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NEWS RELEASE

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FOR RELEASE July 8, 2016

Auditor of State Mary Mosiman today released a report on a review of the Resource Enhancement and Protection (REAP) program and the Solid Waste Alternatives Program (SWAP) administered by the Department of Natural Resources (DNR) for the period July 1, 2009 through June 30, 2015. The review was conducted to determine if DNR's administration of the programs was in compliance with the *Code of Iowa*, Iowa Administrative Code, and department policies and procedures, and to determine if the programs are meeting the goals and objectives established for the programs.

From fiscal year 2010 to 2015, DNR administered 17 grant and loan programs which provided a total of approximately \$118 million in financial assistance. The REAP and SWAP programs were selected because they are the 2 largest programs and awarded approximately \$38.9 million in financial assistance during the same period.

DNR is authorized by the *Code of Iowa* to award REAP financial assistance in the form of grants to cities, counties, and private/public entities providing matching funds (private/public), and programs for conservation education. DNR awarded a total of 311 REAP grants totaling approximately \$26.2 million during fiscal years 2010 through 2015. Of the \$26.2 million awarded, \$13.9 million was awarded to cities, \$7.5 million was awarded to counties, \$2.6 million was awarded to private/public entities providing matching funds, and \$2.2 million was awarded to the Conservation Education Programs (CEP).

In addition, DNR is authorized by the *Code of Iowa* to award financial assistance in the form of loans, forgivable loans and grants to projects funded under SWAP and its 2 sub programs: the Derelict Buildings (DB) program and the Environmental Management Systems (EMS) program. The SWAP, DB and EMS programs focus on diverting and reducing waste in landfills, increased recycling and developing educational materials.

DNR awarded funds to 309 projects totaling approximately \$12.7 million during fiscal years 2010 through 2015. Of the \$12.7 million awarded, \$8.9 million was awarded under SWAP and consisted of \$4.1 million of forgivable loans, \$3.3 million of interest free loans, and \$1.5 million of 3%

interest loans. The remaining \$2.8 million awarded were for grants issued under the DB and EMS programs.

Mosiman reported DNR performed limited on-site monitoring of REAP and SWAP projects during fiscal years 2010 through 2015 and did not consistently maintain documentation of the on-site monitoring performed. DNR implemented comprehensive written policies and procedures regarding on-site monitoring during the spring of 2014.

Mosiman also reported the legislation establishing the REAP program did not include measurable goals or benchmarks to determine the success or failure of the REAP program. As a result, DNR officials determine the success of individual REAP projects on a case-by-case basis and from information obtained from the REAP Congress held biennially to discuss successful projects and how to better use REAP resources.

DNR submits a report on each REAP Congress to the Governor, the Legislature, and the Natural Resources Commission. The report summarizes the positive and negative impacts of the REAP program on enhancing and protecting of the State's natural resources and improving the quality of life of residents. The report includes information on the economic impact of the program and is one of the most prevalent themes summarized by DNR in the REAP Congress report. However, the economic impact of the REAP projects on the surrounding communities and the State is not quantified or estimated by the REAP Congress or DNR.

In addition, Mosiman reported the legislation establishing the SWAP program did not include measurable goals or benchmarks to determine the success or failure of the program. As a result, DNR does not complete a comprehensive program evaluation of SWAP. DNR does include information on successful projects in a newsletter available on DNR's website and the Environmental Protection Committee (EPC) sometimes includes a high level summary of the SWAP, DB, and EMS projects in its annual report to the Governor and the Legislature.

Mosiman recommended DNR officials continue to develop on-site monitoring procedures for the REAP and SWAP programs, such as developing comprehensive written policies, including, but not limited to, the frequency of on-site monitoring, the selection process, procedures to be performed during on-site monitoring, and procedures for documenting and following-up on any findings identified during on-site monitoring.

Mosiman also recommended DNR, in consultation with the Legislature, establish measurable goals, program reporting, and program evaluation requirements for the REAP and SWAP programs to determine the success of the programs and the benefits realized by the State.

A copy of the report is available for review in the Office of Auditor of State and on the Auditor of State's web site at <https://auditor.iowa.gov/reports/1560-5420-BOP1>.

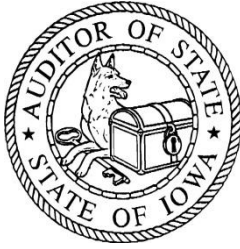
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**REPORT ON A REVIEW OF THE
RESOURCE ENHANCEMENT AND PROTECTION PROGRAM
AND THE SOLID WASTE ALTERNATIVES PROGRAM
ADMINISTERED BY THE DEPARTMENT OF NATURAL RESOURCES**

**FOR THE PERIOD
JULY 1, 2009 THROUGH JUNE 30, 2015**

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Auditor's Transmittal Letter

To the Governor, Members of the General Assembly,
Members of the Natural Resource Commission,
Members of the Environmental Protection Commission,
and the Director of the Department of Natural Resources:

In conjunction with our audit of the financial statements of the State of Iowa and in accordance with Chapter 11 of the *Code of Iowa*, we have conducted a review of the Resource Enhancement and Protection (REAP) program and the Solid Waste Alternatives Program (SWAP) administered by the Department of Natural Resources (DNR) for the period July 1, 2009 through June 30, 2015. We reviewed the REAP and SWAP programs to determine compliance with applicable sections of the *Code of Iowa*, the Iowa Administrative Code (Administrative Rules), and DNR policies and procedures. In conducting our review, we performed the following procedures:

- (1) Reviewed applicable sections of the *Code of Iowa*, Administrative Rules, and DNR policies and procedures for the REAP and SWAP programs and interviewed DNR personnel who administer the REAP and SWAP programs to gain an understanding of how the programs are administered.
- (2) Evaluated internal controls to determine whether adequate policies and procedures were in place and operating effectively.
- (3) Determined if DNR complied with funding or allocation requirements established by the *Code* for the REAP and SWAP program.
- (4) Tested selected REAP and SWAP projects for the period July 1, 2009 through June 30, 2015 to determine if the projects complied with applicable sections of the *Code*, Administrative Rules, and DNR policies and procedures, including eligibility, applications, the award process, monitoring, and reporting.
- (5) Assessed DNR's monitoring procedures for the REAP and SWAP programs and tested selected REAP and SWAP projects to determine if monitoring was performed in accordance with DNR's policies and procedures.
- (6) Examined reports completed for the REAP and SWAP programs to determine compliance with applicable sections of the *Code*.
- (7) Evaluated DNR procedures to determine the success of REAP and SWAP projects and to determine the success of the programs and benefits realized by the State.

Based on these procedures, we determined DNR awarded approximately \$26.2 million in financial assistance to 311 REAP projects during the period July 1, 2009 through June 30, 2015. The \$26.2 million includes \$13.9 million awarded to cities, \$7.5 million awarded to counties, \$2.6 million awarded to private/public entities providing matching funds, and \$2.2 million awarded to the Conservation Education Programs.


In addition, DNR awarded approximately \$12.7 million in financial assistance to 309 SWAP projects during the period July 1, 2009 through June 30, 2015. The \$12.7 million includes \$4.1 million of forgivable loans, \$3.3 million of interest free loans, \$1.5 million of 3% interest loans, \$2 million of Derelict Building (DB) grants, and \$1.8 million of Environmental Management Systems (EMS) grants.

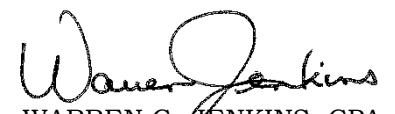
We determined DNR did not consistently perform on-site monitoring of REAP and SWAP projects to ensure the projects were completed in accordance with the project agreements, the *Code of Iowa*, Administrative Rules, and DNR policies and procedures. In addition, DNR did not have written monitoring procedures in place, including, but not limited to, the frequency of on-site monitoring, selection of projects, procedures to be performed, and procedures for documenting and following-up on the results of on-site monitoring.

We also determined, while the legislation establishing the REAP and SWAP programs did not include measurable goals, it is important DNR periodically evaluate the REAP programs to determine their overall impact on the enhancement and protection of the State's resources. DNR also does not measure the actual tons of materials diverted from landfills or other measurable goals for SWAP projects. As a result, the overall success of the REAP and the SWAP programs and the benefits realized by the State are not readily known.

Based on these procedures, we identified findings regarding monitoring and evaluating the REAP and SWAP programs we believe should be considered by the Department of Natural Resources, members of the Natural Resources Commission, members of the Environmental Protection Commission, the Governor, and the General Assembly. The procedures described above do not constitute an audit of financial statements conducted in accordance with U.S. generally accepted auditing standards.

We extend our appreciation to the personnel of the Department of Natural Resources for the courtesy, cooperation, and assistance provided to us during our review.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

October 20, 2015

Report on a Review of the
Resource Enhancement and Protection Program
And the Solid Waste Alternatives Program
Administered by the Department of Natural Resources

Introduction

From fiscal year 2010 to 2015, the Department of Natural Resources (DNR) administered 17 grant and loan programs which provided a total of approximately \$118 million in financial assistance. The majority of financial assistance provided under these programs is awarded to counties, cities, and other political subdivisions of the State. The REAP and SWAP programs were selected for review because they are the 2 largest programs and awarded approximately \$38.9 million of the approximately \$118 million total awarded by the Department under the 17 programs.

Resource Enhancement and Protection (REAP)

Establishment – The Legislature passed the Resource Enhancement and Protection Act (REAP) in 1989 to invest in the enhancement and protection of the State's natural and cultural resources. According to section 455A.16 of the *Code of Iowa (Code)*, “It is the policy of the state of Iowa to protect its natural resource heritage of air, soils, waters, and wildlife for the benefit of present and future citizens with the establishment of a resource enhancement program.” REAP was established as a long-term integrated effort to wisely use and protect the State’s natural resources through the:

- acquisition and management of public lands;
- upgrading of public park and preserve facilities;
- environmental education, monitoring, and research; and
- other environmentally sound means.

In addition, REAP encourages Iowans to develop a conservation ethic and to make necessary changes in their activities to develop and preserve a rich and diverse natural environment.

The Department of Natural Resources (DNR) is responsible for the overall coordination and administration of the REAP program. The *Code* also established certain programs within REAP which are administered by other state agencies and the percentage of funds to be allocated to each agency for the administration of their portion of the REAP program.

