



INVESTING IN IOWA'S WATER

FY 2020 INTENDED USE PLANS

Clean Water State Revolving Fund
Drinking Water State Revolving Fund



Approved by the Environmental Protection Commission on June 18, 2019



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FY 2020 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 2020 (July 1, 2019 – June 30, 2020). The IUPs are developed and updated quarterly, in June, September, December, and March or more often as needed. With the SFY 2020 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.

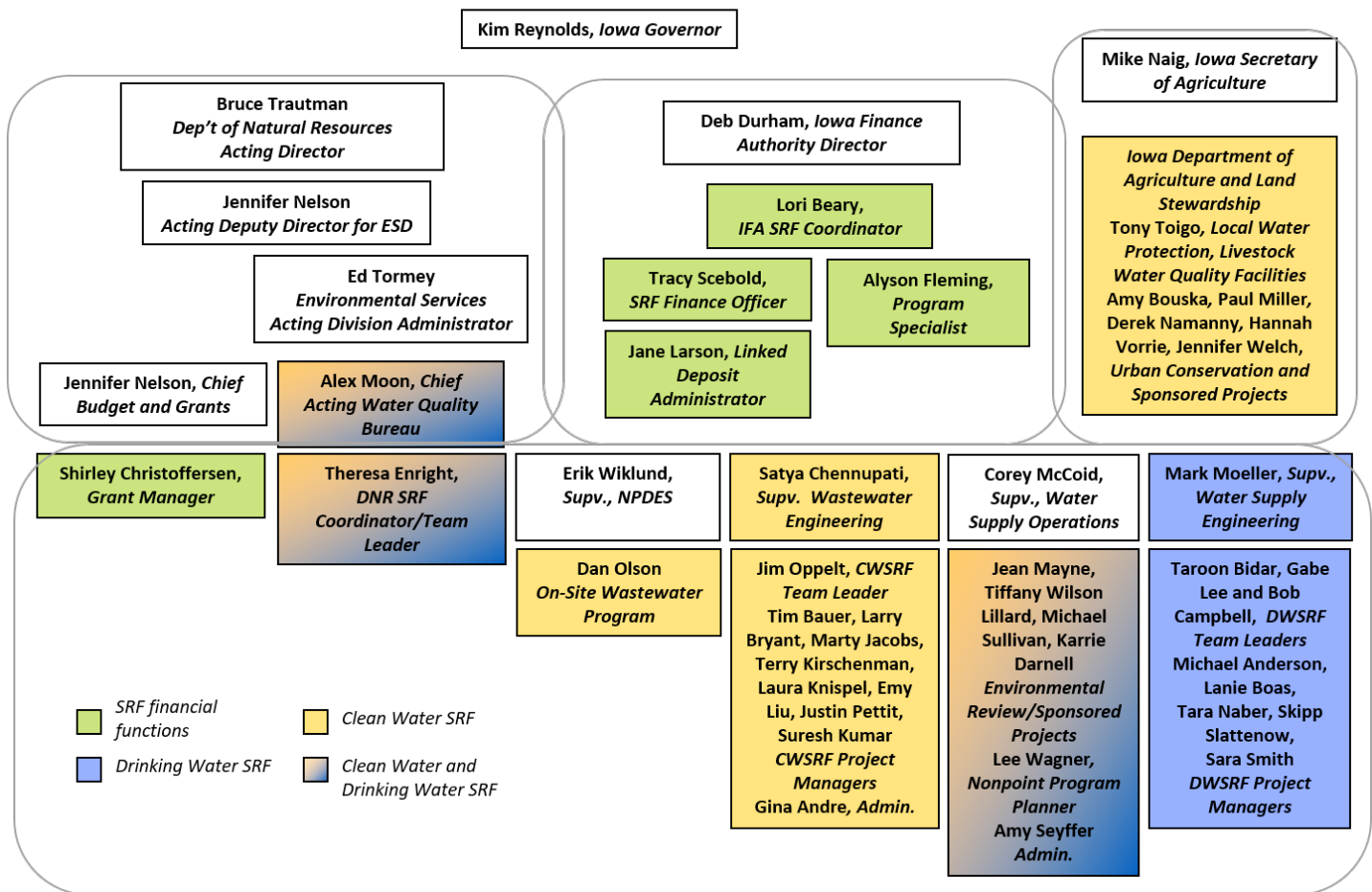
Since 1988, the Iowa State Revolving Fund (SRF) has remained a reliable funding source for Iowans in their pursuit to improve water quality and protect public health. In fact, Iowa's SRF has been recognized for offering some of the most innovative and far-reaching financing programs in the United States.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

- ✓ In the last 30 years, Iowa's SRF has provided more than **\$3.5 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 the 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 grants, bonds, and loan repayments with interest. No state general funds are provided.
- ✓ Iowa's SRF programs are rated highly 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 ensure funding is available when projects are 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 and program audits show program performance. Surveys and questionnaires are used to gauge customer satisfaction and identify and solve problems.

