

# INVESTING IN IOWA'S WATER

## **FY 2019 INTENDED USE PLANS**

**Clean Water State Revolving Fund  
Drinking Water State Revolving Fund**

Iowa Department of Natural Resources  
Iowa Finance Authority





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## FY 2019 INTENDED USE PLANS

### Introduction

***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 **\$3.2 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.
-  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.
-  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.
-  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.

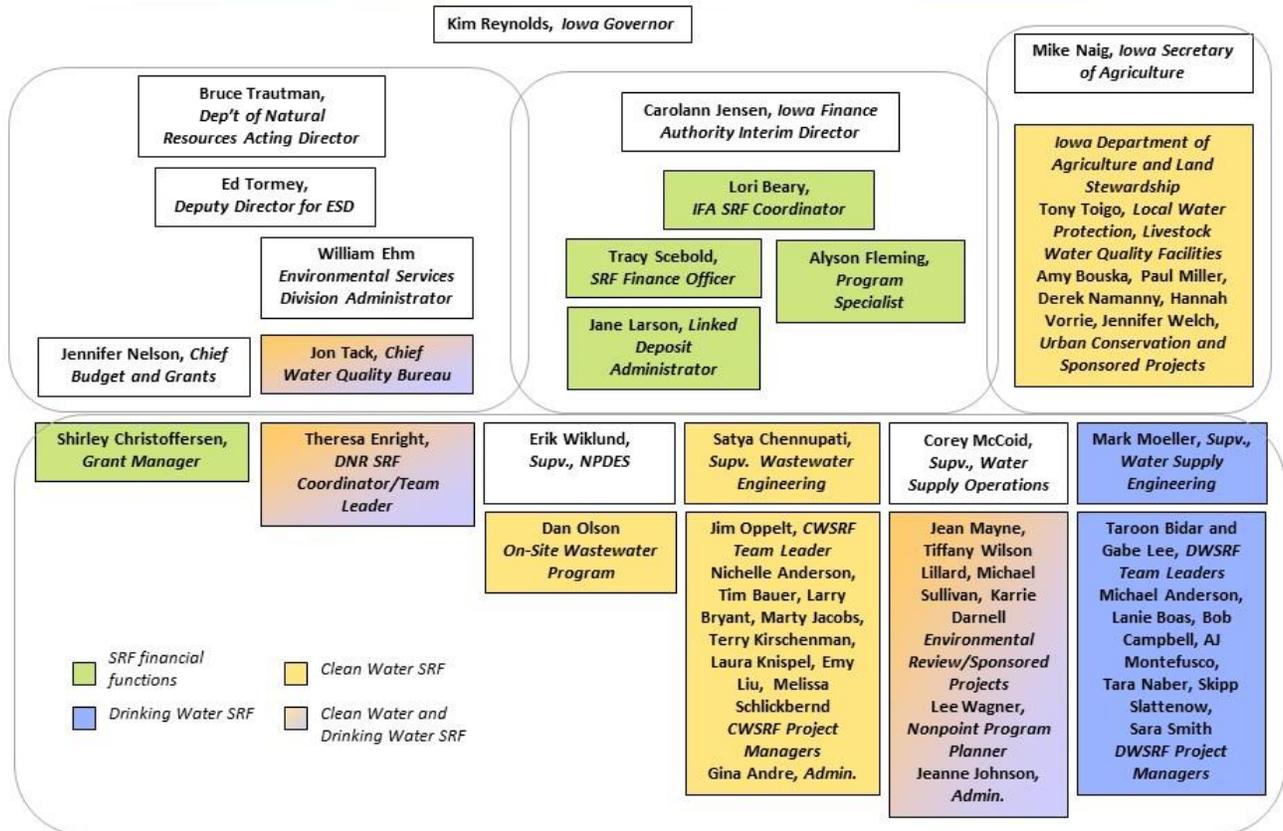


The SRF programs accept applications throughout the year to ensure funding is available when projects are ready to proceed. All eligible projects can be funded.



Transparency and accountability are commitments the Iowa’s SRF staff have 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.

## State Revolving Fund Organizational Structure -- Iowa



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 2019 (July 1, 2018 – June 30, 2019). The IUPs are developed and updated quarterly, in June, September, December, and March or more often as needed. With the SFY 2019 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.



