



# **INVESTING IN IOWA'S WATER**

## **FY 2022 INTENDED USE PLANS**

Clean Water State Revolving Fund  
Drinking Water State Revolving Fund

Approved by the Environmental Protection Commission (EPC) on June 15, 2021.

**FY 2022 INTENDED USE PLANS**  
**Clean Water State Revolving Fund**  
**Drinking Water State Revolving Fund**



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# FY 2022 INTENDED USE PLANS

## Overview



The Intended Use Plans (IUPs) following this introduction provide a roadmap to the policies and procedures of the SRF programs, along with the lists of projects and activities to be funded. The IUPs outline the proposed management of the Clean Water SRF and the Drinking Water SRF during State Fiscal Year 2022 (July 1, 2021 – June 30, 2022). The IUPs are developed and updated quarterly, in June, September, December, and March or more often as needed. With the SFY 2022 Intended Use Plan and future program plans, Iowa’s SRF will continue to help Iowans protect public health and the environment through investing in Iowa’s water.

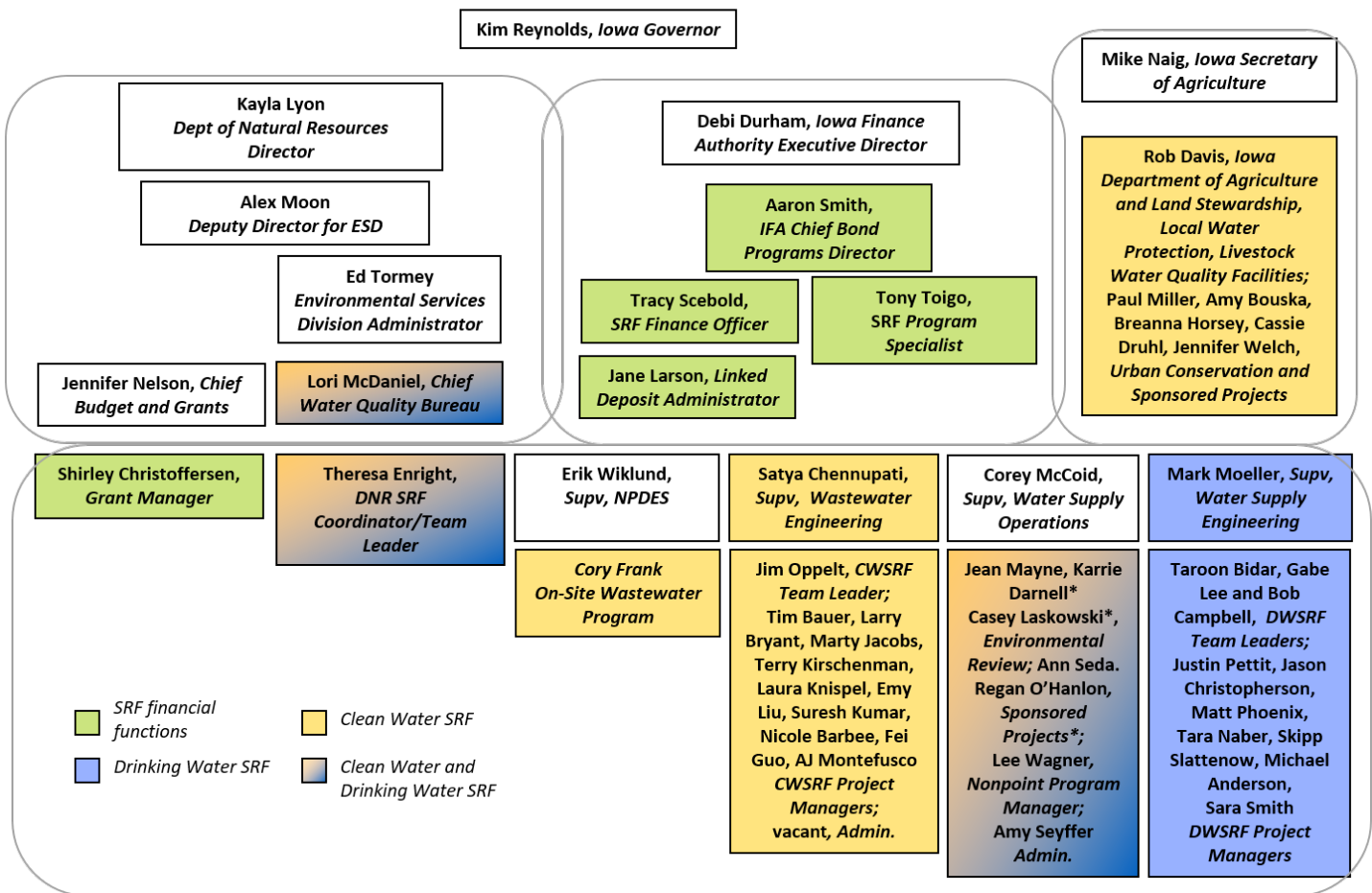
***Since 1988, the Iowa State Revolving Fund (SRF) has remained a reliable funding source for Iowans in their pursuit to improve water quality and protect public health. In fact, Iowa’s SRF has been recognized for offering some of the most innovative and far-reaching financing programs in the United States. Here are some of the highlights:***

- ✓ In the last 30 years, Iowa’s SRF has provided close to **\$4 billion** in loans for water and wastewater infrastructure, agricultural best management practices, and other water quality projects.
- ✓ Cities, counties, rural water systems, sanitary districts, farmers, livestock producers, homeowners, watershed organizations and others across the state utilize existing SRF programs. Many borrowers come back to the SRF multiple times to finance their ongoing capital improvement projects.
- ✓ Iowa’s SRF listens to stakeholders to create programs and financing tools that meet their needs. For example, program innovations such as sponsored projects and loans to farmers and livestock producers are providing effective financing tools for voluntary practices to address nonpoint source pollution control.
- ✓ SRF loans can be used as stand-alone financing or in combination with a wide variety of grants, including other federal water and wastewater assistance programs, state and federal agricultural cost-share, and local sources, along with private investment.
- ✓ Iowa’s SRF is based on federal legislation that created the programs as revolving loan funds to provide a dependable, ongoing source of financing. Several sources of money are used to make loans, including federal Capitalization (CAP) Grants, bonds, and loan repayments with interest. No state general funds are provided.
- ✓ Iowa’s SRF programs are highly rated in financial markets, giving the programs strong leveraging capacity to keep up with demand for loans.
- ✓ The SRF programs accept applications throughout the year to allow borrowers to apply when their project is ready to proceed. All eligible projects can be funded.

- ✓ Transparency and accountability are commitments the Iowa SRF staff has made to stakeholders. All program plans are issued for public review and comment, with approval quarterly by the Iowa Environmental Protection Commission. Annual reports, IUP's and application requirements are posted on both DNRs and SRF's websites. Email listservs are used to inform stakeholders of program updates.

The unique partnership between the Iowa Department of Natural Resources, the Iowa Finance Authority, and the Iowa Department of Agriculture and Land Stewardship is the foundation for the success of the SRF programs. These agencies work together to deliver streamlined programs and good customer service.

## State Revolving Fund Organizational Structure -- Iowa



Iowa's SRF also relies on partnerships with Soil and Water Conservation Districts, county environmental health agencies, watershed and land trust organizations, and lending institutions across the state to implement program and financial goals.

The anticipated use of the SRF programs is steady and even increasing. Several factors will create need for investment in the years to come: higher regulatory standards, aging infrastructure, increased emphasis on

environmental protection, and growth and expansion. In May of 2019, a Memorandum of Understanding (MOU) was signed regarding coordination between EPA and FEMA. The MOU established a framework for the EPA funded State Revolving Fund (SRF) programs to assist and collaborate with FEMA disaster assistance grant programs.

The SRF is not a very flexible tool for emergency response, but the Iowa SRF team is working with communities on a case-by-case basis to provide assistance addressing public health threats related to drinking water and wastewater. Some of the ways the SRF can help include:

- Restructure existing SRF loans. Communities with current financial difficulties may request an extension on the loan term or to delay principal payments. Under certain circumstances, it may be possible to reduce or eliminate interest and fee payments for a period of time.
- Use SRF loans as match for FEMA grants. FEMA funds will generally pay for 75% for the replacement costs for public water and wastewater systems. The SRF can be used for the required 25% match.
- Use SRF funds as short-term loans to be repaid with FEMA grants. There may be times when a public facility has been approved for a FEMA grant but there is a delay in receiving the funds. In those situations, a SRF loan could be used to finance the repairs and then be repaid with FEMA money. When all other requirements are met, loans may be made and then shown on the next quarterly IUP update.
- SRF loans can be used to pay for emergency repairs. The SRF team will work with communities to expedite the normal SRF procedures to the extent possible. While the required environmental review process cannot be waived, the SRF team will use categorical exclusions wherever possible to shorten the review period. When all other requirements are met, emergency loans may be made and then shown on the next quarterly IUP update.

The attached Intended Use Plans (IUPs) outline goals and strategies to be used in managing the Iowa SRF programs during fiscal year 2022. The IUPs will continue to be amended quarterly, with projects added and funding amounts adjusted as needed. While the plans of action outlined in these SFY 2022 IUPs may be amended in subsequent quarters, they are intended to lay out the general direction and goals of the Clean Water and Drinking Water SRF programs.

# **FY 2022 INTENDED USE PLANS**

## **Clean Water State Revolving Fund**



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# FY 2022 INTENDED USE PLANS

## Clean Water State Revolving Fund



### I. STATE FISCAL YEAR 2022 PLAN OF ACTION

The plan is based on anticipated use of new and revolved funds available in the CWSRF for funding water quality protection needs, including both publicly owned wastewater infrastructure and nonpoint source water protection projects.

The CWSRF loan program consists of three main program areas:

- The purchase of debt obligations for wastewater and some storm water projects is provided through the CWSRF to publicly owned facilities
- Direct loans, loan participation and linked deposit financing approaches address nonpoint source programs
- Water Resource Restoration Sponsor Program (Sponsored Projects) addresses nonpoint source problems via interest rate reductions on wastewater loans

The SFY 2022 Plan of Action covers the following areas:

- CWSRF goals and objectives
- Current and projected financial capacity of the CWSRF
- Financial management strategies
- Plan for the SFY 2022 Project Priority List
- Plan for Nonpoint Source Assistance Programs
- Plan for use of administrative accounts

#### ***CWSRF Goals and Objectives***

The primary long-term goal of the Iowa CWSRF is to protect the environment and public health and welfare through a perpetual financial assistance program. While there have been changes to the CWSRF in recent years due to federal legislation, no major program updates are anticipated in SFY 2022.

The SFY 2022 short-term goals and objectives are as follows:

- Goal: Commit loan funds to as many recipients as possible in accordance with the state priority rating system, the IUP, staff resources, and available funding, in order to assist in the construction of projects with the highest water quality impacts. *Objective: During SFY 2022, quarterly updates to the IUP will be prepared to add projects and update program financial information. Sponsored project applications will be taken and added to the IUP twice per year. Projects approved under the Nonpoint Source Assistance Programs will be funded on a continuous basis from the funds reserved for those programs.*
- Goal: Require applicants to engage a registered Municipal Advisor (MA). *Objective: During SFY 2022, all applicants submitting an Intended Use Plan application must demonstrate that they have hired an MA to assist with cash flows, rate setting, debt service coverage, and other financial aspects of their wastewater utility. The SRF program will reimburse up to \$4,000 of the MA fee to the borrowers.*

- Goal: Implement the “Use of American Iron and Steel (AIS)” requirements enacted by Congress on January 17, 2014. *Objective: During SFY 2022, SRF staff will help applicants determine eligibility for the exemptions and waivers provided for in the Act and EPA guidance. SRF staff will provide information to those applicants required to comply on necessary documentation and inspection procedures. SRF will engage DNR Field Office staff to conduct site visits and provide technical assistance.*
- Goal: Fund green projects to meet the requirements of the Green Project Reserve (10% of Cap Grant). *Objective: During SFY 2022, the Iowa SRF plans to fund green projects as required in the FFY 2018-2021 Capitalization Grants. Iowa has already complied with the GPR requirements of previous Capitalization Grants.*
- Goal: Develop/finalize plans for allocating loan forgiveness required in FFY 2018-21 Capitalization Grants (20% of Cap Grant). *Objective: During SFY 2022, SRF staff plans to approve plans and specifications and execute loans or loan amendments with loan forgiveness for the amounts required in the FFY 2017- 2021 Capitalization Grants. Iowa has complied with the additional subsidization requirements for all previous Capitalization Grants.*
- Goal: Comply with grant reporting conditions. *Objective: During SFY 2022, the Iowa SRF plans to enter data into the CWSRF National Information Management System (NIMS), the CWSRF Benefits Reporting (CBR) system, and transition to the new reporting database when it becomes available.*
- Goal: Comply with EPA guidance on reporting under the Federal Funding Accountability and Transparency Act (FFATA). *Objective: In the Annual Report, SRF staff will list loans that met the several requirements of FFATA for open CAPITALIZATION Grants. Grants may not be closed out until equivalency amounts can be reported. Loans reported for FFATA will meet equivalency requirements for the following:*
  - *Section 602(b) (14) of the Clean Water Act: “A contract to be carried out using funds directly made available by a Capitalization Grant...for program management, construction management, feasibility studies, preliminary engineering, design, engineering, surveying, mapping, or architectural related services shall be negotiated in the same manner as a contract for architectural and engineering services is negotiated under Chapter 11 of title 40, United States Code...”*
  - *Federal socioeconomic cross-cutters*
  - *Federal environmental cross-cutters*
  - *EPA signage guidance*
  - *Single audit requirements*
- Goal: Comply with EPA guidance on cost and effectiveness requirements under Section 602(b)(13) of the Clean Water Act, which states: “Beginning in (federal) fiscal year 2016, the State will require as a condition of providing assistance...that the recipient of such assistance certify...that the recipient – A) has studied and evaluated the cost and effectiveness of the processes, materials, techniques, and technologies for carrying out the proposed project...; and B) has selected, to the maximum extent practicable, a project or activity that maximizes the potential for efficient water use, reuse, recapture, and conservation, and energy conservation, taking into account – i) the cost of constructing the project or activity; ii) the cost of operating the project or activity over the life of the project or activity; and iii) the cost of replacing the project or activity.” *Objective: During SFY 2021 CWSRF will require applicants*



*whose project requests were placed on the IUP after October 1, 2015 to submit a self-certification form indicating compliance with this requirement.*

- Goal: Promote and identify sustainable practices in projects proposed for funding. *Objective: During SFY 2022 SRF staff will provide information on the EPA's Sustainability Policy to applicants and include sustainability features in project descriptions.*
- Goal: Continue to implement the Water Resource Restoration Sponsor Program authorized in Iowa Code 384.84. *Objective: During SFY 2022, SRF staff will receive applications twice per year for Sponsored Project funding. Application deadlines will be in September and March. In conjunction with watershed coordinators, Iowa Department of Agriculture and Land Stewardship urban conservationists, and others, SRF staff will evaluate the applications and prepare a list of proposed projects for the IUP.*
- Goal: Comply with the EPA Signage Guidance. *Objective: During SFY 2022 SRF staff and recipients will notify the public in the most effective ways possible about assistance agreements and benefits of the CWSRF program in order to enhance public awareness of EPA assistance agreements nationwide. The Iowa SRF program sends out press releases listing all SRF loans that have closed and borrower contact information.*

Additional long-term goals include:

- Goal: Work with other state and federal agencies to coordinate water quality funding. *Objective: During SFY 2022, SRF staff will meet regularly with staff from the Community Development Block Grant program, and USDA Rural Development. SRF staff will also coordinate funding with state and federal grant and loan programs designed to address both point source and nonpoint source water quality initiatives.*
- Goal: Apply program requirements that are simple and understandable and do not add unnecessary burdens to applicants or recipients. *Objectives: During SFY 2022 SRF staff will continue to assist applicants with completing the federal cross-cutting requirements for environmental and historical review. Staff will not be responsible for Davis-Bacon compliance but will advise borrowers as needed. Borrowers will be responsible for compliance and may hire outside consultants to assist.*
- Goal: Continue the option of extended financing terms for CWSRF infrastructure projects. *Objective: During SFY 2022 this option will be offered to current and new projects on the project priority list. Applicants seeking extended financing must complete a worksheet outlining the anticipated life of the project components, which can be averaged to determine the extended term.*
- Goal: Maintain mechanisms for funding the on-going administration of the program if federal funding is reduced or eliminated. *Objective: During SFY 2022 initiation and servicing fees will be collected on CWSRF loans for deposit to administrative accounts. SRF staff will develop short and long-term plans for administrative budgets.*
- Goal: Manage the CWSRF to maximize its use and impact through sound financial management. *Objective: During SFY 2022 SRF staff and financial advisors will continue to conduct financial analysis and develop innovative approaches to financial management.*

- Goal: Implement programs that effectively address water quality needs and target appropriate audiences. *Objective: During SFY 2022 SRF staff will continue to educate users and potential users about the program offerings through presentations, displays, program materials, and the IowaSRF.com website.*
- Goal: Update the CWSRF Operating Agreement. *Objective: In the future, SRF staff will work with EPA Region 7 to update the Clean Water SRF Operating Agreement between DNR and EPA. To minimize frequent updating, the EPA is proposing a streamlined document that can facilitate information as references from the state and EPA SRF websites, the state's IUP, and other program supporting documents.*

### ***Current and Projected Financial Capacity of the CWSRF***

Appendix A, the Estimated Sources and Uses table, shows that funds are available to fund current requests. The leveraging capacity of the CWSRF is robust due to the maturity of the fund and the current loan portfolio. SRF staff has analyzed the future financial capacity of the CWSRF in light of the discussion over water quality standards and other future wastewater needs. Assuming continued Capitalization Grants, 10% loan forgiveness and the same interest rates, it is projected that the CWSRF could loan an average of \$290 million per year over the next 10 years, or a total of \$2.9 billion. If we assume no additional Capitalization Grants but keep the same interest rates, the CWSRF could loan an average of \$231 million per year over the next 10 years. Those amounts would increase if we were to increase the interest rate.

### ***Financial Management Strategies***

The CWSRF Project Priority List (Attachment 1) show total loan requests for wastewater projects. Because many of these projects are in the planning phase, they are not expected to sign a binding loan commitment during this fiscal year. The projected timing and demand for loan draws is reflected in the sources and uses table (Appendix A). Other uses for CWSRF program funds in SFY 2022 include \$22.8 million reserved for the Nonpoint Source Assistance Programs.

