursuant to R18-15-203 and R18-15-303.

“Master Priority List” means the Master Priority List for Capacity Development developed by the Arizona Department of Environmental Quality under 18 A.A.C. 8., which ranks public water systems according to their need for technical assistance.

“MBE, WBE, SBRA report” means a report that identifies and documents each small business or business enterprise owned by a woman or minority in a rural area that participates in a contract funded in whole or in part by the Authority.

“Nonpoint Source Management Program” means Arizona’s Nonpoint Source Management Program, approved by EPA under § 319 of the Clean Water Act, 33 U.S.C. § 1329, for controlling pollution from nonpoint sources.

“Operational technical assistance” means the use of monies for a specific water or wastewater system to assist that system to improve its operations.

“Policy technical assistance” means the use of monies by or on behalf of the Authority to conduct research, conduct studies, conduct surveys, develop guidance, and perform related activities that benefit more than one water or wastewater system.

“Preconstruction” means any activity that occurs on the project before any physical activity onsite such as the erection, acquisition, alteration, remodeling, improvement, or extension of treatment works, collection lines, distribution lines, or pumps.

“Priority List” means the document developed by the Board that ranks projects pursuant to R18-15-204, R18-15-304, R18-15-504 and R18-15-508.

“Project” means any distinguishable segment or segments of a wastewater treatment facility, drinking water facility, or the Nonpoint Source Management Program that can be bid separately and for which financial assistance is being requested or provided.

“Project technical assistance” means the use of monies for a specific water or wastewater system to assist that system achieve technical, managerial, or financial capability and to facilitate the design, construction, acquisition, improvement, or consolidation of a drinking water or wastewater system.

“Recipient” means an applicant who has entered into a financial assistance or technical assistance agreement with the Authority.

~~“Replacement” means obtaining and installing equipment or accessories that are necessary during the design and operation of the drinking water and wastewater infrastructure to maintain the capacity and performance for which such infrastructure were designed and constructed.~~

“Regulatory authority” means the Department, EPA, the Department of Health Services, a county, city, or other local health department, a county environmental agency, or a sanitary district.

“Service area” means the area within a municipality’s boundaries, or the boundaries of a municipal, sanitary, irrigation, or county improvement district (for wastewater treatment or drinking water facilities), or is the area served by either a public service corporation (as defined in Article XV, Section 2 of the Arizona Constitution) or a homeowners association.

“State match” means the monies that may be used to meet the requirements of § 602(b)(2) of the Clean Water Act, 33 U.S.C. § 1382 and § 1452(e) of the Safe Drinking Water Act, 42 U.S.C. § 300j-12.

“Technical Assistance” means the use of monies for any of the purposes identified in R18-15-201, and R18-15-501 through R18-15-510.

“Technical Assistance Agreement” means any grant agreement that defines the terms for technical assistance given pursuant to this Chapter.

“Technical Assistance Intended Use Plan” means the document prepared by the Authority identifying the intended sources and uses of funding for technical assistance.

“Treatment works” means any devices and systems for the storage, treatment, recycling, and reclamation of municipal sewage, domestic sewage, or liquid industrial wastes used to implement § 201 of the Clean Water Act, 33 U.S.C. § 1281, or necessary to recycle or reuse water over the design life of the works.

“User charge” means a charge levied on users of drinking water and wastewater infrastructure.

**R18-15-102. Public Notice**

**A.** When notice is required by statute or rule, and notice procedures are not otherwise prescribed by statute or rule, the Authority shall:

1. Publish the notice as a legal notice at least once, in one or more newspapers of general circulation in the county or counties concerned;
2. Include in the notice the following information:
  - a. The major issue under consideration or a description of the reason for the action;
  - b. The Authority’s proposed action and effective date for that action;
  - c. The location where relevant, nonconfidential documents may be obtained and reviewed during normal business hours;
  - d. The name, address and telephone number of a person within the Authority who may be contacted for further information;
  - e. The location where public comments may be addressed, and the date and time by which comments shall be received.

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- B.** In addition to meeting the requirements in subsection (A), a notice for a general public hearing shall include the following information:
1. The time and location of the general public hearing;
  2. A statement to the effect that any person may appear at the hearing and present views, either orally or in writing;
  3. The time by which a decision shall be reached;
  4. The exact nature of the action or issues to be discussed.
- C.** The notice for a general public hearing described in subsection (B) shall be published at least 30 days prior to the date of the hearing unless otherwise prescribed by statute or rule.

**R18-15-102, R18-15-103, Application Process**

- A.** An applicant for financial or technical assistance shall apply to the Authority for each type of financial or technical assistance on forms provided by the Authority. After the Board determines that an application is complete and correct, the Authority may enter into a financial or technical assistance agreement with the applicant.
- B.** An applicant seeking Clean Water Revolving Fund financial or technical assistance shall apply for financial or technical assistance pursuant to Articles ~~1 and 2~~ 1, 2, and 5 of this Chapter.
- C.** An applicant seeking Drinking Water Revolving Fund financial or technical assistance shall apply for financial or technical assistance pursuant to Articles ~~1 and 3~~ 1, 3, and 5 of this Chapter.
- D.** An applicant seeking other types of financial or technical assistance available through the Water Infrastructure Finance Authority shall apply for financial assistance pursuant to Articles 1 and 4 of this Chapter.
- E.** Any confidential information shall be marked with the words “confidential information” on each page of the material containing such information. A claim of confidential information may be asserted for a trade secret or information that, upon disclosure, would harm a person’s competitive advantage. The Authority shall not disclose any confidential information.

**R18-15-103, R18-15-104, Legal Capability**

- A.** No change
- B.** No change
1. No change
  2. No change
  3. No change
  4. No change
- C.** No change
1. No change
  2. No change
- D.** No change
1. No change
  2. No change
- E.** No change
- F.** No change

**R18-15-104, R18-15-105, Financial Capability**

- A.** The applicant shall identify a dedicated revenue source for repayment of the financial assistance or technical assistance loan. When determining an applicant’s financial capability, the Board shall consider all the following:
1. The amount of money collected through the dedicated revenue source for each of the previous five fiscal years.
  2. An estimate of the amount of money that will be collected through the dedicated revenue source for the current fiscal year.
  3. A projection of the amount of money that will be collected through the dedicated revenue source for each of the next five fiscal years.
- B.** The applicant shall provide an estimate of the project costs, including applicable planning, design, and construction costs, as well as estimated annual operation, maintenance, and replacement costs.
- C.** The applicant shall provide an estimated schedule of required disbursements of the financial assistance.
- D.** The applicant shall provide the following information:
1. One copy of each financial statement, audit, or comprehensive financial statement from the previous five fiscal years.
  2. One copy of each budget, business plan, management plan, or financial plan from the previous three fiscal years and the current fiscal year.
  3. One copy of the proposed budget, business plan, management plan, or financial plan for the next fiscal year.
  4. A summary of current fees for drinking or wastewater services including, as applicable, any resolutions passed by the governing body of a political subdivision.
  5. The most recent version of the applicant’s capital improvement plan or other plan explaining proposed infrastructure investments.

*Arizona Administrative Register / Secretary of State*  
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6. Copies of documentation relating to outstanding indebtedness including official statements, financial assistance agreements, and amortization schedules.
  7. The number of connections to be served by the proposed project.
- E.** Based on the Board's determination of the applicant's financial capability and the Board's review of the estimated costs of the project, the Authority may recommend modifications to the proposed project or the Authority may recommend modifications to the dedicated revenue source.