Funding – REAP is funded through an annual appropriation made by the Legislature, federal aid, revenue from the sale of license plates, and gifts and bequests from individuals and businesses. During fiscal years 2010 through 2015, DNR received a total of \$121.2 million for the purposes of REAP, including \$89 million (73%) from State appropriations, \$9.8 million (8%) from refunds and reimbursements consisting mostly of unused Iowa Values Funds which were previously appropriated by the Legislature to DNR, and \$22.3 million (19%) from REAP license plate revenue, federal aid, interest receipts, and gifts and bequests.

In accordance with section 455A.19 of the *Code*, the first \$350,000 of the total amount appropriated is allocated for conservation education and 1% of the appropriation balance is allocated for DNR Administration. The remaining appropriation balance and revenues from the sale of license plates are allocated to the various REAP programs as shown in **Table 1**.

Table 1

Description	Administered by	Amount
Conservation Education	DNR	\$ 350,000
Administration	DNR	1% of the appropriation balance
Roadside Vegetation	Department of Transportation	3%*
Historical Resource Development	State Historical Society	5%*
State Land Management	DNR	9%*
City Parks and Open Space	DNR	15%*
Soil and Water Enhancement	Iowa Department of Agriculture and Land Stewardship	20%*
County Conservation	DNR	20%*
Public/Private Open Space Acquisition	DNR	28%*

* - Portion of the remaining appropriation plus revenues from the sale of license plates to be allocated, after the allocation for conservation education and 1% for administration.

The **Table** illustrates DNR administers the State Land Management, City Parks and Open Space, County Conservation, and State Open Space portions of the REAP program. The following paragraphs provide a brief overview of each portion listed in **Table 1**. For the purposes of this report, we will only provide an analysis of the portions of the REAP program administered by DNR.

Conservation Education Program (CEP) – The \$350,000 of Conservation Education Program (CEP) funds are awarded to projects which teach people about the environment and how to make intelligent, informed decisions about its well-being. CEP awards are made by a 5 member board as established in the REAP Act. The Board annually reviews project applications and awards grants to those projects selected. DNR provides staff to help administer the program and help carry out the duties of the Board.

Administration (1%) – The 1% allocated to DNR helps defray the cost of administering the REAP program. As previously stated, DNR is responsible for the overall coordination of REAP, including managing the budget, administering the grant programs, and carrying out the REAP Assemblies and the REAP Congress, as required by section 455A.17 of the *Code*.

Roadside Vegetation (3%) – The Roadside Vegetation grant portion of REAP is administered by the Department of Transportation (DOT) and part of the Living Roadway Trust Fund (LRTF). The program provides funds for integrated roadside vegetation management activities, including the establishment of native prairie vegetation in rights-of-way. State agencies, counties, cities, schools and universities; private organizations; and individuals may apply for grants for roadside vegetation.

Historical Resource Development Program (5%) - The State Historical Society, a division within the Department of Cultural Affairs, administers the Historical Resource Development Program (HRDP). The program provides grants to individuals, businesses, non-profit organizations, and agencies of certified local governments to help preserve, conserve, interpret, enhance, and educate the public about State historical resources. Grants awarded under the program help support a wide variety of projects in 3 categories: historic preservation, library and archives, and museums.

State Land Management (9%) – DNR administers the State Land Management program. Funds provided under this program are a substitute for the State park user permit receipts which were terminated by the Legislature when REAP was enacted. State Land Management funds are used for the development and management of state conservation lands. Examples of projects funded include trail renovation; shower and rest room replacement; repairs to lodges, shelters, and cabins; and minor repairs to dams, spillways, parking lots and beaches. While most of the funds have been directed to

projects in State parks and recreation areas, funds may also be used for improvements to State wildlife management areas and state forests.

City Parks and Open Space (15%) – DNR administers the City Parks and Open Space program. Under this program, cities submit applications which are reviewed and selected by a committee comprised of 3 city officials selected by the Iowa Park and Recreation Association and League of Cities, 1 member from DNR and 1 at-large member. The committee determines which projects should be funded and the grant award amount for each project. Once projects are selected, the committee provides the list to the Director of DNR to be presented to the Natural Resource Commission (NRC) for final approval. Grants awarded under this program do not require matching funds. Examples of projects funded include parkland expansion and multi-purpose recreation developments.

According to the program rules, funds may not be used for single or multipurpose athletic fields, baseball or softball diamonds, tennis courts, golf courses, and other organized sport facilities. Swimming pools and playground equipment are also ineligible.

The Administrative Rules established categories based on city population and the maximum award amount available for projects in each of the categories. **Table 2** summarizes the population categories and maximum grant award for City Parks and Open Space awards.

Table 2

Population	Maximum Grant Award
1,000 or less	\$ 50,000
1,001 - 5,000	75,000
5,001 - 10,000	100,000
10,001 - 25,000	125,000
25,001 - 50,000	150,000
50,001 - 75,000	200,000
Over 75,000	300,000

Soil and Water Enhancement (20%) – The Division of Soil Conservation within the Iowa Department of Agriculture and Land Stewardship (IDALS) administers this program. Soil and Water Enhancement funds are available to landowners for soil and water conservation and enhancement projects and practices. Conservation and enhancement projects include protecting the State's surface and ground water resources from point and non-point sources of contamination. Supporting practices include reforestation, woodland protection and enhancement, wildlife habitat preservation and enhancement, protection of highly erodible soils, and water quality protection.

County Conservation (20%) – DNR administers the County Conservation program. County conservation funds are provided to counties for land easements or acquisition, capital improvements, stabilization and protection of resources, repair and upgrading of facilities, environmental education, and equipment. Expenditures are not allowed for single or multipurpose athletic fields, baseball or softball diamonds, tennis courts, golf courses, and other organized sport facilities. Swimming pools and playground equipment are also ineligible. The Code also requires the county conservation funds be allocated as follows:

- 30% is allocated equally to all 99 counties. These funds are disbursed quarterly and can be used for any of the previously stated purposes and do not require matching funds.

- 30% is allocated based on population. The 30% is allocated annually based on the county's population. In order to be allocated funding, a county must dedicate at least \$0.22 cents per \$1,000 of the assessed value of taxable property in the county for county conservation purposes. Once awarded, funds are disbursed quarterly.
- 40% is awarded to counties through competitive grants. In order to be considered for funding, a county must dedicate at least \$0.22 cents per \$1,000 of the assessed value of taxable property in the county for county conservation purposes and not require matching funds. If the county meets the criteria, it may submit an application for funds which is reviewed and ranked by a committee. The top projects are funded until the 40% is awarded.

Private/Public Open Space Acquisition (28%) – The Private/Public Open Space Acquisition grant program is a cost sharing grant program which provides opportunities for private conservation organizations to help DNR provide outdoor recreation opportunities and protect critical habitat. Under the program, DNR provides 75% of the funding and the remaining 25% comes from private contributions.

Once purchased, DNR owns and manages the property. In accordance with the *Code*, at least one-tenth of the 28% allocation for the private/public open space acquisition program is set aside for cost-share land acquisitions with private organizations and one-twentieth of the 28% allocation must be used to fund the State's protected water areas program. The protected water areas program is directed at acquiring land along designated protected water areas to maintain their scenic and natural qualities, such as portions of the Boone, Little Sioux, Middle Raccoon, Upper Iowa, and Wapsipinicon Rivers. Of the remaining funds, DNR must give priority to projects for acquisition and control of open spaces of statewide significance and for development projects on State property.

The remaining funds must be awarded to projects for acquisition and control of open spaces of statewide significance and for development projects of State property. The NRC established a policy where half of the money be directed to land acquisition and half to facility developments. A project review committee made up of 3 DNR administrators and 3 representatives of private conservation organizations selects the land acquisition and facility development projects.

REAP Congress - In accordance with section 455A.17 of the *Code*, DNR must schedule and coordinate the REAP Congress during even-numbered years. Prior to each REAP Congress, DNR coordinates and promotes attendance at 18 REAP Assemblies. The REAP Assemblies are held at locations within each of the State's 18 Councils of Government (COGs).

In accordance with the *Code*, the following items are discussed during each assembly:

- DNR provides information regarding expenditures, the budget, and a list of projects funded in the region.
- Attendees discuss and identify opportunities for regional projects, such as trails, river corridor protection, wetland restoration, soil erosion prevention, conservation education, and resource inventories.
- Attendees review and recommend changes to REAP policies, programs, and funding.
- Attendees elect 5 delegates to serve on the REAP Congress. The 5 elected delegates discuss, summarize, and prepare a presentation to be given at the REAP Congress.

The delegates selected by the regional REAP assemblies meet at the biennial REAP Congress to discuss the REAP program. Based on the input from delegates, the REAP Congress reviews and recommends changes to REAP policies, programs, and funding. At the completion of the Congress, DNR prepares a report to the Governor, the Legislature, and the NRC summarizing the results of the Congress and its recommendations regarding issues concerning resource enhancement and protection

Solid Waste Alternatives Program (SWAP)

The purpose of the SWAP program is to support the State's solid waste management policy. In accordance with section 455B.301A of the *Code*, the State's declaration of policy regarding solid waste management is as follows:

1. The protection of the health, safety, and welfare of Iowans and the protection of the environment require the safe and sanitary disposal of solid wastes. An effective and efficient solid waste disposal program protects the environment and the public, and provides the most practical and beneficial use of the material and energy values of solid waste. While recognizing the continuing necessity for the existence of landfills, alternative methods of managing solid waste and a reduction in the reliance upon land disposal of solid waste are encouraged. In the promotion of these goals, the following waste management hierarchy in descending order of preference, is established as the solid waste management policy of the state:
 - a. Volume reduction at the source.
 - b. Recycling and reuse.
 - c. Combustion with energy recovery.
 - d. Other approved techniques of solid waste management including but not limited to combustion for waste disposal and disposal in sanitary landfills.
2. In the implementation of the solid waste management policy, the State shall:
 - a. Establish and maintain a cooperative state and local program of project planning, and technical and financial assistance to encourage comprehensive solid waste management.
 - b. Utilize the capabilities of private enterprise as well as the services of public agencies to accomplish the desired objectives of an effective solid waste management program.

In accordance with the SWAP Administrative Rules, the goal of SWAP is to reduce the amount of solid waste being generated and the amount of solid waste being landfilled through implementation of solid waste management projects. To help accomplish the goal, SWAP provides financial assistance to eligible projects for the purpose of implementing best practices, education and market development projects to achieve a reduction in solid waste generation and a reduction in solid waste landfilling. According to representatives of DNR, the cornerstone of SWAP is the number of tons of solid waste diverted from landfills. Therefore, DNR places an emphasis on awarding financial assistance based on the solid waste tonnage avoided, sustainability, and replicability.