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 addition, the impacts to drinking water and wastewater infrastructure from extensive flooding and other natural disasters are currently being assessed. 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 (IUP) outline goals and strategies to be used in managing the Iowa SRF programs during fiscal year 2020. The IUPs will continue to be amended quarterly, with projects added and funding amounts adjusted as needed. While the plans of action outlined in this SFY 2020 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 2020 INTENDED USE PLANS

Clean Water State Revolving Fund

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FY 2020 INTENDED USE PLANS

Clean Water State Revolving Fund

I. STATE FISCAL YEAR 2020 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 Sponsored Projects address nonpoint source problems via interest rate reductions on wastewater loans

The SFY 2020 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 2020 Project Priority List
- Plan for nonpoint source set-asides
- 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 2020.

The SFY 2020 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 2020, 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 set-aside programs will be funded on a continuous basis.

- Goal: Require applicants to engage a registered Municipal Advisor (MA). *Objective: During SFY 2020, 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.*
- Goal: Implement the “Use of American Iron and Steel (AIS)” requirements enacted by Congress on January 17, 2014. *Objective: During SFY 2020, 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. *Objective: During SFY 2020, the Iowa SRF plans to fund green projects as required in the FFY 2018 and FFY 2019 Capitalization Grants. Iowa has already complied with the GPR requirements of previous Cap Grants.*
- Goal: Develop plans for allocating loan forgiveness required in FFY 2018 and 2019 Cap Grants. *Objective: During SFY 2020, 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, 2018 and 2019 Cap Grants. Iowa has complied with the additional subsidization requirements for all previous Cap Grants.*
- 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 2020 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 2020 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 2020, 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 2020 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 2020, 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 new state Water Quality Initiative grants for nonpoint source projects.*
- Goal: Apply program requirements that are simple and understandable and do not add unnecessary burdens to applicants or recipients. *Objectives: During SFY 2020 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 2020 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 2020 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 2020 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 2020 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. The agreement has not been updated since 2007 and the EPA is evaluating the future use of Operating Agreements in Region 7 states.*

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 as of April 2019. 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, backed by those CWSRF loans, and uses the bond proceeds to replenish the equity fund. Bonds were issued in SFY 2019 and included state match for the estimated FFY 2019 Capitalization Grant.

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 Cap 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 Cap 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 (attached) 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 funds in SFY 2020 include \$22.8 million for nonpoint source set-asides.

The cash draw procedure used is the direct loan method. 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's bonds are cross-collateralized across both the Clean Water and Drinking Water SRF accounts.

SFY 2020 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 2020. Chart 1 (attached) 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 2020 and are included on Chart 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 2020 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 2020 project priority list as received.

New Section 212 Projects. New applications for assistance during SFY 2020 will be added to the project priority list. Applications will be accepted on a continuous basis during SFY 2020 with quarterly updates completed as needed.

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.

Water Resource Restoration Sponsored Project

The project category called “water resource restoration” sponsored projects includes locally directed, watershed-based projects that address nonpoint source 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 equivalent of the amount that would be generated by a 1% interest rate (approximately \$100,000 per \$1 million borrowed) will be available for eligible sponsored project costs. Loans between 20-30 years can also be used but the dollar amount for sponsored projects will also be \$100,000 per \$1 million.