**~~R18-15-105.~~ R18-15-106. Technical Capability**

- A.** No change
- B.** No change
  1. No change
  2. No change
  3. No change
  4. No change
- C.** No change
- D.** No change

**~~R18-15-106.~~ R18-15-107. Managerial and Institutional Capability**

- A.** No change
- B.** No change
  1. No change
  2. No change
- C.** No change
  1. No change
  2. No change
- D.** No change

**~~R18-15-107.~~ R18-15-108. Environmental Review**

- A.** ~~The Authority shall conduct an environmental review pursuant to this Section for impacts of the design or construction of water infrastructure works in accordance with applicable federal and state law. As part of the application process, the Authority shall request information from the applicant to conduct an environmental review consistent with the Clean Water Act, 33 U.S.C. 1251 to 1387, and A.R.S. Title 49.~~
- B.** ~~If, based on the application and other information submitted by the applicant, the Authority determines that a categorical exemption from an environmental review is warranted, the project is exempt from the requirements of this Section. The Authority shall grant an exemption if existing information and documents demonstrate that the project qualifies under 1 or more of the following categories:
  1. Any project which is directed towards rehabilitation of existing facilities, functional replacement of equipment, or the construction of new ancillary facilities adjacent or appurtenant to existing facilities which do not affect the degree of treatment or capacity of the existing facility.
  2. Any project in sewerred communities which is for minor upgrading and minor expansion of existing treatment works.
  3. Any project in unsewerred communities where onsite technologies are proposed.~~
- C.** ~~The Authority shall deny an exemption if the project falls under any of the following categories:
  1. The project will create a new, or relocate an existing, discharge to surface, or ground waters.
  2. The project will result in substantial increases in the volume of discharge or the loading of pollutants from an existing source or from new facilities to receiving waters.
  3. The project is known or expected to have a significant effect on the quality of the human environment, either individually, cumulatively over time, or in conjunction with other federal, state, local, or private actions.
  4. The project is known or expected to directly or indirectly affect cultural resources, habitats of endangered or threatened species, environmentally important natural resource areas such as floodplains, wetlands, important farmlands, and aquifer recharge zones; or other resource areas.
  5. The project is known or expected to cause significant public controversy.
  6. The project is known or expected not to be cost effective.~~
- D.** ~~If the Authority determines that a categorical exemption is not warranted under subsection (B), the applicant shall prepare an Environmental Information Document (EID) in a format prescribed by the Authority. The EID shall be of sufficient scope to allow development of an Environmental Assessment (EA) under subsection (E).~~
- E.** ~~The EA may be conducted by the Authority or by the applicant under the supervision of the Authority and shall include consideration of all of the following factors:
  1. For the delineated planning area, the existing environmental conditions relevant either to the analysis of alternatives or to determining the environmental impacts of the proposed project.
  2. The relevant future environmental conditions of the delineated planning area, including the alternative of no action.~~

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3. The purpose and need for the project in the planning area, including the existing public health or water quality problems and their severity and extent.
  4. A comparative analysis of feasible alternatives, including no action, throughout the project area. The comparison shall focus on the beneficial and adverse consequences, both direct and indirect, on the existing environment, the future environment, and individual sensitive environmental issues that are identified by project management or through public participation conducted under this Section. The comparison shall also include an analysis of all of the following factors:
    - a. Land use and other social parameters, including recreation and open space considerations.
    - b. Consistency with population projects used to develop state implementation plans under the Clean Air Act, 42 U.S.C. 7401 to 7671.
    - c. Cumulative impacts, including anticipated community growth within the project study area.
    - d. Other anticipated public works projects, including coordination with such projects.
  5. A full range of relevant impacts of the project, including any irreversible or irretrievable commitments of resources to the project and the relationship between local short-term uses of the environment and the maintenance and enhancement of long-term productivity.
  6. Proposed structural and nonstructural measures to mitigate or eliminate adverse effects on the human and natural environments. Among other measures, structural provisions include changes in project design, size, and location; and nonstructural provisions include staging facilities, monitoring and enforcement of environmental rules, and local commitments to develop and enforce land use rules.
- F.** Upon completion of the EA required by subsection (E), the Authority shall determine whether an environmental impact statement (EIS) is necessary:
1. The Authority shall prepare an EIS pursuant to subsection (G) if any of the following conditions exist:
    - a. The project is known or expected to have a significant adverse effect on the quality of the human environment, either individually, cumulatively over time, or in conjunction with other federal, state, local, or private actions.
    - b. The project is known or expected to directly or indirectly adversely affect recognized cultural resources, habitats of endangered or threatened species, environmentally important natural resource areas such as floodplains, wetlands, important farmlands, and aquifer recharge zones, or other resource areas.
    - c. The project is likely to cause significant public controversy or is known or expected not to be cost effective.
    - d. The project discharges into a body of water where the present protected or designated use is not being met or is being challenged as inadequate to protect existing uses, and the discharge will not be of sufficient quality or quantity to meet the requirements of these uses.
  2. If the Authority determines pursuant to subsection (F)(1) that an EIS is not necessary, the Authority shall issue a finding of no significant impact (FNSI). The FNSI shall be accompanied by the submitted EA with an attached memorandum from the Authority explaining any changes made to the submitted document. Upon issuance of the FNSI, the project may proceed under the other requirements of this Article.
- G.** An EIS required by subsection (F)(1) shall be prepared as follows:
1. The Authority shall first prepare and distribute a Notice of Intent.
  2. As soon as possible after the publication of the Notice of Intent required by subsection (G)(1), the Authority shall convene a meeting of affected federal, state, and local agencies, affected Indian tribes, the applicant, and other interested parties. At the meeting, the scope of the EIS shall be determined by considering a number of factors, including all of the following:
    - a. The significant issues to be analyzed in depth in the EIS.
    - b. The preliminary range of alternatives to be considered.
    - c. The potential cooperating agencies and information or analyses that may be needed from cooperating agencies or other parties.
    - d. The method for EIS preparation and the public participation strategy.
  3. Upon completion of the process described in subsection (G)(2), the Authority shall identify and evaluate all potentially viable alternatives to adequately address the range of issues identified. Additional issues may also be addressed, or others eliminated, and the reasons documented as part of the EIS.
  4. After the analysis of issues is conducted pursuant to subsection (G)(3), the Authority shall issue a draft EIS for public comment. Following public comment pursuant to subsection (J), the Authority shall prepare a final EIS, consisting of all of the following:
    - a. The draft EIS.
    - b. Comments received on the draft EIS.
    - c. A list of persons commenting on the draft EIS.
    - d. The Authority's responses to significant comments received.
    - e. A determination of consistency with the Certified Water Quality Management Plan, if applicable.
    - f. Any other information added by the Authority.
- H.** After a final EIS has been issued under subsection (G), the Authority shall prepare and issue a record of decision (ROD)

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containing the Authority's decision whether to proceed or not proceed with a project. A ROD issued with a decision to proceed shall include mitigation measures derived from the EIS process. A ROD issued with a decision not to proceed shall preclude the project from receiving financial assistance under this Article.