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## I. STATE FISCAL YEAR 2019 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 or 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 2019 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 2019 project priority list;
- Plan for nonpoint source set-asides; and
- 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 2019. The SFY 2019 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 2019, 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 2019, 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 2019, 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 2019, the Iowa SRF plans to fund green projects as required in the FFY 2018 capitalization grant. Iowa has already complied with the GPR requirements in the FFY 2010 – 2017 cap grants.*
- Goal: Develop plans for allocating loan forgiveness required in FFY 2017 and 2018 cap grants. *Objective: During SFY 2019 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 and 2018 cap grants. Iowa has complied with the add subs 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 2019 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 2019 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 2019, SRF staff will receive applications twice per year for sponsored project funding. Application deadlines will be in September and March. In conjunction with DNR 319 program staff, 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 2019 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 2019, 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 2019 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 2019 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 2019 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 2019 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 2019 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.*

### **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 2018. 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 2018 and included state match for the estimated FFY 2018 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 \$275 million per year over the next 10 years, or a total of \$2.75 billion. If we assume no additional cap grants but keep the same interest rates, the CWSRF could loan an average of \$211 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 2019 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 2019 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 2019. 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 2019 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 2019 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 2019 project priority list as received.

**New Section 212 Projects.** New applications for assistance during SFY 2019 will be added to the project priority list. Applications will be accepted on a continuous basis during SFY 2019 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.

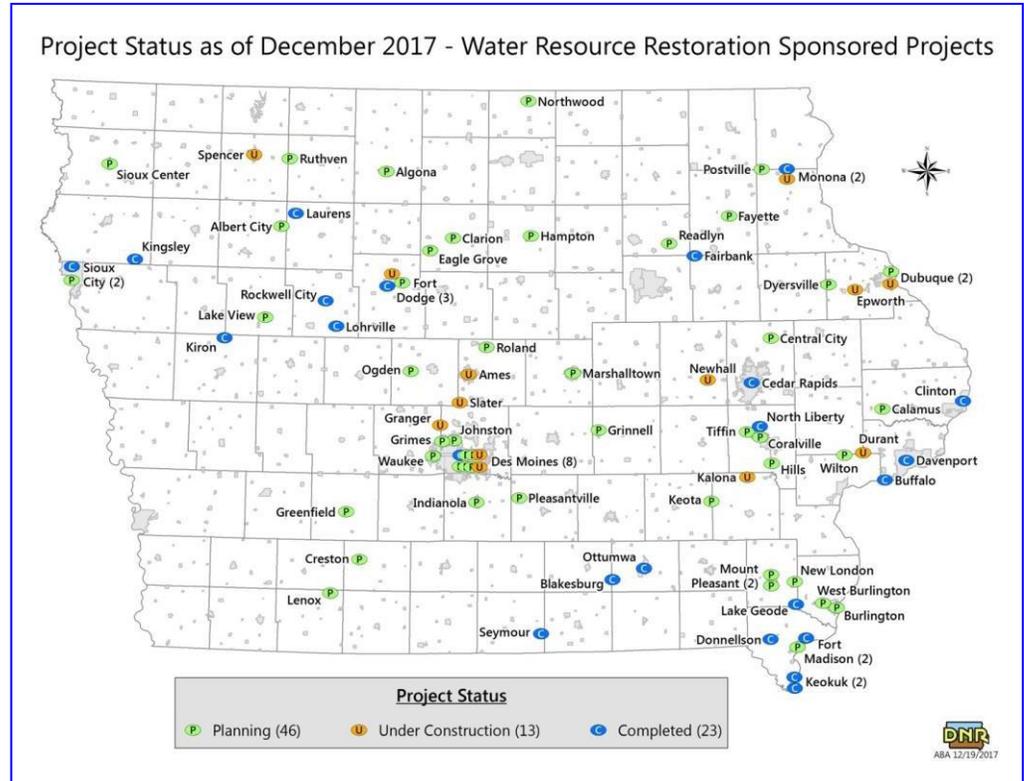
**Capitalization Grant Requirements.** The FFY 2010 - 2017 capitalization grants include requirements for certain percentages of the funds to be allocated for additional subsidization and/or green projects (note: the FFY 2015 cap grant required GPR but not add subs).