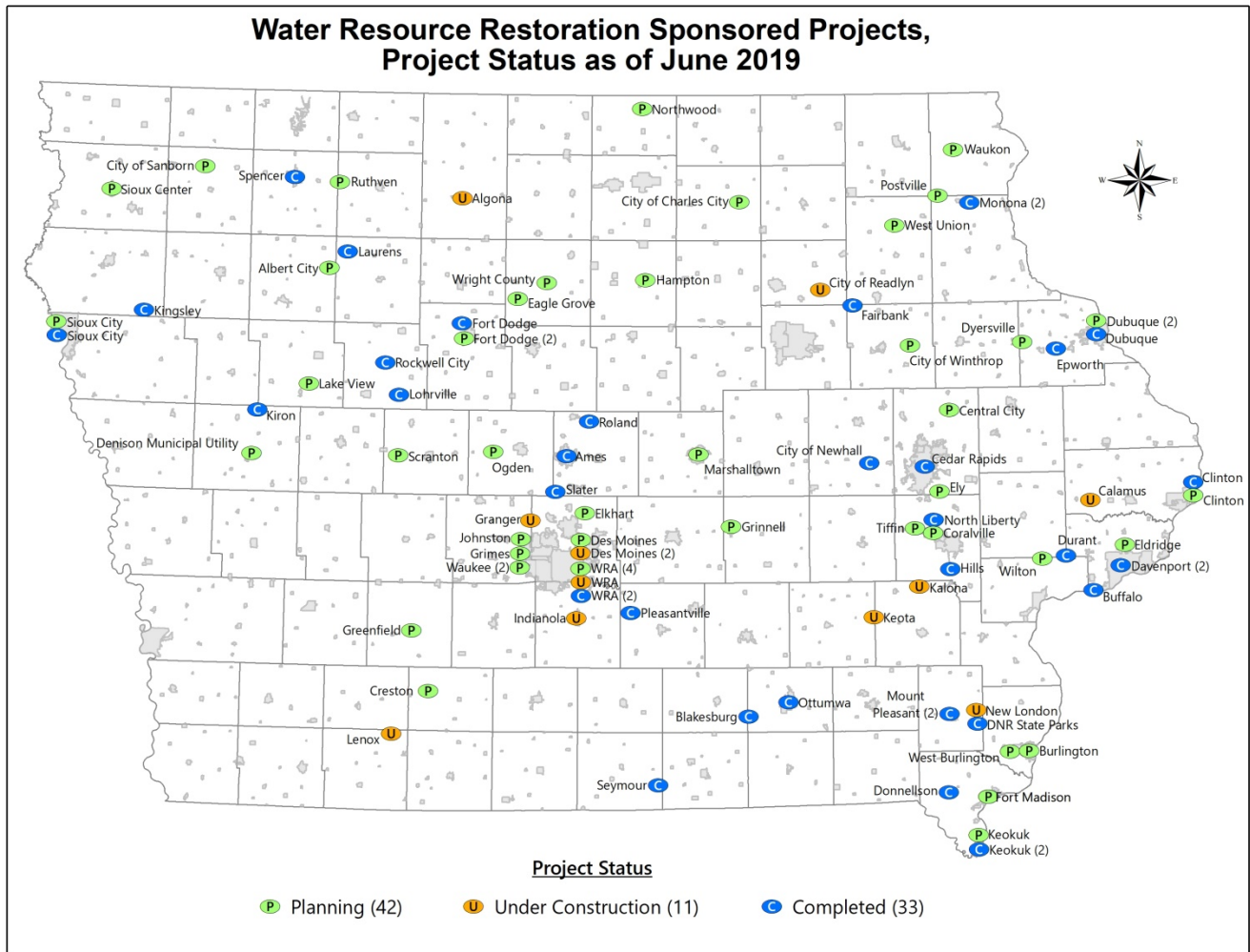
Applications will be taken during SFY 2020 on September 3, 2019 and March 2, 2020.

Explanations of eligible applicants and projects, as well as specific application requirements, are outlined in the SFY 2020 Sponsored Project Application Packet, available online at: http://www.iowasrf.com/about_srf/sponsored_projects_home_page.cfm

The applications proposed for funding in SFY 2020 are listed in Appendix D.

- The amount set aside for interest rate reductions is \$10 million (on up to \$100 million worth of future CWSRF infrastructure loans). DNR reserves the right to cap the dollar amount of a single project to a percentage of the total allocated.

The map below shows the project locations for approved sponsored projects through the end of SFY 2019.



Plan for Nonpoint Source Set-Asides

Iowa authorizing legislation and state administrative rules allow the use of CWSRF funds for nonpoint source pollution control projects. Four set-asides for nonpoint source program assistance 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), providing loans to homeowners to replace inadequate septic systems. New systems are certified by county sanitarians and loans are made through participating lenders through a linked deposit arrangement.
- The Local Water Protection (LWP) Program, addressing 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. Loans are made through participating lenders through a linked deposit arrangement.
- The Livestock Water Quality Facilities (LWQ) Program, assisting 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. Loans are made through participating lenders through a linked deposit arrangement.
- The General Nonpoint Source (GNS) Program, for 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 set-aside amount. Projects that involve purchase of land require separate approval by the EPC. These projects as well as new legislation regarding GNS uses, are listed in Appendix E. Only GNS projects that receive a direct loan are listed on the project priority list (Chart 1).

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

Program	Proposed SFY 2020 Set-Aside 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
TOTAL	\$22.8 million

Plan for Use of Administrative Accounts

There are three distinct funding sources for CWSRF administrative expenses:

- The CWSRF administrative set-aside. Iowa intends to take or reserve 4% of the federal Capitalization Grant funds for program administration. The Iowa SRF program did take the administrative set-aside of \$2,121,600 from the ARRA Cap Grant in the 2018 Cap Grant application. Any unused administration commitments from ARRA and other Capitalization Grants are reserved for use in future years as

necessary should Capitalization Grants be reduced, or actual costs increase.

- Loan initiation fees. A 0.5% loan origination fee will be charged on new CWSRF loans. The maximum amount to be paid will be \$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 fee of 0.25% on principal is charged on CWSRF loans. Under EPA rules, only servicing fees charged on loans made above and beyond the amount of the Capitalization Grant and fees collected 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 2020 will be approximately \$1 million dollars and will be used for program administration. Program income is replenished throughout the fiscal year by funds received from loan initiation fees as described above.

Non-Program Income. There is approximately \$9.4 million available in funds considered non-program income.

Planned Expenses. CWSRF program expenses 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 funds during SFY 2020 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, 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 selected as reasonable and manageable for each set-aside

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

Sources and Uses of Available CWSRF Funds

Appendix A to the Intended Use Plan illustrates potential sources and uses of funds in the CWSRF for SFY 2020. 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.

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 will be allowed and only if they do not require additional technical or environmental review.