- ~~I.~~ Any project awaiting financial assistance which has a 5 or more year old categorical exclusion, FNSI, or ROD under this Section shall be subject to an environmental re-evaluation. The Authority shall re-evaluate the project, environmental conditions, and public views and, in writing, either reaffirm or modify its original decision. Any new information used by the Authority in making its determination shall be included.
- ~~J.~~ Public notice and participation under this Section shall be conducted as follows:
  - ~~1.~~ If a categorical exclusion is granted under subsection (B), the Authority shall provide public notice of that fact by publishing the notice as a legal notice at least once, in 1 or more newspapers of general circulation in the county or counties concerned.
  - ~~2.~~ If a FNSI is issued under subsection (F)(2), the Authority shall provide public notice pursuant to R18-1-401(A) that the FNSI is available for public review. The notice shall provide that comments on the FNSI may be submitted to the Authority for a period of 30 days from the date of publication of the notice. If no comments are received, the FNSI shall immediately become effective.
  - ~~3.~~ If a Notice of Intent is prepared and distributed under subsection (G)(1), the Authority shall publish it as a legal notice at least once, in 1 or more newspapers of general circulation in the county or counties concerned.
  - ~~4.~~ If a draft EIS is issued under subsection (G)(4), the Authority shall provide public notice pursuant to A.A.C. R18-1-401(A) that the draft EIS is available for public review. The notice shall provide that comments on the draft EIS may be submitted to the Authority for a period of 30 days from the date of publication of the notice. In addition, if the Authority determines that a project may be controversial, the notice shall provide for a general public hearing to receive public comment pursuant to A.A.C. R18-1-401(B).
  - ~~5.~~ If the Authority reaffirms or revises a decision pursuant to subsection (I), the Authority shall provide public notice of that fact by publishing the notice as a legal notice at least once, in 1 or more newspapers of general circulation in the county or counties concerned.
  - ~~6.~~ When public notice is required under this subsection, the Authority shall also provide written notice to the applicable Designated Water Quality Management Planning Agency.
- A. The Authority shall conduct an environmental review pursuant to this Section for impacts of the construction of water infrastructure works in accordance with applicable federal and state law. As part of the application process, the Authority shall request information from the applicant to conduct an environmental review consistent with the Clean Water Act, 33 U.S.C. 1251 to 1387, and A.R.S. Title 49.
- B. If, based on the application and the environmental review worksheet submitted by the applicant, the Authority determines that a Categorical Exclusion (CE) from an environmental review is warranted, the project is exempt from the requirements of this Section. Subject to subsection (C), the Authority shall grant a CE, if existing information and documents demonstrate that the project qualifies under 1 or more of the following categories:
  - 1. The project is directed towards rehabilitation of existing facilities, functional replacement of equipment, or constructs new ancillary facilities adjacent or appurtenant to existing facilities which do not affect the degree of treatment or capacity of the existing facility. These actions include, but are not limited to:
    - a. Infiltration and inflow corrections;
    - b. Replacement of existing mechanical equipment or structures; and
    - c. Construction of small structures on existing sites.
  - 2. The project is in a sewerred community which is for minor upgrading and minor expansion of existing treatment works.
  - 3. The project is in an unsewered community where onsite technologies are proposed.
  - 4. The project must be undertaken to comply with federal drinking water standards.
- C. The Authority shall deny a CE under subsection (B), if the project falls under any of the following categories:
  - 1. The project will create a new, or relocate an existing, discharge to surface, or ground waters.
  - 2. The project will result in substantial increases in the volume of discharge or the loading of pollutants from an existing source or from new facilities to receiving waters.
  - 3. The project is known or expected to directly or indirectly affect cultural resources, habitats of endangered or threatened species, environmentally important natural resource areas such as floodplains, wetlands, important farmlands, and aquifer recharge zones; or other resource areas.
  - 4. The project is known or expected not to be cost effective or to cause significant public controversy.
  - 5. The project is not a project that must be undertaken to comply with federal drinking water standards.
  - 6. The project is otherwise known or expected to have a significant effect on the quality of the human environment, either individually, cumulatively over time, or in conjunction with other federal, state, local, or private actions.
- D. If a CE is granted under subsection (B), the Authority shall provide public notice in accordance with R18-15-102(A).
- E. If the Authority determines that a CE is not warranted under subsection (B), or is denied under subsection (C), the Authority shall determine whether a Policy Exclusion (PE) applies. The following projects shall be subject to a PE:

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1. Projects to which WIFA provides assistance from the Clean Water Revolving Fund that do not qualify as equivalency projects under 40 CFR 31.3105(f).
  2. Projects to which WIFA provides assistance from the Drinking Water Revolving Fund and which WIFA determines fall within a specific set of projects whose funding cumulatively exceeds the amount of the capitalization grant deposited into the Drinking Water Revolving Fund.
- F.** If a PE applies, the project is exempt from the requirements of this Section. The following actions shall qualify for a PE:
1. The project must be undertaken to comply with federal, state, or local drinking water, wastewater treatment, or water quality standards.
  2. The project would be otherwise eligible for a categorical exclusion under subsection (B), but was denied a categorical exclusion under subsection (C), where both of the following conditions are met:
    - a. In the judgment of the Authority, the anticipated environmental impact(s) that led to the denial of a categorical exclusion under subsection (C) have been adequately controlled under existing federal or state environmental statutes and regulations, or have been adequately mitigated in existing federal or state permit conditions; and
    - b. No significant public controversy is expected with regard to the environmental impact(s) that led to the denial of a categorical exclusion under subsection (C).
- G.** If a PE is granted under subsection (F), the Authority shall provide public notice in accordance with R18-15-102(A).
- H.** If the Authority determines that a PE is not warranted under subsection (F), nor is a CE warranted under subsection (B), the Applicant shall prepare an Environmental Assessment (EA) or an Environmental Impact Statement (EIS) as provided below at the Applicant's expense, in a format prescribed by the Authority, under the supervision of the Authority, and subject to the Authority's approval. If the Authority determines that any of the conditions listed in subsection (K)(1) exist, the Applicant shall proceed to prepare an EIS pursuant to subsection (L) below, without preparing an EA pursuant to this subsection. If the Authority determines that any of the conditions listed in subsection (K) do not exist, the Applicant shall proceed to prepare an EA at the Applicant's expense, in a format prescribed by the Authority, under the supervision of the Authority, and subject to the Authority's approval. The Authority may also, at its sole discretion, decide to conduct or complete an EA at the Applicant's expense. The EA shall include consideration of all of the following factors:
1. For the delineated planning area, the existing environmental conditions relevant either to the analysis of alternatives or to determining the environmental impacts of the proposed project.
  2. The relevant future environmental conditions of the delineated planning area, including the alternative of no action.
  3. The purpose and need for the project in the planning area, including the existing public health or water quality problems and their severity and extent.
  4. A comparative analysis of feasible alternatives, including no action, throughout the project area. The comparison shall focus on the beneficial and adverse consequences, both direct and indirect, on the existing environment, the future environment, and individual sensitive environmental issues that are identified by project management or through public participation conducted under this Section. The comparison shall also include an analysis of all of the following factors:
    - a. Land use and other social parameters, including recreation and open-space considerations.
    - b. Consistency with population projects used to develop state implementation plans under the Clean Air Act, 42 U.S.C. 7401 to 7671.
    - c. Cumulative impacts, including anticipated community growth within the project study area.
    - d. Other anticipated public works projects, including coordination with such projects.
  5. A full range of relevant impacts of the project, including any irreversible or irretrievable commitments of resources to the project and the relationship between local short-term uses of the environment and the maintenance and enhancement of long-term productivity.
  6. Proposed structural and nonstructural measures to mitigate or eliminate adverse effects on the human and natural environments. Among other measures, structural provisions include changes in project design, size, and location; and nonstructural provisions include staging facilities, monitoring and enforcement of environmental rules, and local commitments to develop and enforce land use rules.
- I.** If the Authority, upon completion of the EA, required by subsection (H), and after consulting with appropriate State, Federal, Local and Tribal agencies determines that the project will not have a significant impact, the Authority shall issue a finding of no significant impact (FNSI). The FNSI shall be accompanied by the submitted EA with an attached memorandum from the Authority explaining any changes made to the submitted document. Upon issuance of the FNSI, the project may proceed under the other requirements of this Article.
- J.** If a FNSI is issued under subsection (I), the Authority shall provide public notice in accordance with R18-15-102(A). The notice shall provide that comments on the FNSI may be submitted to the Authority for a period of 30 days from the date of publication of the notice. If no comments are received, the FNSI shall immediately become effective.
- K.** If the Authority, upon completion of the EA, required by subsection (H), determines that an EIS is necessary, an EIS shall be prepared pursuant to subsection (L) if any of the following conditions exist:

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1. The project is known or expected to directly or indirectly adversely affect recognized cultural resources, habitats of endangered or threatened species, environmentally important natural resource areas such as floodplains, wetlands, important farmlands, and aquifer recharge zones, or other resource areas.
  2. The project is likely to cause significant public controversy or is known or expected not to be cost effective.
  3. The project discharges into a body of water where the present protected or designated use is not being met or is being challenged as inadequate to protect existing uses, and the discharge will not be of sufficient quality or quantity to meet the requirements of these uses.
  4. The project is otherwise known or expected to have a significant adverse effect on the quality of the human environment, either individually, cumulatively over time, or in conjunction with other federal, state, local, or private actions.
- L.** If the Authority determines that an EIS is necessary, the Applicant shall prepare an EIS at the Applicant's expense, in a format prescribed by the Authority, under the supervision of the Authority, and subject to the Authority's approval. The Authority may also, at its sole discretion, decide to conduct or complete an EIS at the Applicant's expense. The EIS shall be prepared as follows:
1. The Authority shall first prepare and distribute a Notice of Intent.
  2. As soon as possible after the publication of the Notice of Intent required by subsection (L)(1), the Authority shall convene a meeting of affected federal, state, and local agencies, affected Indian tribes, the applicant, and other interested parties. At the meeting, the scope of the EIS shall be determined by considering a number of factors, including all of the following:
    - a. The significant issues to be analyzed in depth in the EIS.
    - b. The preliminary range of alternatives to be considered.
    - c. The potential cooperating agencies and information or analyses that may be needed from cooperating agencies or other parties.
    - d. The method for EIS preparation and the public participation strategy.
  3. Upon completion of the process described in subsection (L)(2), the party preparing the EIS shall identify and evaluate all potentially viable alternatives to adequately address the range of issues identified. Additional issues may also be addressed, or others eliminated, and the reasons documented as part of the EIS.
  4. After the analysis of issues is conducted pursuant to subsection (L)(3), the Authority shall issue a draft EIS for public comment. Following public comment pursuant to subsection (L)(5), a final EIS shall be prepared, consisting of all of the following:
    - a. The draft EIS.
    - b. Comments received on the draft EIS.
    - c. A list of persons commenting on the draft EIS.
    - d. The Authority's responses to significant comments received.
    - e. A determination of consistency with the Certified Water Quality Management Plan, if applicable.
    - f. Any other information added by the party preparing the EIS or otherwise required by the Authority.
  5. If a draft EIS is issued under subsection (L)(4), the Authority shall provide public notice in accordance with R18-15-102(A) that the draft EIS is available for public review. The notice shall provide that comments on the draft EIS may be submitted to the Authority for a period of 30 days from the date of publication of the notice. In addition, if the Authority determines that a project may be controversial, the notice shall provide for a general public hearing to receive public comment pursuant to R18-15-102(B) and (C).
  6. If a Notice of Intent is prepared and distributed under subsection (L)(1), the Authority shall publish it as a legal notice in accordance with R18-15-102(A).
- M.** After a final EIS has been issued under subsection (L), the Authority shall prepare and issue a Record of Decision (ROD) containing the Authority's decision whether to proceed or not proceed with a project. A ROD issued with a decision to proceed shall include mitigation measures derived from the EIS process. A ROD issued with a decision not to proceed shall preclude the project from receiving financial assistance under this Article.
- N.** Any project awaiting financial assistance that has a five or more year old CE, PE, FNSI, or ROD under this Section shall be subject to an environmental reevaluation. The Authority may require the applicant to submit updated environmental information and any other necessary documentation up to and including a new environmental review, deemed necessary by the Authority to conduct the reevaluation. The Authority shall reevaluate the project, environmental conditions, and public views and, in writing, either reaffirm or modify its original decision. Any new information used by the Authority in making its determination shall be included.
- O.** If the Authority reaffirms or revises a decision pursuant to subsection (N), the Authority shall provide public notice by publishing a legal notice, at least once, in one or more newspapers of general circulation in the county or counties concerned.
- P.** When public notice is required under subsection (O), the Authority shall also provide written notice to the applicable Designated Water Quality Management Planning Agency.

**~~R18-15-108~~, R18-15-109, Interest Rate Determinations**

- A. No change
  - 1. No change
  - 2. No change
  - 3. No change
- B. No change

**~~R18-15-109~~, R18-15-110, Bid Document Review**

No change

**~~R18-15-110~~, R18-15-111, Disbursements and Repayments**

- A. The Authority shall honor disbursement requests if the disbursements are consistent with the financial or technical assistance agreement and the disbursement schedule agreed to by both parties at the beginning of the contract, or the amended schedule based upon prior Authority approval.
- B. The Authority shall charge a late fee for any loan repayment 30 days past the due date and every 30 days thereafter. The Authority shall refer any loan repayment over 90 days past due to the Office of the Attorney General for appropriate action pursuant to A.R.S. § 49-375(J).
- C. The recipient shall maintain a project account in accordance with generally accepted government accounting standards. After reasonable notice by the Authority, the recipient shall make available any project records reasonably required to determine compliance with the provisions of this Article and the financial or technical assistance agreement.
- D. Each disbursement request shall be on the forms provided by the Authority. Each disbursement request shall include a certification and signature document, a cost-incurred report, and a MBE, WBE, SBRA report. All disbursement forms shall be completely filled out before the disbursement can be processed by the Authority.
- E. Each disbursement request shall include copies of invoices, canceled checks, or other documents that show proof of payment.

**~~R18-15-111~~, R18-15-112, Administration**

- A. No change
- B. No change

**~~R18-15-112~~, R18-15-113, Disputes**

- A. No change
- B. No change
- C. No change

**~~R18-15-113~~, Renumbered**

**ARTICLE 2. CLEAN WATER REVOLVING FUND**

**R18-15-202. Eligibility Requirements for Financial Assistance**

- A. To be eligible to receive financial assistance an applicant shall propose a project to: design, construct, acquire, improve or refinance a publicly owned wastewater treatment facility or projects eligible for the Department's Water Quality Improvement Grant Program.
- B. A project eligible under subsection (A) shall also meet all of the following applicable requirements before receiving financial assistance:
  - 1. The project shall appear on the Clean Water Revolving Fund Priority List developed under R18-15-204.
  - 2. The applicant shall demonstrate legal capability under R18-15-103.
  - 3. The applicant shall demonstrate financial capability under R18-15-104.
  - 4. The applicant shall demonstrate technical capability under R18-15-105.
  - 5. The applicant shall demonstrate managerial and institutional capability under R18-15-106.
  - 6. The applicant shall demonstrate completion of the environmental review process under R18-15-107.
  - 7. The applicant shall obtain or be in the process of obtaining all permits and approvals required by federal, state, and local authorities.
  - 8. The applicant shall ensure that the project is consistent with the Certified Water Quality Management Plan.
  - 9. For nonpoint source projects, the applicant shall ensure that the project is consistent with § 319 and Title VI of the Clean Water Act, 33 U.S.C. §§ 1329, 1381 to 1387.
- C. The Authority, through its Board, shall provide financial assistance to eligible governmental units for proposed projects in priority order according to the Clean Water Revolving Fund Priority List developed pursuant to R18-15-204. ~~If the Board determines that an applicant will not be able to proceed with a project in a manner consistent with the Clean Water Revolving Fund Intended Use Plan, the Board shall bypass that project. The Board shall provide written notice to the applicant that the project has been bypassed. The Board shall replace the bypassed project with the next project on the Clean Water Revolving Fund Priority List in rank order that is ready to accept financial assistance.~~

**R18-15-203. Clean Water Revolving Fund Intended Use Plan**

The Authority shall publish an Intended Use Plan for each funding cycle in which it anticipates that it will provide financial assistance for eligible projects. At a minimum the Intended Use Plan shall include a Priority List, a Fundable Range for Design Financial Assistance, and a Fundable Range for Construction Financial Assistance and shall identify the projects by eligible applicant, project name, ~~type of project, type of financial assistance,~~ amount of financial assistance requested, population served by the project, and estimated ~~interest subsidy rates to be charged.~~ ~~The Intended Use Plan shall also identify first use and equivalency projects.~~ The Intended Use Plan shall be prepared after providing for public comment and review. If an Intended Use Plan is to be submitted as one of the documents required to obtain a grant under Title VI of the Clean Water Act, 33 U.S.C. §§ 1381 to 1387, the Intended Use Plan shall include any additional information required by federal law.