	Add Subs Rqd.	Add Subs Actual	%	GPR Reqd.	GPR Actual	%
<b>2010</b>	\$ 4,129,860	\$ 4,462,919	108%	\$ 5,515,000	\$ 5,516,792	100%
<b>2011</b>	\$ 1,851,928	\$ 2,918,377	158%	\$ 3,997,000	\$ 12,042,485	301%
<b>2012</b>	\$ 1,063,065	\$ 1,548,000	146%	\$ 1,912,800	\$ 3,924,060	205%
<b>2013</b>	\$ 851,127	\$ 1,276,000	150%	\$ 1,806,900	\$ 3,477,000	192%
<b>2014</b>	\$ 1,032,630	\$ 1,548,000	150%	\$ 1,897,600	\$ 2,480,000	131%
<b>2015</b>	N/A	N/A	N/A	\$ 1,900,300	\$ 28,923,179	1522%
<b>2016</b>	\$ 1,808,300	\$ 1,838,800	102%	\$ 1,808,300	\$ 5,691,797	315%
<b>2017</b>	\$ 1,794,400	\$ -	0%	\$ 1,794,400	\$ 21,236,103	1183%
<b>TOTAL</b>	<b>\$ 12,531,310</b>	<b>\$ 13,592,096</b>	<b>108%</b>	<b>\$ 20,632,300</b>	<b>\$ 83,291,416</b>	<b>404%</b>

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 capitalization grants.

**Water Resource Restoration.** In 2009, the Iowa General Assembly amended Iowa Code chapter 384.84 to add a new category of projects that can be financed with sewer revenues. This new category, called “water resource restoration” sponsored projects, includes locally directed, watershed-based projects to address nonpoint source water quality issues.

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.



The map shows the project locations for approved sponsored projects through the end of SFY 2018.

The applications proposed for funding in SFY 2019 are listed in Appendix D.

Applications will be taken during SFY 2019 on September 1, 2018 and March 1, 2019. The same requirements apply.

- 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.
- The amount set aside for interest rate reductions for the in FY 2018 is \$10 million (on up to \$100 million worth of future CWSRF infrastructure loans). If sponsored project requests exceed that amount, DNR reserves the right to cap the dollar amount of a single project to a percentage of the total allocated.

Explanations of eligible applicants and projects, as well as specific application requirements, are outlined in the SFY 2019 Sponsored Project Application Packet, available online at:

[http://www.iowasrf.com/about\\_srf/sponsored\\_projects\\_home\\_page.cfm](http://www.iowasrf.com/about_srf/sponsored_projects_home_page.cfm).

**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 are listed in Appendix E.

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 2019 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
<b>TOTAL</b>	<b>\$22.8 million</b>

**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 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 available in SFY 2019 will be approximately \$750,000 and 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 \$8.4 million available in funds considered non-program income.

**Planned Expenses.** CWSRF program expenses are estimated to be approximately \$2.6 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 2019 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. Other uses include the development of a stream mitigation program.

In addition, non-program income will be used to cover state match requirements for 2018 CAP grant, which is approximately \$410,000 for CWSRF. The amount of non-program income used for state match will be included in and reimbursed from the next leveraged bond, expected to be issued in SFY 2020.

## **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; and
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 2019. 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; and
- 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-come, first-served 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 average \$11 million per month.

With a return of \$3.73 for every dollar of federal investment (compared to the national average of \$2.72), 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 2019.

### ***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***

The Iowa DNR may request U.S. EPA to deduct funds from FFY 2018 capitalization grants which could be included in Iowa's next grant applications to EPA after receiving notification of availability of the CWA Title VI Funds and evaluating the state allotment amount. These positions could be 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 could 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.

***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-asides are not identified in this IUP. These programs will be operated as linked deposit, loan participation, or direct loan programs.

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

This IUP will be followed by the State in administering CWSRF funds in SFY 2019. 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 2019 IUP and Project Priority List was held May 10, 2018, 10:00 a.m., at the Wallace State Office Building, Conference Room 2E, 502 E. 9<sup>th</sup> 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 17, 2018. There were no written comments. On May 5, 2018, the Iowa legislature passed House File 2502 – the Standings Bill, which included a restriction on the use of CWSRF general nonpoint set-aside funds for land purchase for FY 2019.

