

Agenda

Environmental Protection Commission

Tuesday, December 13, 2022

Teleconference: 631-618-4607 PIN: 484 733 354#

Video Conference: <https://meet.google.com/rzo-uidn-tvg>

502 East 9th Street, Des Moines, Iowa 50319

DNR 2 North Conf Room

Tuesday, December 13, 2022

10:00 AM – EPC Business Meeting

If you are unable to attend the business meeting, comments may be submitted to Alicia Plathe at Alicia.Plathe@dnr.iowa.gov or 502 East 9th St, Des Moines IA 50319 up to 24 hours prior to the business meeting for the public record.

1	Approval of Agenda	
2	Approval of the Minutes (Packet Page 3)	
3	Monthly Reports (Packet Page 9)	Ed Tormey (Information)
4	Director's Remarks	Kayla Lyon (Information)
5	Adopted and Filed-Chapter 107-Beverage Container Deposits (Packet Page 10)	Amie Davidson (Decision)
6	Presentation: Moving Towards a Better Understanding of Bacterial Impairments at Public Beaches in Iowa (Packet Page 33)	Jason Palmer Claire Hruby (Information)
7	Contract with Iowa Department of Agriculture and Land Stewardship (IDALS)-Easter Lake Watershed Project 2022 Grant (Packet Page 34)	Kyle Ament (Decision)
8	Clean Water and Drinking Water State Revolving Loan Fund-FY 2023 Intended Use Plan Third Quarter Update (Packet Page 41)	Theresa Enright (Decision)
9	General Discussion	
10	Items for Next Month's Meeting	
	<ul style="list-style-type: none">Tuesday, January 17, 2023, Wallace BuildingTuesday, February 21, 2023, Wallace Building	

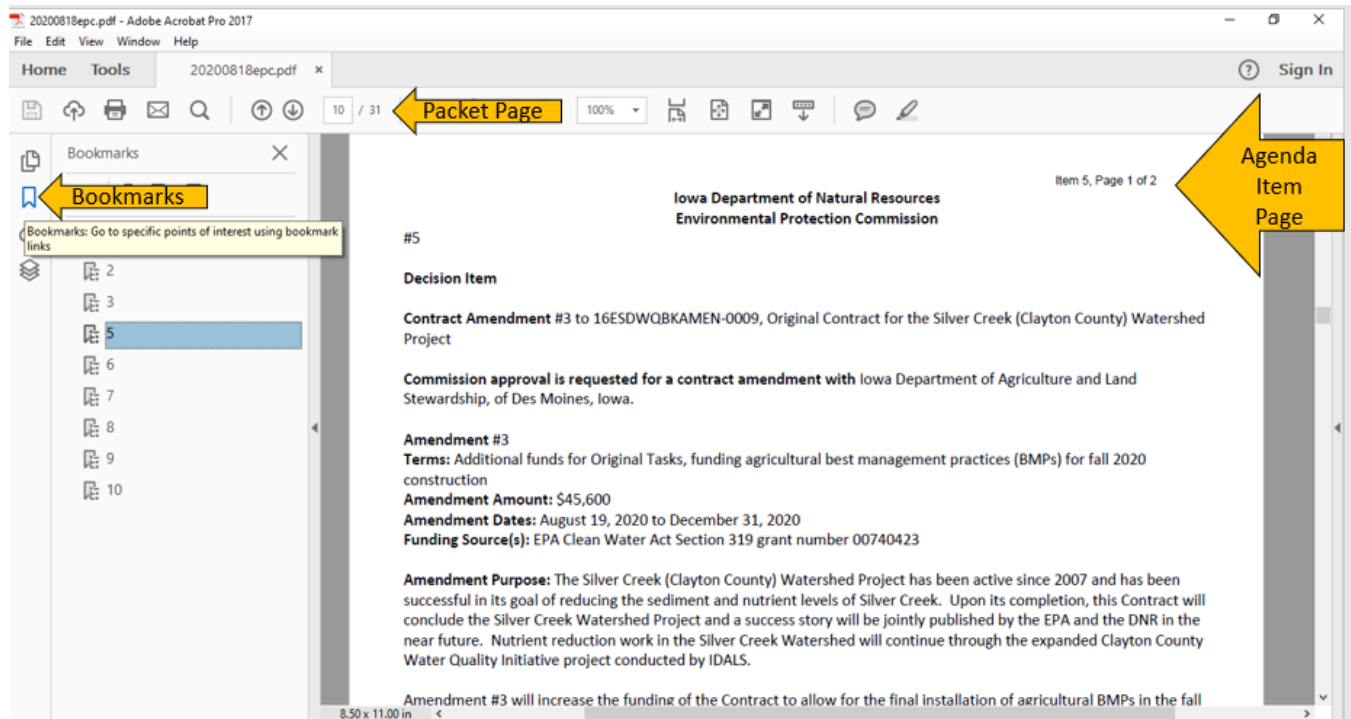
For details on the EPC meeting schedule, visit <http://www.iowadnr.gov/About-DNR/Boards-Commissions>

¹Comments during the public participation period regarding proposed rules or notices of intended action are not included in the official comments for that rule package unless they are submitted as required in the Notice of Intended Action.

Any person with special requirements such as those related to mobility or hearing impairments who wishes to participate in the public meeting should promptly contact the DNR or ADA Coordinator at 515-725-8200, Relay Iowa TTY Service 800-735-7942, or Webmaster@dnr.iowa.gov to advise of specific needs.

Utilize bookmarks to transition between agenda items or progress forwards and backwards in the packet page by page with the Packet Page number on the agenda.

The upper right-hand corner will indicate the Agenda Item Number and the page of the agenda item.



**MINUTES OF THE
ENVIRONMENTAL PROTECTION COMMISSION
MEETING**

November 15, 2022

**Video Teleconference
and
Wallace State Office Building**

Approved by the Commission **TBD**

RECORD COPY
File Name <u>Admin 01-05</u>
Sender's Initials <u>ap</u>

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Meeting Minutes

CALL TO ORDER

The meeting of the Environmental Protection Commission (Commission or EPC) was called to order by Chairperson Harold Hommes at 10:00am on November 15, 2022 via a combination of in-person and video/teleconference attendees.

COMMISSIONERS PRESENT

- Rebecca Dostal
- Stephanie Dykshorn
- Ralph Lents
- Amy Echard
- Lisa Gochenour-virtual
- Harold Hommes
- Mark Stutsman
- Patricia Foley
- Brad Bleam-virtual

COMMISSIONERS ABSENT

APPROVAL OF AGENDA

Motion was made by Patricia Foley to approve the agenda as presented. Seconded by Ralph Lents.

Rebecca Dostal-aye, Stephanie Dykshorn-aye, Mark Stutsman-aye, Patricia Foley-aye, Brad Bleam-aye, Lisa Gochenour-aye, Amy Echard-aye, Ralph Lents-aye, Harold Hommes, aye, Motion passes.

AGENDA APPROVED AS PRESENTED

APPROVAL OF MINUTES

Motion was made by Lisa Gochenour to approve the October 11, 2022 EPC minutes as presented. Seconded by Stephanie Dykshorn.

Rebecca Dostal-aye, Stephanie Dykshorn-aye, Mark Stutsman-aye, Patricia Foley-aye, Brad Bleam-aye, Lisa Gochenour-aye, Amy Echard-aye, Ralph Lents-aye, Harold Hommes, aye, Motion passes.

APPROVED AS PRESENTED

MONTHLY REPORTS

- Ed Tormey updated the Commission on the two detects of Avian Influenza (AI) in commercial poultry sites in Wright County. Mr. Tormey also stated that DNR field inspectors have put all poultry inspections on hold due to the positive AI cases detected in Iowa.

INFORMATION

DIRECTOR’S REMARKS

- Deputy Director Moon provided updates to the Commissioners on the recent Director’s office field visits.

FARMERS CREEK AND TETE DES MORTS CREEK WATERSHED PROJECTS

Jennifer Kurth presented on the success of several watershed improvement projects implemented in the Farmers Creek and Tete des Morts Creek waterbodies. The water quality improvement projects were partially funded by the CWA Section 319 program.

INFORMATION

CONTRACT WITH IOWA DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP (IDALS)-PROTECT RATHBUN LAKE PROJECT

Steve Konrady presented a contract with IDALS that will continue to support the Protect Rathbun Lake Project, an ongoing water quality and watershed improvement project administered by IDALS and carried out by the Wayne Soil and Water Conservation District.

Public Comments – None

Written Comments – None

Motion was made by Amy Echard to approve the item as presented. Seconded by Rebecca Dostal.

Rebecca Dostal-aye, Stephanie Dykshorn-aye, Mark Stutsman-aye, Patricia Foley-aye, Brad Bleam-aye, Lisa Gochenour-aye, Amy Echard-aye, Ralph Lents-aye, Harold Hommes, aye, Motion passes.

APPROVED AS PRESENTED

CONTRACT WITH IOWA DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP (IDALS)-IOWA GREAT LAKES TARGETED WATERSHED PROJECT

Steve Konrady presented a contract with IDALS to designate additional Section 319 funding to support the Iowa Great Lakes Targeted Watershed Project. Steve explained why contracts are sometimes concurrent with IDALS for the same watershed. He also clarified that projects are funded in accordance to a watershed management plan.

Public Comments – None

Written Comments – None

Motion was made by Rebecca Dostal to approve the item as presented. Seconded by Stephanie Dykshorn.

Rebecca Dostal-aye, Stephanie Dykshorn-aye, Mark Stutsman-aye, Patricia Foley-aye, Brad Bleam-aye, Lisa Gochenour-aye, Amy Echard-aye, Ralph Lents-aye, Harold Hommes, aye, Motion passes.

APPROVED AS PRESENTED

CONTRACT WITH IOWA DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP (IDALS)-SILVER CREEK (HOWARD COUNTY) WATER QUALITY PROJECT

Miranda Haes presented a contract with IDALS which would designate additional Section 319 funding to help carry out the goals of the Silver Creek (Howard) Watershed Management Plan.

Public Comments – None

Written Comments – None

Motion was made by Amy Echard to approve the item as presented. Seconded by Stephanie Dykshorn.

Rebecca Dostal-aye, Stephanie Dykshorn-aye, Mark Stutsman-aye, Patricia Foley-aye, Brad Bleam-aye, Lisa Gochenour-aye, Amy Echard-aye, Ralph Lents-aye, Harold Hommes, aye, Motion passes.

APPROVED AS PRESENTED

CONTRACT AMENDMENT WITH IOWA STATE UNIVERSITY-CONSERVATION LEARNING GROUP

Steve Konrady presented a contract with Iowa State University to add new tasks to the original contract to have Iowa State University assist DNR in drafting Iowa’s new Nonpoint Source Management Program plan, facilitating listening sessions for the new plan, and submitting the final version of the plan to U.S. EPA for review and final approval by the end of 2023.

Public Comments – None

Written Comments – None

Rebecca Dostal-aye, Stephanie Dykshorn-aye, Mark Stutsman-aye, Patricia Foley-aye, Brad Bleam-aye, Lisa Gochenour-aye, Amy Echard-aye, Ralph Lents-aye, Harold Hommes, aye, Motion passes.

APPROVED AS PRESENTED

CONTRACT WITH SOUTHERN IOWA RESOURCE, CONSERVATION AND DEVELOPMENT AREA INC., (SIRCD)-ADAMS, TAYLOR AND UNION COUNTY STREAM SIGN PROJECT

Steve Konrady presented a contract with SIRCD to provide funding from the DNR to the contractor for the construction and installation of 79 stream and watershed signs to be installed at designated stream bridges in priority watersheds in Iowa.

Public Comments – None

Written Comments – None

Motion was made by Ralph Lents to approve the item as presented. Seconded by Patricia Foley.

Rebecca Dostal-aye, Stephanie Dykshorn-aye, Mark Stutsman-aye, Patricia Foley-aye, Brad Bleam-aye, Lisa Gochenour-aye, Amy Echard-aye, Ralph Lents-aye, Harold Hommes, aye, Motion passes.

APPROVED AS PRESENTED

REFERRAL TO THE ATTORNEY GENERAL-APEX CONSTRUCTION GROUP INC.

Kelli Book presented the request to refer Apex Construction Group Inc. to the Attorney General’s Office due to asbestos National Emission Standards for Hazardous Air Pollutants violations in connection with a renovation project at the Prairie Crest Elementary School in Cedar Rapids, Iowa.

Public Comments – None

Written Comments – None

Motion was made by Ralph Lents to approve the item as presented. Seconded by Amy Echard.

Rebecca Dostal-aye, Stephanie Dykshorn-aye, Mark Stutsman-aye, Patricia Foley-aye, Brad Bleam-aye, Lisa Gochenour-aye, Amy Echard-aye, Ralph Lents-aye, Harold Hommes, aye, Motion passes.