The cash draw procedure used is the direct loan method. The Iowa CWSRF program uses its equity fund to originate loans. When a sufficient number of loans have been made, the SRF program issues bonds and uses the bond proceeds to replenish the equity fund. Iowa's bonds are cross-collateralized across both the Clean Water and Drinking Water SRF accounts. When funds are needed, state match bonds are issued at the same time that leveraged bond issues are done for greater cost effectiveness. State match is fully disbursed prior to drawing EPA Capitalization Grant funds. The EPA Capitalization Grant funds will be drawn at a 100% proportionality ratio.

The Iowa SRF program was invited to apply for a loan through the State infrastructure financing authority WIFIA (SWIFIA). SWIFIA is a new loan program exclusively for State infrastructure financing authority borrowers. SWIFIA may be used for up to 49 percent of an eligible project's costs that are ready to proceed, meaning construction will commence within 18 months after the Letter of Interest is submitted to EPA. A preliminary list of mostly CWSRF projects eligible for SWIFIA funding has been identified, totaling more than \$400 million. The program is in the final stages of the SWIFIA application process and anticipates closing on approximately \$200 million in the summer of 2021.

Iowa was awarded the FFY 2020 Capitalization Grant in May 2020. An application has been submitted for the FFY 2021 Capitalization Grant, which we anticipate receiving in spring 2021. The Iowa SRF program issued bonds in

February 2019 which included the state match for FFY 2019 and FFY 2020 Capitalization Grants. The program issued bonds in February 2020 which included the estimated state match for future Capitalization Grants. The program plans to issue bonds in May 2021. No additional state match funds are necessary at this time and are not included in the 2021 bond issue.

### ***SFY 2022 Project Priority List***

The management of the CWSRF program includes a priority list of projects for loan assistance, which has been developed according to DNR rules 567 IAC 92 (455B).

With the available CWSRF funds, this IUP provides a projection of loan funding assistance for applications in priority order determined by point source rating criteria defined in 567 IAC 91 (455B). This priority list will be amended on a quarterly basis during SFY 2022. Attachment 1 constitutes the project priority list.

Due to the project workload and for planning purposes, the CWSRF staff may evaluate projects that have been on the IUP list for more than three years. A notification will be sent to the applicants that their project may be dropped if there is no progress in the six months following the notice. If a project is dropped, the applicant may reapply when the project is ready to move ahead.

For program planning purposes, the fundable projects are further identified as “R – ready for loan” (indicating that the construction permit and environmental review have been completed), and “P – in planning.”

The following categories of projects will be included for funding during SFY 2022 and are included on Attachment 1:

**Unfunded Prior Years’ Section 212 Projects:** These are loan requests remaining on the project priority list from previous years’ IUPs. It is Iowa’s intention to make CWSRF loans to these projects during SFY 2022 if they are ready for a binding loan commitment.

**Segments of Previously Funded Section 212 Projects.** State rules provide that subsequent segments of a project, which has previously received funding priority or assistance, be placed on the project priority list ahead of new projects. Segmented projects will be added to the SFY 2022 project priority list as received.

**New Section 212 Projects.** New applications for assistance during SFY 2022 will be added to the project priority list. Applications will be accepted on a continuous basis during SFY 2022 with quarterly updates completed as needed. Intended Use Plan applications can be found on the SRF website at [www.iowasrf.com](http://www.iowasrf.com) and on the DNR Wastewater Construction Permit website at <https://www.iowadnr.gov/Environmental-Protection/Water-Quality/Wastewater-Construction/Construction-Permits> and submitted to [srf-iup@dnr.iowa.gov](mailto:srf-iup@dnr.iowa.gov).

**Supplemental Financing.** Supplemental financing for projects listed in previously approved IUPs are added to the IUP as they are requested unless the additional funds will be used for improvements that would significantly change the scope of the project. Additional environmental review may be required. Supplemental loans will not be provided for changes that are ineligible for funding.

**Planning and Design Loans.** Planning and design loans are provided at 0% interest for up to three years to cover the costs of preparing facility plans and project specifications. The loans will be rolled into CWSRF construction loans or repaid by another source of permanent financing. Planning & Design Loan applications can be found on the SRF website at [http://www.iowasrf.com/program/planning\\_design\\_loans/](http://www.iowasrf.com/program/planning_design_loans/).

**General Nonpoint Source Loans including Source Water Protection.** New applications for assistance during SFY 2022 will be added to the project priority list. Applications will be accepted on a continuous basis during SFY 2022 with quarterly updates completed as needed. Intended Use Plan applications can be found on the SRF website under the “Other Water Quality Programs” tab at [www.iowasrf.com](http://www.iowasrf.com).

### ***Water Resource Restoration Sponsor Program***

The project category called water resource restoration or “sponsored projects” provides wastewater utilities with the opportunity to fund locally directed, watershed-based, nonpoint source projects that address water quality issues.

Iowa Code chapter 384.84 authorizes these projects to be financed with sewer revenues. On a typical CWSRF loan, the utility borrows principal and repays principal plus interest. On a CWSRF loan with a sponsored project, the utility borrows for both the wastewater improvement project and the sponsored project. The overall interest rate on the total amount of principal borrowed is reduced so that the utility’s ratepayers do not pay any more than they would have for just the wastewater improvements. Instead, two water quality projects are accomplished for the cost of one.

- For loans up to 20 years, the interest rate on the combined infrastructure/sponsored project loan will be reduced to not lower than 0.75%. The maximum amount allowed for eligible sponsored project costs is \$100,000 per \$1 million borrowed.
- The amount of funds reserved in SFY 2022 for Water Resource Restoration Sponsor Program interest rate reductions is \$10 million. In order to fund all eligible applications, the DNR reserves the right to cap individual application funding awards at a percentage of the total amount allocated for Sponsored Projects.

Applications will be taken during SFY 2022 on September 1, 2021 and March 1, 2022. Communities or wastewater utilities interested in applying for an SRF Water Resource Restoration Sponsored Project should note the upcoming deadlines:

**July 2, 2021:** Deadline to hold pre-application conference call with DNR. The call is mandatory with the purpose of discussing potential projects, getting technical advisors involved early and going over the application requirements.

**September 1, 2021:** Deadline to submit a sponsored project application. The Sponsored Project application for the September 2021 application deadline is now available.

Applicants that are approved for funding will be contacted after the EPC meeting to schedule a project initiation meeting and to begin the sponsored project review and approval process. All information about the review and approval process is included in the Sponsored Project Manual which is online on the SRF website at: [http://www.iowasrf.com/about\\_srf/sponsored-project-manual/](http://www.iowasrf.com/about_srf/sponsored-project-manual/). Applicants should review the manual information to become familiar with the process.

Sponsors of approved projects will be required to follow project review and implementation guidelines established in the Water Resource Restoration Sponsored [Projects Milestone Checklist](#).

Water quality practices funded through sponsored projects must be maintained for the useful design life of the

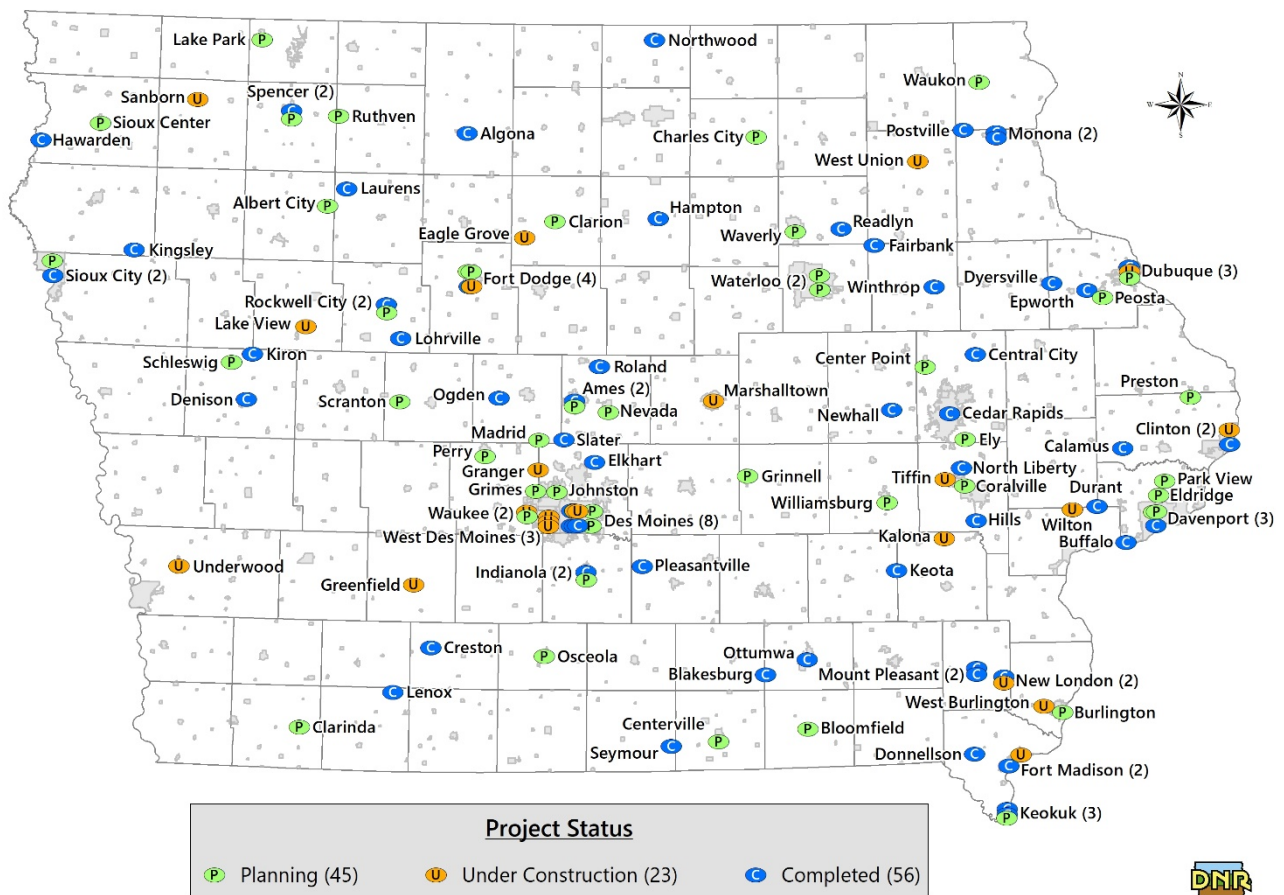
practice. Sponsored Project recipients will be required to develop and execute a maintenance plan for all practices, and agree to a Water Resource Restoration Sponsored Project Performance Agreement to ensure that the water quality practices being funded are constructed and maintained in a manner that will achieve, and continue to provide, the water quality improvement according to the approved design.

The waterbody, watershed, and water quality concern identified in the Water Resource Restoration Sponsored Project application cannot be changed after an application has been awarded funding.

Explanations of eligible applicants and projects, as well as specific application requirements, are outlined in the SFY 2022 Sponsored Project Application (see Attachment 2). This information is also available online at: [http://www.iowasrf.com/about\\_srf/sponsored\\_projects\\_home\\_page.cfm](http://www.iowasrf.com/about_srf/sponsored_projects_home_page.cfm)

The applications proposed for funding in SFY 2022 are listed in Appendix D. The map below shows the project locations for approved sponsored projects through the end of SFY 2021.

## WATER RESOURCE RESTORATION SPONSORED PROJECTS, SFY2021



### Plan for Nonpoint Source Assistance Programs

Iowa authorizing legislation and state administrative rules allow the use of CWSRF program funds for nonpoint source pollution control projects. Four Nonpoint Source Assistance Programs have been established which target areas of need allowed under federal guidance and identified in the state Nonpoint Source Water Quality

Management Plan:

- The On-Site Wastewater Systems Assistance Program (OSWAP), provides loans to homeowners to replace inadequate septic systems. New systems are certified by county sanitarians.
- The Local Water Protection (LWP) Program, addresses soil, sediment, and nutrient control practices on agricultural land. DNR contracts with the Iowa Department of Agriculture and Land Stewardship, which operates the program through local Soil and Water Conservation Districts.
- The Livestock Water Quality Facilities (LWQ) Program, assists livestock producers with manure management plans, structures, and equipment. Facilities with fewer than 1,000 animal unit capacity are eligible. DNR contracts with the Iowa Department of Agriculture and Land Stewardship, which operates the program through local Soil and Water Conservation Districts.
- The General Nonpoint Source (GNS) Program, supports a wide variety of other water quality protection efforts. Projects include habitat and wetland restoration, landfill closure, lake restoration, and watershed planning. Funding for Storm Water Best Management Practices loans is also included in this program. Projects that involve purchase of land require separate approval by the EPC. These projects are listed in Appendix E.

Loans for these four Nonpoint Source Assistance Programs are made through participating lenders through either a linked deposit arrangement or loan participation. For linked deposits, SRF funds are deposited with a participating lender and are used to reduce the interest rate on the loan. For loan participations, SRF funds are used to purchase an existing loan from a lender.

The table below outlines the current and proposed allocations planned for the four programs. These allocations may be amended based on need and the financial capacity of the CWSRF.

Nonpoint Source Assistance Programs	Proposed SFY 2021 Amount
Onsite Wastewater Assistance Program (OSWAP)	\$1.8 million
Local Water Protection Program (LWPP)	\$5.0 million
Livestock Water Quality Facilities Program (LWQ)	\$6.0 million
General Nonpoint Source Program (GNS)*	\$10.0 million
<b>TOTAL</b>	<b>\$22.8 million</b>

*\*GNS projects that receive a direct loan are not included in this allocation and are listed individually on the CWSRF project priority list (Attachment 1).*

**Plan for Use of Administrative Accounts**

There are three distinct funding sources for CWSRF administrative expenses:

- The CWSRF administrative Capitalization Grant set-aside. Iowa intends to take or reserve 4% of the federal Capitalization Grant funds for program administration.
- Loan initiation fees. A 0.5% loan origination fee will be charged on new CWSRF loans. The maximum amount charged is \$100,000. Under EPA rules, because Iowa’s origination fees are financed through the loans, the proceeds are considered program income. Program income can only be used for the purposes of administering the CWSRF program or for making new loans.

- Loan servicing fees. A servicing fee of 0.25% on the outstanding principal is charged on CWSRF loans. Under EPA rules, only servicing fees received from loans made above and beyond the amount of the Capitalization Grant and after the Capitalization Grant under which the loan was made has been closed are considered Non-Program Income. Non-Program Income can be used to administer the program or for other water quality purposes. The uses of Non-Program Income are discussed below.

**Program Income.** It is estimated that Program Income collected in SFY 2022 will be approximately \$1 million dollars and will be used for administering the SRF Program. Program Income is replenished throughout the fiscal year by funds received from loan initiation fees as described above.

**Non-Program Income.** There is approximately \$14.29 million available in funds considered Non-Program Income.

**Planned Expenses.** CWSRF expenses for administering the SRF Program are estimated to be approximately \$3 million this fiscal year. This includes the work of wastewater engineering section project managers, specialists in environmental review, nonpoint source program administrators, financial officers, loan coordinators, and program managers. It also covers expenses for financial and legal advisors. These program expenses will first be paid out of Program Income and then Non-Program Income once Program Income has been fully expended.

DNR intends to use a portion of Non-Program Income funds during SFY 2022 to support staffing to the Field Services Bureau for wastewater compliance activities including inspections, investigations and technical assistance and to support staffing in the Water Quality Bureau for construction permitting, National Pollution Discharge Elimination System permitting, American Iron and Steel Site Inspections, and other programmatic staffing needs.

## **II. INFORMATION ON THE CWSRF ACTIVITIES TO BE SUPPORTED**

### ***Allocation of Funds***

Allocation of funds to eligible projects was based on a four-step process:

1. The amount of financial assistance needed for each application was estimated.
2. The sources and allowable uses of all CWSRF funds were identified.
3. The CWSRF funds were allocated among the projects, consistent with the amount available and the financial assistance needed.
4. A designated amount was reserved for each Nonpoint Source Assistance Program based on past funding and expected future needs.

Information pertinent to each CWSRF project is contained in Attachment 1, pursuant to Section 606(c) (3) of the Clean Water Act.

### ***Sources and Uses of Available CWSRF Funds***

In May 2020, the Iowa SRF Program was awarded the FFY 2020 Capitalization Grant in the amount of \$21,508,000. In March 2021, the SRF Program applied for FFY 2021 Capitalization Grant and an award in the amount of \$21,505,000 is expected in spring 2021. Appendix A to the Intended Use Plan illustrates potential sources and uses of funds in the CWSRF for SFY 2022. As shown, all pending loan requests and program administration needs can be funded. Projects will draw on their funding at different intervals based on their construction cycles. These differences are used to estimate cash needs throughout the year. Appendix A will be updated quarterly as needed to provide an ongoing view of the financial plan for meeting loan requests.



Iowa's SRF program issues bonds as needed. These bond issues typically include the state match for the next federal Capitalization Grants (see Appendix F). On February 27, 2020, IFA issued \$201,825,000 of SRF bonds. Of that amount, \$10,000,000 for Clean Water state match and \$8,000,000 for Drinking Water state match was deposited in the respective state match accounts. After the bonds are issued, the state match is spent first so the Capitalization Grant can be drawn down at 100% when it is received. All state match funds have been disbursed to loan recipients. The program plans to issue bonds in May 2021; no state match funds were necessary with this issue.

**Section 212 Projects Program Policies**

**Project Scope.** The scope of the project must be outlined on the Intended Use Plan application and in the facility plan. Changes to the scope are allowed prior to loan closing. Significant changes in scope may cause delays if additional work is required by the project manager or environmental review specialist. Once a loan is signed, only minor changes to the scope are allowed and only if the changes do not require additional technical or environmental review.

**Loan Interest Rates.** Interest rates for CWSRF planning and design loans are 0% for up to three years.

The interest rates for construction loans made from the CWSRF are as follows:

Loan Term	Applicant Type	Interest Rate	Servicing Fee	Total
Standard (up to 20 years)	All	1.75%	0.25%	2.00%
Extended (21 to 30 years based on useful life)	Disadvantaged*	1.75%	0.25%	2.00%
Extended (21 to 30 years based on useful life)	Non-Disadvantaged	2.75%	0.25%	3.00%

\*Communities must be determined to be disadvantaged based on criteria in Iowa Code section 455B.199B, Disadvantaged Communities Variance, as amended by Senate File 407 on April 28, 2011. These criteria include income and unemployment data. SRF staff will also consider population trends, providing 1 point for communities with projected increases or decreases in population. Population trends are also reviewed as part of the construction permitting process as required in Iowa Administrative Code 567 Chapter 64.2(9).