SWAP is funded by a portion of the tonnage fees received from sanitary landfill operators (landfills). In accordance with the *Code*, landfills must pay DNR a tonnage fee of \$4.25 per ton for solid waste disposed of at the landfills. The *Code* requires funds received from the tonnage fees be deposited in the solid waste account of the Groundwater Protection Fund.

In accordance with section 455E.11 of the *Code*, \$1.55 of the \$4.25 per ton deposited in the solid waste account of the Groundwater Protection Fund must be used for other responsibilities of

DNR, such as administration and enforcement of a ground water monitoring program, the development of groundwater monitoring guidelines, and the waste management assistance program. The remaining \$2.70 per ton must be used for funding alternatives to landfills, such as for waste reduction, recycling, or small business pollution prevention purposes.

In accordance with the *Code*, the funds deposited in the solid waste account must be used for the purposes of the SWAP. Specifically, up to 30% of the funds deposited in the solid waste account may be used for the Environmental Management Systems (EMS) grant program and up to \$400,000 may be allocated by DNR from remaining tonnage fees for administering the Derelict Building (DB) grant program. The balance of the funds remaining in the solid waste account in each fiscal year must be used by DNR to award loans to selected SWAP projects.

During fiscal years 2010 through 2015, DNR received a total \$18.9 million, including approximately \$12 million of tonnage fees deposited in the solid waste account, \$6.5 million from loan repayments, \$0.3 million from other sources, and \$0.1 million of interest received by DNR on the balance of the solid waste account.

DNR implemented a competitive process for awarding financial assistance to SWAP, DB, and EMS projects. Eligible recipients include businesses, local government agencies, public and private groups, and individuals for the development and implementation of recycling and solid waste management projects. Award recipients must provide a 25% minimum cash match. DNR awards financial assistance in the form of forgivable loans, 0% interest (interest free) loans, and/or 3% interest loans to eligible SWAP projects. In addition, DNR awards financial assistance in the form of grants under the DB and EMS grant programs.

The focus of this report is on DNR's administration of financial assistance awarded under the REAP and SWAP programs in the form of loans, forgivable loans, and grants.

Objectives, Scope and Methodology

Our review was conducted to determine whether:

- DNR administers the REAP and SWAP programs in accordance with applicable laws, Administrative Rules and DNR guidelines.
- DNR sufficiently monitors REAP and SWAP projects to ensure loan and grant recipients complete and maintain projects in accordance with the project agreements, applicable laws, Administrative Rules and DNR guidelines.
- DNR evaluates the success of the REAP and SWAP programs and determines the benefit of the REAP and SWAP programs to the State.

To gain an understanding of REAP and SWAP, we:

- Reviewed applicable sections of the *Code of Iowa*, Administrative Rules, and DNR guidelines established for the programs.
- Interviewed DNR personnel to obtain an understanding of established policies and procedures for administering the programs, including the application, awarding, contracting, monitoring, reporting, and close-out process for projects awarded financial assistance under the programs.
- Evaluated internal controls to determine whether adequate policies and procedures were in place and operating effectively.
- Determined whether DNR allocated REAP appropriations and receipts in accordance with the *Code of Iowa*.
- Evaluated a selection of REAP and SWAP projects receiving financial assistance for the period July 1, 2009 through June 30, 2014 to determine compliance with applicable laws, rules, and DNR guidelines.

- Determined whether DNR monitored the selected projects.
- Summarized and analyzed REAP and SWAP revenues and expenditures in fiscal years 2010 through 2015.
- Reviewed reports completed by DNR to determine compliance with applicable sections of the *Code of Iowa*.
- Determined whether DNR performs program evaluations of the REAP and SWAP programs to determine the success of the programs and benefits realized by the State.

Program Administration - REAP

As previously stated, DNR administers the Conservation Education, State Land Management, City Parks and Open Space, County Conservation, and Private/Public Open Space Acquisition grants under REAP. DNR established procedures for administration of the REAP grant programs in Chapters 571-12 and 571-33 of the Iowa Administrative Code and provides specific written REAP grant application instructions to applicants. DNR is responsible for the administration of State financial assistance funded by REAP until the projects are closed by DNR.

Funding - REAP is primarily funded by State appropriations from Iowa gaming receipts from the Iowa Lottery. In addition, REAP is funded by other revenue sources, including REAP license plate revenue received from the DOT, interest received from the State Treasurer on the balance of the REAP fund, gifts and bequests to REAP or for specific REAP projects, and federal aid. According to a representative of DNR, unused federal funds of the State Wildlife Grants Program may be used to cost share REAP projects, especially for land management, land acquisition, and development projects.

Table 3 summarizes the source of REAP funding as recorded in the State’s financial system for fiscal years 2010 through 2015.

Description	Fiscal Year Ended June 30						Total
	2010	2011	2012	2013	2014	2015	
State appropriation	\$ 18,000	15,000	12,000	12,000	16,000	16,000	89,000
Refunds & reimbursements.	4,459	1,310	1,589	1,264	934	334	9,890
Intra-State transfers	1,463	1,579	1,931	1,918	1,617	790	9,298
Federal aid-categorical	973	1,315	1,503	1,636	596	661	6,684
Other agency billings	-	-	1,388	73	230	3,930	5,621
Interest	91	43	23	28	33	49	267
Gifts and bequests	381	14	-	6	-	-	401
Total	\$ 25,367	19,261	18,434	16,925	19,410	21,764	121,161

Amounts are rounded to the nearest thousand.

As shown by the **Table**, REAP has received approximately \$121.2 million in funding during fiscal years 2010 through 2015. Of the approximately \$121.2 million, \$89 million (73%) is from appropriations and \$9.9 million (8%) is from refunds and reimbursements. Refunds and reimbursements primarily consist of unused amounts from the Iowa Values Fund which were previously appropriated by the Legislature to DNR. The remaining \$22.3 million (19%) consists of REAP license plate revenue, federal aid, interest receipts, and gifts and bequests.

Of the approximately \$121.2 million, DNR administered approximately \$96.3 million (79.5%) while other State agencies, including Cultural Affairs, IDALS, and DOT, administered approximately \$24.9 million (20.5%). The amount received each year is dependent on the amount appropriated by the Legislature. On average, DNR receives approximately \$16 million annually and other state agencies receive approximately \$4.1 million annually.

Expenditures – DNR records REAP expenditures to specific cost centers established in the State’s financial system. **Table 4** summarizes REAP expenditures recorded by unit in fiscal years 2010 through 2015.

Table 4

Unit Name	Fiscal Year Ended June 30						Total
	2010	2011	2012	2013	2014	2015	
State land management	\$ 6,478	3,501	5,429	2,316	4,066	4,172	25,962
DNR acquisition and development	4,174	5,551	5,949	3,959	3,375	4,003	27,011
County competitive grants	1,386	1,304	774	472	1,639	1,490	7,065
Equal county distribution	1,075	906	729	682	975	956	5,323
Per capita county distribution	1,075	909	729	682	974	943	5,312
City park/rec. competitive grants	1,887	2,501	1,972	1,772	1,947	2,621	12,700
Private/public funds match	731	221	179	336	423	583	2,473
Conservation education-CEP	329	375	285	422	262	402	2,075
Protected waters	368	125	281	86	149	85	1,094
REAP license plate income	510	1,396	903	1,197	924	1,258	6,188
DNR administration expense	185	155	125	125	164	164	918
Soil & water enhancement-IDALS	3,500	4,000	2,500	2,500	2,500	3,000	18,000
Cultural Affairs-HRDP	875	1,250	500	500	525	775	4,425
DOT roadside vegetation-LRTF	543	450	268	449	477	236	2,423
Total	\$ 23,116	22,644	20,623	15,498	18,400	20,688	120,969

Amounts are rounded to the nearest thousand.

As demonstrated by the **Table**, the combined total REAP expenditures total approximately \$121 million from fiscal years 2010 through 2015. Of the \$121 million, DNR expended approximately \$96.2 million (79.5%) of the total REAP expenditures while other State agencies expended approximately \$24.8 million (20.5%) of the total REAP expenditures. On average, DNR expends approximately \$16 million annually and the other State agencies expend approximately \$4.1 million annually.

Grant Eligibility – In accordance with the Administrative Rules, DNR determines eligibility for each type of REAP grant, as follows.

County Conservation Board Grants – County Conservation Boards may apply for grants for land easements or acquisition, capital improvements, stabilization and protection of resources, repair and upgrading of facilities, environmental education, and equipment. Counties are also eligible for county competitive grants and per capita grants based on population if they dedicate at least 22 cents per \$1,000 of the assessed value of taxable property in the county for county conservation purposes. By October 1 of any year, counties must submit to DNR an annual certification showing the portion of property tax revenue dedicated to conservation purposes in order to be eligible for the grant funds.

City Parks and Open Space Grants – Cities submit an application for a grant to fund 100% of the project costs for the acquisition, establishment and maintenance of parks, preserves and open spaces. Examples of projects funded include multipurpose trails, shelter houses, picnic facilities, rest room facilities, museums, and city wildlife areas. REAP funds allocated and awarded to cities must not be used for single or multipurpose athletic fields, baseball or softball diamonds, tennis courts, golf courses, swimming pools, and other group or organized sport facilities.

Private/Public Open Space Grants - Any trust, foundation, incorporated conservation organization, private individual, corporation or other nongovernmental group able to provide funds or interest in land sufficient to equal at least 25% of a proposed open space protection project may submit a project proposal/application for funding consideration. However, governmental entities and private organizations established to benefit a specific governmental entity are not eligible for a grant. DNR provides private grants for up to 75% of the appraised cost of the land plus incidental acquisition costs. Costs in excess of the approved grant amount must be paid by the recipient of the award.

CEP Grant - Institutions of higher learning, government agencies, private schools, area education agencies, organizations, and individuals with Iowa residences may apply for CEP grants for programs to teach people of all ages about their environment and how to make intelligent, informed decisions about its well-being.