Loan Interest Rates. The interest rates for construction loans made from the CWSRF are as follows:

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%	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).
Extended (21 to 30 years based on useful life)	Non-Disadvantaged	2.75%	0.25%	3.00%	

Interest rate for CWSRF planning and design loans will be 0% for up to three years.

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 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 for all new SRF loans. Loan servicing fees are only charged on the principal amount disbursed during construction (not the entire original loan amount).

Financing Term. The financing term will be up to 30 years. Current and new projects on the project priority list may request an extended term. The length of the term will be based on calculation of the average useful life of

the entire project, to be 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.

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
- Allow 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

Financial management also contributes to the timely use of federal funds. The Iowa CWSRF program uses its Equity Fund to originate new loans. This fund consists of principal and interest repayments. When additional funds are needed, the SRF program issues bonds, backed by those CWSRF loans, and uses the bond proceeds to replenish the equity fund.

Iowa's SRF program issues bonds annually or as needed. These bond issues include the state match for the next federal Capitalization Grants. After the bonds are issued, the state match is spent first so the Cap Grant can be drawn down at 100% when it is received. Due to equivalency guidance from the U.S. EPA, Cap Grant dollars can be directed on a first-in, first-out basis. That allows the Cap Grant to be drawn down more quickly. Equivalency projects are chosen to meet the full range of SRF requirements. Loan disbursements are made weekly. Iowa's CWSRF disbursements averaged \$11 million per month over the last 5 years. During the first 10 months of SFY 2019, the monthly disbursement averaged almost \$18 million.

With a return of \$3.91 for every dollar of federal investment (compared to the national average of \$2.79), 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 2020.

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 Cap Grant

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. Should a project fail to meet this review criterion, it may be bypassed as allowed by State rules. The Project Priority List provides for contingency projects, which may be considered for loan assistance as bypass projects according to state rules without formal amendment of this intended use plan.

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 2016 - 2019 Capitalization Grants include requirements for certain percentages of the funds to be allocated for additional subsidization and/or green projects. 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 and 2019 Capitalization Grants. Time limits may be established on loan forgiveness awards.

	Add Subs Rqd.	Add Subs Actual	%	GPR Reqd.	GPR Actual	%
2016	\$ 1,808,300	\$ 1,838,800	102%	\$ 1,808,300	\$ 5,691,797	315%
2017	\$ 1,794,400	\$ 1,794,400	100%	\$ 1,794,400	\$ 21,236,103	1183%
2018	\$ 2,172,300	\$ 1,981,800	91%	\$ 2,172,300		0%
2019	\$ 2,150,500		0%	\$ 2,150,500		0%

Nonpoint Assistance Programs

Nonpoint source assistance includes set-asides 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 set-aside program 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 2020. 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 in set-asides, will be made quarterly as needed. Minor adjustments in funding schedules, loan amounts and use of bypass provisions including funding of projects on contingency status 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 2020 IUP and Project Priority List was held May 9, 2019, 10:00 a.m., at the Wallace State Office Building, Conference Room 4W, 502 E. 9th Street, Des Moines. 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 16, 2019. There were no written comments.

VII. PROJECT PRIORITY LIST

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

APPENDIX A

Iowa CWSRF State Fiscal Year 2020 Q1
Estimated Funding Sources and Funding Uses
As of 4/22/19

Funding Sources

Funds Available in Equity Fund, Bond Proceeds and Program Accounts	\$242,098,000	*
FFY 2019 Capitalization Grant	\$21,505,000	**
State Match Bond Proceeds for FFY 2019/20 Capitalization Grants	\$0	**
Issuance of Leveraged Bonds (Next Bond Issue Expected SFY21)	\$0	
Equity Fund and Program Interest Earnings	\$450,000	
Loan Repayments	\$94,337,000	
Total Funding Sources	\$358,390,000	

Funding Uses

Undisbursed Amounts Committed to Existing Loans (35% disbursement rate)	\$106,081,000
Section 212 Project Requests (FNSI/CX issued; 30% disbursement rate)	\$43,492,000
Section 212 Project Requests (FNSI/CX not issued; 25% disbursement rate)	\$93,125,000
Planning & Design Requests (50% disbursement rate)	\$8,240,000
Non-Point Source Program Assistance	\$22,800,000
Principal Payments on Outstanding Bonds	\$40,650,000
Interest Payments on Outstanding Bonds	\$41,877,000
Program Administration From FFY19 Capitalization Grant	\$717,000
Program Administration From ARRA Capitalization Grant	\$1,408,000
Total Funding Uses	\$358,390,000

* Funds Available for disbursements as of 4/22/19

** 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 or Categorical Exclusion issued, it is expected that up to 25% of the total project amounts may be disbursed during SFY 2020 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 30% 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 Set-Aside 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 will not be implemented until 90 percent of a nonpoint source set-aside is 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)

Some GPR projects received additional subsidization. Other projects received add subs based on their disadvantaged community status.

Time limits may be established for loan commitments in order to apply loan forgiveness awards.