APPROVED AS PRESENTED

2022 STATEWIDE MATERIALS CHARACTERIZATION STUDY

Tom Anderson reported the results for the 2022 Statewide Materials Characterization Study. The study provides critical data that assists the DNR and local governments in making program and policy decisions to expand waste diversion efforts.

Public Comments – None

Written Comments – None

INFORMATION

ENVIRONMENTAL MANAGEMENT SYSTEM PROGRAM FISCAL YEAR 2022 ANNUAL REPORT

Laurie Rasmus presented the annual report for the DNR Environmental Management System (EMS). The report documents that DNR implemented the program and provided support and resources for its 16 EMS participating agencies.

Public Comments – None

Written Comments – None

INFORMATION

CONTRACT AMENDMENT WITH UNITED STATES GEOLOGICAL SURVEY (USGS)-CENTRAL MIDWEST WATER SCIENCE CENTER

Katie Greenstein presented a contract amendment with USGS to include targeted monitoring and assessment strategies to help identify the potential range of impacts pesticides are having on our aquatic resources. The contractor will assist the DNR in the laboratory analyses of 40 sediment Pyrethroid samples. Katie clarified on why 40 was chosen as the sample size for this targeted effort.

Public Comments – None

Written Comments – None

Motion was made by Rebecca Dostal to approve the item as presented. Seconded by Stephanie Dykshorn.

Rebecca Dostal-aye, Stephanie Dykshorn-aye, Mark Stutsman-aye, Patricia Foley-aye, Brad Bleam-aye, Lisa Gochenour-aye, Amy Echard-aye, Ralph Lents-aye, Harold Hommes, aye, Motion passes.

APPROVED AS PRESENTED

NOTICE OF INTENDED ACTION-567 IA CHAPTERS 100, 102, 104, 120 AND 567 IAC 114.29AND 567 IAC 115.29-CLEANUP OF SOLID WASTE CHAPTERS

Theresa Stiner presented a Notice of Intended Action to reduce and consolidate administrative rules related to solid waste.

Public Comments – None

Written Comments – None

Motion was made by Stephanie Dykshorn to approve the item as presented. Seconded by Patricia Foley.

Rebecca Dostal-aye, Stephanie Dykshorn-aye, Mark Stutsman-aye, Patricia Foley-aye, Brad Bleam-aye, Lisa Gochenour-aye, Amy Echard-aye, Ralph Lents-aye, Harold Hommes, aye, Motion passes.

APPROVED AS PRESENTED

FINAL RULE-CHAPTERS 60 AND 64-RENEWAL OF GENERAL PERMITS NOS. 1, 2, 3 AND 4 WITH CLEANUP AND CLARIFICATION

Courtney Cswercko present a Final and Adopted Rule, amending certain wastewater rules in Chapter 60 and 64,

Public Comments – None

Written Comments – None

Motion was made by Rebecca Dostal to approve the item as presented. Seconded by Stephanie Dykshorn.

Rebecca Dostal-aye, Stephanie Dykshorn-aye, Mark Stutsman-aye, Patricia Foley-aye, Brad Bleam-aye, Lisa Gochenour-aye, Amy Echard-aye, Ralph Lents-aye, Harold Hommes, aye, Motion passes.

APPROVED AS PRESENTED

GENERAL DISCUSSION

- Alicia Plathe announced the meeting dates for December 2022 and January 2023.

ADJOURN

The Chairperson adjourned the Environmental Protection Commission meeting at 12:40 am on November 15, 2022.

ADJOURNED

**Monthly Waiver Report
November 2022**

Item #	DNR Reviewer	Facility/City	Program	Subject	Decision	Date	Agency
1	Mike Leat	Anderson Excavating Carter Lake C&D LF	SD	The C&D landfill rule requires slug testing every 5 years to measure a well's ability to yield representative samples. They ask to replace that requirement with a similar one from another chapter that allows biennial review of well recharge rates.	Approved	10.10.22	22sdw227
2	KAREN Kuhn	Potters Industries	Air Quality Construction	Waiver of Initial Stack Test Requirement.	Approved	10.31.22	22aqw228
3	Julie Duke	John Deere	Air Quality Construction	request to operate temp boiler over the winter. Existing boilers will need to either be repaired for replaced.	Approved	10-26-22	22aqw229
4	Mark Fields	Elite Octane LLC	Air Quality Construction	Request to adjust fermentation scrubber rates below most recent test level. Also requested to test alternative chemical additives.	Approved	11.1.22	22aqw230
5	Nate Tatar	DairiConcepts, LP	Air Quality Construction	Waiver of Initial Stack Test Requirement.	Approved	11.1.22	22aqw231
6	Mark Fields	Plymouth Energy, LLC	Air Quality Construction	Request install and operate 2 cooling towers for 90 days since 2 existing cooling towers have collapsed.	Approved	11.1.22	22aqw232
7	Susan Johnson	Dubuque Metro Area Solid Waste Agency	Solid Waste	This is an amendment request to increase tonnage from 5,500 tons to 6,500 tons on approved 4/26/22 waiver.	Approved	11.1.22	22hww233
8	Michael Hermsen	Conagra Foods Packaged Foods - Waterloo	Air Quality Construction	Waiver of Stack Test Requirement.	Approved	11.1.22	22aqw234
9	James Oppelt	City of Webster City	CP(Wastewater)	The current Iowa Wastewater Design standards do not address nutrient removal treatment processes that include anoxic basins for nitrate removal.	Approved	11.2.22	22cpw235
10	Marty Jacobs	City of Lake Mills	CP(Wastewater)	The City of Lake Mills is requesting a variance from the Wastewater Facilities Design Standards Chapter 12 – Sewer Systems – 12.5.7.1(c) (Manholes) for installing a cleanout in place of a manhole on a gravity sewer line with a length of 313 feet.	Approved	11.2.22	22cpw236
11	Karen Kuhn	Plymouth Energy	Air Quality Construction	Waiver of Initial Stack Test Requirement.	Approved	11.3.22	22aqw237
12	Lucas Tenborg	Ajinomoto Health and Nutrition	Air Quality Construction	Variance request to extend the permit requirements of installing a digital monitoring device within 90 days of permit issuance.	Approved	11.7.22	22aqw238
13	John Curtin	Lennox Industries, Inc.	Air Quality Construction	Waiver of Initial Stack Test Requirement for a copper and aluminum brazing operations.	Approved	11.9.22	22aqw239
14	Melinda McCoy	Ajinomoto Health & Nutrition	Wastewater Monitoring	The facility requests a reduced monitoring frequency of five times per week (instead of daily) at outfall 004 for BOD5 and	Approved	11.10.22	22cpw240
15	Lucas Tenborg	Roquette America	Air Quality Construction	The Facility requested a variance of Condition 15 part (d) from the permit 11-A-066-S1. The facility is concerned with the units ability to maintain pressure drop across the scrubber within the permitted range during needed maintenance to the dryer.	Approved	11.16.22	22aqw241
16	John Curtin	Grain Processing Corporation	Air Quality Construction	Waiver of Initial Stack Test Requirement for a truck loadout for gluten.	Approved	11.16.22	22aqw242
17	Nate Tatar	Eichelberger Milling, Inc. - North Grain	Air Quality Construction	Waiver of Initial Stack Test Requirement.	Approved	11.22.22	22aqw243

**Iowa Department of Natural Resources
Environmental Protection**

ITEM #5 **DECISION**

TOPIC **Adopted and Filed - Chapter 107 – “Beverage Container Deposits”**

The Commission is requested to approve this Adopted and Filed rule amending 567 Iowa Administrative Code Chapter 107, “Beverage Container Deposits.”

This rulemaking aligns the rules with 2022 Iowa Acts, Senate File 2378, which amended Iowa Code Chapter 455C (“the Bottle Bill”). Additionally, the proposed amendments clarify the existing rules and remove outdated provisions. Amendments include allowing for mobile redemption technologies, increasing the time period to pay the refund value to customers, increasing the handling fee paid by distributors to redemption centers from one cent to three cents, simplifying the process for redemption center approval, and allowing dealers to opt out of redemption activities if they meet certain requirements specified in the law.

Comments were received from Iowa Wholesale Beer Distributors Association, Iowa Beverage Association, Iowa Chapter of the Sierra Club, Iowa Grocery Industry Association, Iowa Recycling Association, Cleaner Iowa, and CRINC. Comments relating to private store brand manufacturers and distributor responsibilities were incorporated into the Adopted and Final rule, as well as a clarification on the handling fee. Several other comments and remarks were received but no changes were made in response to them. These include comments seeking changes that conflicted with statute, or were merely opinions about the legislation.

Timeline for rulemaking:

- The Commission approved the Notice of Intended Action on October 11, 2022
- A public hearing was held November 22, 2022 from 1:00pm to 2:00pm
- Written comments were received through 4:30pm on November 22, 2022
- Comments from 7 stakeholder groups were received.
- Rule effective upon filing on December 21, 2022 per Iowa Code section 17A.5(2)“b”(2)

Amie Davidson, Land Quality Bureau Chief
Environmental Services Division
December 13, 2022

Adopted and Filed Attachments - Responsiveness summary and the Adopted and Final Rule

ENVIRONMENTAL PROTECTION COMMISSION[567]

Adopted and Filed

Rule making related to beverage container deposits

The Environmental Protection Commission (Commission) hereby amends Chapter 107, “Beverage Container Deposits,” Iowa Administrative Code.

Legal Authority for Rule Making

This rule making is adopted under the authority provided in Iowa Code section 455C.9.

State or Federal Law Implemented

This rule making implements, in whole or in part, Iowa Code Chapter 455C, as amended by 2022 Iowa Acts, Senate File 2378.

Purpose and Summary

Chapter 107 regulates the beverage container redemption system in Iowa. This rule making is aligns Chapter 107 with Iowa Code chapter 455C as amended by recent legislation (2022 Iowa Acts, Senate File 2378). The amendments rescind or amend provisions that are inconsistent with the amended statute. The amendments also clarify the existing rules and remove outdated provisions.

Public Comment and Changes to Rule Making

Notice of Intended Action for this rule making was published in the Iowa Administrative Bulletin on November 2, 2022, as **ARC 6632C**.

A public hearing was held on November 22, 2022, at 1p.m. via teleconference. Cleaner Iowa and the Iowa Grocery Industry Association attended. In addition, written comments were received from Iowa Beverage Association, the Iowa Grocery Industry Association, the Sierra Club Iowa Chapter, the Iowa Recycling Association, CRINC/DROPPETT, and the Iowa Wholesale

Beer Distributors Association. A responsiveness summary is available upon request enumerating comments received from these parties during the formal comment period.

Several changes to the Notice have been made in response to stakeholder comments. The rules now make clear that there can only be one handling fee charged per container, either the one-cent dealer agent fee or the three-cent redemption center fee. The “store brand” redemption policy was clarified to ensure that consumers have an option for recovering their deposits for such containers. The rules were amended to give distributors, participating dealers, and redemption centers the flexibility to agree on alternative pick-up and payment schedules. Other minor edits were made to increase readability. Comments that contradicted the underlying state law were not incorporated.

Adoption of Rule Making

This rule making was adopted by the Commission on December 13, 2022.

Fiscal Impact

This rule making has no fiscal impact to the state of Iowa. A copy of the fiscal impact statement is available from the Department of Natural Resources (Department) upon request.

Jobs Impact

After analysis and review of this rule making, no impact on jobs has been found. A copy of the jobs impact statement is available from the Department upon request.

Waivers

Any person who believes that the application of the discretionary provisions of this rule making would result in hardship or injustice to that person may petition the Department for a waiver of the discretionary provisions, if any, pursuant to 561—Chapter 10.

Review by Administrative Rules Review Committee

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rule making by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rule making at its regular monthly meeting or at a special meeting. The Committee's meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

Effective Date

This rule making will become effective upon filing on December 21, 2022 pursuant to Iowa Code section 17A.5(2)“b”(2) because it will confer a benefit and remove a restriction on the public.

The following rule-making action is adopted:

ITEM 1. Rescind and reserve rule **567—107.1(455C)**.

ITEM 2. Amend rule 567—107.2(455C), introductory paragraph, as follows:

567—107.2(455C) Definitions. ~~As used in this chapter:~~ For the purpose of this chapter, the following terms shall have the meaning indicated in this rule. The definitions set out in Iowa Code section 455C.1 shall be considered to be incorporated verbatim in this rule.

ITEM 3. Rescind the definitions of “Beverage,” “Beverage container,” “Commission,” “Consumer,” “Dealer,” “Dealer agent,” “Department,” “Director,” “Distributor,” “Exempt dealer,” “Manufacturer,” “Redemption center,” “Redemption center for a dealer” and “Registered redemption center” in rule **567—107.2(455C)**.

ITEM 4. Adopt the following **new** definitions of “Distributor redemption center” and “Handling fee” in rule **567—107.2(455C)**:

“*Distributor redemption center*” means a redemption center that satisfies the requirements of Iowa Code section 455C.14.