**R18-15-204. Clean Water Revolving Fund Priority List**

- A. The Board shall adopt a Clean Water Revolving Fund Priority List for the funding cycle described in the Intended Use Plan. The Board shall not adopt a new list for years where funds are not adequate to assist any projects.
- B. If the Clean Water Revolving Fund Priority List is required pursuant to subsection (A), the Authority shall rank the projects by priority points and the year the applicant requests project assistance.
- C. An applicant, desiring placement on the Clean Water Revolving Fund Priority List, shall make its request for placement of one or more proposed projects on or before a date specified by the Authority. If requesting placement on the Clean Water Revolving Fund Priority List, an applicant shall submit information within an application format specified by the Authority.
- D. The Authority shall prepare a draft Clean Water Revolving Fund Priority List. In developing a draft Clean Water Revolving Fund Priority List, the Authority shall consider all requests submitted under subsection (B), all requests made by regulatory authorities, all plans prepared pursuant to the Clean Water Act, 33 U.S.C. §§ 1251 to 1387, and the most recently adopted Clean Water Revolving Fund Priority List.
- E. The Authority shall hold a public meeting to receive comments on the draft Clean Water Revolving Fund Priority List. The Authority shall publish a notice of the public meeting in newspapers statewide at least 14 days before the meeting date and make copies of the draft Clean Water Revolving Fund Priority List available to the public at least 7 days before the meeting date.
- F. The Authority shall consider all comments submitted in writing before the meeting, given orally at the meeting, submitted in writing at the meeting, or submitted subsequent to the meeting but before the close of the written comment period. The Authority shall establish a written comment period and shall publish the date upon which the comment period closes in the meeting notice. After the Authority summarizes the comments received and prepares responses, the Board shall adopt the final Clean Water Revolving Fund Priority List.
- G. ~~The~~ After an opportunity for public comment at a public meeting, the Board shall make additions to the ~~final~~ Clean Water Revolving Fund Priority List if both of the following conditions are met: during the Funding Cycle for eligible projects.
  1. ~~The project scores a minimum of 40 points under R18-15-207(C)(2).~~
  2. ~~The additions are made by the Board at a public meeting.~~
- H. After an opportunity for public comment at a public meeting, with written notice to affected applicants, the Board may make modifications to the Clean Water Revolving Fund Priority List, based on changes in circumstances under R18-15-207(C)(2).
- I. After an opportunity for public comment at a public meeting, the Board may remove project from the Clean Water Revolving Fund Priority List under one or more of the following circumstances:
  1. The project has received all financial assistance from the fund requested by the applicant,
  2. The project has been financed with long-term indebtedness from another source,
  3. The project is no longer an eligible project,
  4. The applicant requests removal, or
  5. The applicant is no longer an eligible applicant.
- J. If a project is removed from the Clean Water Revolving Fund Priority List, the Authority shall notify the applicant within seven business days.

**R18-15-206. Fundable Range for Clean Water Revolving Fund Design Financial Assistance**

- A. The Board shall adopt a Fundable Range for Design Financial Assistance based on projects ranked on the Priority List. The Board shall not adopt a new Fundable Range for Design Financial Assistance for funding cycles in which funds are not adequate to assist any projects.
- B. The Authority shall prepare a draft and a final Fundable Range for Design Financial Assistance at the same time and in the same manner as the Priority List in accordance with R18-15-204(D) through (F).
- C. The Board shall rank projects within the Fundable Range for Design Financial Assistance based on priority values obtained from the Priority List, the year the applicant requires funding, and the receipt of a complete Design Finance Application.

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- D. The Board shall make additions to the Fundable Range for Design Financial Assistance if each of the following conditions are met:
1. The project is on the Priority List,
  2. Funds are available to cover the cost of the project and to honor funding commitments made to other projects, and
  3. The additions are made by the Board at a public meeting.
- E. After an opportunity for public comment at a public meeting, with written notice to the affected applicants, the Board shall remove a project from the Fundable Range for Design Financial Assistance under one or more of the following circumstances:
1. The project has been removed from the Priority List,
  2. The project has received all design financial assistance from the fund requested by the applicant.
  3. The applicant fails to proceed with the project.
- F. If a project is removed from the Fundable Range for Design Financial Assistance, the Authority shall notify the applicant within seven business days.

**R18-15-207. Fundable Range for Clean Water Revolving Fund Construction Financial Assistance**

- A. The Board shall adopt a Fundable Range for Construction Financial Assistance based on projects ranked on the Priority List. The Board shall not adopt a new Fundable Range for Construction Financial Assistance for funding cycles in which funds are not adequate to assist any projects.
- B. The Authority shall prepare a draft and a final Fundable Range for Construction Financial Assistance at the same time and in the same manner as the Priority List in accordance with R18-15-204(D) through (F).
- C. The Authority shall rank projects within the Fundable Range for Construction Financial Assistance based on priority values obtained from the following formula:
- PV = MPLP + RP, where:  
PV = Priority Value  
MPLP = Master Priority List Points  
RP = Readiness to Proceed
1. The Authority shall award Master Priority List Points in accordance with R18-15-205.
  2. Readiness to Proceed (RP) -- The Authority shall award RP points up to a maximum of 100 points as follows:
    - a. 40 points if the applicant has obtained debt authorization.
    - b. 30 points if the applicant has solicited the project for bidding.
    - c. 20 points if the applicant has the necessary plan and specification approvals.
    - d. 10 points if the applicant has completed the project design.
- D. The Board shall make additions to the Fundable Range for Construction Financial Assistance if each of the following conditions are met:
1. The project is on the Priority List,
  2. The project scores a minimum of 40 RP points under (C)(2),
  3. Funds are available to cover the cost of the project and to honor funding commitments made to other projects, and
  4. The additions are made by the Board at a public meeting.
- E. After an opportunity for public comment at a public meeting, with written notice to the affected applicants, the Board shall remove a project from the Fundable Range for Construction Financial Assistance under one or more of the following circumstances:
1. The project has been removed from the Priority List,
  2. The project has received all construction financial assistance from the fund requested by the applicant, or
  3. The applicant fails to proceed with the project.
- F. If a project is removed from the Fundable Range for Construction Financial Assistance, the Authority shall notify the applicant within seven business days.

**ARTICLE 3. DRINKING WATER REVOLVING FUND**

**R18-15-302. Eligibility Requirements for Financial Assistance**

- A. To be eligible to receive financial assistance an applicant shall be a drinking water facility as defined by A.R.S. § 49-1201. An applicant shall propose a project to: plan, design, construct, acquire, or improve a drinking water facility, or refinance an eligible drinking water facility.
- B. A project eligible under subsection (A) shall also meet all of the following requirements before receiving financial assistance:
1. The project shall appear on the Drinking Water Revolving Fund Priority List developed under R18-15-304.
  2. The applicant shall demonstrate legal capability under R18-15-103.
  3. The applicant shall demonstrate financial capability under R18-15-104.
  4. The applicant shall demonstrate technical capability under R18-15-105.
  5. The applicant shall demonstrate managerial and institutional capability under R18-15-106.

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6. The applicant shall demonstrate completion of the environmental review process under R18-15-107.
  7. The applicant shall obtain or be in the process of obtaining all permits and approvals required by federal, state, and local authorities.
- C. The Authority, through its Board, shall provide financial assistance to eligible applicants for proposed projects in priority order according to the priority list developed under R18-15-304. ~~If the Board determines that an applicant will not be able to proceed with a project in a manner consistent with the Drinking Water Revolving Fund Intended Use Plan, the Board shall bypass that project. The Board shall provide written notice to the applicant that the project has been bypassed. The Board shall replace the bypassed project with the next project on the Drinking Water Revolving Fund Priority List in rank order that is ready to accept financial assistance.~~

**R18-15-303. Drinking Water Revolving Fund Intended Use Plan**

The Authority shall publish an Intended Use Plan for each funding cycle in which it anticipates that it will provide financial assistance for eligible projects. At a minimum, the Intended Use Plan shall include a Priority List, a Fundable Range for Design Financial Assistance, and a Fundable Range for Construction Financial Assistance and shall identify the projects by eligible applicant, project name, ~~type of project, type of financial assistance,~~ amount of financial assistance requested, population served by the project, and estimated ~~interest~~ subsidy rates ~~to be charged~~. The Intended Use Plan shall be prepared after providing for public comment and review. If an Intended Use Plan is to be submitted as one of the documents required to obtain a grant under the Safe Drinking Water Act, 42 U.S.C. § 300f to 300j-25, the Intended Use Plan shall include any additional information required by federal law.