Project	Loan Amount	Amount Green Project Reserve	Amount Additional Subsidization	Grant Year Reported
Ottumwa			700,000	2016
Albert City	1,000,000		300,000	2016
Albert City	2,796,000		838,800	2016
WRA (sponsored)	1,070,000	1,070,000		2016
INHF	430,000	430,000		2016
INHF	903,297	903,297		2016
INHF	729,000	729,000		2016
INHF	1,125,000	1,125,000		2016
INHF	277,500	277,500		2016
INHF	611,000	611,000		2016
INHF	546,000	546,000		2016
INHF	1,958,400	1,958,400		2017
INHF	3,046,703	3,046,703		2017
Epworth WRR14-013	334,000	334,000		2017
North Liberty WRR15-005	1,426,000	1,426,000		2017
Storm Lake	1,755,000	1,755,000		2017
Storm Lake	1,500,000	1,500,000		2017
Storm Lake	750,000	750,000		2017
Storm Lake	574,000	574,000		2017
NPS	920,000	920,000		2017
NPS	370,000	370,000		2017
NPS	450,000	450,000		2017
Blakesburg WRR	28,000	28,000		2017
Sioux City WRR	474,000	474,000		2017
Keokuk WRR	245,000	245,000		2017
Fort Dodge WRR	108,000	108,000		2017
Epworth WRR14-013	55,000	55,000		2017
WRA WRR	144,000	144,000		2017
WRA WRR	780,000	780,000		2017
Fort Madison	324,000	324,000		2017
Keokuk WRR	583,000	583,000		2017
Rockwell City WRR	94,000	94,000		2017
Durant WRR	558,000	558,000		2017

Project	Loan Amount	Amount Green Project Reserve	Amount Additional Subsidization	Grant Year Reported
Fairbank WRR	325,000	325,000		2017
Johnston	4,434,000	4,434,000		2017
Calamus	1,969,000		590,700	2017
Deloit	516,000		154,800	2017
Calmar	2,977,000		893,100	2017
Lake View	6,700,000		155,800	2017
Lake View	6,700,000		844,200	2018
St Donatus	842,000		252,600	2018
Coralville	2,952,000		885,000	2018

INHF = Iowa Natural Heritage Foundation
WRA = Wastewater Reclamation Authority

APPENDIX D
SFY 2020 Sponsored Project Funding Recommendations

Applicant	Proposed Watershed and Project Description	Proposed Partners	Date Approved
Clarinda	Implement agricultural best management practices (BMPs) within the Lower Nodaway HUC 10 watershed to reduce nutrient and risk from other pollutants to the City's surface water supply, and to reduce urban storm water discharge pollutants entering the West Nodaway River	Page CCB, Page SWCD, NRCS, IDALS	6/18/2019
Davenport	Implement best management practices throughout the Duck Creek Watershed to reduce bacteria, nitrogen, phosphorus, pesticides, sediment and hydrocarbons from urban and agricultural sources and implement recommendations from DCWMP in targeted areas of the watershed to address the bacterial impairment in Duck Creek	NRCS, IDALS, Scott SWCD	6/18/2019
Hawarden	Install urban storm water best management practices in three identified sub-watersheds of the Dry Creek and Green Creek watersheds within city limits in order to capture and treat storm water before it reaches the Big Sioux River	IDALS, Sioux SWCD	6/18/2019
Madrid	Stormwater BMP's in Murphy's Branch watersheds. Proposed storm water wetland will be recommended for funding contingent upon the ability for it to be adequately sized to meet the requirements in the Iowa Storm Water Management Manual within the existing foot print of the City owned property or the City's ability to reach an agreement to purchase the property necessary for the storm water wetland to be appropriately sized by the next Sponsored Project application deadline, September 3, 2019.	Polk SWCD	6/18/2019
Osceola	Implement urban storm water best management practices in order to treat or reduce urban storm water pollutants within six sub watersheds of South Squaw Creek, Upper Otter Creek, and Headwaters of White Breast Creek HUC-12 watersheds	Clark SWCD, IDALS	6/18/2019
WRA	Support the Raccoon River Water Quality Master Plan to reduce pollutants and improve the stream corridor stability and environmental functions through implementing sustainable stream restoration measures on Sugar Creek between Mills Civic Parkway and Booneville Road	Waukee, West Des Moines, Dallas SWCD	6/18/2019

APPENDIX E

General Nonpoint Source Set-Aside Projects for Approval of Land Purchase

Per Iowa Administrative Code 567 Chapter 93.7(5) Ineligible costs. Costs for livestock water quality facilities are not eligible under this set-aside and are provided for in rule 567—93.5(455B). Costs for the purchase of land are not eligible costs unless specifically approved by the commission.

Senate File 548, an Act relating to the acquisition, donation, or sale of real property for specific purposes, enacted by the general assembly, includes restrictions on general nonpoint source set-aside funds.

The language in SF 548, Section 455B.291, subsection 9, paragraph a (2)-(3), Code 2019, reads as follows:

(2) On and after July 2, 2019, nonpoint source water pollution control projects for purposes of subparagraph (1), shall not include the acquisition of real property by a private entity for future donation or sale to a political subdivision, the department, or the federal government except as included in subparagraph (3).