“*Handling fee*” or “*fee*” means the amount reimbursed by a distributor, in addition to the return of the 5 cent refund value, in an amount that is 1 cent per beverage container for containers accepted from a dealer agent or 3 cents per beverage container accepted from a participating dealer or redemption center. Only one fee can be charged per container.

ITEM 5. Amend rule ~~567—107.2(455C)~~, definitions of “Exempt beverage container” and “Unapproved redemption center,” as follows:

“*Exempt beverage container*” means a beverage container that is not marked with the words “Iowa Refund 5¢” because it is a refillable glass beverage container having a brand name permanently marked on it and having a refund value of 5 or more cents or because it is a refillable metal or plastic beverage container that has been exempted, in accordance with the procedure of subrule 107.3(7), from the requirement of having the refund value marked on the container. An exempt beverage container is exempt from having the words “Iowa Refund 5¢” indicated on the container, but is not necessarily exempt from the minimum deposit and redemption requirements of this chapter.

“*Unapproved redemption center*” means a redemption center that is not an approved redemption center ~~or a registered redemption center~~.

ITEM 6. Amend subrule 107.3(1) as follows:

107.3(1) All beer, wine, alcoholic liquor, mineral water, soda water and similar carbonated soft drink containers (other than exempt containers) sold or offered for sale in Iowa by a dealer shall have the words “Iowa Refund 5¢” or “IA 5¢” clearly, indelibly and legibly indicated on the container. ~~If the refund value is more than 5 cents, the greater value may be indicated, e.g., “Iowa Refund 10¢” or “IA 10¢.”~~ Any abbreviation of the words “Iowa Refund” other than as provided in this subrule shall be submitted to and approved by the department.

ITEM 7. Amend subrule 107.3(5) as follows:

107.3(5) The words “Iowa Refund 5¢” or “IA 5¢” shall be on the top or on the cylindrical portion of a metal beverage container. The words “Iowa Refund 5¢” or “IA 5¢” shall be on the conical portion of a glass or plastic beverage container so that the words are visible from above or shall be on the product label. The placement of refund information solely on the bottom of the beverage container is prohibited.

ITEM 8. Amend subrule 107.3(7), introductory paragraph, as follows:

107.3(7) An application for exemption from the requirement of having the words “Iowa Refund 5¢” or “IA 5¢” indicated on the container shall be ~~on Form LQ 37 or on 8½" × 11" paper~~ submitted to the department and shall contain:

ITEM 9. Amend subrule 107.3(8) as follows:

107.3(8) An example of the container for which the exemption is being requested shall be sent to the department along with the application required in subrule 107.3(7). The example may consist of photographic images or empty containers. Examples submitted to the department shall not contain any liquid.

ITEM 10. Adopt the following **new** subrule 107.3(10):

107.3(10) Automatic exemption. Beverage containers sold in Iowa containing alcoholic liquor as defined in Iowa Code section 123.3(5) where the total capacity of the container is not more than 50 milliliters are automatically exempted from the labeling requirement of rule 567—107.3(455C). However, such beverage containers remain subject to the remainder of this chapter.

ITEM 11. Amend rule 567—107.4(455C), introductory paragraph, as follows:

567—107.4(455C) Redemption centers. The Act provides for both approved and unapproved redemption centers. Both approved and unapproved redemption centers redeem empty beverage

containers and pay the refund value to consumers. ~~Additionally, the Act recognizes “a redemption center for a dealer.” Unapproved redemption centers in existence on May 22, 2002, and served by distributors on a voluntary basis may formalize the status quo by registering with the department pursuant to 107.4(4). Only approved redemption centers can satisfy the requirements of Iowa Code sections 455C.4(2) “a”(2) and 455C.4(2) “a”(3) and 2022 Iowa Acts, Senate File 2378, section 19.1(a) or 19.1(b). Additionally, only approved redemption centers will be listed on the department’s electronic database pursuant to Iowa Code section 455C.4(2) “c.”~~

ITEM 12. Amend subrules 107.4(1) and 107.4(2) as follows:

107.4(1) Approved redemption centers.

a. Any person may file with the department an application for approval of a redemption center.

b. An annual application for approval of a redemption center shall be submitted ~~on Form LQ38 or on 8½" × 11" paper and shall contain the following information:~~ to the department electronically.

(1) Initial application. All redemption centers in existence prior to January 1, 2023, that wish to be considered approved under this chapter must apply for approval pursuant to the requirements of subrule 107.4(1) by January 31, 2023. This will ensure that the approved redemption center list published by the department is accurate and includes existing redemption centers. All other redemption centers that wish to be considered approved under this chapter (i.e., new redemption centers established any time after January 1, 2023) should file their application within 30 days of starting their business.

(2) Annual renewals. All redemption centers should file their annual renewal application by January 31 of each subsequent year to allow the department to update its approved redemption center list in a timely manner.

(3) Application requirements. A redemption center must submit a separate application for each facility, including if a redemption center is operating a mobile redemption system for a dealer or dealers. The information on the application will be included in an electronic database for consumers to locate the nearest approved redemption center; as such, applications must be resubmitted annually to ensure that contact information remains accurate. There is no fee to submit the application. The application shall include the following information:

- ~~(1) 1.~~ Name, address and telephone number of the redemption center;
- ~~(2) 2.~~ Name, address and telephone number of the person or persons responsible for the establishment and operation of the redemption center;
- ~~(3) 3.~~ Indication that the redemption center will accept all kinds, sizes, and brand names of beverage containers sold by the dealers served by the redemption center; A statement that the operator of the redemption center understands it must accept all redeemable containers, except for those containers exempted in rule 567—107.13(455C);
- 4. Whether the redemption center will be operating a mobile redemption system and the location(s) where the system will be operated.
- ~~(4) Names and addresses of the dealers to be served by the redemption center and the written consent of those dealers to be served by the redemption center;~~
- ~~(5) Distance, in blocks or other appropriate measure, from the redemption center to each dealer to be served by the redemption center;~~
- ~~(6) Names and addresses of the distributors whose beverage containers will be redeemed;~~
- ~~(7) Hours during which the redemption center is to be open;~~
- ~~(8) Whether metal, glass or plastic beverage containers will be crushed or broken and, if so, the written consent of the distributor or manufacturer to the crushing or breaking;~~

~~(9) Reasons why the redemption center and the dealers to be served by it believe that the redemption center will provide a convenient service to consumers.~~

~~c. A redemption center shall be approved as a redemption center for a dealer if the department determines that the redemption center will provide a convenient service to the dealer's customers. The department order that approves the redemption center shall name the dealers to be served by the redemption center. The department will issue an electronic order of approval once a complete application is received.~~

~~d. An approved redemption center may file with the department a supplemental application to serve additional dealers. The supplemental application shall be in the form and contain the information required by paragraph "b." If the department finds that the redemption center will provide a convenient service to the customers of those additional dealers which the redemption center proposes to serve, the department shall supplement its order approving the redemption center to name the additional dealers.~~

~~e. A dealer named in the department order that approves a redemption center or named in a supplemental order shall be an exempt dealer.~~

~~f. d. The department may at any time rescind the order approving a redemption center or terminate the exemption of a dealer if the department determines, after notice and hearing, that the redemption center is in violation of the Act or this chapter or that the redemption center is no longer meeting the above criteria or is no longer providing a convenient service to a dealer's customers.~~

~~g. A dealer may withdraw its consent to be served by a redemption center which is approved as a redemption center for the dealer by filing with the department written notice of withdrawal of consent. A dealer which has withdrawn its consent is no longer an exempt dealer, and the approval~~

of its redemption center as a redemption center for the dealer is thereby terminated.

~~h. e.~~ An approved redemption center shall accept from consumers and shall pay the refund value for all beverage containers that bear an Iowa refund value and ~~are of the kinds, sizes and brand names sold by the dealers for which it is an approved redemption center~~ those containers exempted from the labeling requirement pursuant to subrule 107.3(10).

~~i.~~ An approved redemption center shall be in operation and open to the public for redemption of beverage containers at least 20 hours per week, 4 hours of which shall be between the hours of 6 p.m. and 10 p.m. ~~or on Saturday or Sunday, or a combination thereof.~~

~~j. f.~~ When an approved redemption center is closing permanently, it shall give to the department notice that includes the redemption center's final date of operation. As of the final date of operation, the redemption center's approval as a redemption center shall be terminated and a dealer it was approved to serve shall no longer be an exempt dealer. An approved redemption center must notify the department and any dealers or distributors with which the redemption center has agreements 30 days prior to the redemption center's closing.

107.4(2) Unapproved redemption centers. Nothing in the Act or this chapter prevents a person from establishing a redemption center that has not been approved by ~~, certified by, or registered with the department. Before commencing operations, unapproved redemption centers shall provide the following to the department:~~ These facilities are not approved redemption centers as required by some sections of the Act.

- ~~a.~~ Name, address and telephone number of the redemption center;
- ~~b.~~ Name, address and telephone number of the person or persons responsible for the establishment and operation of the redemption center; and
- ~~c.~~ Operating hours of the redemption center.

~~When the redemption center is closing permanently, it shall give to the department notice that includes the redemption center's final date of operation.~~

ITEM 13. Rescind subrule 107.4(3) and adopt the following **new** subrule in lieu thereof:

107.4(3) Distributor redemption centers.

a. Each beer distributor selling nonrefillable metal beverage containers in this state shall provide individually or collectively by contract or agreement with a dealer, person operating a redemption center or another person, at least one facility in the county seat of each county where refused empty nonrefillable metal beverage containers, refused pursuant to rule 567—107.13(455C), having a readable refund value indication as required by this chapter may be accepted and redeemed. In cities having a population of 25,000 or more, the number of the facilities provided shall be one for each 25,000 population or a fractional part of that population.

b. Distributor redemption centers may be either “approved” or “unapproved.” To be “approved,” the facility must submit an application pursuant to subrule 107.4(1), which includes the requirement to accept more than just metal beverage containers.

ITEM 14. Rescind subrule **107.4(4)**.

ITEM 15. Rescind subrule **107.4(5)**.

ITEM 16. Rescind subrule **107.4(6)**.

ITEM 17. Rescind and reserve rule **567—107.5(455C)**.

ITEM 18. Rescind and reserve rule **567—107.7(455C)**.

ITEM 19. Amend rule 567—107.8(455C) as follows:

567—107.8(455C) ~~Interpretive rules~~ Miscellaneous requirements.

107.8(1) Beverage containers “sold” on interstate carriers. ~~It is common practice for interstate carriers to provide or sell soft drinks, beer, wine, or alcoholic liquor to passengers for consumption~~

~~on the conveyance. Such containers are not a litter problem and their return would be impractical. Since statutes should be construed to avoid a strained or impractical result, the commission believes that control of the beverage containers “sold” on interstate carriers is beyond the objectives sought to be obtained by the Act and that these containers, such as trains, planes, or buses that travel through Iowa, are not subject to the deposit and labeling requirements of the Act.~~

~~**107.8(2)** Beverage containers must be reasonably intact. In order to be redeemed, an empty beverage container must be returned reasonably intact. For a refillable beverage container, the container must hold liquid, be able to be resealed and be in its original shape. A nonrefillable glass container may be chipped, but it may not have the bottom broken out or the neck broken off. A nonrefillable metal container may be dented or partially crushed, but may not be crushed flat. A returned beverage container should be able to stand on its own base.~~

~~**107.8(3)** Vending machines.~~

~~*a.* When a beverage container is dispensed from a vending machine in exchange for money, there is presumed to be a sale of a beverage in a beverage container to a consumer. Therefore some person must be the “dealer” who is responsible for collecting the deposit at the time of sale and for refunding the deposit when the empty beverage container is returned. Because of the variety of contractual relationships surrounding operation of a vending machine, the person who is the “dealer” might be the owner of the vending machine, the lessee of the vending machine, the owner of the premises on which the vending machine is located, or the person who stocks the vending machine. It is incumbent upon the parties involved in the operation of a vending machine to determine the person who is the “dealer” and to indicate prominently on the vending machine the name, location and normal operating hours of the dealer (or an approved redemption center) if the dealer does not have personnel on its premises.~~

~~b. If the vending machine is located on premises where personnel of the dealer are not normally working, there is no obligation to provide personnel to redeem beverage containers at the site of the vending machine. However, the “dealer” must provide for redemption of beverage containers at the dealer’s usual working place.~~

~~**107.8(4)** 107.8(2) Transfer tanks, premix tanks and beer kegs. Because transfer tanks, premix tanks and beer kegs (half kegs, quarter kegs or pony kegs) are refillable, are returned to distributors and are not a litter problem, the commission believes that control of these containers is beyond the objectives sought to be obtained by the Act and that these containers are not subject to the deposit and labeling requirements of the Act.~~

~~**107.8(5)** 107.8(3) Return limits. Dealers may limit the number of containers returned by an individual to 120 containers in a 24-hour period. Redemption centers may limit the number of containers returned by an individual to 500 containers in a 24-hour period.~~

~~**107.8(6)** Hours of returns for dealers. A dealer, unless exempted pursuant to 107.4(4), must accept returns, at a minimum, from 7 a.m. to 10 p.m. unless the dealer’s operating hours are shorter, in which case returns shall be limited to the dealer’s hours of operation. If a dealer chooses to limit the hours of returns, the dealer must post a sign stating the hours during which beverage containers are accepted for return.~~

~~**107.8(7)** A dealer shall provide to the department upon request the name, telephone number and address of the distributor of any or all beverages sold by the dealer.~~

~~**107.8(4)** A redemption center or participating dealer must have the written consent of the applicable distributor or manufacturer prior to crushing cans or containers.~~

ITEM 20. Amend rule 567—107.9(455C) as follows:

567—107.9(455C) Pickup and acceptance of redeemed containers by distributor.