**Loan Fees.** A 0.5% origination fee is charged on the full loan amount for new CWSRF construction loans, with a maximum amount of \$100,000. No origination fees are charged on planning and design loans. A .25% servicing fee is charged on construction loans. Payment of the loan servicing fee is semi-annual with interest payments for all new SRF loans. Loan servicing fees are charged on the outstanding principal balance.

**Financing Term.** Loan terms can be up to 30 years. Any project may request an extended term. The length of the term is based on a calculation of the average useful life of the entire project, determined by the applicant's consulting engineer and approved by DNR.

**Maximum Financing.** There is no maximum financing amount.



**Project Readiness.** Applicants cannot be offered assistance until they meet program requirements. More information can be found in the Wastewater Engineering Construction Permitting Process Manual at <https://www.iowadnr.gov/Environmental-Protection/Water-Quality/Wastewater-Construction/Construction-Permits>.

**Funding Limitations.** Pending loans identified in this IUP do not exceed funds obtainable for the CWSRF program.

### ***Plan for Efficient and Timely Use of CWSRF Funds***

The State of Iowa's Clean Water State SRF uses federal Capitalization Grant funds as expeditiously as possible. Iowa has been able to use its federal Capitalization Grant funds in a timely way due to a robust and sustained demand for loans. A number of program features have spurred the growth in loan demand. These include:

- Improvements and streamlining in the wastewater construction permitting process, which reduced timelines for project review and approval
- Allowing applicants to pursue phased approach for projects to enable individual phased projects proceed timely to construction instead of waiting on approval on a large project
- Planning and design loans at 0% interest for three years to provide upfront capital to get projects started and ready for construction and loan closing
- Year-round application process with quarterly updates to the Intended Use Plan, which keeps projects in the loan pipeline on a continual basis
- Expansion of nonpoint source and green infrastructure programs to include loans for farmers, livestock producers, watershed organizations, and others
- Extended term financing, based on project useful life, which allows more utilities to benefit from the CWSRF
- Environmental review services to complete assessments of impacts to natural and cultural resources, reducing costs and barriers to participating in the loan program
- Focus on marketing, customer and consultant education, and coordination with other funders

When Capitalization Grants are awarded, those funds are drawn down first based on guidance from the U.S. EPA. Loan disbursements are made weekly. In 2019, Iowa's CWSRF disbursements averaged \$14 million per month. Average monthly disbursements in 2020 were \$16.7 million. As of April of SFY 2021, the program has disbursed an average of \$17.6 million per month.

With a return of \$4.36 for every dollar of federal investment (compared to the national average of \$2.90), Iowa's CWSRF is an efficient and effective delivery mechanism for water infrastructure funding.

The practices described above are currently working well for Iowa and will be continued through SFY 2022.

### ***Water Quality Management Planning***

A reserve for water quality management planning as required by Title VI of the Clean Water Act will be set aside from Iowa's Title VI allotments and granted to the state for this purpose separately from the CWSRF. This reserve does not appear in this IUP as it has been already deducted from Iowa's allotment and taken into account in projecting Iowa's available Capitalization Grant.

### ***SEE Salary Funds Deducted from Capitalization Grant***

The Iowa DNR did not request U.S. EPA to deduct funds from FFY 2021 Capitalization Grant for the SEE

Program. It was determined that adequate funding remained from previous grants to cover planned expenses for this fiscal year. These positions are filled by EPA Region 7 and assigned to the DNR's Wastewater Engineering section to provide technical and administrative assistance to the CWSRF projects and program. The SEE enrollees help provide staffing at Iowa DNR to maintain the CWSRF program and keep up with the increasing CWSRF project technical and administrative work load. Authorized under the Environmental Programs Assistance Act of 1984 (PL 98- 313), the SEE program is intended "to utilize the talents of older Americans in programs authorized by other provisions of law administered by the Administrator in providing technical assistance to Federal, State, and local environmental agencies for projects of pollution prevention, abatement, and control."

### III. ASSURANCES AND SPECIFIC PROPOSALS

Iowa will provide the necessary assurances and certifications according to the Operating Agreement between the State of Iowa and the U.S. EPA.

### IV. CRITERIA AND METHOD FOR DISTRIBUTION OF FUNDS

#### ***Section 212 Infrastructure Projects***

The following approach was used to develop Iowa's proposed distribution of CWSRF funds for Section 212 infrastructure projects: (1) analysis of the priority of communities applying and financial assistance needed; (2) identification of the sources and spending limits of available funds; (3) allocation of funds among projects; (4) development of a payment schedule which will provide for making timely binding commitments to the projects selected for CWSRF assistance; and (5) development of a disbursement schedule to pay the project costs as incurred.

Allocation of Funds Among Projects. All projects listed in the CWSRF Project Priority List (attached) are eligible for assistance and may be funded from the CWSRF subject to available funds.

All projects scheduled for funding with Iowa's CWSRF will be reviewed for consistency with appropriate plans developed under sections' 205(j), 208, 303(e), 319 and 320 of the Clean Water Act, as amended. Evidence of this review and finding of consistency will be documented in each CWSRF project file.

Priority of Communities and Financial Assistance Needed. Iowa law provides only for loan assistance. Additional subsidization required by federal Capitalization Grant conditions will be through forgivable loans. The state's CWSRF rules identify the priority rating system used to establish priorities for loan assistance.

Capitalization Grant Requirements. The FFY 2018 - 2021 Capitalization Grants include requirements for minimum and maximum percentages of the funds to be allocated for additional subsidization and/or green projects. Iowa will comply with these requirements. The specific projects that have received add subs or been counted for the GPR are listed in Appendix C. Iowa will satisfy the amounts required in the FFY 2018-2021 Capitalization Grants. Time limits may be established on loan forgiveness awards.

FFY 2021 Capitalization Grant was awarded in May 2021. Iowa will comply with additional subsidization and/or green project allocation requirements and will identify recipients of those funds during this fiscal year.

	<b>Add Subs Req'd.</b>	<b>Add Subs Actual</b>	<b>%</b>	<b>GPR Req'd.</b>	<b>GPR Actual</b>	<b>%</b>
<b>2018</b>	\$ 2,172,300	\$ 1,955,678	90%	\$ 2,172,300	\$ 885,600	0%
<b>2019</b>	\$ 2,150,500	\$ 2,150,500	100%	\$ 2,150,500		0%
<b>2020</b>	\$ 2,150,800	\$ 2,150,800	100%	\$ 2,150,800		0%
<b>2021</b>	\$ 2,150,500	\$ 1,321,800	61%	\$ 2,150,500		0%

**Nonpoint Source Assistance Programs**

Nonpoint Source Assistance Programs include funds reserved for the Onsite Wastewater Assistance Program (OSWAP), Livestock Water Quality Facilities (LWQ), Local Water Protection (LWP) and General Nonpoint Source (GNS). These funds implement the intent of Iowa statute to use CWSRF funds to improve residential wastewater systems, to assist owners of existing animal feeding operations to meet state and federal requirements, for local water protection projects that will provide water quality improvement or protection and for general nonpoint source projects that will provide water quality improvements or water quality protection. These systems are addressed as a need by Iowa’s State Nonpoint Source Management Plan. Individual loan applicants for all Nonpoint Source Assistance Programs operated as linked deposit and loan participation are not identified in this IUP. Only GNS projects with a direct loan will be listed on the project priority list.

**V. METHOD OF AMENDMENT OF THE INTENDED USE PLAN**

This IUP will be followed by the State in administering CWSRF funds in SFY 2022. Federal and state law requires, and Iowa welcomes, opportunity for public participation in the development of the IUP. Any revisions of the goals, policies and method of distribution of funds, must be addressed by a revision of the IUP, including opportunity for public participation. Updates to the IUP to add projects to the priority list, to make program changes, or to adjust dollar amounts reserved for Nonpoint Source Assistance Programs, will be made quarterly as needed. Minor adjustments in funding schedules and loan amounts are allowed by the procedures of this IUP and state rules for administration of the CWSRF without public notification.

**VI. PUBLIC REVIEW AND COMMENT**

A public meeting to allow input to Iowa’s SFY 2022 IUP and Project Priority List was held May 13, 2021, 10:00 a.m. via conference call. This meeting was announced in a notice provided to stakeholder organizations representing city officials, consulting engineers, county governments, councils of government, area planning agencies, and other groups which might have an interest. There were no attendees. The public comment period was open until May 20, 2021. Stakeholder comments were received by IFA and DNR and changes were incorporated into this document.

**VII. PROJECT PRIORITY LIST**

Attachment 1, the CWSRF Project Priority List, is included in a separate, sortable Excel file.

## **VIII. SPONSORED PROJECT APPLICATION PACKET**

Attachment 2, contains the CWSRF Sponsored Project Application Instructions and Application Form which includes program guidelines, specific application requirements and forms, and provides explanations of eligible applicants and projects.

**APPENDIX A**

Iowa CWSRF State Fiscal Year 2022 1Q  
 Estimated Funding Sources and Funding Uses  
 As of 4/29/2021

**Funding Sources**

Funds Available in Equity Fund, Bond Proceeds and Program Accounts	\$96,271,000	*
<b>FFY 2021 Capitalization Grant</b>	\$21,505,000	
<b>State Match Bond Proceeds for FFY 2021/22 Capitalization Grants</b>	\$0	
Issuance of Leveraged Bonds (Next Bond Issue Expected SFY22)	\$154,655,000	**
SWIFA - FY22 Draws from Loan	\$100,000,000	**
Equity Fund and Program Interest Earnings	\$330,000	
Loan Repayments	\$110,917,000	
<b>Total Funding Sources</b>	<b>\$483,678,000</b>	

**Funding Uses**

Undisbursed Amounts Committed to Existing Loans (70% disbursement rate)	\$162,382,000
Section 212 Project Requests (FNSI/CX issued; 40% disbursement rate)	\$96,219,000
Section 212 Project Requests (FNSI/CX not issued; 30% disbursement rate)	\$101,973,000
Planning & Design Requests (50% disbursement rate)	\$7,337,000
Non-Point Source Program Assistance	\$22,800,000
Principal Payments on Outstanding Bonds	\$44,820,000
Interest Payments on Outstanding Bonds	\$47,287,000
Program Administration From FFY21 Capitalization Grant	\$860,000
<b>Total Funding Uses</b>	<b>\$483,678,000</b>

\* Funds Available for disbursements as of 4/29/2021

\*\* Estimated Only

\*\*\* Loan disbursement rates are estimated based on previous experience with project pace. For projects that currently have not had a Finding of No Significant Impact (FNSI) or Categorical Exclusion (CX) issued, it is expected that up to 30% of the total project amounts may be disbursed once environmental review is completed, construction permit issued, and binding loan commitment signed. For those projects with FNSI/CX clearance, the disbursement rate is estimated at 40% of the loan request amount.

All amounts are rounded to the nearest \$1,000

**APPENDIX B-1  
PROCEDURES TO DETERMINE SECTION 212 PROJECT PRIORITY LIST**

Project rankings were determined by the following procedures:

Cost eligibility of projects was determined as per 567 IAC 92.7(6) (455B). Applications were evaluated using the priority point system in 567 IAC 91.8(455B).

The final project priority list for a fiscal year’s project pool is compiled in the following manner: subsequent segments of projects funded by CWSRF loan programs of previous years will be ranked at the top; projects ranked in the current year application group will then be added.

Projects on the project priority list will be given contingency status should the total amount of needs exceed the year’s CWSRF staff resources capability and loan funding or if the projects have not met the fundable criteria described in 567 IAC 92.6(2)(455B). Projects will be funded from the top down in the ranking order of the project priority list. Projects are ranked similarly in the contingency project list. The top project in the contingency list can be moved to the funding list when funds are available or it has met the fundable criteria. Funds can be made available due to a number of reasons including project bypasses, loan application withdrawal of other projects, reduction in loan amount requests, an increase in available funds, or progress in meeting program requirements.

**APPENDIX B-2  
CRITERIA TO DETERMINE PROJECT PRIORITY LIST**

In April 2010 Iowa adopted revised rules for the Clean Water State Revolving Fund (CWSRF). 567 IAC 91 provides the criteria for scoring and ranking CWSRF projects. The new system uses an integrated approach which allows comparison of Section 212 POTW (publicly owned wastewater treatment works) projects as well as nonpoint source pollution control projects. The goal of the new system is gain the highest water quality benefits for the funding available.

Currently Iowa is able to fund all projects that are eligible, but the priority system will be available to use in the case that demand for CWSRF loans exceeds supply of funds.

***Section 212 POTW Projects***

The rating criteria consider the use classification of the receiving waters, water quality of the receiving waters, groundwater protection, project type, project purpose, and a tiebreaker; defined in 567 IAC 91.8 (455B). Priority ranking for the projects shall be based on the total points awarded for all the categories; the greater the total number of points, the higher the ranking. The ranking will be done at the time the IUP is prepared and will not be updated during the year. The tie breaker category will be used when necessary.

***Nonpoint Source Assistance Programs***

The rating criteria consider the use classification of the receiving waters, water quality of the receiving waters, groundwater protection, project type, project purpose, and a tiebreaker; defined in 567 IAC 91.8 (455B). Priority ranking for the projects is based on the total points awarded for all the categories; the greater the total number of points, the higher the ranking. The priority system for Nonpoint Source Assistance Programs projects will not be implemented until 90 percent of the funds reserved for that program have been allocated and no additional funds are available. If that occurs, ranking will be done at the time that a new project application is received.

**APPENDIX C**

**BORROWERS RECEIVING ADDITIONAL SUBSIDIZATION OR COUNTED FOR GREEN PROJECT RESERVE (GPR)**

For FFY 2018-2021 Capitalization Grants a minimum of 10% of the grants funds are required to be used on Green Projects and 10% of the grant funds are to be allocated as additional subsidization. Iowa applies additional subsidization in the form of loan forgiveness.

For FFY 2018-FFY2021 Capitalization Grants, loan forgiveness of up to 30% may be offered to eligible Disadvantaged Community (DC) status projects. Beginning in FFY 2020, eligible projects from unsewered communities with an approved Disadvantaged Unsewered Community (DUC) status may receive up to 50% loan forgiveness. Funding for individual projects is capped at \$1 million per project.

The Iowa DNR disadvantaged community rules implement Iowa Code 455B.199B, which establishes criteria for the Iowa DNR to use when determining if ratepayers or a community will experience substantial and widespread economic and social impact and qualify as disadvantaged. For more information on how to qualify as a disadvantaged community, visit <https://www.iowadnr.gov/environmental-protection/water-quality/rural-community-sewers>.

Time limits may be established for loan commitments in order to apply loan forgiveness awards from these grants. Construction must begin within 24 months of the loan forgiveness offer or the loan forgiveness offer may be withdrawn or reassigned.

Project	SRF Project #	Loan Amount **	Amount Green Project Reserve (GPR)	Amount Add Sub*	Grant Year Reported
Lake View	CS1920828-01	\$6,700,000		\$844,200	2018
St Donatus	CS1920773-R1/01	\$842,000		\$252,600	2018
Coralville	GNS 10-04	\$2,952,000	\$ 885,600	\$885,600	2018
Woodward	CS1920814-01	\$5,424,041		\$1,000,000	2019
Everly	CS1920906-01	\$3289000		\$986,700	2019
Charles City	CS1920876-01	\$17,575,000		\$163,800	2019
Charles City	CS1920876-01	\$17,575,000		\$836,200	2020
Dougherty	CS1920993-01	\$865,000		\$432,500	2020
Osceola	CS1920878-01	\$ 25,554,000		\$ 882,100	2020
Osceola	CS1920878-01	\$25,554,000		\$117,900	2021
New Albin	CS1920871-01	\$1,860,000		\$558,000	2021
Frederika	CS1921013-01	\$2,153,000		\$645,900	2021

\* Up to 30% and cap of \$1 million (through 2021).

\*\* Until a loan is signed, this amount may reflect the IUP award amount

**APPENDIX D**  
**SFY 2022 Sponsored Project Funding Recommendations**

Sponsored Project loan amendments must be executed prior to the second principal payment on the sponsoring CWSRF loan or the Sponsored Project award will be withdrawn.

<b>Applicant</b>	<b>Proposed Watershed and Project Description</b>	<b>Proposed Partners</b>	<b>Date Approved</b>
City of Des Moines	Implement green infrastructure and stormwater best management practices in various locations throughout the City of Des Moines to treat and infiltrate urban stormwater runoff to the Des Moines and Raccoon Rivers.	IDALS- DCSWQ Urban Conservation	6/15/2021
City of Grimes	Install best management practices to treat urban and agricultural stormwater runoff, establish buffer zones for streams and wetlands, reduce erosion, restore stream and/or wetland function, and restore soil quality that implement recommendations of the Beaver Creek and Walnut Creek Watershed Management Plans.	Polk SWCD, Beaver Creek WMA, Walnut Creek WMA, Dallas SWCD	6/15/2021
City of Hartford	Implementation of stormwater best management practices including permeable pavers, bioswales, soil quality restoration, and native vegetation plantings in order to treat and reduce nutrients and soil erosion from urban stormwater to the Butcher Creek and South River watersheds.	IDALS- DCSWQ Urban Conservation	6/15/2021
City of Jesup	Implement stormwater best management practices including a combination of wetland, bioswales, bioretention cells, and a city-wide BMP costshare program to help reduce nutrient and sediment loads to the Spring Creek and Cedar River watersheds.	IDALS- DCSWQ Urban Conservation, Buchanan SWCD, Middle Cedar WMA, Black Hawk SWCD	6/15/2021
City of Nevada	Implement projects to reduce loading and improve water quality in West Indian Creek and East Indian Creek in and around Nevada. Potential projects to improve water quality fall into five main categories: treatment of stormwater runoff, establishment of buffer zones, reduction of erosion, restoration of stream function, and restoration of soil quality.	IDALS- DCSWQ Urban Conservation, Prairie Rivers of Iowa, Story County Conservation	6/15/2021
City of Pleasantville	Improve the water quality features located within Shadle park including: retrofitting the existing pond to the current Iowa Stormwater Management Manual standards in order provide water quality treatment; construction of a forebay to the pond; converting a drainage channel to a bioswale, and implementing native vegetation buffers in order to reduce nutrient and sediment transport to Red Rock Reservoir.	IDALS- DCSWQ Urban Conservation, DNR- Fisheries	6/15/2021



City of Rickardsville	Implement stormwater best management practices to treat urban and agricultural runoff as well as installing grade control structures to reduce soil erosion to the North Fork Little Maquoketa River.	IDALS- DCSWQ Urban Conservation, Dubuque SWCD	6/15/2021
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## **APPENDIX E**

### **General Nonpoint Source Assistance Projects for Approval of Land Purchase**

Iowa Code 455B.291 and 455B.295 set forth the conditions by which land acquisition is eligible under this Nonpoint Source Assistance Program.