A public meeting to allow input to Iowa's SFY 2019 Q2 IUP and Project Priority List was held August 9, 2018, 10:00 a.m., at the Wallace State Office Building, Conference Room 5E, 502 E. 9<sup>th</sup> 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 August 16, 2018. 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 2019 2Q  
 Estimated Funding Sources and Funding Uses  
 As of 7/26/18

Funding Sources		
Funds Available in Equity Fund and Program Accounts	\$130,506,000	*
<b>FFY 2018 Capitalization Grant</b>	\$21,723,000	**
<b>State Match for FFY 2018 Capitalization Grant</b>	\$409,000	**
Issuance of Leveraged Bonds (Next Bond Issue Expected SFY20)	\$0	
Equity Fund and Program Interest Earnings	\$450,000	
Loan Repayments	\$90,613,000	
<b>Total Funding Sources</b>	<b>\$243,701,000</b>	
Funding Uses		
Undisbursed Amounts Committed to Existing Loans (25% disbursement rate)	\$66,592,000	
Section 212 Project Requests (FONSI/CE issued; 15% disbursement rate)	\$37,433,000	
Section 212 Project Requests (FONSI/CE not issued; 10% disbursement rate)	\$30,755,000	
Planning & Design Requests (60% disbursement rate)	\$7,517,000	
Non-Point Source Program Assistance	\$21,981,000	
Principal Payments on Outstanding Bonds	\$41,555,000	
Interest Payments on Outstanding Bonds	\$34,703,000	
Program Administration From FFY18 Capitalization Grant	\$1,043,000	**
Program Administration From ARRA Capitalization Grant	\$2,122,000	
<b>Total Funding Uses</b>	<b>\$243,701,000</b>	

\* Funds Available for disbursements as of 7/26/18

\*\* 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 10% of the total project amounts may be disbursed during SFY 2019 once environmental review is completed, construction permit issued, and binding loan commitment signed. For those projects with FONSI/CX clearance, the disbursement rate is estimated at 15% 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.

<b>Project</b>	<b>Loan Amount</b>	<b>Amount Green Project Reserve</b>	<b>Amount Additional Subsidization</b>	<b>Grant Year Reported</b>
Charles City	1,400,000	1,400,000	409,372	2010
Conesville	1,350,000		230,689	2010
Lohrville	3,724,000		1,077,900	2010
McCallsburg	810,000		147,400	2010
INHF	1,975,574	1,975,574		2010
Private Borrower	10,024	10,024		2010
INHF	1,435,320	1,435,320		2010
Private Borrower	189,874	189,874		2010
INHF	403,000	403,000		2010
Ocheyedan	2,065,000		227,398	2010
Odebolt	1,599,000		387,857	2010
Odebolt	500,000		100,000	2010
Pisgah	650,000		181,200	2010
Spirit Lake	103,000	103,000	30,900	2010
Terril	1,077,000		278,144	2010
Walker	2,158,000		420,816	2010
Washington	16,316,000		1,000,000	2010
Coralville	1,751,000	1,751,000	481,480	2011
Dubuque (sponsored)	9,400,000	9,400,000		2011
Meriden	329,000	64,485	12,897	2011
INHF	827,000	827,000		2011
Ottumwa	4,800,000		740,000	2011
Dubuque (Upper Bee Branch)			1,684,000	2011
Albert City	400,000		120,000	2012
Dubuque (methane)	3,048,000	3,048,000		2012
INHF	647,700	647,700		2012
INHF	129,420	129,420		2012
INHF	98,940	98,940		2012
Dubuque (Upper Bee Branch)			1,400,000	2012
INHF	300,000	300,000		2013
INHF	342,000	342,000		2013
INHF	2,835,000	2,835,000		2013
Dubuque (Upper Bee Branch)			1,276,000	2013
Buffalo (sponsored)	35,000	35,000		2014

Monona (sponsored)	245,000	245,000		2014
WRA WRR	2,200,000	2,200,000		2014
Dubuque (Upper Bee Branch)			1,584,000	2014
Dubuque (Upper Bee Branch)	28,923,179	28,923,179		2015
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
Fairbank WRR	325,000	325,000		2017
Johnston	4,434,000	4,434,000		2017
<b>TOTAL</b>	<b>122,800,931</b>	<b>83,291,416</b>	<b>13,628,853</b>	