107.9(1) Pickup and acceptance from participating dealers. A distributor shall accept and pick up from a participating dealer served by the distributor, ~~other than an exempt dealer,~~ all empty beverage containers that bear an Iowa refund value and are of the kinds, sizes and brand names sold by the distributor. The distributor shall pick up the empty beverage containers at least weekly, or when the distributor delivers the beverage product to the dealer if deliveries are less frequent than weekly, unless otherwise agreed to by both the distributor and the dealer.

107.9(2) Pickup and acceptance from approved redemption centers ~~and redemption centers certified as a redemption center for a dealer.~~ A distributor shall accept and pick up from an approved redemption center ~~for a dealer served by the distributor and from a redemption center certified as a redemption center for a dealer served by the distributor~~ all empty beverage containers that bear an Iowa refund value and are of the kinds, sizes and brand names sold by the distributor. The distributor shall pick up the empty beverage containers at least weekly, ~~or when the distributor delivers the beverage product to the dealer for which the redemption center is certified as a redemption center if deliveries are less frequent,~~ unless otherwise agreed to by both the distributor and the approved redemption center ~~or the certified redemption center for a dealer, as the case may be.~~

107.9(3) Pickup from registered redemption centers. ~~A distributor shall pick up from a registered redemption center at the physical address specified in the redemption center's application, or at a new location approved by the department pursuant to 107.4(4), all empty beverage containers that bear an Iowa refund value and are of the kinds, sizes and brand names sold by the distributor. The distributor shall pick up the empty beverage containers according to the following schedule:~~

~~a. At least as frequently as the distributor picks up empty beverage containers from a dealer~~

~~served by the distributor and located within three road miles of the registered redemption center, but not less frequently than once every ten calendar days;~~

~~b. At least once every ten calendar days for a registered redemption center located more than three road miles from the closest dealer served by the distributor; or~~

~~c. As agreed to by both the distributor and the registered redemption center.~~

~~**107.9(4)** *Acceptance of redeemed containers from redemption centers.* A distributor shall accept delivery of empty beverage containers from and pay the refund value and handling fee to a redemption center located within the distributor's geographic service area provided that the containers bear an Iowa refund value and are of the kinds, sizes and brand names sold by the distributor.~~

~~**107.9(5)** **107.9(3)** *Acceptance of redeemed containers from dealer agents.* A distributor shall accept delivery of empty beverage containers from and pay the refund value and handling fee to a dealer agent provided that the containers were picked up by the dealer agent within the distributor's geographic service area and that they bear an Iowa refund value and are of the kinds, sizes and brand names sold by the distributor.~~

~~**107.9(6)** **107.9(4)** *Notification of frequency.* A distributor shall notify each participating dealer served by the distributor of the intended frequency of pickup. A distributor shall notify each redemption center from which the distributor is required to pick up containers of the intended frequency of pickup.~~

~~**107.9(7)** **107.9(5)** *Partial pickup.* A distributor which picks up containers more often than the required frequency shall not be required to pick up all available containers from a participating dealer or redemption center at each pickup provided that all available containers are picked up from the dealer or redemption center within the required frequency.~~

ITEM 21. Rescind and reserve rule **567—107.11(455C)**.

ITEM 22. Rescind and reserve rule **567—107.12(455C)**.

ITEM 23. Rescind rule 567—107.13(455C) and adopt the following **new** rule in lieu thereof:

567—107.13(455C) Refusing payment of the refund value. A distributor, participating dealer, or redemption center may refuse to pay the refund value and, if applicable, the handling fee in the following situations:

107.13(1) *Nonparticipating dealers.* A dealer may refuse to accept any beverage container and pay the refund value on a container if the dealer is in compliance with one of the requirements of Iowa Code section 455C.4 that allows the dealer not to participate in the bottle redemption program established in Iowa Code chapter 455C, and the dealer has complied with those provisions requiring proper notification to consumers of the approved redemption centers where the containers may be redeemed.

107.13(2) *Refusal of certain brands (e.g, “store brands”).*

a. For any beverage container subject to the Iowa Beverage Container Control law, all distributors and manufacturers must charge a 5-cent deposit for each container delivered by that distributor or manufacturer to a dealer and must pick up, or facilitate the pickup, of the container from a participating dealer or an approved redemption center. This includes, at a minimum, reimbursing the participating dealer or approved redemption center for the refund value and the applicable handling fee. The requirements of this subparagraph apply regardless of the relationship between the distributor or manufacturer and the dealer.

b. Any approved redemption center may refuse to accept containers for redemption if there is no distributor or manufacturer providing reimbursement and paying the requisite fee for the given container. In such cases, the redemption center should notify the Department and must post a

notice of the brands it will not accept.

107.13(3) *Redeemed containers must be reasonably clean and intact.* Consumers shall return containers in a reasonably clean and intact condition. For a refillable beverage container, the container must hold liquid, be able to be resealed and be in its original shape. A nonrefillable glass container may be chipped, but it may not have the bottom broken out or the neck broken off. A nonrefillable metal container may be dented or partially crushed, but may not be crushed flat. In order to be redeemed, an empty beverage container shall be dry and free of foreign materials other than the dried residue of the beverage. Redemption centers and participating dealers may refuse to redeem containers that are not reasonably clean and intact, as well as containers that do not have an Iowa 5-cent redemption label and containers that have had the Iowa 5-cent label removed or if the label is illegible for any reason.

ITEM 24. Amend rule 567—107.14(455C) as follows:

567—107.14(455C) Payment of refund value by distributors.

107.14(1) *Payment to participating dealers.* A distributor shall issue to a participating dealer payment of the refund value and handling fee within one week following pickup or when the dealer pays the distributor for the beverages, if payment is less frequent than weekly pursuant to an agreement between the distributor and participating dealer.

107.14(2) *Payment to approved redemption centers ~~and redemption centers certified as a redemption center for a dealer.~~* A distributor shall issue to an approved redemption center ~~and to a redemption center for a dealer~~ payment of the refund value and handling fee within one week following pickup unless otherwise agreed to by both the distributor and the redemption center.

107.14(3) *Payment to registered redemption centers.* ~~A distributor shall issue to a registered redemption center~~ payment of the refund value and handling fee within one week following pickup

~~or when the dealer which is served by the distributor and which is closest to the registered redemption center pays the distributor for the beverages supplied by the distributor, if payment is less frequent than weekly. Payment to a registered redemption center shall be issued by a distributor at least every 14 calendar days unless otherwise agreed to by both the distributor and the registered redemption center.~~

~~107.14(4)~~ 107.14(3) *Payment to redemption centers and dealer agents delivering containers to distributors.* A distributor shall issue to a redemption center or dealer agent payment of the refund value and handling fee within one week of delivery and acceptance of empty beverage containers, unless otherwise agreed to by both the redemption center and the distributor or by both the dealer agent and the distributor, as the case may be.

Responsiveness Summary
Iowa Administrative Code 567-chapter 107 “Beverage Container Deposits”

This is a summary of the formal written and oral comments received by the Iowa Department of Natural Resources (Department) during the formal public comment period. A public hearing was held on November 22, 2022 via teleconference.

Attendees were:

- R.G. Schwarm representing Cleaner Iowa
- Michelle Hurd and Brad Epperly representing the Iowa Grocery Industry Association.

Written comments were received from:

- Jon Murphy- Iowa Beverage Association
- Brad Epperly- Iowa Grocery Industry Association
- Pam Mackey Taylor-Sierra Club Iowa Chapter
- Elizabeth MacKenzie- Iowa Recycling Association
- Doug Webb- CRINC/DROPPETT
- David Adelman- Iowa Wholesale Beer Distributors Association

Comment: 567—107.2(455C) Definitions. Handling fee definition. This definition needs clarity to assure there is no ambiguity that there are two distinct fee levels – one for a dealer agent and one for an approved redemption center or participating dealer – and they cannot be combined. We recommend amending the language to read: *“Handling fee” or “fee” means the amount reimbursed by a distributor, in addition to the return of the 5-cent refund value, in an amount that is 1 cent per beverage container for containers accepted from a dealer agent or 3 cents per beverage container accepted from a participating dealer or redemption center. Only one fee can be charged per container.”*

Response: The Department agrees that only one handling fee may be charged to the distributor and that a party is either a “dealer agent” or a “participating dealer” or “approved redemption center.”

Change¹: *“Handling fee” or “fee” means the amount reimbursed by a distributor, in addition to the return of the 5-cent refund value, in an amount that is 1 cent per beverage container for containers accepted from a dealer agent ~~and~~ or 3 cents per beverage container accepted from a participating dealer or redemption center. Only one fee can be charged per container.”*

Comment: 567-107.3(10) exempts beverage containers not more than 50 milliliters from deposit labeling requirements. Iowans are still charged the deposit yet removing the labeling requirement causes confusion. It is recommended that miniature liquor containers not be exempt from labeling.

Response: The Department has issued waivers to this labeling requirement for many years due to the small size of the containers.

Change: None proposed.

Comment: 567-107.4 Approved Redemption Centers.

The language should reflect the mobility of the new redemption units. This could be done by adding an “s” at the end of the word “location” in the sentence, “Whether the redemption center will be operating a mobile redemption system and the locations where the system will be operated.”

¹ Unless otherwise noted, changes are compared to the proposed Notice of Intended Action.

Response: The Department agrees with the comment that all locations of mobile redemption systems must be identified. All mobile redemption systems must be associated with an approved redemption center, which will be the location that distributors will collect the redeemed containers, unless there is some sort of alternative agreement between the distributor and redemption center.

Change: “Whether the redemption center will be operating a mobile redemption system and the location(s) where the system will be operated.”

Comment: Retain the requirement located at 107.4(1)(b)(4) in the current rule that redemption centers obtain the written consent of the distributor or manufacturer prior to crushing or breaking containers prior to pick up by the distributor or manufacturer, however the requirement does not need to be tied to redemption center approval.

Working with and representing a beer distributor in the state provides for unique challenges when picking up redeemed cans and bottles; each distributor is confined to a specific geographic area as to where they can distribute. As such, when redemption centers or businesses like CRINC pick up cans and bottles, they must be able to distinguish the products to ensure the right distributor picks up the empty containers and pays what is due. If there is no distributor or manufacturer sign-off in the process, redemption centers may not be adequately compensated and distributors may fail to fulfill their legal duties to properly dispose of the containers.

Response: The Department agrees with the proposed change.

Change: Add under **107.8 Miscellaneous requirements.** Prior to crushing cans or containers, the redemption center or participating dealer must have the written consent of the applicable distributor or manufacturer.

Comment: Retain the requirement located at 567-107.4(1)(b)(9) in the current rule that the redemption center provide reasons why the redemption center and dealers to be served by it believe that the redemption will provide a convenient service to customers and require the department to make a determination prior to approving a redemption center.

Response: The statute no longer require an agreement with a dealer, nor do redemption centers serve specific dealers. The impetus is now on the dealer to establish that it meets the requirements of the statute if it does not wish to be a participating dealer. It is not clear what other considerations would go into making a determination of “convenience” given the revisions to the statute.

Change: None proposed.

Comment: Require minimum hours of operation for redemption centers of at least 8 hours per day, 5 days a week, 4 hours of which shall be between the hours of 4 pm and 7 pm or on Saturday or Sunday, or a combination thereof.

Response: The Department has received comments that support minimum hours for redemption centers and oppose state regulation establishing minimum hours. Redemption Centers do not want minimum hours because they have difficulty finding staff. Other parties want minimum open hours to ensure that there are adequate opportunities for consumers to redeem containers.

The proposed rule does not include minimum hours for Redemption Centers. The statute does not address the issue. The legislature has determined that the increased fee for Redemption Centers will result in additional Redemption Centers and additional competition among Redemption Centers, which will, in turn, require Redemption Centers to be open at convenient times for consumers.

Change: None proposed.

Comment: Clarify that the mobile redemption system requirements must require notification of location, as well as the schedule and frequency of where the facility will be operated and hours of operation.