Application and Award Process – Applications received by DNR for County Conservation Board, City Parks and Open Space, or Private/Public Open Space grants are reviewed and scored by DNR's REAP project review and selection committees (selection committees). The selection committees review eligibility of the proposed projects to ensure minimum scoring requirements are met and to ensure consistency with program policy and purposes. In addition, the selection committees evaluate, score, and rank the proposed projects based on criteria established for each grant type. The scoring ranges from a low of 1 to a high 10. In addition, the selection committee may increase an applicant's score, as follows:

- 4 points for a demonstrated relationship to State, local, and regional plans,
- 3 points for the quality of the site or the project, or both,
- 2 points for public demand or need, project uniqueness, and
- 1 point for economic benefits to the State, local, or regional area.

Once the committee selects the projects, a list is provided to the Director of DNR in the order the committee selected the projects be funded. The Director presents the recommendations of the selection committee to the NRC at its next meeting. The Director may remove from consideration by the project review and selection committee any application for acquisition of property grants determined not to be in the State's best interest, such as unacceptable use restrictions, inaccessibility to the project area, or environmental contamination. The NRC reviews and approves or denies funding for the recommended projects. The NRC may change the order in which the projects are to be funded. The reason for changing or rejecting any recommended project must be included in a motion and documented in the minutes of the meeting.

CEP Grants – CEP grant funds are awarded on a competitive basis and preference is given to education programs with materials capable of being infused in multiple curricular areas and to projects which encourage conservation stewardship. To receive a CEP grant, the entity or individual seeking financial assistance must submit a CEP grant application and proposal. CEP applications and proposals are initially reviewed by DNR staff to determine whether all required materials have been included and whether the proposal falls within DNR's guidelines. All reviewed CEP grant applications and proposals are provided to the CEP board for review and for ranking of the projects to be funded. The CEP board may approve or deny funding of any project or portion of a project.

Table 5 summarizes the number of projects and the funding awarded by entity type from fiscal years 2010 through 2015.

Table 5

Fiscal Year	City Grants		County Grants		Private/ Public Grants		CEP Grants		Total Grant Awards	
	Qty.	Amount^	Qty.	Amount^	Qty.	Amount^	Qty.	Amount^	Qty.	Amount^
2010	30	\$ 2,777	8	\$ 1,581	3	\$ 560	18	\$ 372	59	\$ 5,290
2011	23	2,243	7	1,196	2	400	16	337	48	4,176
2012	18	1,779	9	1,129	1	354	24	391	52	3,653
2013	18	1,830	6	975	2	338	17	364	43	3,507
2014	27	2,781	4	1,346	4	527	19	351	54	5,005
2015	25	2,463	5	1,274	3	423	22	407	55	4,567
Total	141	\$ 13,873	39	\$ 7,501	15	\$ 2,602	116	\$ 2,222	311	\$ 26,198

^ - Amounts are rounded to the nearest thousand.

As demonstrated by the **Table**, DNR awarded a total of approximately \$26.2 million to 311 projects during fiscal years 2010 through 2015. Of the approximately \$26.2 million awarded, \$13.9 million was to cities, \$7.5 million to counties, \$2.6 million to private/public entities providing matching funds, and \$2.2 million to Conservation Education Programs.

Contracting and Monitoring – Projects awarded REAP grants (grantee) must enter into a grant agreement with DNR. The REAP grant agreement includes, but is not limited to:

- Grantee name, project title, contact person, grant purpose, and grant award amount.
- DNR contact name and phone number.
- A description of the project to be completed, project completion date, and project budget.
- Explanation of acquisition costs regarding project lands, facilities, and acquisition services.
- Grantee responsibilities, such as closing the acquisition transaction and recording the acquisition and notice of use restriction with the County Recorder.

In addition, the grantee must inform the public of the REAP program and its project, including, but not limited to, displaying a REAP sign provided by DNR and holding a project dedication ceremony.

Once approved, a grantee may submit a letter requesting an advance of up to 90% of the development costs included in the grant award. In addition, upon approval of the appraisal by DNR, the grantee may request 100% of the acquisition costs included in the grant award by submitting a letter of request, the title opinion showing a clear and marketable title, the offer to buy, the appraisal, and the groundwater hazard statement.

Upon completion of the project, the grantee must submit the following information to receive the remaining grant funds, including the legal description of the property for the notice of use restriction, a copy of the recorded deed naming the grantee as owner, copies of billings and canceled checks for the acquisition and development costs, and a final report. The final report and supporting documents should include a description of the project, pictures of the completed project and REAP signage, newspaper or magazine clippings referencing the project, printed brochures or fliers, information on exhibits for public display, and information gathered from REAP project site inspections performed by DNR.

The basic format and provisions of the CEP grant agreement is similar to the REAP grant agreement. In addition, the CEP grant agreement includes specific requirements for mid-term and

final reports and requires the grantee to acknowledge and clearly state, for any publications related to the project, funding for the project was provided by the REAP CEP.

Project Files - Project files are retained for all REAP projects to demonstrate compliance with the requirements of the REAP program and DNR's monitoring of the project. The project files contain documents, such as:

- Grant application and notice of grant award;
- Grant agreements, including the project budget;
- Legal description of property acquisitions;
- Appraisal review summary, appraisal review report, and reviewer's certification;
- Copies of the title opinion, warranty deed, real estate transfer, groundwater hazard statement, and notice of use restrictions;
- Grantee expense documentation; and
- Monitoring documents, such as evidence of review and approval of grant expenditures, including verification of supporting documentation for all expenses incurred by the grantee for the project.

In addition, DNR maintains documentation of the selection and grant award process, NRC's approval of REAP grant awards, on-site monitoring, relevant correspondence, and grant close-out documentation demonstrating the grantee completed the project in accordance with the REAP program requirements.

Project File Testing - We selected 40 project files, consisting of 15 city, 13 county, 7 private/public, and 5 CEP grants, to test compliance with the requirements of each grant type. The files were selected from DNR's grant listings for fiscal years 2010 through 2014. We reviewed the selected files to determine if DNR complied with program requirements established in the *Code*, the Administrative Rules, and DNR policies and procedures.

For the files selected for testing, we determined DNR maintained documentation demonstrating the project complied with the requirements of the REAP program including eligibility, application, and award requirements. We also reviewed the 40 files for documentation verifying that DNR monitored and evaluated the project.

Project Monitoring - Based on our review of the *Code*, there are no specific requirements for DNR to perform monitoring of the various projects. Although not specifically mentioned in the *Code*, monitoring is an integral part of administering any program to ensure projects are complying with the program requirements throughout all phases of the project. DNR performs monitoring consisting of desk reviews and on-site monitoring.

As part of its desk review procedures, DNR staff review all requests for reimbursement submitted by grantees to ensure the amounts requested do not exceed the budget, are for items specified in the grant agreement, and are supported by invoices and other requested documentation. Staff also review articles published on the project and correspondence received related to a project. This information is included in the project file.

According to a DNR representative, DNR used an informal on-site monitoring process prior to late spring of 2014. The informal on-site monitoring was performed by the REAP Coordinator while in the area for other job duties, such as attending REAP assemblies or attending project dedication ceremonies. The REAP Coordinator usually completed a REAP project site review summary and took pictures of the project site. However, the project site review summaries were not consistently completed and/or maintained by DNR to demonstrate performance of the on-site monitoring.

According to the REAP Coordinator, DNR began developing a new inspection process in the spring of 2014 which was implemented on July 1, 2014. The current inspection process includes

documentation of on-site monitoring, the results of the monitoring, and follow-up procedures performed, as necessary. The “REAP Grant Projects Inspection Report” (form) is completed and maintained by DNR for all on-site monitoring performed. DNR staff documents inspection information on the form, as follows:

- Name of person who performed the inspection and date performed,
- City and county names or County Conservation Board name,
- Grant name, fiscal year granted, status or date complete, and location,
- Contact name, position, phone number, and e-mail address,
- Whether the project needs REAP signs and how many,
- Whether the project aligns with the project description of the grant agreement, has public access, and is maintained,
- Project photos,
- Any significant issues identified for the project, and
- Any follow-up needed.

Once completed, the forms are scanned into the REAP database. The REAP coordinator uses an interactive map to track the on-site monitoring performed. DNR uses a geographical process rather than selecting projects by completion date. According to DNR staff, this allows them to use staff resources more efficiently. If DNR staff are in an area with REAP projects, the staff will monitor on-going and completed projects. However, there is no specific process for selecting what area or projects staff will visit.

According to the interactive map, on-site monitoring during 2014 was primarily performed in central Iowa. According to a DNR representative, no major violations were identified for the REAP projects monitored in 2014. DNR staff identified some minor issues, such as faded REAP signs and normal wear and tear caused by use and weather at several of the projects monitored during 2014. We reviewed 40 project files monitored during the period July 1, 2014 through June 30, 2015 and determined DNR followed its on-site monitoring procedures. The project files reviewed did not identify any major violations of program requirements.

As previously stated, we selected 40 project files to review. These 40 files were not subject to the new DNR on-site monitoring process. Of the 40 files selected, we identified:

- 23 of the projects were not monitored as of October 2015,
- 8 projects were monitored and the results were documented in the file,
- 1 project was scheduled to be monitored after October 2015,
- 3 projects were monitored, but the monitoring form was not completed, and
- 5 of the projects were funded by CEP grants to develop educational materials used in various presentations. Because these are educational materials, DNR staff review the materials submitted to determine they provide appropriate educational material related to resource enhancement.

On-site monitoring helps to ensure grantees complete the projects in accordance with the REAP grant agreement, the applicable sections of the *Code*, Administrative Rules, and DNR guidelines. In addition, on-site monitoring allows DNR an opportunity to observe and document the impacts of the projects on the surrounding communities, if the funds were properly used, and if the project is meeting its objectives. See **Finding A**.

Reporting - As previously stated, DNR schedules and coordinates REAP Assemblies and the REAP Congress. The REAP Congress is held to identify opportunities for REAP and to review and

recommend changes in REAP policies, programs, and funding. DNR summarizes the results of the biennial REAP Congress and submits a report on the REAP Congress to the Governor, the Legislature, and the NRC, as required by the *Code*.

The 2010, 2012, and 2014 REAP Congress reports included a summary of the recommendations made and the positive and negative impacts of REAP identified by each regional assembly. While the report usually covers just the biennial period, the 2014 REAP Congress report celebrated 25 years of Resource Enhancement and Protection. The 2014 REAP Congress recommended the Legislature fund REAP at \$25 million in celebration of the 25th anniversary. The remaining portions of the report present information from each of the REAP Assemblies held. The information presented includes:

- Impacts of REAP – This was a list of projects with no explanation as to the purpose of the project or the results of the project.
- Positive impacts – This was a bulleted list of items without any examples of the economic impact of the projects. The list included improved wildlife habit, increased wildlife populations, dollars campers spend locally, employee retention, improved quality of life, and conservation of resources.
- Negative impacts – Most of the Assemblies noted a lack of funding for the number of qualified projects and costs associated with projects continued to rise. In addition, several Assemblies noted smaller towns did not apply because of the lack of funding.