INHF = Iowa Natural Heritage Foundation

WRA = Wastewater Reclamation Authority

**APPENDIX D**  
**SFY 2019 Sponsored Project Funding Recommendations**

<b>Applicant</b>	<b>Proposed Watershed and Project Description</b>	<b>Proposed Partners</b>	<b>Date Approved</b>
Dubuque	Mississippi River -- install permeable pavers in the Bee Branch and Catfish Creek watersheds as recommended in the Bee Branch Drainage Basin Master Plan and Catfish Creek Watershed Management Plan to reduce pollutant and quantity of runoff	Dubuque SWCD, IDALS	6/19/2018
Charles City	Cedar River—Urban and rural water quality best management practices to reduce nutrient and sediment loadings to the Cedar River	Upper Cedar WMA, Floyd SWCD, NRCS, IDALS, Iowa Soybean Association	6/19/2018
Winthrop	Upper Wapsipinicon River - implement stormwater best management practices that provide infiltration, storage, and treatment of stormwater within the community in order to reduce sediment, nutrients, and other pollutants	Upper Wapsi River WMA, Buchanan SWCD, IDALS	6/19/2018
Scranton	North Raccoon River -- urban practices to reduce sediment and nutrient loadings to the river	North Raccoon River WMC, Greene SWCD, IDALS, DNR	6/19/2018
Sanborn	Little Floyd River -- implement agricultural best management practices to minimize nitrate leaching into the City’s west well field and urban practices to reduce urban pollutants and runoff	IDALS, CDI	6/19/2018
Elkhart	South Skunk River -- implementing urban best management practices to reduce urban stormwater runoff and pollutants from highly impervious areas in town	Polk SWCD, IDALS, NRCS	6/19/2018
Keokuk	Mississippi River -- install permeable pavers in Rand Park to infiltrate stormwater runoff before it enters the combined sewer system to help reduce CSO discharges to the Mississippi	IDALS, Lee SWCD, NRCS	6/19/2018
Des Moines	Raccoon River – agricultural best management practices to reduce nutrient and sediment loadings to the Raccoon River from Swan Lake Branch and construction of an urban stormwater wetland to treat 199 acres of downtown runoff	IDALS, Dallas SWCD, Iowa Soybean Association	6/19/2018
Denison Municipal Utilities	Boyer River -- implementing urban best management practices to reduce stormwater runoff causing gully erosion and high sediment loads to tributaries of the Boyer River	Crawford SWCD, IDALS	6/19/2018

## **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.

House File 2502, passed by the Iowa Legislature on May 5, 2018, includes the following restriction on general nonpoint source set-aside funds for FY 2019. The language in HF2502, Division IV, page 15, Item 4 reads as follows:

*For the fiscal year beginning July 1, 2018, the environmental protection commission shall not authorize a contract or approve costs related to the purchase of land which obligates moneys from the water pollution control works revolving loan fund for financial assistance to acquire new land under the general nonpoint source program set-aside.*



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## I. STATE FISCAL YEAR 2019 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 2019 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 2019 project priority list;
- Plan for use of DWSRF set-aside funds; and
- 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 2019 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 2019, 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 2019, 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 2019, 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 2019, 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 capitalization grant to disadvantaged community projects and public health projects. *Objective: During SFY 2019 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 cap grant.*
- Goal: Promote and identify sustainable practices in projects proposed for funding. *Objective: During SFY 2019 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 2019 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 2019 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 2019 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 2019 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 2019 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 2019 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.*

### **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, 10% loan forgiveness and the same interest rates, it is projected that the DWSRF could loan an average of \$135 million per year over the next 10 years, or a total of \$1.35 billion. If we assume no additional capitalization grants but keep the same interest rates, the DWSRF could loan an average of \$108 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 has applied for the FFY 2018 capitalization grant. Non-program income will be used to cover state match requirements for 2018 CAP grant, approximately \$468,000 for DWSRF. State match bonds are issued at the same time that leveraged bond issues are done for greater cost effectiveness. The amount of non-program income used for state match will be included in and reimbursed from the next leveraged bond, which is expected to be issued in SFY 2020.

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 2019 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 2019:

**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 2019 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 2010 - 2017 capitalization grants include requirements for certain percentages of the funds to be allocated for additional subsidization and/or green projects under the Green Project Reserve (GPR).