Response: The proposed rule language requires the owner/operator of any mobile redemption system to identify the location where they will operate the system. Such systems are defined in that statute as redemption centers, and redemption centers operating such systems will be required to submit applications to the department listing the location. However, as previously explained, the Department will not be requiring such facilities to provide the department with a list of operating hours.

Change: None proposed.

Comment: Specify refund requirements for mobile redemption systems. The statute provides that participating dealers and redemption centers shall return the refund value to the consumer within a reasonable time not to exceed 10 days. It is vital to the success of the program to ensure lowans are refunded immediately upon redemption. It is recommended that delayed repayment to redeemers should only be available if the participating dealers, redemption centers and mobile redemption systems also provide a form of redemption that immediately reimburses the redeemer.

Response: Mobile redemption systems are considered redemption centers and, therefore, would have the same payment requirements. The proposal to only allow delayed repayment if an immediate payment option is also available is more stringent than the statute.

Change: None proposed.

Comment: Approved Redemption Centers. The proposed language currently says, "An approved redemption center must notify the department and any dealers with which the redemption center has agreements 30 days prior to the redemption center's closing." We suggest the DNR create and distribute an updated list on at least a monthly basis to better inform distributors of which approved redemption centers have discontinued operations.

Response: The Department will evaluate methods to inform interested stakeholders of changes to redemption center status. It is likely that distributors and consumers will learn of closed redemption center locations prior to the department receiving formal notification.

Change: None proposed.

Comment: **567 IAC 107.4(3)** Distributor redemption centers, as proposed allows for beer distributor redemption centers to be either approved or unapproved. To provide more opportunities for redemption and recycling it is requested to require all distributor redemption centers to be approved which would require them to accept all container types not just metal beverage containers.

Response: The proposal to include a requirement for distributor redemption centers to be approved would be more stringent than the statute.

Change: None proposed.

Comment: **567 IAC 107.13(2) Refusal of Store Brands.**

Two stakeholders commented regarding the proposed requirement that dealers provide a method for redemption of "store brands" if there are no distributors identified to collect containers from redemption centers. Both comments recommend that the manufacturer of the product be required to perform the redemption activities as the statutory definition of distributor includes manufacturers.

One stakeholder suggested the language be revised in this manner:

567 IAC 107.13 (2) Refusal of Store Brands. Store brands are items sold in Iowa, subject to deposit and delivered from a retail warehouse, not a manufacturer or distributor. Store brands make up a growing percentage of non-alcoholic beverages sold in Iowa and across the country. Clarity should be provided in the rules to assure consumers are reimbursed for their deposit by the appropriate manufacturer or distributor of that brand. To address this issue, we suggest striking the current provisions in this section and replacing them with the following: “Any manufacturer or distributor must charge a deposit for a beverage container to a dealer and must pick up or facilitate the pickup of the containers covered by the beverage container law from approved redemption centers. If the distributor and dealer are related entities, the distributor must reimburse the refund value and the handling fee to the redemption center in lieu of accepting or picking up the empty beverage containers.” This language would assure that consumers will receive their deposit back and approved redemption centers will receive their handling fee for all beverages for which are covered by the beverage container law.

In the alternative, another stakeholder proposed the following:

- a. A distributor shall accept and pick up all beverage containers sold by the distributor to a dealer in Iowa. This includes any manufacturer who engages in such sales, regardless of the brand name under which the beverages are sold. In the event the distributor and dealer are under common ownership or control, the distributor or dealer selling such beverage containers may either accept and pick up such containers from the redemption center, reimburse the redemption center for the deposit and pay the handling fee, or arrange for a third-party to so.
- b. A redemption center may refuse to accept any containers for redemption for which the redemption center does not have a distributor/manufacturer willing to meet the obligations set forth in subsection a. In such cases, the redemption center shall post a notice of the brands it will not accept.

Response: The Department proposed the “store brand” language to address the unusual situation where a consumer pays a deposit for a container, but then is unable to recover that deposit because the redemption center refuses to accept the “store brand.” Redemption centers will refuse to accept a “store brand” when they are unable to recover the 5-cent deposit and fee from the distributor or manufacturer of the container. The department agrees that the language proposed should be clarified.

Change: Modify **567 IAC 107.13 (2) Refusal of Certain Brands** (e.g., store brands)

- a. For any beverage container subject to the Iowa Beverage Container Control law, all distributors and manufacturers must charge a 5-cent deposit for each container delivered by that distributor or manufacturer to a dealer and must pick up, or facilitate the pickup, of the container from a participating dealer or an approved redemption center. This includes, at a minimum, reimbursing the participating dealer or approved redemption center for the refund value and the applicable handling fee. The requirements of this subparagraph apply regardless of the relationship between the distributor or manufacturer and the dealer.
- b. Any approved redemption center may refuse to accept containers for redemption if there is no distributor or manufacturer providing reimbursement for the given container. In such cases, the redemption center should notify the DNR and must post a notice of the brands it will not accept.

Comment: 107.14 (1) Payment of Refund Values by Distributors. This language should be made consistent with other payment language in the rule by adding, “Unless otherwise agreed to by the distributor and the participating dealer.”

Response: The Department agrees with this proposed change.

Change: Add pursuant to an agreement between the distributor and participating dealer.

Comment: Statute requires the Department of Revenue to require registration of the universal product code for each beverage container using a method of registration determined by the department of revenue. The proposed rules should include the following language: 567-107.17 On and after November 15, 2023, each individual beverage container sold or offered for sale in this state has a refund value, shall include a readily identifiable Universal Product Code and barcode, with packaging information, to the system operators, including to the reverse vending machine system administrators, not less than thirty days prior to placement of any such beverage container on the market.

Response: The proposal to require a UPC and barcode is outside the authority of the Department and more stringent than the statute.

Change: None proposed.

Comment: General comments regarding the historic lack of enforcement of the bottle deposit law by the department and the inconvenience for consumers wanting to redeem containers both historically and as a result of the proposed revisions.

Response: The comments were directed at the statute and historical issues with the bottle deposit law. The comments are not germane to this rulemaking. No specific changes were recommended.

Change: None proposed.

Comment: Clarify the difference between a “dealer agent” and a “redemption center.”

Response: The terms are defined in statute. The Department has agreed to changes in rule that would clarify that a party can only be one or the other, and that in no case would a party be able to obtain a fee of 4 cents under the rule.

Comment: **567-IAC 107.4(3)** regarding Distributor redemption centers. Clarify that the redemption centers required by this rule can be mobile redemption systems and can be established by contracting with existing facilities.

Response: This requirement is established by statute. There would be no restriction on using mobile redemption systems or contracting to establish these facilities.

Comment: Parties seek clarity on which party is required to pay for bags that hold redeemables (distributors or redemption centers).

Response: This matter is not addressed in the statute and remains of point of negotiation between the business parties.

**Iowa Department of Natural Resources
Environmental Protection Commission**

Item # 6

Information Item

Presentation: Moving Towards a Better Understanding of Bacterial Impairments at Public Beaches in Iowa
(see page 123 of packet)

Jason Palmer, Water Quality Bureau
Claire Hruby, Ph.D, Land Quality Bureau
Environmental Services Division
December 13, 2022

Iowa Department of Natural Resources
Environmental Protection Commission

Item # 7

Decision Item

Contract with Iowa Department of Agriculture and Land Stewardship (IDALS) – Easter Lake Watershed Project 2022 Grant

Commission approval is requested for a Contract with IDALS, of Des Moines, Iowa.

Contract Terms:

Amount: Not to exceed \$339,992

Dates: December 14, 2022 to June 30, 2024

DNR shall have the option to extend this Contract for up to six years from the beginning date of the original contract by executing a signed amendment prior to the expiration of this Contract.

Funding Source(s): U.S. EPA Clean Water Act Section 319 grant to DNR (Grant Number 00740429)

Statutory Authority: Funds are administered by DNR under statutory authority granted by Iowa Code section 455B.103.

Contract Background:

This Contract will provide funding and support for the ongoing Easter Lake Watershed Project (Project) for the Easter Lake Watershed. This Project is contracted through IDALS and carried out by the Polk Soil and Water Conservation District.

The Project has been active since 2013 and is one of the largest active restoration projects in the state. Historically, there have been concerns at Easter Lake with water clarity, algal blooms, high sedimentation rates and low oxygen concentrations. Since construction of the lake in 1967 the water volume has decreased by nearly 30% as a result of sediment being deposited in the lake. The 2005 Easter Lake Total Maximum Daily Load plan identified phosphorus and sediment as the pollutants of concern. Watershed modeling has identified high sediment and phosphorus loads originating from predominantly urban areas of the watershed, and the Yeader Creek drainage area.

In response to these water quality problems, area stakeholders worked together to develop the Easter Lake Water Quality Management Plan (WQMP). The WQMP serves as the culmination of existing studies, citizen and stakeholder input, and a consultant's recommendations for structural and non-structural best management practices (BMPs) intended to reduce stormwater runoff and delivery of pollutants from the watershed and ultimately renovate Easter Lake through dredging and other in-lake improvements.

Contract Purpose:

The purpose of this Contract is to designate Section 319 funding to support this Project. This Contract will work to carry out the goals of the Project for the stated contract term. The partners providing financial support and technical assistance in this Project are the DNR, the City of Des Moines, Polk County Conservation Board, the Conservation Districts of Iowa, Polk County Soil and Water Conservation District, IDALS, and the Natural Resources Conservation Service.

Phase Two projects and programs are aimed at reducing external pollutant delivery to the lake through cost-share and financial incentives for watershed BMPs and two major stream stabilization projects. Watershed BMPs will focus on rain scaping practices such as rain gardens, bioswales, and pervious pavement. Decreasing the transport of eroded soil is critical to restoring Easter Lake and the watershed to a healthy, functioning system. The goal of Phase Two is a 25% reduction of sediment and 20% reduction of phosphorus loading. This Contract will be for year 10 of the WQMP to reduce sedimentation and phosphorous loading by 5%.

Selection Process Summary:

Intergovernmental contracting with IDALS is authorized under 11 IAC 118.4. Contracts with state universities and other public agencies for laboratory work, scientific field measurement and environmental quality evaluation services necessary to implement Iowa Code Chapter 455B is authorized under Iowa Code section 455B.103(3).

Contract History:

The DNR has contracted with IDALS to administer Section 319-funded watershed projects since the early 1990s. The purpose of the contracts with IDALS is to provide funds and project management support to IDALS, which then enters into subsequent agreements with soil and water conservation districts to implement the specific watershed implementation project activities. In the Easter Lake Watershed, the DNR and IDALS have previously partnered in the following contracts:

Contract #1: Timeframe: November 1, 2013 to June 30, 2017; Amount \$577,286; Amendment: Original Contract was for \$415,786, two amendments were made due to expanded scope of services.

Contract #2: Timeframe: August 25, 2016 to December 31, 2018; Amount \$185,646; Amendment: Extended contract time frame by one year.

Contract #3: Timeframe: August 27, 2018 to June 30, 2021; Amount \$143,090

Contract #4: Timeframe: June 21, 2020 to June 30, 2022; Amount \$91,674

STATEMENT OF WORK

- Task 1. **Submit and Carry Out Project Activities** – Contractor shall submit annual Work Plan and Budget consistent with EPA-Approved Project Implementation Plan. **Timeframe** – No later than May 1 of each year
- Task 2. **Quarterly Financial Reports** – Summarize expenses each quarter. **Timeframe** – 10/15, 1/15, 4/15 yearly
- Task 3. **Quarterly Progress Reports** – Summarize activities each quarter. **Timeframe** – 10/15, 1/15, 4/15 yearly
Note: Quarterly reports are superseded by annual reports for the expected 7/15 report as follows
- Task 4. **Annual Progress Report** – Summarize activities, progress, project costs, water monitoring data (if applicable), and water quality improvements (load reductions) made during the previous fiscal period.
Timeframe – No later than August 1 of each year
- Task 5. **Final Project Report** – Total Section 319 funds expended by the Project, summary of other funds, summary of accomplishments and objectives, comparison of actual accomplishments to objectives established by annual work plans and project implementation plan, summary of water quality improvements (load reductions), explanation of unmet objectives, and all other reporting requirements in the Section 319 guidance document. **Timeframe** – Due no later than 30 days prior to the expiration of this Contract.