Per Iowa Administrative Code 567 Chapter 93.7(5) Ineligible costs. Costs for the purchase of land are not eligible costs unless specifically approved by the commission.

**APPENDIX F**  
**State Match**

<b>FY19</b>	<b>Cap grant Amount</b>	<b>State Match Needed</b>	<b>Excess State match</b>
CW State Match from			
Feb 2019 Bond Issue		\$9,208,600	
excess state match		\$0	
repay non-program income		-\$408,600	
<b>Total CW State match Available</b>		<b>\$8,800,000</b>	
<b>FY19 CW cap grant</b>	<b>\$21,505,000</b>	<b>\$4,301,000</b>	<b>\$4,499,000</b>
DW State Match from			
Feb 2019 Bond Issue		\$7,667,200	
excess state match		\$0	
repay non-program income		-\$467,200	
<b>Total DW State match Available</b>		<b>\$7,200,000</b>	
<b>FY19 DW cap grant</b>	<b>\$17,432,000</b>	<b>\$3,486,400</b>	<b>\$3,713,600</b>
<b>FY20</b>	<b>Cap grant Amount</b>	<b>State Match Needed</b>	<b>Excess State match</b>
Remaining CW State Match from			
Feb 2019 Bond Issue		\$4,499,000	
excess state match		\$0	
<b>Total CW State match Available</b>		<b>\$4,499,000</b>	
<b>FY20 CW cap grant</b>	<b>\$21,508,000</b>	<b>\$4,301,600</b>	<b>\$197,400</b>
Remaining DW State Match from			
Feb 2019 Bond Issue		\$3,713,600	
excess state match		\$0	
<b>Total DW State match Available</b>		<b>\$3,713,600</b>	
<b>FY20 DW cap grant</b>	<b>\$17,443,000</b>	<b>\$3,488,600</b>	<b>\$225,000</b>
<b>FY21</b>	<b>Cap grant Amount</b>	<b>State Match Needed</b>	<b>Excess State match</b>
CW State Match from			
Feb 2020 Bond Issue		\$10,000,000	
excess state match		\$197,400	
<b>Total CW State match Available</b>		<b>\$10,197,400</b>	
<b>FY21 CW cap grant</b>		<b>\$0</b>	
Remaining DW State Match from			
Feb 2019 Bond Issue		\$8,000,000	
excess state match		\$225,000	
<b>Total DW State match Available</b>		<b>\$8,225,000</b>	
<b>FY21 DW cap grant</b>		<b>\$0</b>	

ATTACHMENT 1, the CWSRF Project Priority List, is included in a separate, sortable Excel file.

**Clean Water SRF**  
**WATER RESOURCE RESTORATION**  
**Sponsored Projects**



**APPLICATION PACKET – [For the September 2021 round](#)**

**Contents**

1. [Application Process and Guidelines](#)
2. [Sponsored Project Application Form and Completeness Checklist](#)
3. [Project Milestone Checklist](#)
4. [Sponsored Project Performance Agreement](#)

**[APPLICATION DEADLINE: Wednesday, September 1, 2021; 11:59 p.m.](#)**

**FOR MORE INFORMATION:** Contact Lee Wagner, SRF Nonpoint Source Program Manager, 515-725-0992 or [lee.wagner@dnr.iowa.gov](mailto:lee.wagner@dnr.iowa.gov).



# Clean Water SRF

## WATER RESOURCE RESTORATION

### Sponsored Project Application Process and Guidelines

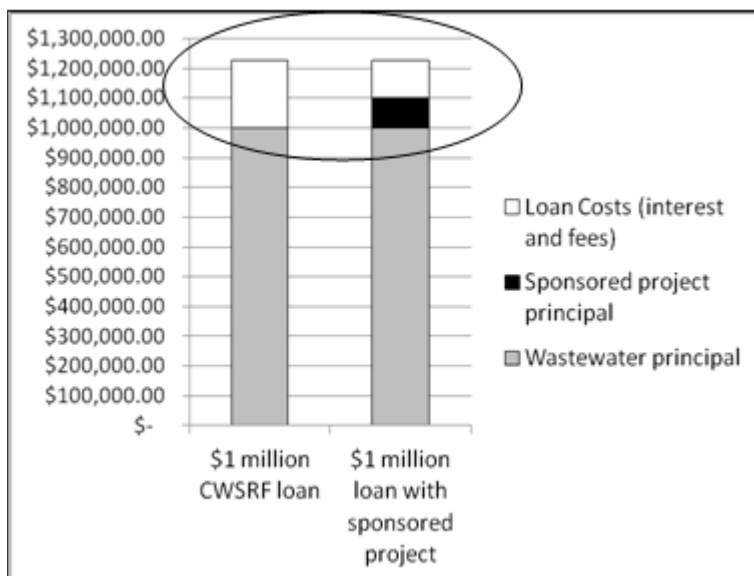
#### Background

During the 2009 Iowa General Assembly session, legislation was passed to allow a new method for funding water quality protection. SF 339 amended the Iowa Code to add a new category of projects that can be financed with sewer revenues. This new category, called “water resource restoration sponsored projects,” includes locally directed, watershed-based projects to address water quality problems.

Previously, in Iowa Code 384.80, utility revenues could only be used for construction and improvements for the wastewater system itself. With this legislation, wastewater utilities can also finance and pay for projects, within or outside the corporate limits, that cover best management practices for nonpoint source pollution control.

This program has been implemented through the Clean Water State Revolving Fund (CWSRF), a loan program for construction of water quality facilities and practices.

On a typical CWSRF loan, the utility borrows principal and repays principal plus interest and fees. As shown, on a CWSRF loan with a sponsored project, the utility borrows for both the wastewater improvement project and the sponsored project. However, through an overall interest rate reduction, the utility’s ratepayers do not pay any more than they would have for just the wastewater improvements. Instead, two water quality projects are completed for the cost of one.



**Next deadline: September 1, 2021**

*Please read the information carefully, use the application process checklist, and provide complete application materials.*

## **Eligible Applicants**

Eligible applicants include the following only:

1. Applicants submitting sponsored project applications at the same time as their wastewater infrastructure Intended Use Plan application. The wastewater IUP application must be complete and eligible to be placed on the fundable list. Deadline for both applications: [September 1, 2021](#).
2. Applicants with wastewater projects already included on the fundable list of the CWSRF Intended Use Plan which are still in the “Planning” phase. Deadline for sponsored project application: [September 1, 2021](#).

The following will disqualify an applicant for pursuing a sponsored project:

- The sponsored project application is submitted with an incomplete wastewater IUP application. The wastewater IUP application packet includes a checklist for determining a project’s readiness to be placed on the Intended Use Plan. Sponsored project applications submitted with incomplete wastewater IUP applications will not be considered.
- The applicant’s wastewater project has reached the “Ready for Loan” milestones as of [September 1, 2021](#). This classification indicates that construction permits have been issued, environmental review is complete, and in some cases, that the project has gone out to bid. Applicants may not delay their wastewater project construction or financing in order to apply for a sponsored project.
- The wastewater loan has already been executed.

## **Requirement and Deadline for Pre-Application Consultation**

Wastewater utilities interested in applying for a sponsored project must participate in a pre-application consultation with SRF staff. The purpose of the consultation is to discuss sponsored project program and application requirements, project planning, and potential issues before the utility commits to preparing an application.

Along with this consultation, a site visit conducted with the conservation organization with which the utility plans to work is required.

Potential applicants must **hold** a pre-application conference call with the DNR by [July 2, 2021](#). Schedule a conference by e-mailing Lee Wagner at [lee.wagner@dnr.iowa.gov](mailto:lee.wagner@dnr.iowa.gov). Contact DNR well ahead to provide enough time to schedule the conference call and to prepare an application.

The pre-application consultation will be conducted by conference call and will cover the following agenda:

1. Applicant eligibility based on status of CWSRF infrastructure loan
2. Water resource proposed for protection or restoration
3. Watershed assessment requirements
4. Project partners, including required participation of a conservation organization
5. Eligibility of potential practices
6. Approximate project schedule and budget
7. New requirement for communication plan
8. Maintenance requirements for life of practice

### **Requirement for Watershed Approach**

The project must improve water quality in the watershed in which the publicly owned wastewater utility is located. A watershed is the area of land that drains into a lake or specific location on a stream. Water traveling over the surface or through groundwater may pick up contaminants like sediment, chemicals and waste and deposit them in a body of water.

The watershed within an incorporated city may all eventually drain into the same river or lake. However, each storm drain outfall or discharge point into the waterbody also has its own smaller, sub-watershed. Water quality enhancement practices are designed and engineered at this sub-watershed scale. Cities also often have drainage passing through them from upstream watershed areas. While these upstream watersheds also can influence water quality conditions within a city the watershed area is typically outside the municipal jurisdiction. Upstream watersheds provide unique opportunities for cities to gain partners and additional resources in tackling water quality concerns.

The specific water quality concern to be addressed, waterbody, and watershed must be clearly defined. The wastewater utility's governing board will select the watershed or sub-watershed selected for this water resource restoration project application. The board will also select the water quality aspect the project focuses on, such as reducing sediment in stormwater or limiting nutrient enrichment. Projects can be located within a sub-watershed entirely inside municipal boundaries or in an upstream watershed.

Once selected, the watershed or sub-watershed requires assessment and planning to develop a quantifiable water quality enhancement plan. All assessments and planning methods use established methods that quantify land cover, contaminant inputs, and delivery mechanisms. The applicant may use existing assessment data identifying and quantifying the water quality problems to be addressed in the project, including data from the impacted waterbody as well as the upstream watershed or sub-watershed.

This plan for enhancing water quality in a sub-watershed can be as complex or as simple as needed to make a quantifiable water quality improvement in the targeted waterbody. Watershed planning, regardless of the scale of the watershed and the complexity or simplicity of the approach, involves the following nine elements, and creates a road map for identifying and implementing the most effective and appropriate water quality practices to address the identified water quality concern within the defined watershed.



These elements are explained in detail in the “Watershed Project Planning Protocol Technical Guide” located at:

[http://www.nrcs.usda.gov/Internet/FSE\\_DOCUMENTS/nrcs142p2\\_007659.pdf](http://www.nrcs.usda.gov/Internet/FSE_DOCUMENTS/nrcs142p2_007659.pdf).

1. Identify the water quality concern
2. Determine reasonable objectives
3. Inventory watershed
4. Analyze watershed data
5. Formulate alternatives
6. Evaluate alternatives
7. Make decisions and complete the plan
8. Implement the plan
9. Evaluate the plan

While the sponsored project included in an application may not have a complete watershed management plan accompanying it, the project should be aligned with reaching goals that would be consistent in an overall watershed management plan.

In some areas of Iowa, watershed management plans have already been developed and could be used as the basis for sponsored projects. A map of the areas and the plans are posted at: <http://www.iowadnr.gov/Environment/WaterQuality/WatershedImprovement/WatershedPlanning/ManagementPlans.aspx>.

In other areas, watershed organizations are still developing plans or seeking funding. For more information on watershed planning areas, contact Steve Hopkins at [Stephen.hopkins@dnr.iowa.gov](mailto:Stephen.hopkins@dnr.iowa.gov).

***Note: Stream restoration projects are required to use the [Iowa River Restoration Toolbox decision tool and guidance in performing the stream assessment and the design of restoration practices](#).***

### **Requirement for Watershed Organization Involvement in Project Planning**

Wastewater utilities are required to include Soil and Water Conservation Districts and/or local watershed organizations, Watershed Management Authorities, and County Conservation Boards in project development and planning and design. These organizations provide technical assistance and expertise for water quality projects.

The applicant must identify the organization or organizations that will be involved with the planning and project development and design.

Before approving an application, DNR will contact the organization or organizations for confirmation of involvement, how the proposed project fits in with other organizational or watershed efforts, and the organization’s support for the project concept and approach.

A map and directory of the Soil and Water Conservation Districts, which are located in each county, can be found at <https://idals.iowa.gov/FARMS/index.php/districtMap>.

If the project involves urban stormwater issues and practices, the applicant must involve one of the urban conservationists from the Iowa Department of Agriculture and Land Stewardship:

- Paul Miller, Wallace Building, Des Moines; 515-281-5833; [Paul.Miller@iowaagriculture.gov](mailto:Paul.Miller@iowaagriculture.gov)
- Jennifer Welch, Ankeny; 515-964-1883 ext. 3; [Jennifer.Welch@ia.nacdnet.net](mailto:Jennifer.Welch@ia.nacdnet.net)
- Amy Bouska, Iowa City; 319-337-2322 ext. 3; [Amy.Bouska@ia.nacdnet.net](mailto:Amy.Bouska@ia.nacdnet.net)

### **Eligible Projects**

Eligible projects include the following categories of projects that are eligible for the Clean Water SRF under the Section 319 (nonpoint source) Clean Water Act authority:

- Category VI-C. Green infrastructure. This category includes costs to address the storm water management program activities associated with the planning, design, and construction of low impact development and green infrastructure, such as bioretention, constructed wetlands, permeable pavement, rain gardens, green roofs, cisterns, rain barrels, vegetated swales, and restoration of riparian buffers and flood plains. Projects in this category can be both publicly owned and privately owned.
- Category VII-A. Nonpoint source (NPS) control: agriculture (cropland). This category includes costs to address NPS pollution control needs associated with agricultural activities related to croplands, such as plowing, pesticide spraying, irrigation, fertilizing, planting, and harvesting.
- Category VII-B. NPS control: agriculture (animals). This category includes costs that address NPS pollution control needs associated with agricultural activities related to animal production, such as confined animal facilities, open feedlots, and grazing.
- Category VII-C. NPS control: silviculture. This category includes costs that address NPS pollution control needs associated with forestry activities such as removal of streamside vegetation, road construction and use, timber harvesting, and mechanical preparation for the planting of trees.
- Category VII-E. NPS control: groundwater protection (unknown source). This category includes costs that address groundwater protection NPS pollution control needs such as wellhead and recharge protection activities.
- Category VII-F. NPS control: marinas. This category includes costs that address NPS pollution control needs associated with boating and marinas, such as poorly flushed waterways, boat maintenance activities, discharge of sewage from boats, and the physical alteration of shoreline, wetlands, and aquatic habitat during the construction and operation of marinas.
- Category VII-G. NPS control: resource extraction. This category includes costs that address NPS pollution control needs associated with mining and quarrying activities.
- Category VII-H. NPS control: brownfields. This category includes costs that address NPS pollution control needs associated with abandoned industrial sites which might have residual contamination (brownfields).
- Category VII-I. NPS control: storage tanks. This category includes costs that address NPS pollution control needs associated with tanks designed to hold gasoline, other

petroleum products, or chemicals. The tanks may be located above or below ground level.

- Category VII–J. NPS control: landfills. This category includes costs that address NPS pollution control needs associated with sanitary landfills.
- Category VII–K. NPS control: hydromodification. This category includes costs to address the degradation of water resources as a result of altering the hydrological characteristics of noncoastal waters, including channelization and channel modification, dam, and streambank and shoreline erosion. Work involving wetland or riparian area protection or restoration is included in this category.

Land or easements cannot be acquired through condemnation.

Ineligible projects or practices include: passive recreation activities and trails including bike trails, playgrounds, sports fields, picnic tables, and picnic grounds; diverse habitat creation contrary to the botanical history of the area; planting of nonnative plant species; dredging; and supplemental environmental projects required as a part of a consent decree.

### **Sponsored Project Application**

Wastewater utilities interested in conducting a sponsored project will use the standard CWSRF Intended Use Plan application for the infrastructure project. The separate CWSRF sponsored project application must also be completed and submitted, along with the following attachments:

- Authorizing resolution passed by the wastewater utility's governing board for the sponsored project application;
- Identification of any third-party entity involved and the potential need for a 28E agreement between the utility and the qualified entity;
- Identification of water quality organization and any other parties involved in the project, including a description of their expected involvement and contribution to funding, planning, design, selection, and/or implementation;
- Letters of support from project partners including a description of their involvement or contribution to the project;
- Letter from the wastewater utility's bond counsel indicating concurrence with the sponsored project concept;
- Project conceptual plans, including:
  - Clearly identified waterbody and water quality concern that are the focus of the application as well as the clearly identified watershed within which the project will be located;
  - Assessment of the impacted waterbody and the entire contributing watershed identified as the focus of the application. Include water quality data, maps, and other documentation that evaluates land use, topography, soils, hydrology, etc. adequately to identify the water quality concern being addressed, sources of the water quality concern, and priority areas contributing to the identified water quality;
  - Discussion of specific project goals and objectives for addressing the identified water quality concern and the impacted waterbody;
  - Evaluation of priority areas identified by the watershed assessment and the possible water quality practices that could be implemented, considering the unique demographic, topographic, hydrologic, and institutional characteristics of the

- planning area. Include discussion of how the potential project areas were selected and prioritized based on the contributions to the water quality concern identified in the assessment and other factors that were considered in the prioritization process;
- Description of potential practices to be implemented with the expected water quality outcomes. Include drainage area and water quality volume, pollutant inputs and load reductions estimates or calculations, as applicable, for the areas where practices are proposed in the project;
  - Discussion of project locations, land ownership, and any plans for acquiring properties or easements. Proposed projects not on City owned land will need to provide a letter of support from the land owner;
  - Proposed project schedule for the associated CWSRF project and proposed sponsored project with major milestones, along with a discussion of how the sponsored project construction schedule coordinates with the infrastructure project schedule;
  - Proposed evaluation procedures and measures that will be utilized to determine the water quality improvement and overall success of the project;
  - Explanation of the proposed budget, including identification of all other potential or secured funding sources and amounts, discussion of how the project could be adjusted according to final amount available through sponsored project mechanism and other funding sources;
  - Discussion of plans to maintain the practices and how maintenance will be funded for the life of the practice.
- Preliminary communication plan indicating how information about the proposed project will be communicated to and from key audiences, such as community residents, neighbors, city council or other decision-makers, and other stakeholder groups.