In addition, the NRC submits an annual report to the Governor and the Legislature as part of DNR's annual report in accordance with section 455A.4(1)(d) of the *Code*. The NRC submitted an annual report and recommendations to the Governor and the Legislature in fiscal years 2010 through 2014, including a brief summary of the major accomplishments of REAP and other DNR programs under its authority.

The 2014 NRC report includes a summary of the REAP information, such as the total number and amount of REAP grants approved, and a recommendation to the Governor and Legislature to fully fund REAP at \$20 million. According to a DNR representative, the original legislative intent of the REAP Act of 1989 was to fully fund REAP each year. Based on the review of the reports submitted by the REAP Congress and the NRC, we determined DNR complied with the existing reporting requirements of the *Code* regarding the REAP Congress report and the NRC annual report and recommendations to the Governor and the Legislature.

We reviewed and considered whether the REAP Congress and NRC reports included sufficient information for users of the reports to evaluate the success of the REAP program. While the NRC report includes a summary of the number and amount of grants and the REAP Congress report includes examples of the accomplishments, positive impacts, and negative impacts of REAP, we determined additional information is needed to allow effective evaluation of the success of REAP and the benefits realized by the State. For example, it would be beneficial to report quantifiable data such as the increase in the number of users of a completed trail, increase in the number of campers using a campground or park, economic development in the area, and new jobs created in an area as a result of completing a REAP project.

Program Evaluation - The Legislature did not establish goals for REAP in the legislation which established the program. According to representatives of DNR and a review of the applicable *Code*, the focus of REAP is primarily on the quality of life for residents of the State. According to DNR representatives, DNR defines a successful project as one which has been completed as described in its application. Success is determined in conjunction with monitoring procedures performed by DNR staff to determine if a grantee complied with the REAP grant agreement and project proposal included in the application. Some examples of successful REAP projects cited by DNR representatives include:

- High Trestle Trail Project - Funds awarded were used to construct the 25-mile High Trestle Trail from Ankeny to Woodward. According to the “Economic Value of Outdoor Recreation Activities in Iowa” report released by Iowa State University, the High Trestle Trail is attracting more than 91,000 users annually and is stimulating new business formation. The High Trestle Trail is one of several trails created with the help of REAP funds as part of the Central Iowa Trail Network. Several funding sources were utilized for the project in addition to REAP funds.

Program funds helped towns along the trails connect to the main trail. For example, REAP funds were used to help the Cities of Slater and Sheldahl connect to the trail by using REAP funds to leverage other federal grants to construct the trails needed to connect to the main trail. REAP grants were used to purchase the right of way to the railroad through Slater which is now part of High Trestle Trail. Additional REAP funding paid for the Grimm Park trailhead in Slater to offer more paved parking, new restroom facilities, and educational signs along the trail. Small towns along the Central Iowa Trail Network have benefited economically with new restaurants, bars, bike rental stores, coffee shops, and ice cream shops established as a result of increased traffic through the communities.

- Pine Lake State Park - Funding was used to completely renovate the upper Pine Lake campground with new electric, water, sewer, and sidewalk systems. Seven lift stations throughout the park pump sewage to water treatment plants in Eldora through pressurized sewage lines which eliminates the need for wastewater discharge. As a result of the improvements, guest day totals for the Pine Lake campground, defined by DNR staff as one person camping one night, increased by more than 3,000 from 2013 through 2014.

REAP funding was also used to construct more than 2.5 miles of multi-use concrete trails which connect every major feature of Pine Lake State Park, including the shoreline of the park’s twin lakes, the scenic bluffs, and the 250-year-old white pine trees. Pine Lake’s unpaved trails have also been renovated, allowing trail users to view the lower Pine Lake area on foot. As a result of the improvements, monthly trail users at the park increased from 600 to 6,000 after trail renovations were complete.

According to DNR representatives, the REAP Assemblies and the REAP Congress are the primary ways in which DNR reviews the success of the REAP program. As previously stated, economic impact is mentioned by most REAP Assemblies as a positive impact of the program and is one of the most prevalent themes summarized in the REAP Congress report. DNR considers economic impact to be a by-product of REAP, but the actual dollar amount of economic impact resulting from the projects on surrounding communities is not quantified or estimated by the REAP Assemblies or DNR.

Although DNR verifies the projects are completed in accordance with the agreement, DNR may not verify additional information presented by the REAP Assemblies, such as increase in the number of campers, increase in the number of riders using trails, or economic impact.

According to the representatives of DNR, it would be difficult to calculate or estimate the economic impact of REAP because many projects are funded by multiple sources of funds, not just by REAP. In addition, many projects are focused on improving the quality of life for Iowa residents. For example, it is difficult to determine the economic benefit of a bike trail. Although the economic impact of REAP funds on a project may be difficult to determine, the project as a whole, including all sources of funds, may be able to be evaluated. For example, the Pine Lake project included an increase in park camping revenue. The High Trestle Trail project included information on how it connected cities to the trail. DNR could request information from cities on how riders have impacted the economy of the city by increased sales in restaurants, convenience stores, and other city businesses.

While the REAP Congress report summarizes positive impacts and negative impacts submitted by each of the 18 Assemblies, the extent of the impacts of REAP grants on enhancement and protection of the State’s resources and the State’s economy is not known. DNR officials believe a potential measure of success is the popularity of the program. According to the DNR representatives, the number of requests for REAP grant funds consistently exceed the availability of funds in each fiscal year.

To demonstrate the value of REAP to the State, it is important DNR periodically evaluate REAP to determine the overall impact of the REAP program on the enhancement and protection of the State’s resources. As previously stated, more quantifiable data is needed to effectively measure the impact of the program. See **Finding B**.

Program Administration - SWAP

As previously stated, DNR administers the SWAP financial assistance program, including SWAP loans, DB grants, and EMS grants. SWAP financial assistance program funds may be used to reduce waste, increase recycling, or develop related educational programs.

Financial assistance is provided under SWAP in the form of an interest free loan, a low interest loan, and/or a forgivable loan. The interest free and low interest rate loans must be paid back based on a specific loan repayment schedule. Forgivable loans are not required to be paid back by the project if it fulfills the terms of the agreement. Projects approved for funding under DB and EMS may receive grant funds. The Environmental Protection Commission (EPC) approves the award of all SWAP loans, DB grants, and EMS grants.

Funding – As previously stated, the SWAP financial assistance programs are funded by a portion of tonnage fees received from sanitary landfill operators in the State. The EMS grant program may receive up to 30% of tonnage fees submitted by landfills and up to \$400,000 is allocated from tonnage fees to DNR for the DB grant program. The remaining tonnage fees received from landfills in each fiscal year are allocated to SWAP. SWAP revenue recorded by source in the State’s financial system for fiscal years 2010 through 2015 is summarized in **Table 6**.

Table 6

Description	Fiscal Year Ended June 30						Total
	2010	2011	2012	2013	2014	2015	
Fees, licenses & permits	\$ 1,796	2,219	2,210	1,905	2,020	1,863	12,013
Refunds & reimbursements	1,105	1,240	1,453	1,219	804	653	6,473
Other	36	68	81	48	28	68	329
Interest	38	17	16	18	13	14	114
Total	\$ 2,974	3,544	3,759	3,189	2,865	2,598	18,929

Amounts are rounded to the nearest thousand.

As shown by the **Table**, SWAP has received approximately \$18.9 million during fiscal years 2010 through 2015. Of the approximately \$18.9 million, \$12 million was from tonnage fees deposited in the solid waste account, \$6.5 million from loan repayments, \$0.3 million from other sources, and \$0.1 million of interest received on the balance of the solid waste account in the Groundwater Protection Fund.

SWAP Loan Eligibility – Eligible recipients include any unit of local government, public or private group, business, or individual with an interest in or having responsibility for solid waste management in the State. DNR may provide financial assistance for the following types of projects, consistent with the previously stated goals and purpose of SWAP:

- Best practices - Practices and programs which will move Iowa toward long-term pollution prevention, waste reduction, and recycling sustainability;

- Education - Practices and programs consistent with a coordinated Statewide message on pollution prevention, waste reduction, and recycling to ensure ongoing support of these integrated solid waste management activities; and
- Market development - Practices and programs to develop a demand for value-added recyclables sufficient to provide increased and stable commodity markets.

Derelict Building (DB) Grant Eligibility: The derelict building must be located in a city or unincorporated county area with 5,000 residents or less. In addition, the building must be owned or in the process of being purchased by the city or county. A derelict building is considered to be a building abandoned by the owner, the owner is not financially able to bring the building into compliance with State and local building codes, or the owner refuses to take any steps to improve the building. Derelict buildings are dilapidated, neglected, have become a nuisance, fallen into a state of disrepair or deterioration, or fallen into ruins. Each DB project must have a landfill diversion component through the recycling and reuse of materials from the building.

A 5-member review team made up of 2 members from DNR and 1 member from Iowa Recycling Association, Iowa Society of Solid Waste Operations, and the Iowa Waste Exchange review all project applications. The review team uses scoring criteria provided in the grant application to score and rank projects for potential award. As stated previously, the EPC approves the award of all DB grants.

Projects selected to receive funding, may receive funding as follows:

- 100% reimbursement for certified asbestos containing materials (ACM) inspections.
- 100% reimbursement of the initial \$10,000 for removing and disposal of ACM and 50% of ACM removal and disposal costs above \$10,000.
- 100% reimbursement, not to exceed \$1,500, for a structural engineering analysis to be completed by a licensed structural engineer or architectural historian to determine if the building can be renovated.
- 100% reimbursement, not to exceed \$3,000, for conducting a Phase I environmental assessment. The grantee is responsible for all costs exceeding \$3,000.
- 50% reimbursement, not to exceed \$2,500, for conducting a Phase II environmental assessment. The grantee is responsible for costs exceeding \$5,000. The need for this assessment is impacted by the results of the Phase I assessment and involves sampling of structure components, soil and groundwater to confirm or deny if contamination is present.