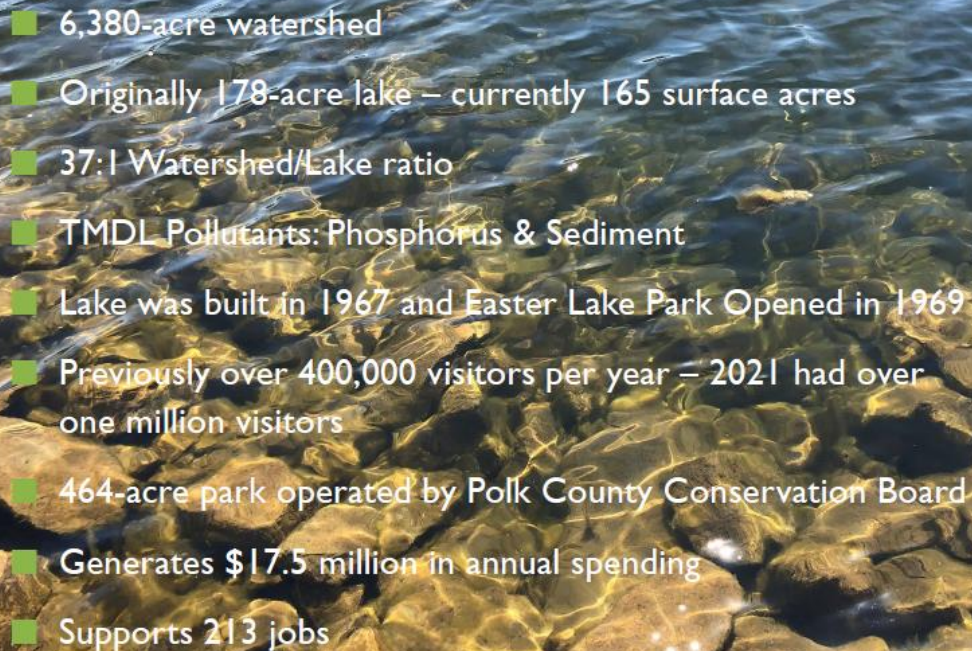
Budget Item	Amount of 319 Funds
Salary & Benefits:	\$63,250
IDALS Conservation Assistant (formerly called Secretary) Support:	\$5,000
Travel/Training:	\$1,500
Supplies:	\$1,500
Inform./Outreach:	\$8,000
Practices	
Rainscaping Practices	\$50,156
Engineering	\$40,000
Timber Stand Improvement	\$62,269
Easter Lake Native Buffer	\$8,317
Park Beach BMPs	\$100,000
Total:	\$339,992



EDUCATION & OUTREACH

COMMUNITY INVOLVEMENT & WATER QUALITY EDUCATION

WATERSHED OVERVIEW

- 
- 6,380-acre watershed
 - Originally 178-acre lake – currently 165 surface acres
 - 37:1 Watershed/Lake ratio
 - TMDL Pollutants: Phosphorus & Sediment
 - Lake was built in 1967 and Easter Lake Park Opened in 1969
 - Previously over 400,000 visitors per year – 2021 had over one million visitors
 - 464-acre park operated by Polk County Conservation Board
 - Generates \$17.5 million in annual spending
 - Supports 213 jobs

NATIVE SHORELINE ESTABLISHMENT

- 3.25 acres along south shoreline in high traffic areas
- Estimated Total Cost: \$7,510.30





NORTH SHORE WOODLAND RESTORATION



AREAS IN PROGRESS

Kyle Ament, Watershed Basin Coordinator, Water Quality Bureau
Environmental Services Division
December 13, 2022

**Iowa Department of Natural Resources
Environmental Protection Commission**

ITEM**#8****DECISION**

**TOPIC Clean Water and Drinking Water State Revolving Loan Fund – FY 2023
Intended Use Plan Third Quarter Update**

Commission approval is requested for the Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) Intended Use Plans (IUP) Third Quarter Update for State Fiscal Year 2023 (July 1, 2022 – June 30, 2023).

The DWSRF Program provides loans to public water supply systems for treatment, storage, distribution and transmission projects. The CWSRF Program finances publicly owned wastewater and sewer facilities, storm water management projects and nonpoint source control practices for water quality.

Federal regulations require the State to prepare a plan identifying the intended uses of the funds in the SRF and describing how those uses support the goals of the SRF. These IUPs are published annually and also include project priority lists (PPL), financial management strategies, discussion of set-aside programs and efforts, and planned uses for administrative accounts. These IUPs are then updated quarterly and include an analysis of current and projected finances, new projects and changes to loan status on the PPLs, and any necessary programmatic updates.

Each draft IUP is released for public comment and review, and then presented for approval to the Commission. A public meeting was held via conference call on November 17, 2022 to receive comments. There was one attendee and a public comment was made for the record complementing the program but no changes were implemented in this IUP update as a result of the comment. The written comment period closed on Dec. 10, 2022. There were no additional written public comments related to the IUP update.

This third quarter update incorporates Annex A to the base CWSRF and DWSRF IUP, developed to discuss the implementation of the FFY 22 BIL General Supplemental Funds. Attachment 1 to the CWSRF and DWSRF IUP serves as the project priority list for the base SRF Program and the Federal Fiscal Year 2022 Bipartisan Infrastructure Law (BIL) General Supplemental Funds. This third quarter update also includes the first round of loan forgiveness awards for BIL General Supplemental Funding and identifies all projects currently on the PPL that are eligible to receive loan forgiveness once an SRF loan is executed.

- Loan forgiveness awards were announced for (1) DWSRF project and (6) additional projects have been identified as eligible.
- Loan forgiveness awards were announced for (10) CWSRF projects and (56) additional projects have been identified as eligible.

Each quarter, new applications will be reviewed for loan forgiveness eligibility.

A summary of the new projects added to the PPLs for this third quarter update are as follows:

- | | |
|---|-------------------------|
| (5) CWSRF Planning & Design Loan applications | (totaling \$1,705,000) |
| (9) CWSRF IUP applications for construction projects | (totaling \$95,405,537) |
| (6) DWSRF Planning & Design Loan applications | (totaling \$1,881,000) |
| (19) DWSRF IUP applications for construction projects | (totaling \$84,583,000) |

Funds are available or obtainable to provide the anticipated disbursements for these projects.

Theresa Enright, DNR SRF Coordinator
November 28, 2022



INVESTING IN IOWA'S WATER

FY 2023 INTENDED USE PLANS

Clean Water State Revolving Fund (CWSRF)

Drinking Water State Revolving Fund (DWSRF)

Approved by the Environmental Protection Commission (EPC) on June 21, 2022.

Quarter 2 approved by the EPC on Sept 20, 2022. Quarter 3 approved by the EPC on December 13, 2022.

FY 2023 Intended Use Plans

Clean Water State Revolving Fund

Drinking Water State Revolving Fund



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INTRODUCTION

In the last 30 years, Iowa's SRF has provided over **\$4 billion** in loans for water and wastewater infrastructure, agricultural best management practices, and other water quality projects. With the SFY 2023 Intended Use Plan (IUP) and future program plans, Iowa's SRF will continue to help Iowans protect public health and the environment through investing in Iowa's water.

- ✓ Iowa's SRF is based on federal legislation that created the programs as revolving loan funds to provide a dependable, ongoing source of financing. Several sources of money are used to make loans, including federal Capitalization Grants (CAP Grants), bonds, and loan repayments with interest. No state general funds are provided.
- ✓ Iowa's SRF programs are highly rated in financial markets, giving the programs strong leveraging capacity to keep up with demand for loans.
- ✓ Transparency and accountability are commitments the Iowa SRF staff has made to stakeholders. All program plans are issued for public review and comment, with approval quarterly by the Iowa Environmental Protection Commission. Annual reports, IUP's and application requirements are posted on both DNRs and SRF's websites. Email listservs are used to inform stakeholders of program updates.
- ✓ SRF loans can be used as stand-alone financing or in combination with a wide variety of grants, including other federal water and wastewater assistance programs, state and federal agricultural cost-share, and local sources, along with private investment.
- ✓ Cities, counties, rural water systems, sanitary districts, farmers, livestock producers, homeowners, watershed organizations and others across the state utilize existing SRF programs. Many borrowers come back to the SRF multiple times to finance their ongoing capital improvement projects.

PROGRAM OVERVIEW

STATE REVOLVING FUND (SRF)

The Clean Water SRF funds wastewater treatment, sewer rehabilitation, and stormwater quality improvements, as well as non-point source projects.

The Drinking Water SRF funds water treatment plants or improvements to existing facilities, water line extensions to existing unserved properties, water storage facilities, wells, and source water protection efforts.

SRF PROGRAM ADMINISTRATION

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

- DNR-Administers the environmental and permitting aspects of the program as well as regulatory compliance
- IFA-Administers the financial aspects of the program including fund management, bonding, loan approval and disbursements
- IDALS-Through a contractual agreement with DNR, IDALS administers three SRF Nonpoint Source Linked-Deposit Programs and provides technical assistance to the CWSRF Nonpoint Source Programs, including the Sponsored Project Program



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

INTENDED USE PLANS

The Intended Use Plans (IUPs) following this **Program Overview** will provide a roadmap to the policies and procedures of the CWSRF and DWSRF Programs, along with the lists of projects and activities to be funded. The IUPs outline the proposed management of the Clean Water SRF and the Drinking Water SRF programs during State Fiscal Year 2023 (July 1, 2022 - June 30, 2023) and include Project Priority Lists (PPL), program policies and goals, financial management strategies, discussion of set-aside programs and efforts, and planned uses of administrative accounts. The IUPs are developed and updated quarterly, in June, September, December, and March or more often as needed, with projects added and funding amounts adjusted as needed. While the plans of action outlined in these SFY 2023 IUPs may be amended in subsequent quarters, they are intended to lay out the general direction and goals of the Clean Water and Drinking Water SRF Programs.

The CWSRF IUP and the DWSRF IUP each have several additions that are incorporated into the IUPs. There are multiple appendices to each IUP which are contained in this Microsoft Word document. The Project Priority Lists are an attachment to each IUP and are located in a separate Microsoft Excel spreadsheet. Finally, each IUP has an annex which addresses the specific policies and implementation of the Bipartisan Infrastructure Law, and which are located in separate Word documents. These additions will be discussed in more detail further in this document.

Federal and state law requires, and Iowa welcomes, opportunity for public participation in the development of the IUP. Any revisions of the goals, policies and method of distribution of funds must be addressed by a revision of the IUP, including public participation. Minor adjustments in funding schedules and loan amounts are allowed without public notification by the procedures of this IUP and state rules for administration of these programs.

PROJECT PRIORITY LIST

Project Priority Lists (PPL) for wastewater projects and drinking water projects are located in Attachment 1 of the Clean Water IUP and Attachment 1 of the Drinking Water IUP, respectively. These attachments are a separate Microsoft Excel spreadsheet available on www.iowasrf.com¹ ²For program planning purposes, the fundable projects are further identified as “R - ready for loan” (indicating that the construction permit and environmental review have been completed), and “P - in planning” and “L - loan signed.”

TYPES OF FINANCING

Construction Loans are offered with 20-year terms. An extended term loan is available up to 30 years, based on the average life of the project components. Interest rates and fees are established within the IUP.

Planning & Design (P&D) Loans are offered for up to 3 years to cover engineering and project development costs. P&D loans can be rolled into an SRF construction loan or paid off with other permanent financing.

Nonpoint Source Loans are available to public and private borrowers in the form of direct loans, loan participation or linked-deposit loans, depending on the borrower. These loans address stormwater management, inadequate septic systems, landfill closure, lake restoration, soil erosion control, brownfield cleanup, manure management and more.

CO-FUNDING

The SRF funding can be combined with several other funding sources to make costly infrastructure projects possible. While SRF offers low loan rates and additional subsidization to eligible applicants, many of Iowa’s communities need additional help from other funding sources. Joint funding that combines SRF loan dollars and funds from other agencies is crucial to making some water and wastewater infrastructure upgrade projects more affordable for many communities. The Iowa SRF Program is committed to coordinating with other funding agencies to simplify the process of co-funding and to find an affordable solution to water and wastewater needs.

¹ CWSRF Project Priority List

https://www.iowasrf.com/program/clean_water_loan_program/clean-water-srf-intended-use-plan-information/

² DWSRF Project Priority List

https://www.iowasrf.com/program/drinking_water_loan_program/drinking-water-intended-use-plan-iup-information/

EMERGENCY FUNDING

In May of 2019, a Memorandum of Understanding (MOU) was signed regarding coordination between EPA and FEMA. The MOU established a framework for the EPA funded State Revolving Fund (SRF) programs to assist and collaborate with FEMA disaster assistance grant programs. The Iowa SRF Program will work with communities on a case-by-case basis to provide assistance addressing public health threats related to drinking water and wastewater resulting from a disaster. Some of the ways the SRF can help following a disaster include:

- Use SRF loans as match for FEMA grants. FEMA funds will generally pay for 75% for the replacement costs for public water and wastewater systems. The SRF can be used for the required 25% match.
- Use SRF funds as short-term loans to be repaid with FEMA grants. There may be times when a public facility has been approved for a FEMA grant but there is a delay in receiving the funds. In those situations, when all program requirements are met, an SRF loan could be used to finance the repairs and then be repaid with FEMA money. Emergency loans meeting these conditions may be made and then shown on the next quarterly IUP update.