### **Funding Limitations**

For loans up to 20 years, the interest rate on the combined infrastructure/sponsored project loan may be reduced to a rate to fund the nonpoint source project equivalent of up to 1% of forgone interest. This equals approximately \$100,000 per \$1 million CWSRF loan.

On a typical \$1 million, 20-year CWSRF loan at the current interest rate and fees, the utility would repay \$1,227,000, which equals the principal plus approximately \$227,000 in loan costs. With the addition of \$100,000 in principal borrowed for the sponsored project and a reduction in the overall interest rate, the amount repaid is still \$1,227,000. The final interest rate will not be less than 0.75%.

Thirty- year terms will be allowed but the amount of interest allowed for sponsored projects will remain approximately \$100,000 per million.

The amount available for the sponsored project will be a maximum of the lowest of the following amounts:

- The amount requested by the applicant on the sponsored project application.
- 10% of the requested wastewater loan amount on the most current Intended Use Plan.
- 10% of the final amount drawn on the wastewater loan.

Example 1: Wastewater IUP amount = \$1,000,000. Sponsored project amount requested = \$100,000. Final amount drawn = \$900,000.  
Maximum sponsored project funding available = \$90,000.

Example 2: Wastewater IUP amount = \$1,000,000. Sponsored project amount requested = \$100,000. Executed loan and final amount drawn = \$1,200,000.  
Maximum sponsored project funding available = \$100,000.

The amount available for the sponsored project may also be affected by the construction schedules of both projects and the need for additional bond counsel fees.

The amount allocated for Water Resource Restoration Sponsored Projects in SFY 2021 is \$10 million. This amount is based on the amount of lost program income the CWSRF can afford to lose as a result of interest rate reductions for Sponsored Projects. In order to fund all eligible applications, the DNR reserves the right to cap individual application funding awards at a percentage of the total amount allocated for Sponsored Projects.

### **Application Evaluation and Scoring**

The DNR will review all applications received. Only complete applications will be considered for funding. A complete application includes a completed application form and attachments containing the required information described in the Sponsored Project Application Section. Those that score the highest (see the CWSRF priority ranking below) will be listed on the next quarterly IUP update for approval by the Iowa Environmental Protection Commission. Lower-scoring projects may be listed as contingency projects or the DNR may choose not to use the total amount set aside for the funding period.

### **Points Scoring**

The existing project priority ranking system in Iowa Administrative Code 567 – 91.8 will be used to score the sponsored project applications if complete application requests exceed the amount of funding available. The priority score of the wastewater infrastructure project will not be considered in the evaluation of the sponsored project.

The rating criteria consider the use classification of the receiving waters, water quality of the receiving waters, groundwater protection, project type, project purpose, and a tiebreaker. Priority ranking for the projects shall be based on the total points awarded for all the categories; the greater the total number of points, the higher the ranking. The tiebreaker category will be used when necessary.

## **Sponsored Project Manual**

Applicants that are approved for funding will be contacted after the EPC meeting to schedule a project initiation meeting and to begin the sponsored project review and approval process. All information about the review and approval process is included in the Sponsored Project Manual which is online on the SRF website at: [http://www.iowasrf.com/about\\_srf/sponsored-project-manual/](http://www.iowasrf.com/about_srf/sponsored-project-manual/). Applicants should review the manual information to become familiar with the process.

## **Special Notes**

Sponsors of approved projects will be required to follow project review and implementation guidelines established in the Water Resource Restoration Sponsored [Projects Milestone Checklist](#).

Water quality practices funded through sponsored projects must be maintained for the useful design life of the practice. Sponsored Project recipients will be required to develop and execute a maintenance plan for all practices, and agree to a [Water Resource Restoration Sponsored Project Performance Agreement](#) to ensure that the water quality practices being funded are constructed and maintained in a manner that will achieve, and continue to provide, the water quality improvement according to the approved design.

The waterbody, watershed, and water quality concern identified in the Water Resource Restoration Sponsored Project application cannot be changed after an application has been awarded funding.

## **For More Information**

Contact Lee Wagner, SRF Nonpoint Source Program Manager, 515-725-0992 or [lee.wagner@dnr.iowa.gov](mailto:lee.wagner@dnr.iowa.gov).

**Clean Water SRF  
WATER RESOURCE RESTORATION  
Sponsored Projects**



**APPLICATION COMPLETENESS CHECKLIST**

- Pre-application consultation held \_\_\_\_\_ (date – must be by **July 2, 2021**)
- Application and required attachments (in pdf format) submitted electronically via e-mail, sent by **11:59 p.m. on September 1, 2021.**
  - (If submitting application by mail, a hard copy with original signatures and media containing electronic files must be postmarked by **September 1, 2021**)
- Application signed by authorized official
- CWSRF wastewater project is eligible
- Acquisition of Property Form signed by authorized official
- Authorizing resolution passed by the wastewater utility's governing board for the sponsored project application
- Identification of any third-party entity involved and the potential need for a 28E agreement between the utility and the qualified entity
- Identification of water quality organization and any other parties and their expected contribution to the project
- Letters of support from project partners
- Letter from the wastewater utility's bond counsel indicating concurrence with the sponsored project concept
- Project Conceptual Plan including:
  - Identification of the waterbody, watershed, and water quality concern
  - Assessment of the impacted waterbody and its watershed
  - Discussion of project goals and objectives
  - Evaluation of priority areas identified in the watershed assessment and possible water quality practices that could be implemented
  - Description of potential practices to be implemented with the expected water quality outcomes
  - Discussion of project locations, land ownership, and any plans for acquiring properties or easements
  - Proposed project schedule with major milestones, and discussion of the associated infrastructure project schedule
  - Proposed evaluation procedures and measures
  - Explanation of the proposed budget
  - Discussion of maintenance for the life of the proposed practice(s)
- Preliminary communication plan





**Clean Water SRF**  
**WATER RESOURCE RESTORATION**  
**Sponsored Project Application**

**Application Instructions:**

- Review and follow the application requirements in the Sponsored Project Application Process and Guidelines.
- Please print or type the information on the form.
- Complete each section of the application form.
- Sign the application.
- Attach supporting documentation.
- Scan and submit the entire application, with attachments, in PDF form to [srf-iup@dnr.iowa.gov](mailto:srf-iup@dnr.iowa.gov).

**Application must be e-mailed by 11:59 p.m. on September 1, 2021**

**OR**, if attachments are too large to transmit, e-mail the application form only by the deadline above **and** mail the complete application form with original signatures, all attachments, and media storage device containing electronic files to the following address:

State Revolving Fund  
 Iowa Department of Natural Resources  
 Wallace State Office Building, 502 E. 9<sup>th</sup> Street  
 Des Moines, IA 50319-0034

**Applications submitted by mail must be postmarked by September 1, 2021**

**Section 1: Applicant Information**

(This information relates to the wastewater utility that will be the Clean Water SRF borrower.)

<b>Applicant Name:</b>	
<b>Mailing Address:</b>	
<b>City, State, Zip + 4</b>	
<b>Authorized Representative:</b>	
<b>Signature:</b>	
<b>Title:</b>	
<b>Telephone Number:</b>	
<b>E-mail:</b>	

**Section 2: SRF Project Status**

<b>Choose One</b>	<input type="checkbox"/> The project is on the CWSRF Intended Use Plan and is in the "Planning" phase, SRF Number CS1920
	<input type="checkbox"/> We are submitting this sponsored project application in conjunction with our CWSRF Intended Use Plan application for DNR Project Number S -





**Section 5: Water Quality Organization(s) Involved in Project Planning**

Organization	Contact Person	Email Address

**Section 6: Qualified Entity Information**

Is the applicant proposing to enter into an agreement with a qualified third party entity to implement the sponsored project?

<input type="checkbox"/> No		
<input type="checkbox"/> Yes	Organization:	

**Section 7: Sponsored Project Cost**

Cost Category	Total Estimated Project Costs	Costs to be Covered from Other Funds	Costs to be Allocated from Up to 1% of SRF Loan Interest
Land and Easements			
Relocation Expenses			
Professional Planning Fees			
Professional Design Fees			
Professional Construction Fees			
Construction			
Equipment			
Miscellaneous			
Bond Counsel Fees			
Contingencies			
<b>TOTAL</b>			

## Section 8: Attachments

Attachments must be submitted with the application. Applications will not be considered complete unless all required attachments are submitted.

- Authorizing resolution passed by the wastewater utility's governing board for the sponsored project application;
- Identification of any third-party entity involved and the potential need for a 28E agreement between the utility and the qualified entity;
- Identification of water quality organization and any other parties involved in the project, including a description of their expected involvement and contribution to funding, planning, design, selection, and/or implementation;
- Letters of support from project partners including a description of their involvement or contribution to the project;
- Letter from the wastewater utility's bond counsel indicating concurrence with the sponsored project concept;
- Project conceptual plans, including:
  - Clearly identified waterbody and water quality concern that are the focus of the application as well as the clearly identified watershed within which the project will be located;
  - Assessment of the impacted waterbody and the entire contributing watershed identified as the focus of the application. Include water quality data, maps, and other documentation that evaluates land use, topography, soils, hydrology, etc. adequately to identify the water quality concern being addressed, sources of the water quality concern, and priority areas contributing to the identified water quality;
  - Discussion of specific project goals and objectives for addressing the identified water quality concern and the impacted waterbody;
  - Evaluation of priority areas identified by the watershed assessment and the possible water quality practices that could be implemented, considering the unique demographic, topographic, hydrologic, and institutional characteristics of the planning area. Include discussion of how the potential project areas were selected and prioritized based on the contributions to the water quality concern identified in the assessment and other factors that were considered in the prioritization process;
  - Description of potential practices to be implemented with the expected water quality outcomes. Include drainage area and water quality volume, pollutant inputs and load reductions estimates or calculations, as applicable, for the areas where practices are proposed in the project;
  - Discussion of project locations, land ownership, and any plans for acquiring properties or easements. Proposed projects not on City owned land will need to provide a letter of support from the land owner;
  - Proposed project schedule for the associated CWSRF project and proposed sponsored project with major milestones, along with a discussion of how the sponsored project construction schedule coordinates with the infrastructure project schedule;
  - Proposed evaluation procedures and measures that will be utilized to determine the water quality improvement and overall success of the project;
  - Explanation of the proposed budget, including identification of all other potential or secured funding sources and amounts, discussion of how the project could be adjusted according to final amount available through sponsored project mechanism and other funding sources;
  - Discussion of plans to maintain the practices and how maintenance will be funded for the life of the practice.
- Preliminary communication plan indicating how information about the proposed project will be communicated to and from key audiences, such as community residents, neighbors, city council or other decision-makers, and other stakeholder groups.

## Section 9: Acquisition of Property – Required Form

U.S. ENVIRONMENTAL PROTECTION AGENCY  
ASSURANCE WITH RESPECT TO REAL PROPERTY ACQUISITION  
OF TITLE III OF THE UNIFORM RELOCATION ASSISTANCE AND REAL PROPERTY  
ACQUISITION POLICIES ACT OF 1970 AS AMENDED

The \_\_\_\_\_ (Applicant) hereby assures that it has authority under applicable State and local law to comply with Section 213 of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, Public Law 91-646, 84 Stat. 1894 (42 U.S.C. 4601) as amended by the Surface Transportation and Uniform Relocation Assistance Act of 1987, Title IV of Public Law 100-17, 101 Stat. 246-256 (42 U.S.C. 4601 note) and 49 CFR 1.48(cc); and certifies, assures and agrees that, notwithstanding any other provision set forth in the application.

1. For projects resulting in the displacement of any person:
  - a. It will adequately inform the public of the relocation payments and services which will be available as set forth in Subparts A, C, D and E of 49 CFR 24.
  - b. It will provide fair and reasonable relocation payments to displaced persons as required by Subparts D and E of 49 CFR 24.
  - c. It will provide a relocation assistance program for displaced persons offering services described in Subpart C of 49 CFR 24.
  - d. Comparable replacement dwellings will be available pursuant to Subpart F of 49 CFR 24, or provided if necessary, a reasonable period in advance of the time any person is displaced.
  - e. In acquiring real property, it will provide at least 90 days written notice to each lawful occupant of real property acquired, stating the date such occupant is required to move from a dwelling or to move his business or farm operation.
  
2. For projects resulting in the acquisition of real property:
  - a. It will fully comply with the requirements of Subpart B of 49 CFR 24.
  - b. It will adequately inform the public of the acquisition policies, requirements and payments which apply to the project.
  - c. It will make every effort to acquire real property expeditiously through negotiation.
  - d. Before the initiation of negotiations it will have the real property appraised and give the owner or his representative an opportunity to accompany the appraiser during inspection of the property, except as provided in 49 CFR 24.102(c)(2).
  - e. Before the initiation of negotiations it will establish an amount which it believes to be just compensation for the real property, and make a prompt offer to acquire the property for that amount; and at the same time it will provide the owner a written statement of the basis for such amount in accordance with 49 CFR 24.102.
  - f. Before requiring any owner to surrender possession of real property it will pay the agreed purchase price; or deposit with the court, for the benefit of the owner, an amount not less than the approved appraisal of the fair market value of the property; or pay the amount of the award of compensation in a condemnation proceeding for the property.
  - g. If interest in real property is to be acquired by exercise of the power of eminent domain, it will institute formal condemnation proceedings and not intentionally make it necessary for an owner to institute legal proceedings to prove the fact of the taking of this real property; and
  - h. It will offer to acquire the entire property, if acquisition of only part of a property would leave its owner with an uneconomic remnant.

References to 49 CFR are citations to Title 49, Code of Federal Regulations, Part 24, published in the Federal Register Vol. 54, No. 40, March 2, 1989.

This document is hereby made part of and incorporated in any contract or agreement, or any supplements and amendments thereto, relating to the above-identified application and shall be deemed to supersede any provision therein to the extent that such provisions conflict with the assurances or agreements provided therein.

\_\_\_\_\_  
(Legal Name of Applicant)

By \_\_\_\_\_  
(Signature of Authorized Representative)

\_\_\_\_\_  
(Date)



**SRF Sponsored Project Milestone Checklist**

This checklist outlines the review and approval milestones for sponsored project.

**Project Information**

Sponsored Project Name: \_\_\_\_\_  
Applicant Name: \_\_\_\_\_  
Applicant Sponsored Project Contact: \_\_\_\_\_  
Applicant's Consultant: \_\_\_\_\_  
SRF Project Manager: \_\_\_\_\_  
SRF Technical Advisor: \_\_\_\_\_  
SRF Sponsored Project Number: WRR Max Sponsored Project Amount: \$ \_\_\_\_\_  
Associated CWSRF Number: CS192 CWSRF IUP Amount \$ \_\_\_\_\_

1. Project initiation meeting held (date): \_\_\_\_\_
  - a) Project initiation meeting minutes sent by SRF project manager (date): \_\_\_\_\_
2. Design concept review by SRF technical advisor & project manager
  - a) Site visit conducted (date): \_\_\_\_\_
  - b) Design concept submitted to SRF technical advisor & project manager (date): \_\_\_\_\_
  - c) Design concept approval/ response (within 30 days) by SRF project manager (date): \_\_\_\_\_
  - d) Design review checklist/s provided by technical advisor (date): \_\_\_\_\_
3. Schedule of work including design review milestones submitted (date): \_\_\_\_\_
  - a) Development of project communications plan
4. 30% plans review by technical advisor
  - a) 30% plans submitted to SRF technical advisor & project manager (date): \_\_\_\_\_
  - b) 30% plans review comments issued (within 30 days) by technical advisor (date): \_\_\_\_\_
5. 60% plans review by technical advisor
  - a) 60% plans submitted to SRF technical advisor & project manager (date): \_\_\_\_\_
  - b) 60% plans comments and design review checklist approval issued (within 30 days) by technical advisor (date): \_\_\_\_\_
  - c) Maintenance plan guidance provided by technical advisor (date): \_\_\_\_\_
6. 60% plans resubmittal review (if required by SRF project manager)
  - a) Revised 60% plans submitted to SRF technical advisor & project manager (date): \_\_\_\_\_
  - b) Revised 60% plans review comments issued (within 30 days) by technical advisor (date): \_\_\_\_\_
7.  Required permit applications submitted to appropriate regulatory agencies (if applicable): (date): \_\_\_\_\_
8.  Bond counsel contact made, and schedule for bid-letting and public hearing/loan resolution set.
9.  Estimate of current sponsored project funding available requested from IFA: \$ \_\_\_\_\_  
(date of estimate): \_\_\_\_\_

10. Pre-bid plans and specifications review by SRF technical advisor & project manager
  - a) Maintenance plan prepared (date): \_\_\_\_\_
  - b) Pre-bid plans and specifications submitted to SRF technical advisor & project manager (date): \_\_\_\_\_
  - c) Pre-bid plans and specifications review comments issued (within 30 days) by SRF Project Manager (date):  
\_\_\_\_\_
11. Final plans and specifications review
  - a) Final plans and specifications submitted to SRF technical advisor & project manager (date): \_\_\_\_\_
  - b) Review comments or approval of final plans and specifications and eligibility letter issued (within 30 days) by SRF project manager (date): \_\_\_\_\_
12.  Bidding procedure and materials approved by bond counsel
13.  Bid-letting and lowest responsible, responsive bidder identified
14. Bid document review
  - a) Bid document checklist and documents submitted to SRF project manager (date): \_\_\_\_\_
  - b) Award concurrence letter issued or additional information requested (within 5 business days) by SRF project manager (date): \_\_\_\_\_
15. Loan Amendment application prepared (date): \_\_\_\_\_
16. Notice to proceed issued and sent to SRF project manager (date): \_\_\_\_\_
17. Pre-construction meeting (date): \_\_\_\_\_
18.  Interim inspections scheduled with technical advisor (date/s): \_\_\_\_\_
19. Change Orders (if applicable)
  - a) Change order submitted to SRF technical advisor & project manager (date): \_\_\_\_\_
  - b) Change order reviewed and eligibility determination issued (within 5 business days) by SRF project manager (date): \_\_\_\_\_
20. Final inspection (date): \_\_\_\_\_
  - a) Satisfactory completion letter issued by SRF project manager (date): \_\_\_\_\_
21.  Loan closeout

***For more information, please contact Lee Wagner at 515-725-0992 or  
[Lee.Wagner@dnr.iowa.gov](mailto:Lee.Wagner@dnr.iowa.gov).***



## Explanation of SRF Project Milestone Checklist Steps

- 1. PROJECT INITIATION MEETING**- The project initiation meeting will be scheduled by the SRF project manager following EPC approval of SRF Sponsored Project funding recommendations. This meeting will include appropriate applicant staff, SRF project manager, SRF technical advisor, Iowa Finance Authority, other project partners involved in the project funding, planning, design, construction, or maintenance. The project initiation meeting will cover the project design concept, SRF design and review requirements, roles and responsibilities, project schedule, stakeholder involvement, SRF sponsored project funding considerations among other things.
- 2. DESIGN CONCEPT**- Before design of the sponsored project can begin in earnest, a design concept must be prepared and submitted to the SRF project manager and technical advisor and approved by the SRF project manager. The design concept needs to include assessment information (including information such as land use map, watershed/ drainage areas, erosion rate maps, etc.) and project map showing the potential project types and locations. A site visit will need to be conducted with the SRF technical advisor and project manager and other project partners to evaluate the appropriateness of potential practices, project locations, and site considerations that may impact the design. Depending on the level of assessment and planning that was performed in the development of the application, the design concept may be able to be approved based on the application materials following the project initiation meeting. Review of the design concept may take up to 30 days. Once reviewed, the SRF technical advisor will provide comments on the design concept, and the SRF project manager will either issue approval to proceed with design or require the design to be revised and resubmitted. Following the design concept approval by the SRF project manager the SRF technical advisor will provide the applicable design review checklists and guidance on information that needs to be included with the 30% plans submittal.
- 3. SCHEDULE OF WORK & COMMUNICATION PLAN**- It is generally standard practice for consultants to provide a schedule of work when contracted to design a project. When the consultant prepares their schedule of work for the sponsored project/s it should include the SRF design review and approval milestones (30%, 60%, Pre-bid, and Final Plans and Specs) and allow 30 days for each of the design review submittals. The schedule of work should be submitted to the SRF project manager and technical advisor so that they know the expected design schedule and can provide comments (if necessary) regarding considerations that could impact the proposed schedule

Applicants are strongly encouraged to develop a comprehensive communication plan to inform stakeholders about the proposed projects and seek input from them. Stakeholders may include City Council, Departments, Staff, 28 E project partners, affected landowners/ businesses, adjacent residents/ homeowner associations, and the general public. The communication plan may involve City Council updates, City staff/ department meetings, project partner meetings, public meetings, individual outreach, etc.