**R18-15-304. Drinking Water Revolving Fund Priority List**

- A. The Board shall adopt a Drinking Water Revolving Fund Priority List for the funding cycle described in the Intended Use Plan. The Board shall not adopt a new list for years where funds are not adequate to assist any projects.
- B. If the Drinking Water Revolving Fund Priority List is required pursuant to subsection (A), the Authority shall rank the projects by priority points and the year the applicant requests project assistance.
- C. An applicant, desiring placement on the Drinking Water Revolving Fund Priority List, shall make its request for placement of one or more proposed projects on or before a date specified by the Authority. If requesting placement on the Drinking Water Revolving Fund Priority List, an applicant shall submit information within an application format specified by the Authority.
- D. The Authority shall prepare a draft Drinking Water Revolving Fund Priority List. In developing a draft Priority List, the Authority shall consider all requests submitted under subsection (B), all requests made by regulatory authorities, all plans prepared under the Safe Drinking Water Act, 42 U.S.C. § 300f to 300j-25, and the most recently adopted Drinking Water Revolving Fund Priority List.
- E. The Authority shall hold a public meeting to receive comments on the draft Priority List. The Authority shall publish a notice of the public meeting in newspapers statewide at least 14 days before the meeting date and make copies of the draft Drinking Water Revolving Fund Priority List available to the public at least seven days before the meeting date.
- F. The Authority shall consider all comments submitted in writing before the meeting, given orally at the meeting, submitted in writing at the meeting, or submitted subsequent to the meeting but before the close of the written comment period. The Authority shall establish a written comment period and shall publish the date upon which the comment period closes in the meeting notice. After the Authority summarizes the comments received and prepares responses, the Board shall adopt the final Drinking Water Revolving Fund Priority List.
- G. ~~The~~ After an opportunity for public comment at a public meeting, the Board shall make additions to the ~~final~~ Drinking Water Revolving Fund Priority List ~~if both of the following conditions are met: during the Funding Cycle for eligible projects.~~
  1. ~~The project scores a minimum of 40 points under R18-15-307(C)(2), and~~
  2. ~~The additions are made by the Board at a public meeting.~~
- H. After an opportunity for public comment at a public meeting, the Board may make modifications to the Drinking Water Revolving Fund Priority List, based on changes in circumstances under R18-15-307(C)(2).
- I. After an opportunity for public comment at a public meeting, with written notice to the affected applicants, the Board may remove a project from the Drinking Water Revolving Fund Priority List under one or more of the following circumstances:
  1. The project has received all financial assistance from the fund requested by the applicant,
  2. The project has been financed with long-term indebtedness from another source,
  3. The project is no longer an eligible project,
  4. The applicant requests removal, or
  5. The applicant is no longer an eligible applicant.
- J. If a project is removed from the Drinking Water Revolving Fund Priority List, the Authority shall notify the applicant within seven business days.

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**R18-15-306. Fundable Range for Drinking Water Revolving Fund Design Financial Assistance**

- A. The Board shall adopt a Fundable Range for Design Financial Assistance based on projects ranked on the Priority List. The Board shall not adopt a new Fundable Range for Design Financial Assistance for funding cycles in which funds are not adequate to assist any projects.
- B. The Authority shall prepare a draft and a final Fundable Range for Design Financial Assistance at the same time and in the same manner as the Priority List in accordance with R18-15-304(D) through (F).
- C. The Board shall rank projects within the Fundable Range for Design Financial Assistance based on priority values obtained from the Priority List, the year the applicant requires funding, and the receipt of a complete Design Finance Application.
- D. The Board shall make additions to the Fundable Range for Design Financial Assistance if each of the following conditions are met:
  - 1. The project is on the Priority List,
  - 2. Funds are available to cover the cost of the project and to honor funding commitments made to other projects, and
  - 3. The additions are made by the Board at a public meeting.
- E. After an opportunity for public comment at a public meeting, with written notice to the affected applicants, the Board shall remove a project from the Fundable Range for Design Financial Assistance under one or more of the following circumstances:
  - 1. The project has been removed from the Priority List.
  - 2. The project has received all design financial assistance from the fund requested by the applicant.
  - 3. The applicant fails to proceed with the project.
- F. If a project is removed from the Fundable Range for Design Financial Assistance, the Authority shall notify the applicant within seven business days.

**R18-15-307. Fundable Range for Drinking Water Revolving Fund Construction Financial Assistance**

- A. The Board shall adopt a Fundable Range for Construction Financial Assistance based on projects ranked on the Priority List. The Board shall not adopt a new Fundable Range for Construction Financial Assistance for funding cycles in which funds are not adequate to assist any projects.
- B. The Authority shall prepare a draft and a final Fundable Range for Construction Financial Assistance at the same time and in the same manner as the Priority List in accordance with R18-15-304(D) through (F).
- C. The Authority shall rank projects within the Fundable Range for Construction Financial Assistance based on priority values obtained from the following formula:
  - PV = MPLP + RP, where:
  - PV = Priority Value
  - MPLP = Master Priority List Points
  - RP = Readiness to Proceed
- 1. The Authority shall award Priority List Points in accordance with R18-15-305.
- 2. Readiness to Proceed (RP) -- The Authority shall award RP points up to a maximum of 100 points as follows:
  - a. 40 points if the applicant has obtained debt authorization.
  - b. 30 points if the applicant has solicited the project for bidding.
  - c. 20 points if the applicant has the necessary plan and specification approvals.
  - d. 10 points if the applicant has completed the project design.
- D. The Board shall make additions to the Fundable Range for Design Financial Assistance if each of the following conditions are met:
  - 1. The project is on the Priority List,
  - 2. The project scores a minimum of 40 RP points under to R18-15-307(C)(2),
  - 3. Funds are available to cover the cost of the project and to honor funding commitments made to other projects, and
  - 4. The additions are made by the Board at a public meeting.
- E. After an opportunity for public comment at a public meeting, with written notice to the affected applicants, the Board shall remove a project from the Fundable Range for Construction Financial Assistance under one or more of the following circumstances:
  - 1. The project has been removed from the Priority List,
  - 2. The project has received all construction financial assistance from the fund requested by the applicant, or
  - 3. The applicant fails to proceed with the project.
- F. If a project is removed from the Fundable Range for Construction Financial Assistance, the Authority shall notify the applicant within seven business days.

**ARTICLE 5. TECHNICAL ASSISTANCE**

**R18-15-501. Technical Assistance Intended Use Plan**

- A. The Authority shall publish a Technical Assistance Intended Use Plan for each funding cycle in which it anticipates that it will fund technical assistance. At a minimum, the Technical Assistance Intended Use Plan shall include:
1. Descriptions of the types of technical assistance the Authority expects to fund including operational, policy, and project technical assistance;
  2. Sources and uses of funds for technical assistance;
  3. A Priority List for Clean Water Project Technical Assistance;
  4. A Fundable Range for Clean Water Project Technical Assistance ~~Grants~~;
  5. ~~A Fundable Range for Clean Water Project Technical Assistance Loans~~;
  - 6.5. A Priority List for Drinking Water Project Technical Assistance;
  - 7.6. A Fundable Range for Drinking Water Project Technical Assistance ~~Grants~~; and
  8. ~~A Fundable Range for Drinking Water Project Technical Assistance Loans~~.
- B. The Authority shall adopt the Technical Assistance Intended Use Plan after providing for public comment and review.

**R18-15-504. Clean Water Project Technical Assistance Priority List**

- A. The Board shall adopt the Clean Water Project Technical Assistance Priority List for the funding cycle described in the Technical Assistance Intended Use Plan. The Board shall not adopt a list for a funding cycle in which funds are not adequate to assist any projects.
- B. If the Clean Water Project Technical Assistance Priority List is required pursuant to subsection (A), the Authority shall rank the projects by priority points and the year the applicant requests project technical assistance.
- C. An applicant seeking placement on the Clean Water Project Technical Assistance Priority List shall make a request for placement of one or more proposed projects on or before a date specified by the Authority. If requesting placement on the Clean Water Project Technical Assistance Priority List, an applicant shall submit an application specified by the Authority.
- D. The Authority shall prepare a draft Clean Water Project Technical Assistance Priority List and shall hold at least one public meeting to receive comments on the list and make copies of the draft list available to the public at least seven days before the meeting date.
- E. The Authority shall consider all comments given orally at the public meeting or submitted in writing before the close of the written comment period. The Authority shall establish a written comment period and shall publish the date upon which the comment period closes in the meeting notice. After the Authority summarizes the comments received and prepares responses, the Board shall adopt the final Clean Water Project Technical Assistance Priority List.
- F. ~~Throughout the funding cycle~~ After an opportunity for public comment at a public meeting, the Board shall make additions after the adoption of the ~~final~~ Clean Water Project Technical Assistance Priority List ~~if each of the following conditions are met: during the Funding Cycle for eligible projects.~~
1. ~~The project scores a minimum of 50 points under R18-15-505(A)(1).~~
  2. ~~The additions are made at a public meeting of the Board.~~
- G. After an opportunity for public comment at a public meeting, with written notice to the affected applicants, the Board may make modifications to the Clean Water Project Technical Assistance Priority List based on changes to existing conditions pursuant to R18-15-505(A)(1).
- H. After an opportunity for public comment at a public meeting of the Board, the Board may remove a project from the Clean Water Project Technical Assistance Priority List under one or more of the following circumstances:
1. The applicant has completed the technical assistance project,
  2. The project is no longer an eligible project,
  3. The applicant requests removal, or
  4. The applicant is no longer an eligible applicant.
- I. If a project is removed from the Clean Water Project Technical Assistance Priority List, the Authority shall notify the applicant within seven business days.
- ~~I.J.~~ The Authority shall provide clean water project technical assistance to eligible applicants for proposed projects in priority order according to the Clean Water Project Technical Assistance Priority List developed pursuant to this Section. ~~If the Authority determines that an applicant will not be able to proceed with a project, the Board shall bypass that project. The Authority shall provide written notice to the applicant that the project has been bypassed. The Authority shall replace the bypassed project with the next project on the Clean Water Project Technical Assistance Priority List in rank order that is ready to accept technical assistance.~~