HIGHLIGHTS AND CHANGES

In the past year, many exciting opportunities have developed to advance environmental equivalency in the water sector through increased investment in water and wastewater infrastructure. Iowa is expanding and revising the SRF Program, as needed, to adapt to and take advantage of these new opportunities. Highlighted below are some of the changes Iowa is incorporating into this year's Intended Use Plans.

- ✓ Plans for implementing the **Bipartisan Infrastructure Law (BIL)** funding, also known as the **Infrastructure Investment and Jobs Act**, are not covered in this annual release of the Intended Use Plan but will be implemented through separate annexes (BIL Annexes) to the DWSRF and CWSRF Intended Use Plans. The most current information available will also be posted at <https://www.iowasrf.com/infrastructure-bill-funding-opportunities/>.
- ✓ The BIL introduced a new requirement to federally funded infrastructure programs which expands domestic procurement requirements beyond iron and steel to include construction materials and manufactured goods. This requirement is referred to as **Build America, Buy American (BABA)**. Some SRF funded projects may be subject to the requirements of BABA, including projects that co-fund with other federal programs such as Housing and Urban Development Community Development Block Grant or USDA Rural Development loans. U.S. Environmental Protection Agency has not yet released implementation procedures on BABA; further guidance on BABA will be implemented in future quarterly updates to the CWSRF and DWSRF Intended Use Plans. The most current information available will also be posted at <https://www.iowasrf.com/infrastructure-bill-funding-opportunities/>.
- ✓ The **Water Resources Restoration Sponsored Project Program** is temporarily not accepting applications during SFY 2023 (September 2022 and March 2023 application rounds).
- ✓ The **Disadvantaged Community (DAC)** definition (DWSRF Program) and the **Affordability Criteria** (CWSRF Program) are under review and will be revised through public review and comment. The SRF Programs intend to implement the DAC definition and affordability criteria the BIL Annexes to the DWSRF and CWSRF Intended Use Plans, respectively. The goal of this revision is to expand environmental equality and ensure Iowa's SRF Programs are reaching communities most in need of assistance. The new definitions will be used to determine an applicant's eligibility to receive loan forgiveness from the base DWSRF and CWSRF Loan Programs as well as BIL Loan funds. The percent of loan forgiveness offered to each eligible project will also be determined through these revised criteria. See BIL Annex A to the DWSRF IUP and CWSRF IUP, respectively.
- ✓ Beginning in SFY 2023, loan initiation fees will not be assessed on loans to Disadvantaged Communities (DAC) receiving loan forgiveness.
- ✓ For the first time in the Program's history, the U.S. EPA is allowing states to utilize funding from the Cap Grant to provide **Technical Assistance** to borrowers. EPA is also preparing Technical Assistance contracts to support states and borrowers with accessing SRF Program funds from the BIL. Future quarterly updates to the CWSRF IUPs will describe how Iowa intends to utilize these funds and the technical assistance that will be available to our borrowers. See page 19.
- ✓ Beginning in SFY 2023, borrowers will be asked to identify their Municipal Advisor for the project as part of the

IUP application.

- ✓ Beginning in SFY 2023, prior to closing a construction loan, applicants must demonstrate that appropriate action has been taken to implement the utility rate recommendations of their Municipal advisor set forth in the 5-year pro-forma cash flow analysis.
- ✓ Beginning in SFY 2023, to the extent applicable, applicants must provide certification evidencing compliance with public bidding law, pursuant to Iowa Code Chapter 26, prior to closing a construction loan.

With the SFY 2023 Intended Use Plans and future program plans, Iowa's SRF Programs will continue to help Iowans protect public health and the environment through investing in Iowa's water.

FY 2023 INTENDED USE PLANS

CLEAN WATER STATE REVOLVING FUND



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FY 2023 Intended Use Plans

Clean Water State Revolving Fund

I. STATE FISCAL YEAR 2023 PLAN OF ACTION

The Clean Water SRF Program funds wastewater treatment, sewer rehabilitation, and stormwater quality improvements, as well as non-point source projects. Publicly owned wastewater treatment works, including those owned by cities, counties, sanitary districts, and utility management organizations are eligible. For non-point source projects, both public and private entities are eligible, including farmers, landowners, watershed organizations, landfills and rural homeowners.

The CWSRF loan program consists of three main program areas:

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

The SFY 2023 Plan of Action covers the following areas:

- CWSRF goals and objectives
- Current and projected financial capacity of the CWSRF
- Financial management strategies
- Plan for the SFY 2023 Project Priority List
- Plan for Nonpoint Source Assistance Programs
- Plan for use of administrative accounts

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

CWSRF Goals and Objectives

The primary long-term goal of the Iowa CWSRF is to protect the environment and public health and welfare through a perpetual financial assistance program.

Due to federal legislation in this past year, program updates are anticipated in SFY 2023. New goals have been established to meet those requirements and adjust programs to available staff.

The SFY 2023 short-term goals and objectives are as follows:

- Goal: Commit loan funds to as many recipients as possible in accordance with the state priority rating system, the IUP, staff resources, and available funding, in order to assist in the construction of projects with the highest water quality impacts.

Objective: During SFY 2023, applications will be accepted quarterly and updates to the IUP will be prepared to add projects and update program financial information. Sponsored Project applications will be taken in March 2022 and added to the IUP during this fiscal year. Projects approved under the Nonpoint Source Assistance Programs will be funded on a continuous basis from the funds reserved for those programs.

- Goal: Continue to implement the Water Resource Restoration Sponsor Program authorized in Iowa Code 384.84.

Objective 1: During SFY 2023, **SRF staff will receive applications only once this year for Sponsored Project funding.** The application deadline for SFY 2023 was in March 2022, as advertised in the previous SFY 2022 Intended Use Plan. In conjunction with watershed coordinators, Iowa Department of Agriculture and Land

Stewardship urban conservationists, and others, SRF staff evaluated the applications and prepared a list of proposed projects for this IUP.

Objective 2: Systematic business assessment of the Sponsored Project Program process to identify best practices and to establish new practices that can streamline the process and shorten project completion times.

- Goal: Encourage applicants to engage a registered municipal advisor (MA).

Objective: During SFY 2023, all applicants submitting an Intended Use Plan application must demonstrate that they have hired an MA to assist with cash flows, rate setting, debt service coverage, and other financial aspects of their wastewater utility. Due to current supply chain and contractor availability issues, the costs of projects have been increasing. **The CWSRF Program will encourage applicants to engage with their MA early in the project planning process to ensure that the community is taking appropriate measures to account for potential increased debt service requirements.** The CWSRF program will reimburse up to \$4,000 of the MA fee to the borrowers.

- Goal: **Implement the “Build America, Buy American (BABA)” requirements** enacted by Congress in the Bipartisan Infrastructure Law on May 14, 2022.

Objective: During SFY 2023, SRF staff will engage DNR Field Office staff to establish a BABA oversight program. SRF staff will provide information to those applicants required to comply with necessary documentation and inspection procedures. CWSRF will conduct site visits and provide technical assistance to help applicants determine eligibility for the exemptions and waivers provided for in the Act and EPA guidance.

- Goal: Continue to implement the “Use of American Iron and Steel (AIS)” requirements enacted by Congress on January 17, 2014.

Objective: During SFY 2023, **SRF staff will re-evaluate the AIS oversight program**, retaining best practices and aligning the program with BABA requirements, as needed. SRF staff will provide information to applicants on necessary documentation and inspection procedures and will continue to help applicants determine eligibility for the exemptions and waivers provided for in the Act and EPA guidance. SRF will continue to engage DNR Field Office staff to conduct site visits and provide technical assistance.

- Goal: Fund green projects to meet the requirements of the Green Project Reserve (10% of the CWSRF Cap Grant).

Objective: During SFY 2023, the CWSRF Program will **fund green projects as required in the FFY 2022 Cap Grants and revise Grant Year assignments for 2018-2021 as project costs finalize.** Iowa has already complied with the GPR requirements of previous Cap Grants.

- Goal: Continue applying additional subsidization available in the FFY 2019-FY2021 Cap Grants.

Objective: During SFY 2022 SRF staff plans to approve plans and specifications and execute loans or loan amendments with loan forgiveness to previously assigned recipients for the amounts required in the FFY 2019, FFY2020, and FFY 2021 Cap Grants in accordance with previously established criteria (see Appendix C). Iowa has complied with the additional subsidization requirements for all previous Cap Grants.

- Goal: Review and revise criteria used to identify eligible applicants for loan forgiveness.

Objective: During SYF 2023, SRF staff will revise the affordability criteria through public review and comment. The CWSRF intends to utilize the new affordability criteria to identify eligible applicants to receive

loan forgiveness from future Cap Grants. The CWSRF intends to implement the new criteria in BIL Annex A to the CWSRF IUP.

- Goal: Apply additional subsidization available in FFY 2022 Cap Grant.

Objective: During SFY 2023, SRF staff will utilize the revised affordability criteria to assign loan forgiveness for FFY 2022 Cap Grant. SRF staff will approve plans and specifications and execute loans or loan amendments with loan forgiveness for the amounts required in the FFY 2022 Cap Grant.

- Goal: Comply with grant reporting conditions.

Objective: During SFY 2023, the Iowa CWSRF Program plans to enter data into the CWSRF National Information Management System (NIMS) and the EPA reporting database for the Office of Water State Revolving Funds (OWSRF).

- Goal: Comply with EPA guidance on reporting under the Federal Funding Accountability and Transparency Act (FFATA).

Objective: In the Annual Report, SRF staff will list loans that met the several requirements of FFATA for open Cap Grants. Grants may not be closed out until equivalency amounts can be reported.

- Goal: Comply with EPA guidance on cost and effectiveness requirements under Section 602(b)(13) of the Clean Water Act.

Objective: During SFY 2023, CWSRF will require applicants to submit a self-certification form indicating compliance with this requirement.

- Goal: Promote and identify sustainable practices in projects proposed for funding.

Objective: During SFY 2023, SRF staff will provide information on the EPA's Sustainability Policy to applicants and include sustainability features in project descriptions.

- Goal: Comply with the EPA Signage Guidance.

Objective: During SFY 2023, SRF staff and recipients will notify the public in the most effective ways possible about assistance agreements and benefits of the CWSRF program in order to enhance public awareness of EPA assistance agreements nationwide. The Iowa CWSRF program sends out press releases listing all CWSRF loans that have closed and borrower contact information.

Additional long-term goals include:

- Goal: Work with other state and federal agencies to coordinate water quality funding.

Objective: During SFY 2023, SRF staff will meet regularly with staff from the Community Development Block Grant program, and the USDA Rural Development program. SRF staff will also coordinate funding with state and federal grant and loan programs designed to address both point source and nonpoint source water quality initiatives.

- Goal: Apply program requirements that are simple and understandable and do not add unnecessary burdens to applicants or recipients.

Objectives: During SFY 2023, SRF staff will continue to assist applicants with completing the federal cross-cutting requirements for environmental and historical review, and will advise borrowers as needed with Davis-Bacon compliance. Borrowers will be responsible for compliance and may hire outside consultants to

assist.

- Goal: Continue the option of extended financing terms for CWSRF infrastructure projects.

Objective: During SFY 2023, this option will be offered to current and new projects on the Project Priority List. Applicants seeking extended financing must complete a worksheet outlining the anticipated life of the project components, which can be averaged to determine the extended term.

- Goal: Maintain mechanisms for funding the on-going administration of the program if federal funding is reduced or eliminated.

Objective: During SFY 2023, initiation and servicing fees will be collected on CWSRF loans for deposit to administrative accounts. SRF staff will develop short and long-term plans for administrative budgets.

- Goal: Manage the CWSRF to maximize its use and impact through sound financial management.

Objective: During SFY 2023, SRF staff and financial advisors will continue to conduct financial analysis and develop innovative approaches to financial management.

- Goal: Implement programs that effectively address water quality needs and target appropriate audiences.

Objective: During SFY 2023, SRF staff will continue to educate users and potential users about the program offerings through presentations, displays, program materials, and the IowaSRF.com website.

SFY 2023 Project Priority List (PPL)

The management of the CWSRF program includes a priority list of projects for loan assistance, which has been developed according to DNR rules 567 IAC 92 (455B). Attachment 1 constitutes the CWSRF Project Priority List. This priority list will be amended on a quarterly basis during SFY 2023.

With the available CWSRF funds, this IUP provides a projection of loan funding assistance for applications in priority order determined by point source rating criteria defined in 567 IAC 91 (455B). More information on priority ranking is available in Appendix B.

