

F. State Laws and Procedures—Clean Water Act, Section 602(b)(7)

DEQ agrees to expend all grant payments in accordance with state laws and procedures.

G. Consistency with Planning

DEQ agrees that it will not provide assistance to any wastewater treatment project unless that project is consistent with plans developed under the Clean Water Act, Section 205(j), 208, 303(e), 319, or 320.

H. Reporting

DEQ agrees to provide data or information to EPA as may be required for national reports, public inquiries, or Congressional inquiries. Capitalization grant-funded recipients will be monitored for Single Audit Act compliance and annual reports will be sent to assistance agreement recipients telling them the amount of federal monies they received during the past year.

DEQ will comply with reporting requirements of the EPA Order on Environmental Benefits, National Information Management System and the Federal Funding Accountability and Transparency Act. Project information will be updated at least quarterly in the Clean Water Benefits Reporting System. An environmental benefits summary report for all funded projects will also be completed. A hard copy of the summary report will be provided to the EPA with the Annual Report.

I. Qualifications Based Standards for Selection of Professional Service Providers

DEQ is in compliance with the Clean Water Act's (Section 602(b)(14)) Federal procurement standard by its adherence to Idaho Code 68-2320.

J. Transfers Between State Revolving Funds

Should transfers become needed, DEQ reserves the right to transfer surplus funds originating back to FFY 1997 capitalization grant awards. See Attachment IV for listings of capitalization grants and related narrative. Per 40 CFR 35.3550 a state may reserve the authority to transfer funds in future years. Funds may be transferred on a net basis, provided that the 33% transfer allowance associated with the DWSRF program capitalization grants received is not exceeded. Only repayments will be used for transfers. Through SFY 2019 \$40 million in transfers will have been made from the DWSRF to the CWSRF.

VI. Criteria and Method for Distribution of Funds

The following principles and procedures will be the basis for the administration, funding, allocation, and distribution of the CWSRF monies. The principles and procedures are designed to provide maximum flexibility for assistance and ensure long-term viability of the revolving program.

A. Program Administration

The \$728,163 allowed in the capitalization grants provided by EPA will be set aside to be used for program administration. Program administration costs will be met by

capitalization grant allocations and by fee revenues (to the extent that the annual capitalization grant is insufficient to meet our needs).

B. CWSRF Priority List

Letters of interest were sent to all cities, counties, and water and sewer districts in the state. Completed letters of interest and priority list rating forms were sent to project engineers in DEQ regional offices to complete a rating of projects in each region. The result of the rating and ranking was the preliminary Priority List that is presented during the public review and comment period. Separate letters of interest were sent to potential NPS applicants. Projects are rated using the following criteria:

1. Public health emergency certified by the DEQ Board or a Health District Board up to 150 Points
2. Regulatory Compliance Status up to 100 Points
3. Watershed Restoration up to 100 Points
4. Watershed Protection up to 100 Points
5. Preventing Impacts to Uses up to 100 Points
6. Sustainability up to 50 Points
7. Affordability up to 10 Points

C. Fundable Projects

The highest rated projects on the adopted Priority List that are ready to proceed are selected for funding and listed in Attachment I. DEQ staff starts at the top of the Priority List and continues to select projects ready to proceed until all of the available funds are used. In cases where a lower ranked project is selected, it is because higher ranked projects have not indicated a readiness to proceed, do not meet the eligibility requirements for available funds, or additional funding has become available. A project that is *ready to proceed* will have shown evidence of legal authority to enter into debt, have a completed facility plan, be able to meet applicable capitalization grant requirements and have expressed a willingness to proceed with the CWSRF process.

In some cases, the project amount on the Fundable List may be less than the project amount on the Priority List. The Priority List amount is the estimate of the total project cost, while the costs on the Fundable List are the amount that project applicants expect to borrow from the CWSRF. In each case, the difference will be provided from some other source, such as cash on hand or a grant from the Community Development Block Grant program administered by the Idaho Department of Commerce.

D. Disbursements

The estimated timing and amount of disbursements for the projects on the new IUP are added to the latest cash disbursement request projections for prior year funded and projected projects. The projections are normally provided to EPA in September each year. The projections are based upon estimated disbursement schedules submitted by assistance agreement recipients and projected timing of assistance agreements, adjusted for corrections by regional project engineers and state office staff. These disbursements are tracked on an ongoing basis to project needed cash from all capitalization grants and state match. All funds will be expended in an expeditious and timely manner.