(3) Subparagraph (2) does not apply to the acquisition of land by a private entity intended for such future donation when the private entity acquires any of the following:

(a) Only that portion of land on which an edge-of-field practice consistent with the Iowa nutrient reduction strategy is installed to provide water quality benefits beyond the geographic footprint of the practice.

(b) Any necessary setbacks to a portion of land included in subparagraph division (a) as authorized by the department.

The language in SF548, Section 455B.295, subsection 2, paragraph a-b, Code 2019, reads as follows:

a. On and after July 1, 2019, moneys in the revolving loan funds shall not be used to finance, subsidize, or enable the acquisition of real property by a private entity except that moneys in the revolving loan funds may be used to finance or subsidize an acquisition of real property by a private entity that occurred prior to July 1, 2019, or the finance, subsidize, or acquire an edge-of-field practice or setback included in section 455B.291, subsection 9, paragraph “a”, subparagraph (3).

b. For purposes of this subsection, “*edge-of-field practice*” means a bioreactor, saturated buffer, wetland, or buffer.

Overall, SF 548 has no fiscal impact to the SRF program. In summary, this bill places restrictions on the use of SRF funds related to land acquisitions by private entities. The bill does not restrict the SRF from continuing to use the water pollution control fund for other eligible projects with other eligible applicants. Since the SRF currently has the capability to fund all eligible projects, monies that would have otherwise been obligated to these land acquisition projects will now become available for other eligible, non-point source projects. Throughout this IUP year, the SRF program will, however, review administrative rules, program policies/procedures, implementation requirements, and outreach materials and update them, when applicable, to accommodate this bill.



FY 2020 INTENDED USE PLANS

Drinking Water State Revolving Fund

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FY 2020 INTENDED USE PLANS

Drinking Water State Revolving Fund

I. STATE FISCAL YEAR 2020 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 2020 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 2020 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 2020 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 2020, 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 2020, viability assessments will be completed by each applicant and reviewed by SRF staff prior to signing of the 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. We*

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 2020, 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.*
- Goal: Implement the “Use of American Iron and Steel (AIS)” requirements enacted by Congress on January 17, 2014. *Objective: During SFY 2020, 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 2018 and FFY 2019 Capitalization Grant to disadvantaged community projects and public health projects. *Objective: During SFY 2020 SRF staff plans to approve plans and specifications and execute loans or loan amendments with loan forgiveness for the amounts required in the FFY 2018 and FFY 2019 Cap Grant.*
- Goal: Promote and identify sustainable practices in projects proposed for funding. *Objective: During SFY 2020 SRF staff will provide information on the EPA’s Sustainability Policy to applicants and include sustainability features in project descriptions.*
- 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 2020 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 2020 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 2020 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 2020 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 2020 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 2020 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 DWSRF Operating Agreement. *Objective: In the future, SRF staff will work with EPA Region 7 to update the Drinking Water SRF Operating Agreement between DNR and EPA. The agreement has not been updated since 2007 and the EPA is evaluating the future use of Operating Agreements in Region 7 states.*

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 Cap 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).

Iowa will apply for the FFY 2019 Capitalization Grant. State match bonds are issued at the same time that leveraged bond issues are done for greater cost effectiveness. The last leveraged bond, issued in 2019, included the estimated state match for FFY 2019 Cap Grant.

The cash draw procedure used is the direct loan method. 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's

bonds are cross-collateralized across both the Clean Water and Drinking Water SRF accounts.

SFY 2020 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.

In the event that projects identified for funding in the IUP do not attain readiness for a loan commitment by projected dates, these delayed projects may be bypassed. Other projects may be added to the project priority list to be funded based on the State's implementation rules for the DWSRF program (567 IAC 44). Applications that are in excess of available DWSRF assistance may be placed on Contingency status according to priority.

Projects will be funded as ranked on the project priority list. 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 2020:

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 2020 will be added to the project priority list. Applications will be accepted on a continuous basis and quarterly updates completed as needed.

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 would lower the original score of the project to a point where the application is no longer competitive or is ineligible for funding.

Planning and Design Loans. Requests for planning and design loans are listed on the project priority list but have not been assigned priority points.

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.

Capitalization Grant Requirements. The FFY 2016 - 2019 Capitalization Grants include congressional requirements for certain percentages of the funds to be allocated for additional subsidization. In the FFY 2019 Cap Grant, the Safe Drinking Water Act (SDWA) requires an additional 6% of Cap 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 and FFY 2019 Capitalization Grant requirements will be listed on the DWSRF Project Priority List (Chart 1). Time limits may be established for loan commitments in order to apply loan forgiveness awards.

	Add Subs Rqd.	Add Subs Actual	%	DAC Req'd.	DAC Actual	%
2016	\$ 2,486,400	\$ 2,490,000	100%	N/A	N/A	N/A
2017	\$ 2,465,200	\$ 2,251,701	102%	N/A	N/A	N/A
2018	\$ 3,469,577	\$ 2,651,369	76%	N/A	N/A	N/A
2019	\$ 3,486,400	\$	0%	\$ 1,045,920	\$	

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.