**R18-15-506. Fundable Range for Clean Water Project Technical Assistance ~~Grants~~**

- A. The Board shall adopt a Fundable Range for Clean Water Project Technical Assistance ~~Grants~~ based on projects ranked on the Priority List. The Board shall not adopt a new Fundable Range for funding cycles in which funds are not adequate to assist any projects.

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- B. The Authority shall prepare a draft and a final Fundable Range at the same time and in the same manner as the Priority List for Clean Water Project Technical Assistance in accordance with R18-15-504(D) and (E).
- C. The Board shall rank projects within the Fundable Range based on priority values obtained from the Priority List for Clean Water Project Technical Assistance and the year the applicant requires funding. ~~The Fundable Range addressed by this Section is limited to systems serving fewer than 10,001 people.~~
- D. ~~As a guide to award project technical assistance grants or consultant contributions, the Board may require applicants to contribute to fund total project costs as follows, based on ability to contribute: The Board shall use the following criteria to determine the required local contribution to grants, consultant contributions, and loans:~~
  - 1. ~~25% contribution towards total project costs if the project received 70 or more points for Local Fiscal Capacity pursuant to R18-15-505(A)(4).~~
  - 2. ~~50% contribution towards total project costs if the project received fewer than 70 but at least 50 points for Local Fiscal Capacity pursuant to R18-15-505(A)(4).~~
  - 3. ~~75% contribution towards total project costs if the project received fewer 50 but at least 30 points for Local Fiscal Capacity pursuant to R18-15-505(A)(4).~~
  - 4. ~~If the applicant receives fewer than 30 points for Local Fiscal Capacity pursuant to R18-15-505(A)(4), the applicant may still be eligible for a project technical assistance loan under R18-15-507.~~
    - 1. Priority value obtained from the priority list for Clean Water Project Technical Assistance.
    - 2. Points for Local Fiscal Capacity pursuant to R18-15-505(A)(4).
    - 3. Population served by the applicant's system.
    - 4. Applicant's ability to contribute towards total project costs.
  - 5. An applicant's contribution can include cash contributions, in-kind contributions, and contributions financed by loans or debt from any source including a loan from the Authority. The Board may waive or modify the applicant's contribution for total project costs if the Board determines, at a public meeting, that the applicant is unable to fund the contribution in accordance with this subsection.
- E. The Board shall make additions to the Fundable Range if each of the following conditions are met:
  - 1. The project is on the Priority List for Clean Water Project Technical Assistance,
  - 2. Funds are available to cover the cost of the project and to honor funding commitments made to other projects, and
  - 3. The additions are made by the Board at a public meeting.
- F. After an opportunity for public comment at a public meeting, with written notice to the affected applicants, the Board shall remove a project from the Fundable Range under one or more of the following circumstances:
  - 1. The project has been removed from the Priority List for Clean Water Project Technical Assistance,
  - 2. The project has received all technical assistance requested by the applicant, or
  - 3. The applicant fails to proceed with the project.
- G. If a project is removed from the Fundable Range, the Authority shall notify the applicant within seven business days.

**R18-15-507. ~~Fundable Range for Clean Water Project Technical Assistance Loans~~ Repealed**

- ~~A. The Board shall adopt a Fundable Range for Clean Water Project Technical Assistance Loans based on projects ranked on the Priority List. The Board shall not adopt a new Fundable Range for funding cycles in which funds are not adequate to assist any projects.~~
- ~~B. The Authority shall prepare a draft and a final Fundable Range at the same time and in the same manner as the Priority List for Clean Water Project Technical Assistance in accordance with R18-15-504(D) and (E).~~
- ~~C. The Authority shall rank projects within the Fundable Range based on priority values obtained from the Priority List for Clean Water Project Technical Assistance and the year the applicant requires funding.~~
- ~~D. The Authority shall only provide project technical assistance loans to applicants eligible under this Section.~~
- ~~E. The Board shall make additions to the Fundable Range if each of the following conditions are met:~~
  - 1. ~~The project is on the Priority List for Clean Water Project Technical Assistance,~~
  - 2. ~~Funds are available to cover the cost of the project and to honor funding commitments made to other projects, and~~
  - 3. ~~The additions are made by the Board at a public meeting.~~
- ~~F. After an opportunity for public comment at a public meeting, the Board shall remove a project from the Fundable Range under one or more of the following circumstances:~~
  - 1. ~~The project has been removed from the Priority List for Clean Water Project Technical Assistance,~~
  - 2. ~~The project has received all technical assistance requested by the applicant, or~~
  - 3. ~~The applicant fails to proceed with the project.~~

**R18-15-508. Drinking Water Project Technical Assistance Priority List**

- A. The Board shall adopt a Drinking Water Project Technical Assistance Priority List for the funding cycle described in the Technical Assistance Intended Use Plan. The Board shall not adopt a list for a funding cycle in which funds are not adequate to assist any projects.

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- B. If a Drinking Water Project Technical Assistance Priority List is required under subsection (A), the Authority shall rank the projects by priority points and the year the applicant requests project technical assistance.
- C. An applicant seeking placement on the Drinking Water Project Technical Assistance Priority List shall make a request for placement of one or more proposed projects on or before a date specified by the Authority. If requesting placement on the Drinking Water Project Technical Assistance Priority List, an applicant shall submit an application specified by the Board.
- D. The Authority shall prepare a draft Drinking Water Project Technical Assistance Priority List and shall hold at least one public meeting to receive comments on the list and make copies of the draft list available to the public at least seven days before the meeting date.
- E. The Authority shall consider all comments given orally at the public meeting or submitted in writing before the close of the written comment period. The Authority shall establish a written comment period and shall publish the date upon which the comment period closes in the meeting notice. After the Authority summarizes the comments received and prepares responses, the Board shall adopt the final Drinking Water Project Technical Assistance Priority List.
- F. ~~Throughout the funding cycle~~ After an opportunity for public comment at a public meeting, the Board shall make additions after the adoption of the ~~final~~ Drinking Water Project Technical Assistance Priority List ~~if both of the following conditions are met: during the Funding Cycle for eligible projects.~~
  - 1. ~~The project scores a minimum of 50 points pursuant to R18-15-509(A)(1), and~~
  - 2. ~~The additions are made at a public meeting of the Board.~~
- G. After an opportunity for public comment at a public meeting, with written notice to affected applicants, the Board may make modifications to the Drinking Water Project Technical Assistance Priority List based on changes to the existing conditions under R18-15-509(A)(1).
- H. After an opportunity for public comment at a public meeting of the Board, the Board shall remove a project from the Drinking Water Project Technical Assistance Priority List under one or more of the following circumstances:
  - 1. The applicant has completed the technical assistance project,
  - 2. The project is no longer an eligible project,
  - 3. The applicant requests removal, or
  - 4. The applicant is no longer an eligible applicant.
- I. If a project is removed from the Drinking Water Project Technical Assistance Priority List, the Authority shall notify the applicant within seven business days.
- ~~I.J.~~ The Authority shall provide project technical assistance to eligible applicants for proposed projects in priority order according to the Drinking Water Project Technical Assistance Priority List developed under this Section. ~~If the Authority determines that an applicant will not be able to proceed with a project, the Board shall bypass that project. The Authority shall provide written notice to the applicant that the project has been bypassed. The Authority shall replace the bypassed project with the next project on the Drinking Water Project Technical Assistance Priority List in rank order that is ready to accept technical assistance.~~