When a building is going to be deconstructed, DNR can award up to 50% of the costs to deconstruct the building, not to exceed \$50,000. A primary goal of deconstruction projects is to divert 30% of the structure by weight from landfills. For every additional 10% of landfill diversion by weight above 30% which is documented upon completion of the project, the project's cost share is reduced by 5% and the grant award will increase accordingly up to a maximum of \$75,000.

If the building is to be renovated under a DB project, the grantee is reimbursed 50% of the costs related to removing materials for reuse, either on or off site, or for recycling up to a maximum of \$50,000. A portion of the grant may be used to help cover costs of purchasing and installing reused or recycled materials which will be incorporated into the project.

EMS Grant Eligibility: A 9-member Solid Waste EMS Advisory Council (EMS Council) is appointed by the Director of DNR to make recommendations to the EPC as to which solid waste comprehensive planning areas and permitted facility service areas applying for EMS designation should be selected. Prior to the awarding of an EMS grant, the EMS Council reviews the most recent annual compliance report submitted to DNR by the EMS to determine whether the EMS is in compliance with applicable *Code* requirements established for yard waste management, hazardous household waste materials, water quality improvement, greenhouse gas reduction, recycling services, and environmental education.

The EMS Council may award up to \$25,000 to an EMS project. Grants over \$25,000 must be approved by the EPC. EMS grant awards must be directly tied to one or more of the EMS component areas, as follows:

- Yard waste management,
- Household hazardous waste collection,
- Water quality improvement,
- Green-house gas reduction,
- Recycling, and
- Environmental education.

Once a solid waste agency/permitted facility service area is designated as a solid waste EMS, the new EMS is eligible for a one-time “Quick Start” grant up to \$20,000 to be used for training. The training must focus on the following areas:

- Environmental policy statement, aspects, and impacts,
- Legal and other requirements,
- Objectives, targets, and action plan,
- Identify roles and responsibilities,
- Communication and awareness,
- Monitoring, measurement, and assessment, and
- Reevaluation and modification.

An EMS may subsequently apply to the EMS Council for a competitive grant. The maximum grant amount the EMS Council may award is \$50,000. EMS grant applications must include a minimum 25% cash match. The EMS Council may recommend funding the full amount, a lesser amount, or may recommend not to fund the application.

Application and Award Process – DNR established proposal application and guidelines (application guideline manual) for project requests, one for project requests of \$20,000 or less (small project application) and one for project requests greater than \$20,000 (large project application). The entity seeking financial assistance must complete and submit a SWAP project proposal for a small project or a large project to DNR, as follows:

- Proposal cover sheet,
- Project narrative, timetable, budget summary, and budget narrative,
- Comprehensive planning area agency review and comment form, and
- Minority impact statement disclosure.

Prior to submitting the proposal to DNR, the applicant must submit the proposal to the Comprehensive Planning Area Agency (CPAA) for review and comment. The proposal, CPAA review and comments must be submitted to DNR from the service area in which the proposed project is located or will be implemented. Examples of entities awarded EMS grants include metropolitan solid waste agencies and other solid waste agencies which serve areas throughout the State.

As previously stated, SWAP project proposals are reviewed by a 5-member review committee. The review committee evaluates and determines the merits of each SWAP proposal. The review committee may award a total of 100 points for a SWAP project proposal, including:

- Up to 50 points based on its evaluation of the project description, including operations, education/promotion, and general information, such as amount of cost savings, jobs created and retained, and sustainability.
- Up to 25 points based on its evaluation of the SWAP project goals and objectives, including a description of steps to be taken to achieve project goals and objectives.
- Up to 25 points based on its evaluation of the project description of how they will measure whether the goals and objectives of the SWAP project are met.

Based on its review, the committee prepares and submits a list of recommended projects to the DNR Financial and Business Assistance (FABA) section supervisor. DNR established a policy for approval of project agreements less than \$25,000, as follows:

- Project agreements for less than \$2,000 are approved by a FABA lead worker.
- Project agreements for \$2,000 or greater but less than \$10,000 are approved by the FABA section supervisor.
- Project agreements for \$10,000 or greater but less than \$15,000 are approved by the Land Quality Bureau Chief.
- Project agreements for \$15,000 or greater but less than \$25,000 are approved by the Environmental Protection Division Administrator.

Projects for \$25,000 or greater are presented by FABA to the EPC for approval prior to entering into an agreement. All SWAP award agreements of \$25,000 or more must be approved by DNR's Deputy Director. The application and award process used by DNR for the DB and EMS grants is similar to SWAP, but include additional criteria focused on the specific purposes of the grant programs. In addition, DNR established specific grant application requirements for the DB and EMS grant programs.

DB grant applications are to be submitted by an eligible applicant and must include the type of assistance applied for, amount of funding requested, amount of cash match committed, project identification, status and pictures of the derelict building, project budget detail, and project milestone detail. A review team is comprised of a representative from Keep Iowa Beautiful, the Iowa Society of Solid Waste Operators, the Iowa Recycling Association, the Iowa Economic Development Authority, and the DNR. The review team uses the scoring criteria provided in the DB grant application for scoring the grant applications submitted to DNR. The review committee may award a total of 100 points for a SWAP project proposal, including the project narrative, end use markets, budget details, and quality of supporting materials.

The EMS grant application must be submitted by an eligible EMS and must include a brief description of the proposed project, a description of how grant funds will be utilized, project budget, project timeline, and address continuous improvement, environmental impact, project need, financial need, project sustainability, and partnerships. The EMS Council reviews and scores grant application based on the primary selection criteria and submits recommendations for award of grant funding to the EPC. Additional points may be awarded for joint submittals and the applicant's grant request history. The EPC makes the final determination and approves the grants to be awarded to selected projects. The primary selection criteria total 100 points for items such as the project description, implementation strategy, impact, budget, matching contributions, milestones, and sustainability.

Table 7 summarizes the number and total amount of SWAP financial assistance awarded by DNR to active and closed projects during fiscal years 2010 through 2015.

Table 7

Fiscal Year	SWAP Awards		DB Grants		EMS Grants		Total Awards	
	Qty.	Amount^	Qty.	Amount^	Qty.	Amount^	Qty.	Amount^
2010	25	\$ 749	-	\$ -	12	\$ 387	37	\$ 1,136
2011	34	1,817	-	-	-	-	34	1,817
2012	30	1,330	13	606	10	330	53	2,266
2013	53	1,994	15	463	11	371	79	2,828
2014	31	1,524	18	651	9	407	58	2,582
2015	26	1,510	12	231	10	339	48	2,080
Total	199	\$ 8,924	58	\$ 1,951	52	\$ 1,834	309	\$ 12,709

^ - Amounts are rounded to the nearest thousand.

As demonstrated by the **Table**, DNR has awarded approximately \$12.7 million to 309 projects. Of the approximately \$12.7 million, SWAP projects received \$8.9 million (70.1%) in assistance, DB projects received \$2 million (15.7%) in grant funds, and EMS projects received \$1.8 million (14.2%) in grant funds during fiscal years 2010 through 2015.

Contracting – Projects awarded SWAP financial assistance enter into a written agreement with DNR. The agreement sets the terms and conditions of the award, reporting requirements, and includes a repayment schedule, if applicable. If the grantee fails to meet the terms of the agreement, DNR may terminate the agreement and seek the return of any funds already provided to the project. Any amendments to the agreement are required to be approved and included in the project files. The SWAP project agreement includes, but is not limited to, the following provisions:

- Recipients name, project title, contact person, and contact information;
- Award amount and type, including loan amount, interest rate and amount, as applicable;
- DNR contact name and phone number;
- Time of performance, time of final documentation, and period of agreement;
- Identification of parties, project, and project area;
- Project budget, funding, and listing of unallowable costs;
- Scope of work, including project description, material, and milestones;
- Reporting requirements, including quarterly progress reports to address the areas summarized in the project description;
- DNR’s right to review and observe the project at any time; and
- Loan terms and obligation to repay the loan, as evidenced by the agreement and the promissory note signed by the recipient.

In order to request funds, the recipient submits an expense sheet detailing the amount requested, their cost share amount, and the total amount requested for items included in the agreement budget. Invoices must also be submitted to support the amounts requested. The claim is submitted to DNR accounting which enters the amounts requested into a spreadsheet for tracking purposes.

SWAP administrative staff verify the amounts, determine whether items for which funding are requested are consistent with the project agreement, review the invoices submitted, and send the claims back to management services for processing and payment.

Table 8 summarizes the total amount of SWAP forgivable loans, interest free loans, and 3% interest loans provided under project agreements during fiscal years 2010 through 2015.

Table 8

Fiscal Year	Forgivable Loans	Interest Free Loans	3% Interest Loans	Total Loans
2010	\$ 388,945	341,976	-	730,921
2011	696,696	653,776	462,433	1,812,905
2012	685,495	434,450	210,000	1,329,945
2013	1,148,796	733,107	108,694	1,990,597
2014	696,342	327,450	490,000	1,513,792
2015	488,271	828,130	193,592	1,509,993
Total	\$ 4,104,545	3,318,890	1,464,719	8,888,153

The **Table** illustrates approximately \$8.9 million in SWAP financial assistance awarded during fiscal years 2010 through 2015 included \$4.1 million (46%) in forgivable loans, \$3.3 (37%) million in interest free loans, and \$1.5 million (17%) in 3% interest rate loans.

Project files — DNR maintains project files for all SWAP projects to demonstrate compliance with the program rules. The project files contain documents, such as:

- SWAP project proposal, DB application, or EMS application;
- DNR’s review and scoring of the project proposal and award notification;
- Project agreement, all related documents, and correspondence;
- Grant expense sheets, including invoices and other supporting documentation;
- Quarterly progress reports;
- Loan repayment documents, such as notification of receipt of final loan payment and delinquency notices, as applicable;
- Final report and pictures; and
- News releases and copies of newspaper articles regarding the completed project.

During our review, DNR was in the process of converting files from paper to electronic files to be maintained in the SWAP online database. As a result, some of the project file records were available in paper form and some were available electronically. SWAP staff uses the database to track, monitor, and document activity for all SWAP, DB, and EMS projects. The database includes the project proposal, selection letter, contract, contract routing form, correspondence, progress reports, final report, on-site monitoring forms, completed project summary, project pictures, final account statement, and approved final documentation.

In addition, SWAP staff maintains a copy of the EPC approval of the financial assistance awarded for each SWAP, DB, and EMS project. DNR’s accounting staff maintains detailed records for SWAP loans, DB grants, and EMS grants, and maintains detailed financial records, including the loan repayment schedules.