Sources and Uses of Available DWSRF Funds

Appendix A to the Intended Use Plan illustrates potential sources and uses of funds in the DWSRF for SFY 2020. 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.

The Iowa DWSRF program uses its equity fund to originate loans. When the number of loans that have been made creates a need for additional funds, IFA issues bonds, backed by those DWSRF loans, and uses the bond proceeds to replenish the equity fund.

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. The interest rate 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.

Interest rates for DWSRF planning and design loans will be 0% for up to three years.

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 for all new SRF loans. Loan servicing fees are only charged on the principal amount disbursed during construction (not the entire original loan amount).

Maximum Financing. There is no maximum financing amount.

Project Readiness. Applicants cannot be offered assistance until they meet program requirements.

Funding Limitations. All program requests for disbursements from DWSRF projects can be met. These estimates are based on the projections that, for projects that have completed program requirements and are ready for funding, 70% of the loan amount will be disbursed this fiscal year. For projects that are currently in the planning phase but may be ready for funding during SFY 2020, it is projected that only 60% of total funds will be disbursed to the project this fiscal year.

Extended Financing and Disadvantaged Status. The Iowa SRF can provide extended terms for a loan to any borrower as long as the extended term does not terminate more than 30 years after project completion and 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%.

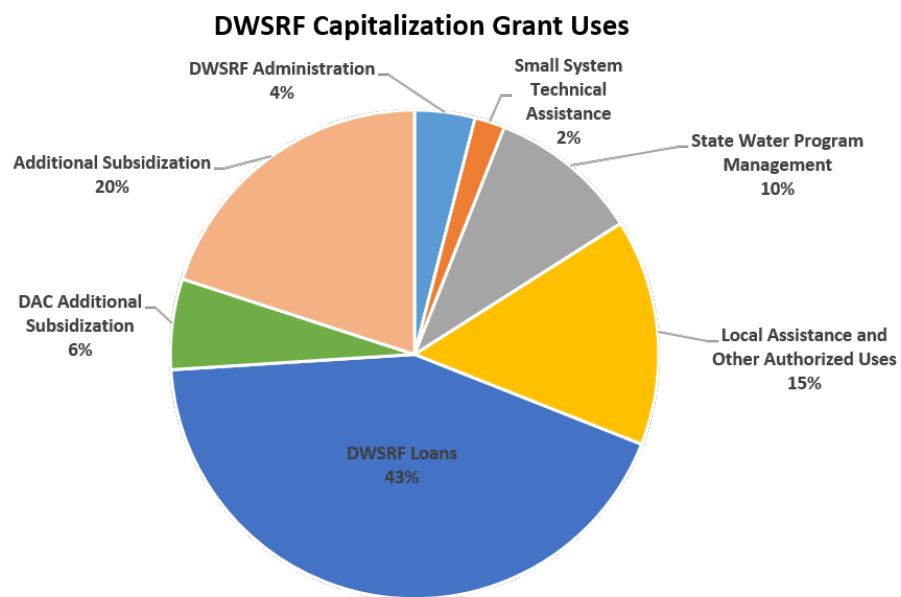
Extended term loans are limited to public water supply infrastructure improvements. Only those portions of a project that have a design life or life cycle exceeding 20 years are eligible for extended terms. The department will use the table of estimated useful lives from EPA’s publication 816-R-03-016 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 2020 workplan. Iowa plans to take or reserve the allowed amount in each set-aside as 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 DWSRF funds equivalent to 2% of the federal Capitalization Grant funds 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 including the administration and proctoring of examinations in all six regions of the state, and to provide training for new Grade A water system operators and 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

Starting with the FFY 2017 Capitalization Grant, as amended through the Water Infrastructure Improvements for the Nation Act of 2016, a 50% state match for the State Program Support Set Aside is no longer required. 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).

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
- Contracts for services to develop SWP plans and review 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 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.
- Loan servicing fees. A fee of 0.25% on principal is charged on DWSRF loans.

The U.S. EPA issued fee guidance in March 2017 with a matrix showing the relationship between how fees are assessed and for what purposes they can be used. The following table shows how Iowa's fee policies comply with the guidance:

EPA Fee Category	Allowable Uses	Iowa DWSRF Fee Policy	Iowa DWSRF Fee Usage
Fees not included as principal and deposited into the Fund	Authorized uses of the Fund	N/A	N/A
Fees not included as principal and deposited outside the Fund	<ol style="list-style-type: none"> 1) Fund administration 2) All other Capitalization Grant purposes under SDWA 1452 3) State match for the Capitalization Grant 	Iowa charges a 0.25% servicing fee annually on outstanding principal. The funds are deposited outside 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 Cap Grant is closed are used for other purposes under SDWA 1452.
Fees included as principal and deposited outside the Fund	<ol style="list-style-type: none"> 1) Fund administration 2) All other Capitalization Grant purposes under SDWA 1452 3) Cannot be used for state match for the Capitalization Grant 	Iowa charges a 0.5% initiation fee on all new loans which is included in loan principal. The fees are deposited outside the Fund.	Iowa uses initiation fee receipts for administration of the DWSRF program.
Fees included as principal and deposited into the Fund	Authorized uses of the Fund	N/A	N/A

Fees Included as Principal. As of April 2019, there was approximately \$5.2 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 2020 for program administration, and the remainder will be reserved for future administrative expenses.