**R18-15-510. Fundable Range for Drinking Water Project Technical Assistance Grants**

- A. The Board shall adopt a Fundable Range for Drinking Water Project Technical Assistance Grants based on projects ranked on the Priority List. The Board shall not adopt a new Fundable Range for funding cycles in which funds are not adequate to assist any projects.
- B. The Authority shall prepare a draft and a final Fundable Range at the same time and in the same manner as the Drinking Water Project Technical Assistance Priority List in accordance with R18-15-508(D) and (E).
- C. The Authority shall rank projects within the Fundable Range based on priority values obtained from the Drinking Water Project Technical Assistance Priority List and the year the applicant requires funding. ~~The Fundable Range addressed by the section shall be limited to systems fewer than 10,001 people.~~
- D. ~~As a guide to award project technical assistance grants or consultant contributions, the Board may require applicants to contribute to fund total project costs as follows, based on ability to contribute: The Board shall use the following criteria to determine the required local contribution to grants, consultant contributions, and loans:~~
  - 1. ~~25% contribution towards total project costs if the project received 70 or more points for Local Fiscal Capacity under R18-15-509(A)(3).~~
  - 2. ~~50% contribution towards total project costs if the project received fewer than 70 but at least 50 points for Local Fiscal Capacity under R18-15-509(A)(3).~~
  - 3. ~~75% contribution towards total project costs if the project received fewer than 50 but at least 30 points for Local Fiscal Capacity under R18-15-509(A)(3).~~
  - 4. ~~If the applicant receives fewer than 30 points for Local Fiscal Capacity pursuant to R18-15-509(A)(3), the applicant may still be eligible for a project technical assistance loan under R18-15-511.~~
    - 1. Priority value obtained from the priority list for Drinking Water Project Technical Assistance.
    - 2. Points for Local Fiscal Capacity pursuant to R18-15-509(A)(4).
    - 3. Population served by the applicant's system.
    - 4. Applicant's ability to contribute towards total project costs.

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5. An applicant's contribution can include cash contributions, in-kind contributions, and contributions financed by loans or debt from any source including a loan from the Authority. The Board may waive or modify the applicant's contribution for total project costs if the Board determines, at a public meeting, that the applicant is unable to fund the contribution in accordance with this subsection.
- E. The Board shall make additions to the Fundable Range if each of the following conditions are met:
  1. The project is on the Drinking Water Project Technical Assistance Priority List,
  2. Funds are available to cover the cost of the project and to honor funding commitments made to other projects, and
  3. The additions are made by the Board at a public meeting.
- F. After an opportunity for public comment at a public meeting, with written notice to affected applicants, the Board shall remove a project from the Fundable Range under one or more of the following circumstances:
  1. The project has been removed from the Drinking Water Project Technical Assistance Priority List,
  2. The project has received all technical assistance requested by the applicant, or
  3. The applicant fails to proceed with the project.
- G. If a project is removed from the Fundable Range, the Authority shall notify the applicant within seven business days.

**R18-15-511. ~~Fundable Range for Drinking Water Project Technical Assistance Loans~~ Repealed**

- ~~A. The Board shall adopt a Fundable Range for Drinking Water Project Technical Assistance Loans based on projects ranked on the Priority List. The Board shall not adopt a new Fundable Range for funding cycles in which funds are not adequate to assist any projects.~~
- ~~B. The Authority shall prepare a draft and a final Fundable Range at the same time and in the same manner as the Drinking Water Project Technical Assistance Priority List in accordance with R18-15-508(D) and (E).~~
- ~~C. The Authority shall rank projects within the Fundable Range based on priority values obtained from the Drinking Water Project Technical Assistance Priority List and the year the applicant requires funding.~~
- ~~D. The Authority shall provide only project technical assistance loans to applicants eligible under this Section.~~
- E. The Board shall make additions to the Fundable Range if each of the following conditions are met:
  1. The project is on the Drinking Water Project Technical Assistance Priority List,
  2. Funds are available to cover the cost of the project and to honor funding commitments made to other projects, and
  3. The additions are made by the Board at a public meeting.
- F. After an opportunity for public comment at a public meeting, the Board shall remove a project from the Fundable Range under one or more of the following circumstances:
  1. The project has been removed from the Drinking Water Project Technical Assistance Priority List,
  2. The project has received all technical assistance requested by the applicant, or
  3. The applicant fails to proceed with the project.

**ARTICLE 6. ~~HARDSHIP GRANT FUND~~ DISADVANTAGED COMMUNITY FINANCIAL ASSISTANCE**

**R18-15-601. Types of Assistance Available**

- A. The Authority may provide hardship grants for any of the following purposes:
  1. In accordance with A.R.S. § 49-1267(D)(1), financial assistance in the form of grants to political subdivisions and Indian tribes to design, plan, acquire, construct, or improve wastewater collection and treatment facilities.
  2. ~~In accordance with A.R.S. § 49-1267(D)(2), technical assistance related to the operation and maintenance of wastewater systems.~~ In accordance with A.R.S. § 49-1203(B)(14), financial assistance in the form of grants or forgivable principal to political subdivisions and Indian tribes to design, plan, acquire, construction or improve wastewater collection and treatment facilities.
  3. In accordance with A.R.S. § 49-1203(B)(14), financial assistance in the form of grants or forgivable principal to community water systems to design, plan, acquire, construction or improve drinking water distribution and treatment facilities.
- B. The Authority shall describe projects and proposed assistance in the Clean Water Revolving Fund Intended Use Plan developed under R18-15-203 or in the ~~Technical Assistance~~ Drinking Water Revolving Fund Intended Use Plan developed under ~~R18-15-501~~ R18-15-303.

**R18-15-602. Eligibility Requirements for ~~Hardship Grant~~ Disadvantaged Community Financial Assistance**

- A. To be eligible to receive financial assistance an applicant shall propose a project to design, plan, acquire, construct, or improve wastewater collection and treatment facilities owned by political subdivisions or Indian tribes.
- B. An applicant eligible under subsection (A) shall also meet all of the following requirements before receiving financial assistance:
  1. The applicant has applied for financial assistance in accordance with R18-15-102(A), (B), and (E).

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2. The project is on the Clean Water Revolving Fund Priority List developed under Article 2 of this Chapter or the project is on the ~~Clean Water Project Technical Assistance Priority List developed under Article 5 of this Chapter~~ Drinking Water Revolving Fund Priority List developed under Article 3 of this Chapter.
3. ~~The applicant is a community in a rural area.~~
4. ~~The applicant is a community of more than a single household but no more than 3,000 persons as measured by the most recent United States decennial census.~~
5. ~~The applicant is a community that lacks centralized wastewater treatment or collection systems or needs improvements to wastewater treatment systems.~~
6. ~~On the date the applicant applies for assistance, the per capita annual income of the community's residents does not exceed 80% of national per capita income.~~
7. ~~On the date the applicant applies for assistance, the community's local unemployment rate exceeds by one percentage point or more the most recently reported average yearly national unemployment rate.~~

**R18-15-603. ~~Hardship Grant~~ Disadvantaged Community Financial Assistance Awards**

- A. The Board shall award financial or technical assistance to eligible applicants for proposed projects in priority order according to the priority lists developed under Articles 2 and ~~5~~ 3 of this Chapter. ~~If the Authority determines that an eligible applicant will not be able to proceed with a project, the Board shall bypass that project. The Authority shall provide written notice to the applicant that the project has been bypassed. The Authority shall replace the bypassed project with the next eligible applicant and eligible project pursuant to priority lists developed under Articles 2 and 5 of this Chapter.~~
- B. The Board shall award financial assistance to eligible applicants based on the Local Fiscal Capacity points assigned to an applicant under R18-15-205(A)(3) or ~~R18-15-505(A)(4)~~ R18-15-305(A)(3) and an applicant's ability to generate sufficient revenues to pay debt service.