Project File Testing – We selected 40 projects from the SWAP project database consisting of 30 SWAP projects, 5 DB projects, and 5 EMS projects. The files were selected from DNR’s grant listings for fiscal years 2010 through 2014. We reviewed the files for compliance with the project agreement, applicable sections of the *Code*, Administrative Rules, and DNR policies and procedures.

For the files selected for testing, we determined DNR maintained documentation demonstrating the project complied with the requirements of the SWAP program, including eligibility, application, and award requirements. We also reviewed the 40 files for documentation DNR monitored and evaluated the project.

On-site Monitoring – Based on the review of the *Code*, there are no specific requirements for DNR to perform monitoring of the various projects. Although not specifically mentioned in the *Code*, monitoring is an integral part of administering any program to ensure projects are complying with the program requirements throughout all phases of the project. DNR does perform monitoring, consisting of desk reviews and on-site monitoring.

As part of its desk review procedures, DNR staff review all requests for reimbursement submitted by grantees to ensure the amounts requested do not exceed the budget, are for items specified in the grant agreement, and are supported by invoices and other requested documentation. Staff also reviews articles published on the project and correspondence received related to a project. This information is included in the project file.

According to DNR staff, DNR implemented an informal process for on-site monitoring of SWAP, DB, and EMS projects. The process includes:

- A goal of making at least 1 on-site monitoring visit during the project agreement's time of performance,
- Attending a project open house scheduled by the grantee,
- Completing an on-site monitoring form, and
- Updating the SWAP database after performing on-site monitoring.

According to a DNR representative, FABA staff determines which projects are monitored on a case-by-case basis. FABA staff attempt to coordinate on-site monitoring for efficiency purposes, such as completing more than one monitoring visit in the same area of the State. If any significant issues are identified during on-site monitoring, FABA staff follows up and ensures the issues are resolved prior to closing-out the project and making the final payment. According to DNR staff, the SWAP database is being continually improved, including the implementation of a form used by staff to record the on-site monitoring.

Of the 40 files selected for testing, 19 did not include documentation showing on-site monitoring was performed or were not included in the SWAP database as having been monitored. DNR representatives stated they believed on-site monitoring was completed; however, they did not maintain documentation of the on-site monitoring being performed for these 19 projects. As a result, we cannot determine if on-site monitoring was performed.

According to a DNR representative, the former DNR employee responsible for performing on-site monitoring sometimes wrote a brief summary in an e-mail or in an informal document to summarize the on-site monitoring performed rather than using an official form. However, the documentation completed by the former DNR employee was not available for the period reviewed because DNR was unable to access the former employee's e-mail account. In addition, on-site monitoring performed was not entered consistently or timely into the SWAP database.

Subsequent to our testing, DNR staff was able to provide documentation showing on-site monitoring was performed for 13 of the 19 files discussed in the previous paragraph. The 13 projects had been reviewed but had not been entered into the database. We reviewed the documentation for the 13 projects and verified DNR subsequently recorded the on-site monitoring in the SWAP database. As a result, we determined only 6 of the 40 selected projects were not monitored as of March 2015.

In October 2015, a DNR representative stated DNR officials completed observations at 4 of the 6 remaining projects not previously monitored. However, the observations of the 4 projects

completed by DNR staff were not documented using the monitoring forms. The visits were documented using notes of DNR staff observations.

Performance of on-site monitoring helps ensure projects are completed in accordance with the SWAP project agreement, the applicable sections of the *Code*, Administrative rules, and DNR policies and procedures. In addition, performance of on-site monitoring allows DNR the opportunity to observe and document the impact of the projects on the surrounding communities and to ensure funds were properly used and the project is meeting its objectives. See **Finding A**.

Reporting and Program Evaluation - According to the *Code*, there are no reporting requirements or a requirement DNR prepare a program evaluation for SWAP, DB, and EMS. Therefore, DNR does not prepare a formal program report or program evaluation of SWAP, DB, and EMS.

DNR includes information on the SWAP, DB, and EMS programs in the FABA newsletter located on DNR's website. In addition, DNR highlights examples of successful projects completed in each fiscal year. Examples of successful projects reported by FABA for fiscal year 2014 are as follows:

- SWAP - Central College dining service used SWAP funds for a food waste pulper project. A food waste pulper is a machine use to compost waste so it can be used as a fertilizer in soil. The project includes the implementation of a trayless meal service as a means to reduce post-meal food waste and water conservation. With the assistance of a \$20,000 forgivable loan through SWAP, Central College installed a food pulper for kitchen prep and post-meal food waste. Processed food waste is taken to a local composting facility where the pulped food waste is composted and ultimately returned to the soil.

During the first year of operation, the food waste pulper resulted in the diversion of 108,000 pounds of pre and post-meal food waste from the landfill to a composting facility. The diversion of the food waste resulted in a saving of more than \$10,000 in landfill fees and \$8,000 in wastewater fees. In addition, the food waste pulper project provided additional sustainability education opportunities, revenue for area contractors through installation of the food waste pulper system, transportation to an area compost facility, and the elimination of greenhouse gases equivalent to 120 cars for a one month period.

- DB - The City of Glidden converted an abandoned building in its downtown corridor and renovated it into a health and wellness center for its residents.
- EMS - The Metro Waste Authority (MWA) worked with its member communities, the Walnut Creek Watershed Coalition, and other clean-up experts to develop the "Adopt-A-Stream" program. The program website provides a step-by-step guide for volunteers to adopt and clean-up area streams. Groups report the approximate amount of material they clean through the Adopt-A-Stream website. The MWA promotes the program through city newsletters, radio, television, newspaper, social media, and area events.

Success is measured by DNR based on how many groups have adopted streams and how many miles of stream are cleaned up. In 2013, the MWA's 10 teams cleaned up 20 miles of stream, collecting over 750 tires, 42,520 pounds of materials, 3 cars, and 1 used oil tank containing 135 pounds of oil.

According to DNR representatives, the diversion of tons of solid waste from the landfills, as related to the Groundwater Protection Act under Chapter 455E of the *Code*, is a significant consideration for projects funded by SWAP and is the primary measure of the success of SWAP. In addition, the Legislature periodically asks questions about SWAP, DB, and EMS. As a result, FABA staff submits the requested information to the Legislature, such as a summary of the tons of solid waste diverted from landfills.

DNR staff evaluate each project on a case-by-case basis to ensure the project was completed in accordance with the project agreement, applicable sections of the *Code*, the SWAP rules

Administrative Rules, and DNR policies and procedures. DNR considers a DB project to be a success if all or most of the material resulting from a building demolished is recycled or otherwise diverted from the landfills.

At the completion of the project, the recipient of the award submits a report which includes a narrative on the overall project, invoices paid, before and after pictures, and pictures of materials which will be recycled from the project. DNR verifies the project was completed in accordance with the terms of the agreement during an on-site monitoring visit. During the visit, DNR staff may observe piles of recycled materials. Although DNR reviews the report and the documentation submitted by the recipient, DNR does not verify the information submitted, including the tons of material diverted from the landfills.

In addition, an EMS project is measured by determining whether the number of individuals to be reached by the education project was met. At the completion of the project, DNR receives a report from the recipient which includes the number of people who attended the various training events funded by the project.

For purposes of program planning, DNR staff review some indicators of the success of SWAP, EMS, and DB programs and projects, such as:

- Whether the amount of funding requested exceeds available funding,
- The amount of matching funds provided by the project when awarding SWAP loans and forgivable loans,
- Results of customer surveys performed to obtain program feedback, and
- Whether previous recipients were successful in implementing the project agreed to.

In addition, the *Code* requires the EPC to submit an annual report and recommendations to the Governor and the Legislature on the SWAP, EMS, and DB programs as well as all of the other programs under its jurisdiction. The EPC reports we reviewed include highlights of what DNR officials consider major activities and accomplishment of the EPC during the year. However, the EPC reports do not include specific program accomplishments.

According to a representative of DNR, FABA reports to the EPC a summary of the status and results of SWAP, DB, and EMS projects to demonstrate the value of projects in each fiscal year. Based on a review of the EPC annual reports for fiscal years 2010 through 2014, the EPC typically includes brief examples of SWAP, DB, and/or EMS program activity and accomplishments. For example, EPC included a brief summary of the accomplishments of the SWAP and DB programs in its 2014 report, as follows:

“The Derelict Building grant program has benefitted dozens of small communities with ongoing efforts to address abandoned buildings. Solid Waste Alternative programs support an array of unique and ever-expanding efforts to divert material from landfills to be reused. Iowa should be proud of this progress.”

As previously stated, the applicable *Code* sections do not establish quantifiable goals to measure the success of the SWAP, DB, and EMS programs. In addition SWAP, DB and EMS are only a few of the programs used to help the State reach its goal of reducing the amount of solid waste being generated and the amount of solid waste being landfilled through implementation of solid waste management projects. Because the *Code* and DNR have not established a method of measuring the reduction in solid waste being generated or diverted from landfills, the success or failure of the program cannot be easily quantified and can only be measured subjectively. See **Finding C**.

Findings and Recommendations

We reviewed the REAP and SWAP programs administered by DNR to determine whether DNR administers the programs in compliance with the applicable sections of the *Code of Iowa*, Administrative Rules and DNR policies and procedures. We also determined whether DNR sufficiently monitored and evaluated the success of the programs and analyzed the benefits realized by the State. As a result, we identified certain findings and recommendations regarding the REAP and SWAP programs which should be considered by the Governor, Members of the General Assembly, Natural Resources Commission, Environmental Protection Commission, and DNR.

FINDING A – On-Site Monitoring

The *Code* does not include requirements for monitoring the REAP or SWAP programs. Although not specifically mentioned in the *Code*, monitoring is an integral part of administering any program to ensure projects are complying with the program requirements throughout all phases of the project.

REAP - We determined DNR did not implement a formal on-site monitoring process until the spring of 2014. Prior to the spring of 2014, DNR used an informal on-site monitoring process for selected projects. On-site monitoring was usually performed by the REAP coordinator while in the area for other job duties, such as attending REAP Assemblies or attending project dedication ceremonies. The REAP coordinator usually completed a REAP project site review summary and took some pictures of the project site. However, prior to the spring of 2014, the project site review summaries were not consistently completed and/or maintained by DNR to demonstrate performance of on-site monitoring of selected projects.

DNR implemented a formal project inspection process effective July 1, 2014. DNR's current inspection process includes documentation of on-site monitoring, the procedures performed, the results of on-site monitoring, and follow-up procedures performed, as necessary. When completed, on-site monitoring is documented on the form and in the REAP project database.