- 4. 30% PLANS**- The 30% plans submittal should include preliminary plan view sheets of the project layout along with any additional assessment information that has been performed following the design concept approval, design calculations and information (i.e. drainage area, water quality volume, sizing of practice/s, soils, identification of potential required permits), and any other information as specified by the SRF technical advisor. Within 30 days of submittal, the SRF technical advisor will request additional information regarding the 30% plan or provide comments on the 30% plans along with guidance on the information that needs to be included with the 60% plans submittal. If necessary, the SRF project manager may provide additional comments regarding SRF eligibility or review requirements.
- 5. 60% PLANS**- The 60% plans submittal should incorporate/ address comments from the SRF technical advisor on the 30% plans and include plan view, cross sections, profiles, design review checklists, and planting plan (species and layout) and any other information as specified by the SRF technical advisor. The SRF technical advisor will provide



comments on the 60% plans within 30 days of submittal along with guidance on the information that needs to be included with the pre-bid plans and specifications submittal as well as guidance for developing the maintenance plans for the practice/s being constructed. IF necessary, the SRF project manager may provide additional comments regarding SRF eligibility or review requirements.

6. **RESUBMITTAL OF 60% PLANS**- Based on the comments on the 60% plans and recommendation of the SRF technical advisor, the SRF project manager may require that the 60% plans be revised and resubmitted. The SRF technical advisor and SRF project manager will review the revised 60% plans and provide comments within 30 days of the resubmittal.
7. **PERMIT APPLICATIONS**- If the project requires any State or Federal permits or clearances (e.g. flood plains, US Army Corps, US Fish and Wildlife Threatened and Endangered Species, etc.) a Joint Application or appropriate consultation should be submitted to the appropriate regulatory agency with the 60% plans.
8. **BOND COUNSEL CONTACT**- The applicant will need to coordinate with their bond counsel to ensure that the necessary steps (setting the schedule for bid-letting and public hearing/ loan resolution) to amend the associated CWSRF loan to include the sponsored project are completed in a timely manner.
9. **ESTIMATE OF SPONSORED FUNDING AVAILABLE**- If there is question about the amount of Sponsored Project funds that will be available related to the final amount that will be drawn on the associated wastewater loan or the schedule of the loan amendment for the sponsored project as it relates to a principal payment, an estimate of available sponsored project funds should be requested from IFA.
10. **PRE-BID PLANS AND SPECIFICATIONS**- The pre-bid (90-100%) plans and specifications submittal should incorporate/ address comments from the SRF technical advisor on the 60% plans and include plan view, cross sections, profiles, typical drawings, and planting plan (species and layout), seeding/ restoration plan, and maintenance plan. It is highly recommended that the plans and specifications clearly depict and describe the expected manner in which the project elements are to be constructed as opposed to referencing standard specifications (i.e. SUDAS, ISWMM, NRCS, etc.). This may involve including standard specification typical drawings in the plans instead of referencing standard specifications, specifically describing the construction methods to be used for key practices or elements (if you want it built in a certain manner spell it out), specifying seeding and planting dates, how erosion control matting is to be laid out and staked, etc. The SRF technical advisor and SRF project manager will provide comments on the pre-bid plans and specs and maintenance plan within 30 days of submittal. The SRF project manager will provide the SRF front-end documents (if not already provided).
11. **FINAL PLANS AND SPECIFICATIONS**- The final plans and specifications submittal should incorporate/ address comments from the SRF technical advisor on the pre-bid plans specs and include SRF front-end documents, approved IDALS design review checklists, bid item spreadsheet, any required permits/ clearances received, bid-letting schedule, and signed maintenance plan. Within 30 days the SRF project manager will provide review comments or approve final plans and specs for bid letting and issue an eligibility letter along with a spreadsheet identifying SRF sponsored project eligible bid items. The SRF project manager will also provide the bid document checklist.
- 12 & 13. **BID-LETTING**- Bidding procedures and materials need to be approved by the applicant's bond counsel prior to bid-letting. Bid-letting must comply with State bidding laws. Following the bid-letting the lowest responsible, responsive bidder is identified.
14. **BID DOCUMENT REVIEW**- Following the identification of the bidder recommended for award, the bid documents checklist and required documents are submitted to the SRF project manager for review. Within 5 business days the SRF project manager will review and respond either requesting any additional information or issuing a bid concurrence letter and SRF sponsored project eligibility spreadsheet identifying the eligible bid items and costs, and IFA sends the loan amendment application.

- 15. LOAN AMENDMENT APPLICATION**- The final amount of sponsored project principal is verified with IFA, the loan amendment application is completed and submitted to IFA, Bond Counsel prepares proceedings and City Council takes actions to execute the loan amendment, and the loan amendment is executed.
- 16 & 17. NOTICE TO PROCEED & PRE-CONSTRUCTION MEETING**- Once issued, a copy of the notice to proceed needs to be sent to the SRF project manager, and the SRF technical advisor needs to be included in scheduling the pre-construction meeting. The SRF project manager needs to be invited to the pre-construction meeting once scheduled. At the pre-construction meeting the construction schedule, specific construction methods, and other pertinent construction details will be discussed and the SRF technical advisor identify important construction items that require inspection.
- 18. INTERIM INSPECTIONS**- The SRF technical advisor will coordinate with the consultant and contractor to setup construction inspections. The SRF project manager should be invited to these meetings but their attendance is not necessarily required. The SRF technical advisor with the consultant and contractor will inspect the construction elements, and, if deficiencies are identified, the technical advisor will provide comments to the SRF project manager, City, consultant, and contractor. The identified deficiencies need to be addressed by the consultant and contractor as soon as possible.
- 19. CHANGE ORDERS**- All change orders need to be submitted to the SRF project manager and SRF technical advisor for review and approval. It is recommended that change orders be reviewed and approved by the SRF project manager prior to execution, but we understand that this is not always possible. In general, change orders to increase or decrease eligible bid item quantities will be eligible. Any changes to the design or function of the practices as approved in the final plans need to be reviewed and approved, as these changes may not be SRF eligible or may impact the eligibility of the entire project. The SRF project manager will provide an approval/ eligibility determination within 5 business day or receipt.
- 20. FINAL INSPECTION AND LOAN CLOSEOUT**- As construction of the project reaches substantial completion a final inspection needs to be scheduled with the SRF project manager and technical advisor. If deficiencies are identified during the final inspection the technical advisor will provide comments to the SRF project manager, City, consultant, and contractor, and corrective actions will need to be completed and re-inspected. Following final acceptance of the project the SRF project manager will issue letter/ email stating that construction has been satisfactorily completed.
- 21. LOAN CLOSEOUT**- In order to closeout the loan the Works in Operation/ Engineer's Certificate/ Owner's Acceptance form, contractor's final pay request, MBE/ WBE form, all approved change orders need to be submitted to IFA, and the final inspection needs to have been completed and letter/ email of completion issued by the SRF project manager. Once all of these steps have been completed IFA will make the final loan disbursement.

**WATER RESOURCE RESTORATION SPONSORED PROJECT  
PERFORMANCE AGREEMENT**

PERFORMANCE AGREEMENT (hereinafter the "Agreement"), entered into between the Iowa Department of Natural Resources, an agency of the State of Iowa, (hereinafter the "Department"), and

Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Address: \_\_\_\_\_  
City, State, Zip: \_\_\_\_\_  
Phone: \_\_\_\_\_  
E-Mail Address: \_\_\_\_\_  
Contact Person: \_\_\_\_\_

(hereinafter the "Borrower").

**WHEREAS**, the Department and the Iowa Finance Authority are jointly designated to administer the Water Pollution Control Works, also known as the Clean Water State Revolving Fund (CWSRF) pursuant to Iowa Code sections 455B.291 to 455B.299, 16.131 to 16.133A and the federal Water Pollution Control Act (Clean Water Act); and

**WHEREAS**, pursuant to Iowa Code section 455B.199 the Department has jurisdiction to administer the water resource restoration sponsored projects program; and

**WHEREAS**, the water resource restoration sponsored projects program is implemented pursuant to 567 Iowa Administrative Code chapter 92; and

**WHEREAS**, the Borrower proposes to construct \_\_\_\_\_

Water Resource Restoration Sponsored Project (hereinafter called the "Project"); and

**WHEREAS**, the Project includes \_\_\_\_\_

located \_\_\_\_\_ ; and

**WHEREAS**, the Borrower shall ensure that the Project is constructed in accordance with the applicable practice(s) design checklist and the plans and specifications as approved by the Department on (**DATE of Eligibility Letter**), and the construction contract documents entered into by the Borrower, and all attached as Attachment A to this Agreement; and

**WHEREAS**, the Borrower agrees to maintain the Project in accordance with the maintenance plan as reviewed by the Department and accepted/signed by the Borrower on (**DATE signed**), and attached as Attachment B to this Agreement; and

**WHEREAS**, the Department shall notify the Iowa Finance Authority that the Borrower is eligible for additional funding of an amount not to exceed \$\_\_\_\_\_ for the Project through an amendment to the Borrower's associated Clean Water State Revolving Fund loan agreement (**Loan#**) in the original/estimated amount of \$, for a total estimated loan amount of \$ ; and

**WHEREAS**, this Agreement shall be applicable to all loans associated with the Project and will be incorporated by reference into all loan agreements of loans associated with the Project; and

**WHEREAS**, any changes to the contract documents and/or maintenance plans referenced above must be submitted to the Department for review and/or approval,

**NOW, THEREFORE**, in consideration of the mutual promises exchanged above and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Department and the Borrower hereto mutually agree as follows:

#### **I. Default**

The Borrower is in default of the Agreement upon the occurrence of one or more of the below conditions which include the following:

1. Construction of the Project is not completed within the timeframe identified in Attachment A or Department approved change orders that amend the timeframe identified in Attachment A;
2. The Project is not constructed in accordance with the approved plans and specifications of Attachment A, or does not meet applicable practice design standard(s) which were the basis for the approved plans and specifications;
3. The Project is not maintained in accordance with Attachment B;
4. The Project practice(s), which have not met their identified useful life (as identified in Attachment B), no longer function as originally intended due to lack of maintenance, removal, modification of, or damage to the Project that was not repaired; or
5. The Project is utilized for a purpose that would make it no longer eligible for SRF Sponsored Project funding under State or Federal regulations.

#### **II. Actions**

In the event that the Borrower is in default of the Agreement as defined above, the Department shall by written notice inform the Borrower that they are in default with the Agreement; and the Department may take one or more of the following actions:

1. Grant the Borrower an extension of time to correct deficiencies and/or to complete the Project through the issuance of a change order as an amendment to Attachment A or other applicable action;
2. Instruct the Borrower to complete work necessary to correct deficiencies of practices not constructed to the approved plans and specifications in Attachment A and/or any change orders approved by the Department that amend Attachment A, or that do not meet the applicable practice design standard(s) which were the basis for the approved plans and specifications;
3. Instruct Iowa Finance Authority to withhold further disbursements related to the Project until actions necessary to remedy deficiencies have been completed and approved by the Department;
4. Instruct the Borrower to perform the required maintenance identified in Attachment B;
5. Instruct the Borrower to repair any damage to the Project that impairs or prevents the Project practices from functioning properly; or
6. In the event the actions in items 1-5 would be ineffective given the circumstances of the default, or in the event the Department took any action detailed in items 1-5 or took any other action under item 7 and the Borrower failed to remedy the default, instruct the Iowa Finance Authority to increase the interest rate of any associated Clean Water State Revolving Fund loan agreement(s) such that the entire amount disbursed to the Borrower for the Project or an amount prorated according to the proportion of remaining years of useful life to the total years of useful life of the Project practice(s) in default is repaid to the Clean Water State Revolving Fund; or
7. Take any other action deemed necessary by the Department that will allow the Borrower to remedy the default and/or allow the Department or the Iowa Finance Authority to recoup previously dispersed funding for the Project, so long as the action does not increase the SRF funding provided for the Project and is allowed under law or rule. The Department may only take this action if the actions in items 1-5 would be ineffective

given the circumstances of the default, or in the event the Department took any action detailed in items 1-5 and the Borrower failed to remedy the default.

**III. Other**

By signing this Agreement, the Borrower expressly agrees to any amendment of any loan agreement of a loan associated with the Project that the Iowa Finance Authority deems necessary to fulfill an instruction by the Department in items 3, 6, and/or 7 of the Actions section of this Agreement. However, this clause shall not be construed as in any way limiting the right of the Borrower to contest that it is in default of this Agreement.

Nothing in this Agreement shall be construed as limiting the rights, powers, options, or remedies of the Iowa Finance Authority to collect a debt or take any other action related to a loan agreement for any loan.

**IN WITNESS WHEREOF**, the parties have caused this Agreement to be signed on their behalf by their duly authorized officers all as of the Dated Date.

**BORROWER NAME**

BY: \_\_\_\_\_  
Name, Title

DATE: \_\_\_\_\_

**IOWA DEPARTMENT OF NATURAL RESOURCES**

BY: \_\_\_\_\_  
Kayla Lyon, Director

DATE: \_\_\_\_\_

# **FY 2022 INTENDED USE PLANS**

## **Drinking Water State Revolving Fund**



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# FY 2022 INTENDED USE PLANS

## Drinking Water State Revolving Fund



### I. STATE FISCAL YEAR 2021 PLAN OF ACTION

The plan is based on anticipated use of new and revolved funds available in the DWSRF for construction of treatment plants or improvements to existing facilities, water storage facilities, wells, and source water protection efforts.

The SFY 2022 Plan of Action covers the following areas:

- DWSRF goals and objectives
- Current and projected financial capacity of the DWSRF
- Financial management strategies
- Plan for the SFY 2022 project priority list
- Plan for use of DWSRF set-aside funds
- Plan for use of administrative accounts

#### ***DWSRF Goals and Objectives***

The primary long-term goal of the Iowa DWSRF is to support the protection of public health through a perpetual program of financial assistance for the purposes of ensuring the provision of an adequate quantity of safe drinking water to consumers of public water supplies, protecting source water for drinking water systems, and ensuring the long-term viability of existing and proposed water systems.