Fees Not Included as Principal. As of April 2019, there was \$8.6 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 2020 to fund some of the activities completed under the State Program Management set-aside.

SEE Salary Funds Deducted from Cap Grant

The Iowa DNR may request U.S. EPA to deduct funds from FFY 2019 Capitalization Grants which could be included in Iowa’s next grant applications to EPA after receiving notification of availability of the funds. These 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."

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 over the last 5 years. During the first 10 months of SFY 2019, the monthly disbursement averaged \$2.5 million.

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 \$2.95 for every dollar of federal investment (compared to the national average of \$1.95), 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 draws grant funds on a first-in, first-out basis in order to close out the 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 2018-2019 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 are considered eligible for financial assistance for all planning and project costs providing the project is on the project 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 be bypassed or deleted from the funding 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 2020. 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, loan amounts, and use of bypass provisions including funding of projects on the contingency list 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 2020 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 2020 IUP and Project Priority List was held May 9, 2019, 10:00 a.m., at the Wallace State Office Building, Conference Room 4W, 502 E. 9th Street, Des Moines. 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 16, 2019. There were no written comments.

VII. PROJECT PRIORITY LIST

The DWSRF Project Priority List is included in a separate, sortable Excel file.

APPENDIX A

**Iowa DWSRF State Fiscal Year 2020 Q1
Estimated Funding Sources and Funding Uses
As of 4/22/19**

Funding Sources for Loans

Funds Available in Equity Fund, Bond Proceeds and Program Accounts	\$131,007,000	*
FFY 2019 Capitalization Grant	\$12,028,000	**
State Match Bond Proceeds for FFY 2019/20 Capitalization Grants	\$5,785,000	**
Issuance of Leveraged Bonds (Next Bond Issue Expected SFY 2021)	\$0	
Equity Fund and Program Interest Earnings	\$270,000	
Loan Repayments	\$41,677,000	
Total Funding Sources for Loans	\$190,767,000	

Funding Uses for Loans

Undisbursed Amounts Committed to Existing Loans (75% disbursement rate)	\$42,134,000
Project Requests (FNSI/CX issued; 70% disbursement rate)	\$65,974,000
Project Requests (FNSI/CX not issued; 60% disbursement rate)	\$50,443,000
Planning & Design Requests (50% disbursement rate)	\$1,274,000
Principal Payments on Outstanding Bonds	\$17,065,000
Interest Payments on Outstanding Bonds	\$13,877,000
Total Funding Uses for Loans	\$190,767,000

* Funds Available for disbursements as of 4/22/19

** Estimated amount

*** 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 60% of the total project amounts may be disbursed during SFY 2020 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 70% of the loan request amount.

All amounts rounded to the nearest \$1,000

Funding Sources for Set Asides (Includes FFY 2018 & previous Cap Grants)

Administration	\$715,000
Small Systems Technical Assistance	\$231,000
State Program	\$1,738,000
Other Authorized Activities	\$2,187,000
Total Funding Sources for Set-Asides	\$4,871,000

Funding Uses for Set Asides

Administration	\$715,000
Small Systems Technical Assistance	\$231,000
State Program	\$1,738,000
Other Authorized Activities	\$2,187,000
Total Uses for Set Asides	\$4,871,000

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 2019 application period were considered for funding in SFY 2019; if not funded by the end of SFY 2019, these projects will be moved to the SFY 2020 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 2020, 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 Cap Grant:

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

Beginning in FFY 2019 Cap Grant, loan forgiveness will be offered only to the Public Health (PH) category. Eligible projects addressing imminent health issues will receive up to 50% loan forgiveness and up to an additional 25% will be offered to those public health projects that choose the option of hooking onto another viable public water supply system to address their imminent public health issue.

The FFY 2019 Cap Grant also requires that an additional 6% of the state’s allocation be used to provide loan forgiveness to Disadvantaged Communities (DAC).

Time limits may be established on loan forgiveness awards.

Type	Project	Loan Amount	Amount Green Project Reserve	Amount Additional Subsidization	DAC Additional Subsidization	Grant Year Reported
PH	Amana	5,400,000		2,490,000		2016
PH	Amana	5,400,000		1,301,691		2017
G	Sabula	550,000	550,000	101,460		2017
PH	Lacina Meadows	945,000		708,750		2017
EP	Osceola RW	3,719,000		64,800		2017
EP	Oelwein	1,462,000		75,000		2017
PH	Bellevue	2,200,000		1,650,000		2018
PH	Gallery Acres	1,184,000		888,000		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