SWAP - We determined DNR implemented an informal process for on-site monitoring of SWAP, DB, and EMS projects, including a goal to monitor each project at least once, completing the on-site monitoring form, recording the on-site monitoring in the SWAP database, and following-up to ensure any project issues identified are resolved prior to making final payment and prior to closing out the project.

We determined on-site monitoring was not performed for 6 of the 40 SWAP projects selected for testing as of October 2015. However, for 4 of the 6 SWAP projects, DNR staff informally observed the project sites and the items paid with SWAP funds under the project agreements while visiting the project sites or in the area.

Recommendation – On-site monitoring of projects should be consistently performed and documented to ensure the projects are completed in accordance with the requirements of the project agreements, the applicable sections of the *Code*, Administrative Rules, and DNR policies and procedures. In addition, performance of on-site monitoring allows DNR the opportunity to observe and document the impact of the projects on the surrounding communities. DNR should continue to improve the REAP and SWAP project on-site monitoring procedures, as follows:

- Implement formal written policies and procedures regarding on-site monitoring of projects including, but not limited to, the frequency of on-site monitoring, the selection of projects, the procedures to be performed during on-site monitoring, and the procedures for documenting and following-up on the results of the on-site monitoring.

- Consistently complete comprehensive on-site monitoring at projects while in progress and/or after projects are completed, including, but not limited to, observing the project to determine whether the project is completed in accordance with the project agreement, applicable sections of the *Code*, Administrative Rules, and DNR guidelines; taking pictures of items DNR paid for; reviewing the project's progress; verifying project files and records as needed; and completing the other items listed on the form.
- Consistently document and maintain in DNR's project files the procedures performed and the results of on-site monitoring.

Response – The Department of Natural Resources considers field visits an integral part of program management. As such, although not required by the Code of Iowa, the Department instigated field visits for both REAP and SWAP.

The Department will develop a formal site visit process for SWAP, and will continue to improve the REAP and SWAP project on-site monitoring procedures.

Conclusion – Response accepted.

FINDING B – REAP Program Reporting and Evaluation

We determined DNR does not perform an evaluation of the program or established measurable goals or other baselines which could be used to measure the success of the program. We also determined DNR evaluates the success of REAP projects on a case-by-case basis in conjunction with monitoring procedures performed to determine grantees' compliance with the REAP grant agreements.

According to representatives of DNR, the REAP Assemblies and the REAP Congress are the primary ways in which DNR reviews the success of REAP. As previously stated, economic impact is mentioned by most REAP Assemblies as a positive impact of the program and is one of most prevalent themes summarized in the REAP Congress reports. DNR considers economic impact to be a by-product of REAP, but the dollar amount of economic impact resulting from the projects on surrounding communities is not quantified or estimated by the REAP Assemblies and DNR. According to the representatives of DNR, it would be difficult to calculate or estimate the economic impact of REAP because many projects are funded by multiple sources of funds, not just by REAP.

While the REAP Congress reports summarize positive impacts and negative impacts submitted by each of the 18 REAP Assemblies, the extent of the impacts of REAP grants on enhancement and protection of the State's resources and the State's economy is not known. According to representatives of DNR, a program evaluation of REAP is not required by the *Code*. Therefore, DNR has not completed a comprehensive evaluation of REAP. DNR officials believe the popularity of the program is a potential measure of success. For example, according to the DNR representatives, the requests for REAP grant funds consistently exceed the availability of funds in each fiscal year. It is important DNR periodically evaluate REAP to determine the overall impact of the provision of REAP grants on the enhancement and protection of the State's resources and to what extent.

Recommendation – DNR, in consultation with the Legislature, should establish measurable goals, program reporting, and program evaluation requirements for REAP to allow assessment of the success of the program and the benefits realized by the State.

Response – The REAP program is not intended to promote economic development. The statute describes the program's purpose to be *a long-term integrated effort to wisely use and protect Iowa's natural resources through the acquisition and management of public lands; the upgrading of public park and preserve facilities; environmental education, monitoring and research and other environmentally sound means.*

Measuring the return on investment for REAP was not considered in the enabling legislation and would be impractical for grant recipients to measure. For example, a small project in Dunkerton to restore a small area into a wetland prairie would be a successful use of resource enhancement funds, but very little, if any, economic benefit would be derived. Similarly, REAP provides funds for conservation education. Determining the return on investment for sustainable, nature-based, high-quality professional development training for early childhood educators that hopes to inspire students to love learning and to develop life-long healthy connections with nature would not only be unmeasurable, but the return could take many years to be realized. Another example would be the restoration of the hanging bridge at Monkey Run Creek Park in Columbus Junction, while it is possible the bridge restoration increased the number of visitors to the park, the park is not staffed, so the number of visitors could not be easily measured. Larger projects, such as the Spencer trail development, which could conceivably bring increased revenue to the local economy, have matching funds that need to be considered. Large projects have multiple funding sources, which would all add to the economic return. In the case of the Spencer trail, the bulk of funding is actually from the Department of Transportation, so fractioning out the benefit derived from REAP would be unfeasible.

The Department considers the fact the program has been ongoing for 26 years a testament to the success of the program. REAP is consistently funded by appropriation every year and the number of grants requested annually exceeds funds allocated. In addition, at the REAP Congress, held every other year, Delegates have voted to not make changes to the program.

Conclusion – Response acknowledged. Additional information is needed in the REAP Congress reports to allow effective evaluation of the success of REAP and the benefits realized by the State. For example, it would be beneficial to report quantifiable data, such as the increase in the number of users of a completed trail, increase in the number of campers using a campground or park, economic development in the area, and new jobs created in an area as a result of completing a REAP project. While we did not state REAP was intended to promote economic development, economic impact is mentioned by most REAP Assemblies as a positive impact of the program and is one of the most prevalent themes summarized in the REAP Congress reports.

Although the economic impact of REAP funds on a project may be difficult to determine, the project as a whole, including all sources of funds, should be able to be evaluated. For example, the Pine Lake project included an increase in park camping revenue. The High Trestle Trail project included information on how it connected cities to the main trail. DNR could request information from cities on how riders have impacted the economy of the city by increased sales in restaurants, convenience stores, and other city businesses.

In addition, the amounts of REAP funding available and the requests for REAP grant funds each fiscal year could be summarized by grant type and presented in the NRC report and the REAP Congress report to demonstrate the amount of grant requests exceeding available funds.

FINDING C – SWAP Reporting and Evaluation

We determined the *Code* did not establish requirements regarding program reporting and program evaluation. As a result, DNR does not prepare a formal program report or perform program evaluations on SWAP, DB, and EMS.

However, DNR summarize SWAP, DB, and EMS program activity in a newsletter located on its website. The EPC includes some summary information and accomplishments in its annual report. The Legislature periodically asks questions about SWAP, DB, and EMS, so DNR staff periodically submits the requested information to the Legislature, such as a summary of the tons of solid waste diverted from landfills.

Based on a review of Chapter 455E of the *Code*, diversion of tons of solid waste from the landfills, as related to the Groundwater Protection Act, is the primary measure of the success of SWAP. DNR staff evaluates the SWAP, DB, and EMS projects on a case by case basis to ensure the

recipient completed the project in accordance with the project agreement and program requirements.

We determined the goal of SWAP to reduce the amount of solid waste being generated and the amount of solid waste being landfilled through implementation of solid waste management projects is not being measured because no percentage reductions or other quantifiable measurements were established by the Legislature. DNR does not prepare information on the percentage reduction of solid waste being landfilled.

Recommendation – DNR, in consultation with the Legislature, should establish measurable goals, program reporting, and program evaluation requirements for SWAP, including DB and EMS, to allow assessment of the success of the programs and the benefits realized by the State.

Response – Although the Department of Natural Resource’s SWAP efforts have added to a reduction in the amount of solid waste being generated and landfilled, SWAP is only a contributing factor to the overall reduction. Other factors include increased monitoring, increased landfill lining requirements, and local recycling programs. SWAP funds can be used not only for waste reduction equipment, but also for educational materials, educational forums, and salaries relating to the project. Other than considering each project on a case by case basis as the Department currently does, it would be impossible to determine the portion of diversion/reduction due only to SWAP efforts.

The Department’s EMS program provides funds to participants for continuous improvement in any of the six EMS components (Yard waste management, Household hazardous waste collection, Water quality improvement, Greenhouse gas reduction, Recycling services, and Environmental education). However, a large portion of funds in this program is to provide specialized training to designated EMS Tier 1’s, and as such it is difficult to quantify the tons diverted due to EMS efforts. The Department feels the annual report filed by EMS participants to the EMS council every September is sufficient evidence of the program’s success.

The Department’s Derelict Building Program is allocated \$400,000 annually. Since its inception, the program has drawn 116 applicants requesting \$4.5 million in grant funds. The 54 projects selected for funding have resulted in \$1.5 million reimbursed, \$700,000 in applicant match, \$712,000 in savings to local entities, and 15,000 tons of solid waste diverted from local landfills.

Conclusion – Response acknowledged. Although it may be impossible, or impractical, to determine the portion of the diversion of tons of solid waste from the landfills due only to SWAP efforts, the amount of tons of solid waste diverted by projects reported by award recipients could be verified or reviewed for reasonableness in conjunction with on-site monitoring procedures performed. The verified amount of tons diverted by completed SWAP projects could be summarized and reported in the EPC report as examples of SWAP success.

Also, some indicators of the success of SWAP, EMS, and DB programs and projects considered by DNR staff in planning the programs would be beneficial in evaluating and reporting success of the programs, such as:

- Whether the amount of funding requested exceeds available funding, including the actual amount of funding available and the amount requested for each fiscal year,
- The amount of matching funds provided by the programs when awarding SWAP loans and forgivable loans, and
- Whether previous recipients were successful in implementing the project agreed to.

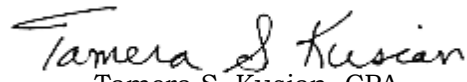
In addition, DNR could summarize in the EPC report the impact of the Derelict Building Program, including statistics similar to those previously stated in the Department’s response. The Department could also summarize in the EPC report the number of people who attended the various training events funded by the EMS projects to demonstrate whether the goals of the education projects were met.

Report on a Review of the
Resource Enhancement and Protection Program
And the Solid Waste Alternatives Program
Administered by the Department of Natural Resources

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