The SFY 2022 short-term goals and objectives are as follows:

- Goal: Commit loan funds to as many recipients as possible in accordance with the state priority rating system, the IUP, staff resources, and available funding. *Objective: During SFY 2022, quarterly updates to the IUP will be prepared to add projects and update program financial information.*
- Goal: Ensure that borrowers are able to provide safe drinking water at a reasonable cost for the foreseeable future. *Objectives: During SFY 2022, viability assessments will be completed by each applicant and reviewed by SRF staff prior to the signing of a loan agreement. Systems determined nonviable or systems with EPA's Enforcement Targeting Tool (ETT) scores above 11 will be provided with an enforceable compliance schedule listing all actions that must be completed to return the system to viable status. Extended term financing will be offered to disadvantaged communities. SRF staff will coordinate efforts with other funders such as the Community Development Block Grant program. Staff*

*will continue to educate and inform public water supplies, engineering consultants, and financial advisors on the financing savings available by using the DWSRF.*

- Goal: Require applicants to engage a registered Municipal Advisor (MA). *Objective: During SFY 2022, all applicants submitting an Intended Use Plan application must demonstrate that they have hired an MA to assist with cash flows, rate setting, debt service coverage, and other financial aspects of their water utility. The reports provided by the MAs will be used in the viability assessment review. The SRF Program will reimburse up to \$4000 of the MA fee to the borrowers.*
- Goal: Implement the “Use of American Iron and Steel (AIS)” requirements enacted by Congress on January 17, 2014. *Objective: During SFY 2022, SRF staff will help applicants determine eligibility for the exemptions and waivers provided for in the Act and EPA guidance. SRF staff will provide information to those applicants required to comply on necessary documentation and inspection procedures. SRF will engage DNR Field Office staff to conduct site visits and provide technical assistance.*
- Goal: Apply additional subsidization available in FFY 2019-FY2021 Capitalization Grants to disadvantaged community projects and public health projects. *Objective: During SFY 2022 SRF staff plans to approve plans and specifications and execute loans or loan amendments with loan forgiveness for the amounts required in the FFY 2019, FFY2020, and FFY 2021 Capitalization Grants.*
- Goal: Promote and identify sustainable practices in projects proposed for funding. *Objective: During SFY 2022 SRF staff will provide information on the EPA’s Sustainability Policy to applicants and include sustainability features in project descriptions.*
- Goal: Comply with grant reporting conditions. *Objective: During SFY 2022, the Iowa SRF plans to enter data into the DWSRF Projects & Benefits Reporting (PBR) system, and transition to the new reporting database when it becomes available.*
- Goal: Comply with EPA guidance on reporting under the Federal Funding Accountability and Transparency Act (FFATA). *Objective: In the Annual Report, SRF staff will list loans that met the several requirements of FFATA for open Capitalization Grants. Grants may not be closed out until equivalency amounts can be reported.*
- Goal: Comply with the EPA Signage Guidance. *Objective: During SFY 2022 SRF staff and recipients will notify the public in the most effective ways possible about assistance agreements and benefits of the DWSRF program in order to enhance public awareness of EPA assistance agreements nationwide. The Iowa SRF program sends out press releases listing all SRF loans that have closed and borrower contact information.*

Additional long-term goals include:

- Goal: Prioritize the provision of funds, to the extent practicable, to projects that address the most serious risk to human health and are necessary to ensure compliance with the national primary drinking water standards. *Objectives: Priority will be assigned to projects that address human health risks or compliance issues by the provision of points assigned during the DWSRF scoring process as outlined in 567 IAC Chapter 44.*
- Goal: Apply program requirements that are simple and understandable and do not add unnecessary



burdens to applicants or recipients. *Objectives: During SFY 2022 SRF staff will continue to assist applicants with completing the federal cross-cutting requirements for environmental and historical review. Staff will not be responsible for Davis-Bacon compliance but will advise borrowers as needed. Borrowers will be responsible for compliance and may hire outside consultants to assist.*

- Goal: Continue the option of extended financing terms for DWSRF infrastructure projects. *Objective: During SFY 2022 this option will be offered to all projects on the project priority list. Applicants seeking extended financing must complete a worksheet outlining the anticipated useful life of the project components. The average weighted useful life is used to determine the extended term of the loan.*
- Goal: Maintain mechanisms for funding the on-going administration of the program if federal funding is reduced or eliminated. *Objective: During SFY 2022 initiation and servicing fees will be collected on DWSRF loans for deposit to administrative accounts. SRF staff will develop short and long-term plans for administrative budgets.*
- Goal: Manage the DWSRF to maximize its use and impact through sound financial management. *Objective: During SFY 2022 SRF staff and financial advisors will continue to conduct financial analysis and develop innovative approaches to financial management.*
- Goal: Implement programs that effectively address water system needs and target appropriate audiences. *Objective: During SFY 2022 SRF staff will continue to educate users and potential users about the program offerings through presentations, displays, program materials, and the IowaSRF.com website.*
- Goal: Update the CWSRF Operating Agreement. *Objective: In the future, SRF staff will work with EPA Region 7 to update the Clean Water SRF Operating Agreement between DNR and EPA. To minimize frequent updating, the EPA is proposing a streamlined document that can facilitate information as references from the state and EPA SRF websites, the state's IUP, and other program supporting documents.*

### **Current and Projected Financial Capacity of the DWSRF**

Appendix A, the Estimated Sources and Uses table, shows that available funds are sufficient to fund current requests. SRF staff has analyzed the future financial capacity of the DWSRF. Assuming continued Capitalization Grants, taking the full 31% set-asides and 26% loan forgiveness, and the same interest rates, it is projected that the DWSRF could loan an average of \$156 million per year over the next 10 years, or a total of \$1.56 billion. If we assume no additional Capitalization Grants but keep the same interest rates and the other assumptions, the DWSRF could loan an average of \$132 million per year over the next 10 years. Those amounts would increase if we were to increase our interest rate.

### **Financial Management Strategies**

The DWSRF Project Priority List (attached) show total loan requests for water supply projects. Because many of these projects are in the planning phase, they are not expected to sign a binding loan commitment during this fiscal year. The projected timing and demand for loan draws is reflected in the sources and uses table (Appendix A).

The cash draw procedure used is the direct loan method. The Iowa DWSRF program uses its equity fund to originate loans. When a sufficient number of loans have been made, the SRF program issues bonds and uses the bond proceeds to replenish the equity fund. Iowa's bonds are cross-collateralized across both the Clean Water and

Drinking Water SRF accounts. State match bonds are typically issued at the same time that leveraged bond issues are done for greater cost effectiveness. State match is fully disbursed prior to drawing EPA Capitalization Grant funds. The EPA Capitalization Grant funds will be drawn at a 100% proportionality ratio.

Iowa issued bonds in 2019, which included the state match for FFY 2019 and FFY 2020 Capitalization Grants. Bonds were issued in February 2020 which included state match for future Capitalization Grants. The Program plans issue bonds in May 2021; no additional state match funds are necessary at this time and are not included in the 2021 bond issue.

### ***SFY 2022 Project Priority List***

The management of the DWSRF program, including development of a project priority list for financing assistance, was developed according to Part 567 of the Iowa Administrative Code (IAC), Chapter 44. This IUP indicates the intent to provide funds to projects ranked in priority order according to scoring criteria contained in Chapter 44 of the IAC.

The Iowa SRF Program is able to fund all eligible projects. Projects are added to the project priority list to be funded based on the State's implementation rules for the DWSRF program (567 IAC 44).

Projects will be funded as they become ready to proceed to construction. Adjustment to the list of fundable projects will be made, if necessary, to assure that at least 15% of the project funds are available to systems serving fewer than 10,000 persons as specified in Section 1452(a) (2) of the Act. Financing may be provided for up to 100% of project costs if the costs are eligible for funding based on engineering, environmental, and financial review and project readiness to proceed as described above.

Due to the project workload and for planning purposes, the DWSRF staff may evaluate projects that have been on the IUP list for more than three years. A notification will be sent to the applicants that their project may be dropped if there is no progress in the six months following the notice. If a project is dropped, the applicant may reapply when the project is ready to move ahead.

For program planning purposes, the fundable projects are further identified as "R – ready for loan" (indicating that the construction permit and environmental review have been completed), and "P – in planning."

The following categories of projects will be included for funding during SFY 2022:

**Unfunded Prior Years' Projects.** All projects from prior years that have not entered into a binding commitment are included in this IUP.

**Segments of Previously Funded Projects.** State rules provide that subsequent segments of a project which has previously received funding priority or assistance be placed on the project priority list with the original project score.

**New Projects.** New applications for assistance during SFY 2022 will be added to the project priority list. Applications will be accepted on a continuous basis and quarterly updates completed as needed. Intended Use Plan applications can be found on the SRF website at [www.iowasrf.com](http://www.iowasrf.com) and on the DNR Drinking Water State Revolving Loan Fund website at <https://www.iowadnr.gov/Environmental-Protection/Water-Quality/Water-Supply-Engineering/State-Revolving-Loan-Fund> and submitted to [srf-iup@dnr.iowa.gov](mailto:srf-iup@dnr.iowa.gov).

**Supplemental Financing.** Supplemental financing for projects listed in previously approved IUPs are added to the IUP as they are requested unless the additional funds will be used for improvements that would significantly

change the scope of the project. Additional environmental review may be required. Supplemental loans will not be provided for changes that are ineligible for funding.

**Planning and Design Loans.** Planning and design loans are provided at 0% interest for up to three years to cover the costs of preparing facility plans and project specifications. The loans will be rolled into CWSRF construction loans or repaid by another source of permanent financing. Requests for planning and design loans are listed on the project priority list but have not been assigned priority points. Planning & Design Loan applications can be found on the SRF website at [http://www.iowasrf.com/program/planning\\_design\\_loans/](http://www.iowasrf.com/program/planning_design_loans/).

**Source Water Protection Loans.** All outstanding requests for source water protection loans have been satisfied and applications are no longer being taken. Source water loans are not eligible projects under the regular DWSRF loan program but projects that improve water quality, including water that is used as source for drinking water, are eligible for loans under the Clean Water SRF Nonpoint Source Program.

**Capitalization Grant Requirements.** The FFY 2016 - 2020 Capitalization Grants include congressional requirements for minimum and maximum percentages of the funds to be allocated for additional subsidization. Iowa will comply with these requirements. In the FFY 2019 and FFY 2020 Capitalization Grants, the Safe Drinking Water Act (SDWA) requires an additional 6% of Capitalization Grant dollars to be allocated for additional subsidization to Disadvantaged Communities (DAC).

The specific projects that have received add subs are listed in Appendix C, as well as new criteria for loan forgiveness eligibility. Additional projects identified for loan forgiveness to meet the FFY 2018-FFY 2020 Capitalization Grant requirements will be listed on the DWSRF Project Priority List (Attachment 1). Time limits may be established for loan commitments in order to apply loan forgiveness awards.

\*Once the FFY 2021 Capitalization Grant is awarded, Iowa will comply with additional subsidization and DAC requirements and will identify recipients of those funds during this fiscal year.

	Add Subs Reqd.	Add Subs Actual	%	DAC Reqd.	DAC Actual	%
2018	\$ 3,519,400	\$ 3,494,465	99%	N/A	N/A	N/A
2019	\$ 3,486,400	\$ 1,881,250	54%	\$ 1,045,920	\$	
2020	\$ 2,442,020	\$	0%	\$ 1,046,580	\$	
2021*	\$ 2,439,780	\$	0%	\$ 1,045,620	\$	

## II. INFORMATION ON THE DWSRF ACTIVITIES TO BE SUPPORTED

### **Allocation of Funds**

Allocation of funds to eligible projects is based on a three-step process:

1. The amount of financial assistance needed for each application is estimated
2. The sources and spending limits for all DWSRF funds are identified
3. The DWSRF funds are allocated among the projects, consistent with the financial assistance needed

Information pertinent to each DWSRF project is contained in the attached Project Priority List (Attachment 1).

**Sources and Uses of Available DWSRF Funds**

Iowa has been allocated \$17,427,000 for the FFY 2021 Capitalization Grant. The Iowa SRF Program intends to apply for this grant and anticipates receiving the award during this fiscal year. Appendix A to the Intended Use Plan illustrates potential sources and uses of funds in the DWSRF for SFY 2022. As shown, all pending loan requests and program administration needs can be funded. Projects will draw on their funding at different intervals based on their construction cycles. These differences are used to estimate cash needs throughout the year. Appendix A will be updated quarterly as needed to provide an ongoing view of the financial plan for meeting loan requests.

Iowa’s SRF program issues bonds as needed. These bond issues typically include the state match for the next federal Capitalization Grants (see Appendix D). After the bonds are issued, the state match is spent first so the Capitalization Grant can be drawn down at 100% when it is received. All of the state match funds through FFY20 Capitalization Grants have been disbursed to loan recipients. On February 27, 2020, IFA issued \$201,825,000 of SRF bonds. Of that amount, \$10,000,000 was for Clean Water state match and \$8,000,000 was for Drinking Water state match. The match money was deposited in the respective state match accounts for future Capitalization Grants. The program plans to issue bonds in May 2021; no additional state match funds are necessary at this time and are not included in the 2021 bond issue.

The Iowa SRF program was invited to apply for a loan through the State infrastructure financing authority WIFIA (SWIFIA). SWIFIA is a new loan program exclusively for State infrastructure financing authority borrowers. SWIFIA may be used for up to 49 percent of an eligible project’s costs that are ready to proceed, meaning construction will commence within 18 months after the Letter of Interest is submitted to EPA. A preliminary list of mostly CWSRF projects eligible for SWIFIA funding has been identified, totaling more than \$400 million. The program is in the final stages of the SWIFIA application process and anticipates closing on approximately \$200 million in the summer of 2021.

**DWSRF Loan Policies**

**Project Scope.** The scope of the project must be outlined on the Intended Use Plan application and in the preliminary engineering report. Changes to the scope are allowed prior to loan closing. Significant changes in scope may cause delays if additional work is required by the project manager or environmental review specialist. Once a loan is signed, only minor changes to the scope will be allowed and only if they do not require additional technical or environmental review.

**Loan Interest Rates.** Interest rates for DWSRF planning and design loans are 0% for up to three years.

The interest rates for DWSRF construction loans are shown in the table below:

Loan Term	Applicant Type	Interest Rate	Servicing Fee	Total	Additional Information
Standard (up to 20 years)	All	1.75%	0.25%	2.00%	
Extended (21 to 30 years based on useful life)	Disadvantaged	1.75%	0.25%	2.00%	Please see below, “Extended Financing and Disadvantaged Status,” for an explanation.

Extended (21 to 30 years based on useful life)	All	2.75%	0.25%	3.00%	Please see below, "Extended Financing and Disadvantaged Status," for an explanation.
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**Loan Fees.** A 0.5% origination fee is charged on the full loan amount for new DWSRF construction loans and source water protection loans, with a maximum amount of \$100,000. No origination fees will be charged on planning and design loans. A .25% servicing fee will be charged on construction loans. Payment of the loan servicing fee is semi-annual with interest payments. Loan servicing fees are charged on the outstanding principal balance.

**Maximum Financing.** There is no maximum financing amount.

**Project Readiness.** Applicants cannot be offered assistance until they meet program requirements. More information can be found in the Water Supply Construction Permitting Process Manual at <https://www.iowadnr.gov/Environmental-Protection/Water-Quality/Water-Supply-Engineering/State-Revolving-Loan-Fund>.

**Funding Limitations.** Pending loans identified in this IUP do not exceed funds obtainable for the DWSRF Program.

**Extended Financing and Disadvantaged Status.** The Iowa SRF can provide extended terms of up to 30 years for any loan as long as the loan term does not exceed the expected design life of the project. For borrowers designated as disadvantaged, the interest rate on extended term loans will be 1.75%. For non-disadvantaged borrowers, the interest rate will be 2.75%.

The department will use the table of estimated useful lives from EPA’s publication 816-R-03-016 to determine the length of the loan for eligible expenses. The consulting engineer for the project will be required to separate and itemize costs so that a weighted maturity may be calculated for loan repayment. The list of itemized costs and expected useful lives will be required prior to signing of the loan agreement.

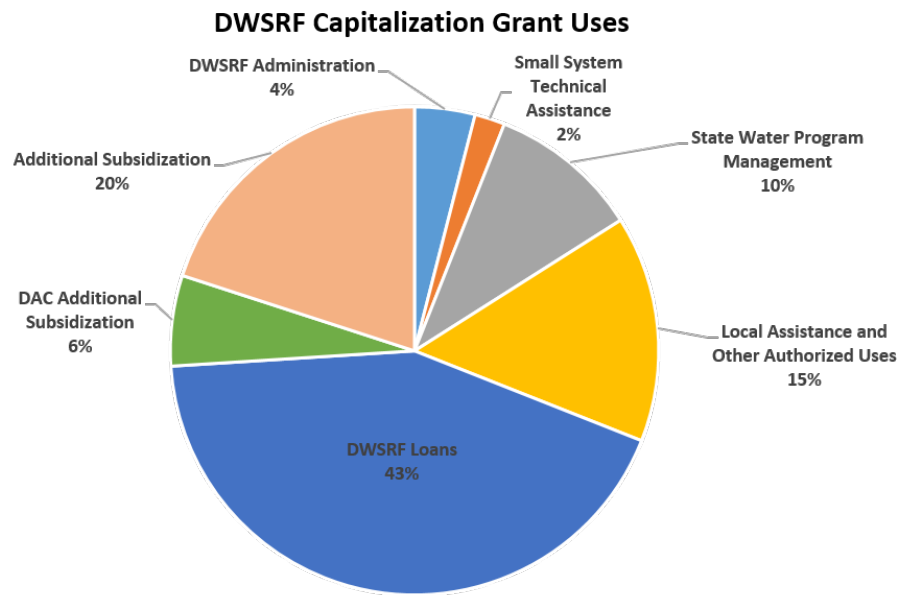
The Safe Drinking Water Act defines a disadvantaged community as the service area of a public water system that meets affordability criteria established after public review and comment. Community public water systems serving populations that contain a majority (51 percent) of Low to Moderate Income (LMI) persons will be considered disadvantaged for the purpose of receiving the 1.75% interest rate on an extended term loan. This criterion does not apply to any other DWSRF assistance such as additional subsidization. Low to moderate income is defined as 80 percent of the median household income in the county or state (whichever is higher) using the most recent federal census or income survey data. Privately owned community public water systems will be considered eligible for disadvantaged community status if an income survey indicates that the service area meets the LMI criteria. Rural water systems will be considered eligible for disadvantaged community status if an income survey indicates that the area benefiting from the improvements meets the LMI criteria. Income surveys must be done according to the protocol specified by the Community Development Block Grant program.

***Intended Use of Set-Asides***

States are allowed to take or reserve set-aside amounts from each federal Capitalization Grant for a number of activities that enhance the technical, financial, and managerial capacity of public water systems and protect

sources of drinking water. The use of the set-asides as well as the loan program is intended to carry out Iowa’s goal of ensuring that the drinking water received by 92% of the population served by community water systems meets all applicable health- based drinking water standards through approaches including effective treatment and source water protection.

The amounts are subject to approval by EPA of program workplans. The DNR is following the SFY 2021 workplan. Iowa plans to take or reserve set-side funds from the allowed amounts shown in the chart.



DNR has two options for addressing the amounts available each year in set-asides. Set-aside funds may be reserved for future use (except for the Local Assistance and Other Authorized Uses set-aside), in which case they would be deducted from a future Capitalization Grant when they are ready to be taken. Funds that are taken from an available Capitalization Grant must be applied to planned work efforts approved by EPA.

In recent years, DNR has been using the set-asides and drawing upon reserved funds as needed to meet the needs for programs and efforts required by EPA that are critical for ensuring public health. Once the reserved amounts are expended, the amounts available for each set-aside will be limited to the percentage allowed out of each Capitalization Grant.