	Add Subs Rqd.	Add Subs Actual	%	GPR Reqd.	GPR Actual	%
2010	\$ 6,950,000	\$ 7,206,307	104%	\$ 4,633,000	\$ 5,633,568	122%
2011	\$ 4,746,300	\$ 4,741,518	100%	\$ 3,164,000	\$ 5,260,000	166%
2012	\$ 3,064,400	\$ 3,064,000	100%	\$ -	\$ -	N/A
2013	\$ 2,875,000	\$ 2,896,004	101%	\$ -	\$ -	N/A
2014	\$ 2,645,800	\$ 2,656,838	100%	\$ -	\$ -	N/A
2015	\$ 2,645,800	\$ 3,092,475	117%	\$ -	\$ -	N/A
2016	\$ 2,486,400	\$ 2,490,000	100%	\$ -	\$ -	N/A
2017	\$ 2,465,200	\$ 2,510,010	102%	\$ -	\$ -	N/A
<b>TOTAL</b>	<b>\$ 27,878,900</b>	<b>\$ 28,657,152</b>	<b>103%</b>	<b>\$ 7,797,000</b>	<b>\$ 10,893,568</b>	<b>140%</b>

The specific projects that have received add subs or been counted for the GPR are listed in Appendix C. Additional projects identified for loan forgiveness to meet the FFY 2018 capitalization grant requirements will be listed on the DWSRF Project Priority List (Chart 1).

## 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; and
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 2019. 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 and source water protection 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, only 45% 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 2019, it is projected that only 60% of total funds will be disbursed to the project this fiscal year.

**Extended Financing and Disadvantaged Status.** During SFY 2015 the Iowa SRF received approval from the U.S. EPA to 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%.

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.

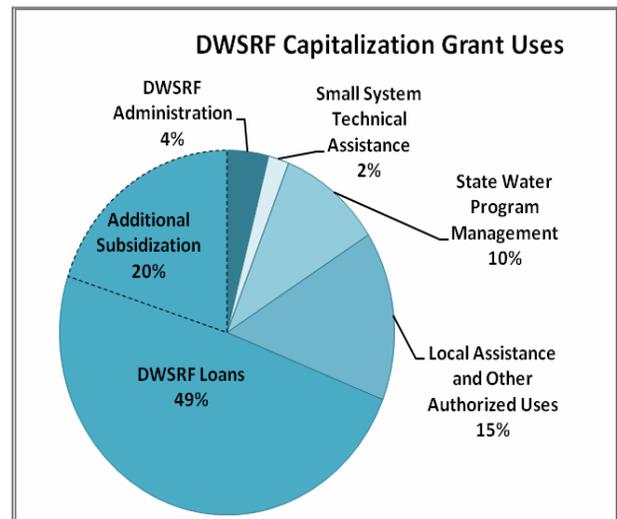
Extended term loans are limited to public water supply infrastructure improvements. Projects eligible for funding from set-asides, such as source water protection projects, are not eligible in accordance with federal program requirements.

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.

***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 2018 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; and
- Program marketing and coordination.

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 final federal 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;
- Provision of performance based training for the AWOP program; and
- System-specific capacity development assistance by contractor.

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; and
- 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:

<b>EPA Fee Category</b>	<b>Allowable Uses</b>	<b>Iowa DWSRF Fee Policy</b>	<b>Iowa DWSRF Fee Usage</b>
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	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"> <li>1) Fund administration</li> <li>2) All other capitalization grant purposes under SDWA 1452</li> <li>3) Cannot be used for state match for the capitalization grant</li> </ol>	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 2018, there was approximately \$4.8 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 2019 for program administration, and the remainder will be reserved for future administrative expenses.

**Fees Not Included as Principal.** As of April 2018, there was \$7.6 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 2019 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 2018 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. Average monthly DWSRF disbursements are \$6 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 \$2.84 for every dollar of federal investment (compared to the national average of \$1.87), 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 2010-2018 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 2019. 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 2019 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 2019 IUP and Project Priority List was held May 10, 2018, 10:00 a.m., at the Wallace State Office Building, Conference Room 2E, 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 17, 2018. There were no written comments.

A public meeting to allow input to Iowa's SFY 2019 Q2 IUP and Project Priority List was held August 9, 2018, 10:00 a.m., at the Wallace State Office Building, Conference Room 5E, 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 August 16, 2018. 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 2019 2Q  
Estimated Funding Sources and Funding Uses  
As of 7/26/2018**

**Funding Sources for Loans**

Funds Available in Equity Fund and Program Accounts	\$80,591,000	*
<b>FFY 2018 Capitalization Grant</b>	\$12,142,000	**
<b>State Match for FFY 2018 Capitalization Grant</b>	\$467,000	**
Issuance of Leveraged Bonds (Next Bond Issue Expected SFY 2020)	\$0	
Equity Fund and Program Interest Earnings	\$270,000	
Loan Repayments	\$41,693,000	
<b>Total Funding Sources for Loans</b>	<b>\$135,163,000</b>	