**DWSRF Program Administration Set-Aside.** Iowa intends to use this set-aside including loan administrative fees to pay the costs of administering the State Revolving Fund loan program. Among the uses for the set-aside are:

- Portfolio management, debt issuance, and financial, management, and legal consulting fees
- Loan underwriting
- Project review and prioritization
- Project management
- Environmental review services
- Technical assistance to borrowers
- Database development and implementation
- Program marketing and coordination
- Drinking Water Infrastructure Needs Survey

Unused commitments are reserved for use in future years as necessary.

**Small System Technical Assistance Set-Aside.** Iowa intends to use this set-aside to provide technical assistance to public water supplies (PWSs) serving populations of less than 10,000.

Funds from this set-aside will be used this year to provide support for the operator certification program. This will include the administration and proctoring of examinations in all six regions of the state, provide training for new Grade A water system operators, and provide continuing education for existing Grade A water system operators. Grade A is the certification grade for the smallest public water supply systems, with only disinfection treatment.

Unused commitments are reserved for use in future years for DNR staff and other purposes as necessary.

**State Program Support Set-Aside.** The primary uses of this set-aside are to assist with the administration of the Public Water Supply Supervision program, to review engineering documents for non-DWSRF construction projects, to provide wasteload allocations at public water systems with loans, and to evaluate disinfection contact time determinations, approve corrosion control strategies, and make influenced groundwater determinations.

Other uses include:

- Updating the SDWIS database including support systems and provide compliance determinations and information technology database support
- Adopting rules and revisions to the Iowa Administrative Code

Unused commitments are reserved for use in future years for DNR staff and other purposes as needed.

**Other Authorized Activities Set-Aside.** The two primary uses of this set-aside are capacity development and source water protection (SWP). Unused commitments are reserved for use in future years for DNR staff and other purposes as needed.

Funds are budgeted for efforts related to developing technical, managerial, and financial capacity for Iowa's public water supplies, including:

- Completion of sanitary surveys with the eight elements and providing direct capacity development technical assistance
- Training of inspectors in comprehensive performance evaluation protocols
- Provision of technical assistance related to capacity development through the area wide optimization program (AWOP)
- Contracts with five counties to complete sanitary surveys and conduct annual visits at transient non-community public water supply systems
- System-specific capacity development assistance by contractor, including promotion of asset management planning

The SWP activities include the following:

- Coordination and administration of the Source Water Protection program
- Development of SWP plans and review and assist with implementation of Best Management Practices

- Development of data for Phase 1 SWP assessments for all new systems and new wells at existing public water supply systems
- Technical assistance for well siting
- Maintenance of the *Source Water Mapper and Tracker* online database

### ***Plan for Use of Administrative Accounts***

There are three distinct funding sources for DWSRF administrative expenses:

- The DWSRF administrative Capitalization Grant set-aside. Four percent of the cumulative amount of federal Capitalization Grants received may be used for program administration as discussed in the set-aside section above.
- Loan initiation fees. A 0.5% loan origination fee is charged on new DWSRF loans which is include in the loan principal. The fees are deposited outside of the fund. The maximum amount charged is \$100,000. Under EPA rules, because Iowa's origination fees are financed through the loans, the proceeds are considered Program Income. Iowa uses the initiation fee receipts for administration of the DWSRF Program.
- Loan servicing fees. An annual servicing fee of 0.25% is charged on the outstanding principal of DWSRF loans. The fees are deposited outside of the fund. Iowa uses servicing fees collected during the time the Capitalization Grant is open for administration of the DWSRF Program. Servicing fee receipts collected after the Capitalization Grant is closed are used for other purposes under SDWA 1452.

**Program Income.** As of March 2021, there was approximately \$6.5 million in the fee account from fees included as principal and deposited outside the fund (the initiation fee). A portion of these funds will be used in SFY 2022 for program administration, and the remainder will be reserved for future administrative expenses.

**Non-program Income.** As of March 2021, there was \$10.99 million available from fees not included as principal and deposited outside the fund (servicing fee). A portion of these funds may be used in SFY 2022 to fund some of the activities completed under the State Program Management set-aside.

### ***SEE Salary Funds Deducted from Capitalization Grant***

In the next grant application, the Iowa DNR may request U.S. EPA to deduct funds from FFY 2021 Capitalization Grant for the SEE Program. SEE Program positions could be filled by EPA Region 7 and assigned to the DNR's Water Supply engineering section to provide administrative assistance to the DWSRF projects and program. The SEE enrollees could help provide staffing at Iowa DNR to maintain the DWSRF program and keep up with the increasing DWSRF project administrative work load. Authorized under the Environmental Programs Assistance Act of 1984 (PL 98- 313), the SEE program is intended "to utilize the talents of older Americans in programs authorized by other provisions of law administered by the Administrator in providing technical assistance to Federal, State, and local environmental agencies for projects of pollution prevention, abatement, and control."

### ***Surface Water Curriculum Development Funds Deducted from the Capitalization Grant***

The Iowa DNR is working on a project to develop advanced training for operators who currently operate surface water treatment plants. The Environmental Protection Agency is offering contracting services to help facilitate advanced surface water training with Process Applications Inc. The training will consist of six modules conducted over a three year period. Each session will last one or two days and will include a mix of presentations and small group workshops.



Module topics include:

- 1) Regulations and implementation
- 2) Surface water optimization
- 3) Coagulation, flocculation, and sedimentation
- 4) Filtration and residuals handling
- 5) Disinfection
- 6) Advanced topics such as jar test calibration, manganese control, cyanotoxin control, enhanced TOC removal, and source water considerations.

### ***Plan for Efficient and Timely Use of DWSRF Funds***

In recent years, the processes of the DWSRF have been streamlined, and the marketing and education enhanced. These improvements have resulted in more efficient and timely use of the DWSRF and full utilization of available funds. In particular, Iowa applies for and draws federal Capitalization Grants as expeditiously as possible. Iowa's DWSRF disbursements averaged \$4 million per month in 2019. Average monthly disbursements in SFY2020 were \$4.6 million. As of April 2021, the program has disbursed an average of \$6.1 million per month during SFY 2021.

Rather than doing one annual funding solicitation, with a discrete set of projects identified for funding that year, the Iowa SRF does quarterly updates to its Intended Use Plan. This creates a continuous pipeline of projects at different stages of readiness. Communities determine when they need their funding; the program does not set deadlines on loan execution as long as projects are making progress toward a loan.

With a return of \$3.00 for every dollar of federal investment (compared to the national average of \$2.07), Iowa's DWSRF is an efficient and effective delivery mechanism for water infrastructure funding.

DWSRF set-asides are typically fully utilized within a two-year planning and budgeting period. Iowa will draw grant funds based on designated uses on a first in, first out basis in order to close out Capitalization Grants. Due to increased water program budget needs and reduced funding from other sources, Iowa is spending reserved set-aside capacity at a faster rate than in the early years of the DWSRF program.

### **III. ASSURANCES AND SPECIFIC PROPOSALS**

Iowa will provide the necessary assurances and certifications according to the Operating Agreement between the State of Iowa and the U.S. EPA.

### **IV. CRITERIA AND METHOD FOR DISTRIBUTION OF FUNDS**

The following approach was used to develop Iowa's proposed distribution of DWSRF funds: (1) analysis of the priority of communities applying and financial assistance needed; (2) identification of the sources and spending limits of available funds; (3) allocation of funds among projects; (4) development of a payment schedule which will provide for making timely binding commitments to the projects selected for DWSRF assistance; and (5) development of a disbursement schedule to pay the project costs as incurred.

### ***Priority of Communities and Financial Assistance Needed***

Iowa law provides only for loan assistance. Additional subsidization required by the FFY 2018-FFY 2021 Capitalization Grants will be through forgivable loans. The state's DWSRF rules identify the priority rating system used to establish priorities for financial assistance.

Projects can receive financial assistance for all eligible planning and project costs provided the project is on the Project Priority List of an approved IUP.

### ***Allocation of Funds among Projects***

All projects listed in the Project Priority List are eligible for assistance and may be funded from the DWSRF subject to available funds.

All projects scheduled for funding with Iowa's DWSRF will be reviewed for consistency with the Safe Drinking Water Act, as amended. Should a project fail to meet this review criterion, it may remain on the list until the criteria is met or it may be removed from the list. Projects may be added to the Project Priority List in priority order as applications are received.

## **V. METHOD OF AMENDMENT OF THE INTENDED USE PLAN**

The State will follow this IUP in administering DWSRF funds in SFY 2022. Federal and state law requires, and Iowa welcomes, opportunity for public participation in the development of the IUP. Any revisions of the goals, policies and method of distribution of funds must be addressed by a revision of the IUP, including public participation. Minor adjustments in funding schedules and loan amounts are allowed by the procedures of this IUP and state rules for administration of the DWSRF without public notification. Adjustments to the Project Priority List to utilize actual funds available to the DWSRF for SFY 2022 will be considered minor and only affected applicants will be notified. Public notice of amendments will be made if municipalities are added to or removed from the Project Priority List.

## **VI. PUBLIC REVIEW AND COMMENT**

A public meeting to allow input to Iowa's SFY 2022 IUP and Project Priority List was held May 13, 2021, 10:00 a.m. via conference call. This meeting was announced in a notice provided to stakeholder organizations representing city officials, consulting engineers, county governments, councils of government, area planning agencies, and other groups which might have an interest. There were no attendees. The public comment period was open until May 20, 2021. Stakeholder comments were received by IFA and DNR and changes were incorporated into this document.

## **VII. PROJECT PRIORITY LIST**

Attachment 1, the DWSRF Project Priority List, is included in a separate, sortable Excel file.

**APPENDIX A**

Appendix A		
Iowa DWSRF State Fiscal Year 2022, 1Q		
Estimated Funding Sources and Funding Uses		
As of 4/19/2021		
Funding Sources for Loans		
Funds Available in Equity Fund, Bond Proceeds and Program Accounts	\$95,060,000	*
<b>FFY 2021 Capitalization Grant</b>	\$12,025,000	**
<b>State Match Bond Proceeds for FFY 2021/22 Capitalization Grants</b>	\$0	
Issuance of Leveraged Bonds (Next Bond Issue Expected SFY22)	\$30,000,000	**
SWIFA - FY22 Draws from Loan	\$220,000	**
Equity Fund and Program Interest Earnings	\$350,000	
Loan Repayments	\$47,906,000	
<b>Total Funding Sources for Loans</b>	<b>\$185,561,000</b>	
Funding Uses for Loans		
Undisbursed Amounts Committed to Existing Loans (85% disbursement rate)	\$56,621,000	
Project Requests (FONSI/CE issued; 75% disbursement rate)	\$47,655,000	
Project Requests (FONSI/CE not issued; 65% disbursement rate)	\$48,526,000	
Planning & Design Requests (50% disbursement rate)	\$1,395,000	
Principal Payments on Outstanding Bonds	\$17,940,000	
Interest Payments on Outstanding Bonds	\$13,424,000	
<b>Total Funding Uses for Loans</b>	<b>\$185,561,000</b>	
* Funds Available for disbursements as of 4/19/2021		
** Estimate Only		
*** Loan disbursement rates are estimated based on previous experience with project pace. For projects that currently have not had a Finding of No Significant Impact or Categorical Exclusion issued, it is expected that up to 65% of the total project amounts may be disbursed once environmental review is completed, construction permit issued, and binding loan commitment signed. For those projects with FONSI/CX clearance, the disbursement rate is estimated at 75% of the loan request amount.		
All amounts rounded to the nearest \$1,000		

Funding Sources for Set Asides (Includes FFY20 & previous Cap Grants)		
	Administration	\$539,000
	Small Systems Technical Assistance	\$270,000
	State Program	\$1,232,000
	Other Authorized Activities	\$1,498,000
	Total Funding Sources for Loans	\$3,539,000
Funding Uses for Set Asides		
Set Asides:	Administration	\$539,000
	Small Systems Technical Assistance	\$270,000
	State Program	\$1,232,000
	Other Authorized Activities	\$1,498,000
	Total Uses for Set Asides	\$3,539,000

## **APPENDIX B PROCEDURES TO DETERMINE PROJECT PRIORITY LIST**

Project rankings were determined by the following procedures:

- Eligibility of applications were determined by needs criteria identified in IAC 567—44.7(8). In general, most water source, treatment and distribution system improvements are considered eligible.
- Project applications received during the SFY 2022 application period were considered for funding in SFY 2021; if not funded by the end of SFY 2022, these projects will be moved to the SFY 2023 project priority list.
- The priority ranking is a total score developed using the scoring criteria listed in IAC 567—44.7(8). Points may be gained in each of five categories: Water Quality and Human Health Risk-Related Criteria (60 point maximum), Infrastructure and Engineering-Related Improvement Criteria (35 point maximum), Affordability Criteria (10 point maximum), Special Category Improvements (15 point maximum), and Iowa DNR Adjustment Factor for Population (10 points). The combined score provides a numerical measure to rank each project within its pool. A project with a larger number receives higher priority.
- The final project priority list for a fiscal year’s project pool is compiled in the following manner: Subsequent segments of projects funded by DWSRF loan programs of previous years will retain their original score and be added to the list of the current year’s applications.
- Loan-eligible projects submitted will be placed on the IUP each calendar quarter. If the project is anticipated to proceed during SFY 2022, the project will be added to the project priority list and the list will be made available for public comment at the end of each calendar quarter in which one or more projects are added to the list.
- Projects on the project priority list will be moved to contingency status if the total amount of needs exceeds the year’s DWSRF staff resources capability and loan funding. Projects will be funded from the top down in the ranking order of the project priority list with consideration given to readiness to proceed. Projects are ranked similarly in the contingency project list. Projects on contingency status can be moved to the funding list when funds are available or when the project is ready to proceed. Funds can be made available due to a number of reasons including project bypasses, loan application withdrawal of other projects, reduction in loan amount requests, or an increase in available funds.

**APPENDIX C**

**BORROWERS RECEIVING ADDITIONAL SUBSIDIZATION OR COUNTED FOR GREEN PROJECT RESERVE**

Loan forgiveness in the DWSRF program has been provided for four categories of projects through FY 2018 Capitalization Grant:

- Public Health (PH)
- Green Projects (G)
- Disadvantaged Communities (D)
- Emergency Power Generation (EP)

Beginning in FFY 2019 Capitalization Grant and continuing with the FFY 2021 Capitalization Grant (once awarded), loan forgiveness will be offered only to the Public Health (PH) category. If selected, eligible projects addressing non-compliance with drinking water regulations will receive up to 50% loan forgiveness of eligible costs. An additional 25% may be offered to those projects that choose the option of hooking onto another viable public water supply system to address their non-compliance issue:

- Public Health (PH)
- Public Health + Connection (PH/C)

The FFY 2019-FFY 2021 Capitalization Grants also require that an additional 6% of the state’s allocation be used to provide loan forgiveness to Disadvantaged Communities (DAC). Disadvantaged communities are areas where 51 percent of the residents are low-and moderate-income persons. These communities are identified by survey data published by Housing and Urban Development (HUD) for the Community Development Block Grant (CDBG).

Construction must begin within 24 months of the loan forgiveness offer or the loan forgiveness offer may be withdrawn or reassigned.

Type	Project	Loan Amount**	Amount Green Project Reserve	Amount Additional Subsidization*	DAC Additional Subsidization *	Grant Year Reported
PH	Bellevue	\$2,200,000		\$1,380,596		2018
PH	Gallery Acres	\$1,334,000		\$1,000,500		2018
EP	Lyon-Sioux RWS Rock Rapids	\$90,163		\$67,622		2018
G	Cushing	\$61,100	\$18,330	\$18,330		2018
EP	Cushing	\$36,555		\$27,416		2018
G	Rathbun RWA	\$2,902,945	\$2,902,945	\$1,000,000		2018
PH/C	Dedham	\$402,000		\$318,750		2019
PH	Albion	\$693,000		\$347,500		2019
PH/C	MacBride Point	\$178,000		\$133,500		2019
PH/C	Bagley	\$545,000		\$603,000		2019
PH/C	Woodland Ridge	\$638,000		\$478,500		2019

\* Cap of \$1 million (through 2021)

\*\*Until a loan is signed, this amount may reflect the IUP award amount

**APPENDIX D  
STATE MATCH**

<b>FY19</b>	<b>Cap grant Amount</b>	<b>State Match Needed</b>	<b>Excess State match</b>
CW State Match from			
Feb 2019 Bond Issue		\$9,208,600	
excess state match		\$0	
replay non-program income		-\$408,600	
<b>Total CW State match Available</b>		<b>\$8,800,000</b>	
<b>FY19 CW cap grant</b>	<b>\$21,505,000</b>	<b>\$4,301,000</b>	<b>\$4,499,000</b>
DW State Match from			
Feb 2019 Bond Issue		\$7,667,200	
excess state match		\$0	
replay non-program income		-\$467,200	
<b>Total DW State match Available</b>		<b>\$7,200,000</b>	
<b>FY19 DW cap grant</b>	<b>\$17,432,000</b>	<b>\$3,486,400</b>	<b>\$3,713,600</b>
<b>FY20</b>	<b>Cap grant Amount</b>	<b>State Match Needed</b>	<b>Excess State match</b>
Remaining CW State Match from			
Feb 2019 Bond Issue		\$4,499,000	
excess state match		\$0	
<b>Total CW State match Available</b>		<b>\$4,499,000</b>	
<b>FY20 CW cap grant</b>	<b>\$21,508,000</b>	<b>\$4,301,600</b>	<b>\$197,400</b>
Remaining DW State Match from			
Feb 2019 Bond Issue		\$3,713,600	
excess state match		\$0	
<b>Total DW State match Available</b>		<b>\$3,713,600</b>	
<b>FY20 DW cap grant</b>	<b>\$17,443,000</b>	<b>\$3,488,600</b>	<b>\$225,000</b>
<b>FY21</b>	<b>Cap grant Amount</b>	<b>State Match Needed</b>	<b>Excess State match</b>
CW State Match from			
Feb 2020 Bond Issue		\$10,000,000	
excess state match		\$197,400	
<b>Total CW State match Available</b>		<b>\$10,197,400</b>	
<b>FY21 CW cap grant</b>		<b>\$0</b>	
Remaining DW State Match from			
Feb 2019 Bond Issue		\$8,000,000	
excess state match		\$225,000	
<b>Total DW State match Available</b>		<b>\$8,225,000</b>	
<b>FY21 DW cap grant</b>		<b>\$0</b>	

ATTACHMENT 1, the DWSRF Project Priority List, is included in a separate, sortable Excel file.