**Funding Uses for Loans**

Undisbursed Amounts Committed to Existing Loans (50% disbursement rate)	\$26,011,000
Project Requests (FNSI/CX issued; 50% disbursement rate)	\$22,258,000
Project Requests (FNSI/CX not issued; 40% disbursement rate)	\$55,067,000
Planning & Design Requests (50% disbursement rate)	\$1,705,000
Principal Payments on Outstanding Bonds	\$17,620,000
Interest Payments on Outstanding Bonds	\$12,502,000
<b>Total Funding Uses for Loans</b>	<b>\$135,163,000</b>

\* Funds Available for disbursements as of 7/26/2018

\*\* 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 40% of the total project amounts may be disbursed during SFY 2019 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 50% of the loan request amount.

All amounts rounded to the nearest \$1,000

**Funding Sources for Set Asides (Includes FFY 2017 & previous Cap Grants)**

Administration	\$432,000
Small Systems Technical Assistance	\$141,000
State Program	\$691,000
Other Authorized Activities	\$1,675,000
<b>Total Funding Sources for Set-Asides</b>	<b>\$2,939,000</b>

**Funding Uses for Set Asides**

Administration	\$432,000
Small Systems Technical Assistance	\$141,000
State Program	\$691,000
Other Authorized Activities	\$1,675,000
<b>Total Uses for Set Asides</b>	<b>\$2,939,000</b>

## **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 FY 2018 application period were considered for funding in FY 2018; if not funded by the end of FY 2018, these projects will be moved to the FY 2019 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 2019, 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:

- Public health (PH)
- Green projects (G)
- Disadvantaged communities (D)
- Emergency power generation (EP)

Type	Project	Loan Amount	Amount Green Project Reserve	Amount Additional Subsidization	Grant Year Reported
PH	Charlotte	93,000		46,500	2010
G	Colfax	477,068	477,068	143,120	2010
G	Durant	174,423	182,000	34,885	2010
G	Humboldt	6,814,000	1,800,000	360,000	2010
D	Keokuk	1,600,000		480,000	2010
D	Lidderdale	1,212,461		967,476	2010
G	Lyon-Sioux RWS	455,000	454,500	90,900	2010
G	Maquoketa	492,000	492,000	98,400	2010
D	New Hartford	81,000		16,200	2010
D	Ottumwa	1,400,000		560,000	2010
D	Ottumwa	1,666,000		666,400	2010
D	Rathbun RWA	5,199,541		1,559,862	2010
D	Rolfe	1,020,790		510,395	2010
G	Shenandoah	14,057,000	2,228,000	1,050,000	2010
D	Union	658,000		190,198	2010
G	Le Mars	1,010,000		202,000	2010
G	Le Mars		1,010,000		2011
PH	College Springs	82,307		41,154	2011
G	Ottumwa	1,250,000	1,250,000	250,000	2011
PH	Timber Ridge Water Utility Corporation	181,281		112,500	2011
G	Shenandoah		3,000,000		2011
PH	Hills	4,151,000		2,075,250	2011
PH	Hills	1,588,894		840,000	2011
PH	Churdan	928,388		490,255	2011
G	Ames	76,325,000	30,000,000	665,396	2011
PH	Frankville (Winneshek Co)	910,000		202,000	2011

D	Ralston	275,000		110,000	2011
G	Ames			3,064,000	2012
G	Ames			2,869,604	2013
G	Wall Lake	132,000		26,400	2013
D	Ottumwa	4,500,000		1,800,000	2014
PH	Frankville (Winneshek Co BOS)			253,000	2014
EP	Marshalltown	8,344,000		442,500	2014
D	Ralston G	275,00		110,000	2014
EP	Solon	1,981,000		51,338	2014
PH	Farley	1,200,000		900,000	2015
PH	Dyersville	1,373,000		1,029,750	2015
PH	Farley	1,200,000		900,000	2015
PH	Dyersville	1,373,000		1,029,750	2015
EP	Hawkeye	945,000		26,325	2015
G	Fort Dodge	3,413,000	3,413,000	1,023,900	2015
EP	Wahpeton	1,191,000		112,500	2015
PH	Amana	5,400,000		2,490,000	2016
PH	Amana	5,400,000		1,560,000	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
<b>TOTAL</b>		<b>157,161,153</b>	<b>44,856,568</b>	<b>30,401,968</b>	