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

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

The following categories of projects will be included for funding during SFY 2023 and are included on Attachment 1:

- **Planning and Design Loans.** Planning and design loans are provided at 0% interest for up to three years to cover the costs of preparing facility plans and project specifications. The loans will be rolled into CWSRF construction loans or repaid by another source of permanent financing. Planning & Design Loan applications can be found on the SRF website³.
- **Unfunded Prior Years’ Section 212 Projects:** These are loan requests remaining on the Project Priority List from previous years’ IUPs. It is Iowa’s intention to make CWSRF loans to these projects during SFY 2023 if they are ready for a binding loan commitment.
- **Segments of Previously Funded Section 212 Projects.** State rules provide that subsequent segments of a project, which has previously received funding priority or assistance, must be placed on the Project Priority List

³ https://www.iowasrf.com/program/planning_design_loans/

ahead of new projects. Segmented projects will be added to the SFY 2023 Project Priority List as received.

- **New Section 212 Projects.** New applications for assistance during SFY 2023 will be accepted on a quarterly basis and will be added to the Project Priority List if projects are determined to be eligible for funding and the application is complete. Intended Use Plan applications can be found on the SRF website⁴ and on the DNR Wastewater Construction Permit website⁵, and submitted to srf-iup@dnr.iowa.gov.
- **New General Nonpoint Source Projects including Source Water Protection.** New applications for assistance during SFY 2023 will be accepted on a quarterly basis and will be added to the Project Priority List if projects are determined to be eligible for funding and the application is complete. Intended Use Plan applications can be found on the SRF website under the Other Water Quality Program⁶ tab and submitted to srf-iup@dnr.iowa.gov.
- **Supplemental Financing.** Supplemental financing for projects listed in previously approved IUPs are added to the IUP as they are requested unless the additional funds will be used for improvements that would significantly change the scope of the project. Additional environmental review may be required. Supplemental loans will not be provided for changes that are ineligible for funding.

Water Resource Restoration Sponsor Program

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

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

- For loans up to 20 years, the interest rate on the combined infrastructure/sponsored project loan will be reduced to not lower than 0.75%. The maximum amount allowed for eligible sponsored project costs is \$100,000 per \$1 million borrowed.

The amount of funds reserved in SFY 2023 for Water Resource Restoration Sponsor Program interest rate reductions is \$5 million. In order to fund all eligible applications, the DNR reserves the right to cap individual application funding awards at a percentage of the total amount allocated for Sponsored Projects. Applications for SFY 2023 were accepted until March 1, 2022. The applications proposed for funding in SFY 2023 are listed in Appendix D.

The Sponsored Project Program is temporarily not accepting applications during SFY 2023 (September 2022 and March 2023) for program planning purposes to enhance the program. Application opportunities are expected to resume for communities or wastewater utilities interested in applying to the CWSRF Water Resource Restoration Sponsored Project Program. Future quarterly updates to the IUP will provide information on deadlines for pre-application conference calls and application deadlines.

Applicants that are approved for funding will be contacted after the approval of this IUP to schedule a project initiation meeting and to begin the sponsored project review and approval process. All information about the review and approval process is included in the Sponsored Project Manual⁷ located on the SRF website. Applicants should review the manual information to become familiar with the process.

Sponsors of approved projects will be required to follow project review and implementation guidelines established in the Water Resource Restoration Sponsored **Projects Milestone Checklist** located in the Sponsored Project Manual on the SRF website.

⁴ www.iowasrf.com

⁵ <https://www.iowadnr.gov/Environmental-Protection/Water-Quality/Wastewater-Construction/Construction-Permits>

⁶ https://www.iowasrf.com/program/other_water_quality_programs/

⁷ https://www.iowasrf.com/about_srf/sponsored-project-manual/

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

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

Beginning with projects awarded in SFY 2022, Sponsored Project loan amendments must be executed prior to the second principal payment on the sponsoring CWSRF loan or the Sponsored Project award may be withdrawn.

Explanations of eligible applicants and projects, as well as specific application requirements, are outlined in the SFY 2023 Sponsored Project Application. This information is available on the Sponsored Project Home Page⁸.

Plan for Nonpoint Source Assistance Programs

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

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

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

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

Nonpoint Source Assistance Programs	Proposed SFY 2023 Amount
Onsite Wastewater Assistance Program (OSWAP)	\$1.5 million
Local Water Protection Program (LWPP)	\$3.0 million
Livestock Water Quality Facilities Program (LWQ)	\$4.0 million
General Nonpoint Source Program (GNS)*	\$10.0 million
TOTAL	\$18.5 million

**GNS projects that receive a direct loan are not included in this allocation and are listed individually on the CWSRF Project Priority List (Attachment 1).*

⁸ https://www.iowasrf.com/about_srf/sponsored_projects_home_page.cfm

Current and Projected Financial Capacity of the CWSRF

Appendix A, the Estimated Sources and Uses table, shows that funds are available to fund current requests. The leveraging capacity of the CWSRF is robust due to the maturity of the fund and the current loan portfolio. SRF staff has analyzed the future financial capacity of the CWSRF in light of the discussion over water quality standards and other future wastewater needs. Assuming that Iowa continues receive Cap Grants, and that the CWSRF Program continues to grant 10% loan forgiveness and the current interest rates, it is projected that the CWSRF could loan an average approximately \$290 million per year over the next 10 years, or a total of \$2.9 billion. If Iowa receives no additional Cap Grants and the CWSRF Program keeps current interest rates, the CWSRF could loan an average of approximately \$230 million per year over the next 10 years. These figures would increase with an increase in interest rates.

Financial Management Strategies

The CWSRF Project Priority List (Attachment 1) shows total loan requests for wastewater projects. Because many of these projects are in the planning phase, they are not expected to sign a binding loan commitment during this fiscal year. The projected timing and demand for loan draws is reflected in the sources and uses table (Appendix A). Other uses for CWSRF program funds in SFY 2023 include \$18.5 million reserved for the Nonpoint Source Assistance Programs.

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

The Iowa SRF program was invited to apply for a loan through EPA's State Infrastructure Financing Authority Water Infrastructure Finance and Innovation Act (SWIFIA). SWIFIA is a loan program exclusively for state infrastructure financing authority borrowers. SWIFIA may be used for up to 49 percent of an eligible project's costs that are ready to proceed, meaning construction will commence within 18 months after the Letter of Interest is submitted to EPA. A preliminary list of mostly CWSRF projects eligible for SWIFIA funding has been identified, totaling more than \$500 million. The SRF program is in the process of working through the underwriting process; the timeline for closing the loan is yet to be determined.

The program issued bonds in May 2022, which included the required state match obligations for the FFY 2022 Cap Grants (base CWSRF program and BIL supplemental).

Plan for Use of Administrative Accounts

There are three distinct funding sources for CWSRF administrative expenses:

- The CWSRF administrative Cap Grant set-aside. Iowa intends to take or reserve 4% of the federal Cap Grant funds for program administration.
- Loan initiation fees. A 0.5% loan origination fee will be charged on new CWSRF loans. The maximum amount charged is \$100,000. Under EPA rules, because Iowa's origination fees are financed through the loans, the proceeds are considered program income. Program income can only be used for the purposes of administering the CWSRF program or for making new loans. **Beginning in SFY 2023, loan initiation fees will not be assessed on loans to Disadvantaged Community (DAC) receiving loan forgiveness.**
- Loan servicing fees. A servicing fee of 0.25% on the outstanding principal is charged on CWSRF loans. Under EPA rules, only servicing fees received from loans made above and beyond the amount of the Cap Grant and after the Cap Grant under which the loan was made has been closed are considered Non-Program Income. Non-Program Income can be used to administer the program or for other water quality purposes. The uses of Non-Program Income are discussed below.

Program Income. Program Income collected in SFY 2023 will be used for administering the CWSRF Program. Program Income is replenished throughout the fiscal year by funds received from loan initiation fees as described above.

Non-Program Income. A portion of these funds will be used in SFY 2023 for administering the CWSRF Program.

Planned Expenses. CWSRF administration expenses include the SRF include the work of wastewater engineering section project managers, specialists in environmental review, nonpoint source program administrators, financial officers, loan coordinators, and program managers. It also covers expenses for financial and legal advisors. These program expenses will first be paid out of Program Income and then Non-Program Income once Program Income has been fully expended.

DNR intends to use a portion of Non-Program Income funds during SFY 2023 to support staffing to the Field Services Bureau for wastewater compliance activities including inspections, investigations and technical assistance and to support staffing in the Water Quality Bureau for construction permitting, National Pollution Discharge Elimination System permitting, American Iron and Steel Site Inspections, and other programmatic staffing needs.

II. INFORMATION ON THE CWSRF ACTIVITIES TO BE SUPPORTED

Allocation of Funds

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

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

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

Sources and Uses of Available CWSRF Funds

In July 2021, the CWSRF Program was awarded the FFY 2021 Cap Grant in the amount of \$21,505,000. In October 2022, the **CWSRF Program ~~intends to apply for~~ was awarded the FFY 2022 Cap Grant ~~when available in the amount of \$15,660,000.~~** Appendix A to this Intended Use Plan illustrates potential sources and uses of funds in the CWSRF for SFY 2023. As shown, all pending loan requests and program administration needs can be funded. Projects will draw on their funding at different intervals based on their construction cycles. These differences are used to estimate cash needs throughout the year. Appendix A will be updated quarterly as needed to provide an ongoing view of the financial plan for meeting loan requests.

Iowa's SRF program issues bonds as needed. These bond issues typically include the state match for the next federal Cap Grants. See Appendix F. On May 5, 2021, IFA issued \$218,290,000 of SRF bonds; no state match funds was necessary at the time of issuance. On May 3, 2022, IFA issued SRF bonds totaling \$206.18 million (\$198.025 million tax-exempt and \$8.155 million taxable). The 2022 bonds included \$3 million of Clean Water state match and \$5.7 million of Drinking Water state match, which was deposited in the respective state match accounts. After SRF bonds are issued, the state match is spent first so the Cap Grant can be drawn down at 100% when it is received.

Section 212 Projects Program Policies

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

Loan Interest Rates. Interest rates for CWSRF planning and design loans are 0% for up to three years. The current interest rates for construction loans made from the CWSRF are as follows:

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

The SRF program monitors the market to ensure that our loan interest rates are appropriate relative to the program’s cost of funds.

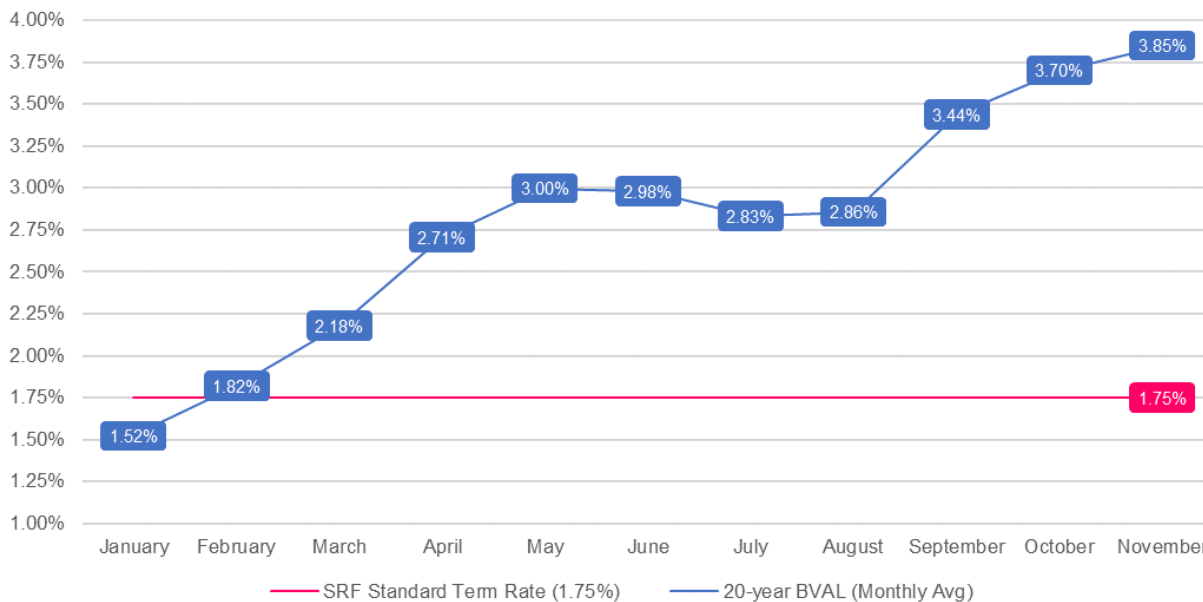
Interest rates in both the Treasury and municipal markets have been trending higher in recent months, as shown in **Figure 1**.

The increase in market rates is further evidenced by examining Bloomberg’s BVAL AAA Municipal Curve, which uses real-time trades and sources to track movement in the municipal market⁹. The graph in **Figure 2** below shows the average 20-year BVAL yield for each month throughout the year, compared to the SRF Program’s Standard Term rate.

Market	Percent Change Year-to-Date			
	2-yr	5-yr	10-yr	30-yr
Treasury	3.69%	2.92%	2.50%	2.24%
Municipal	2.94%	2.65%	2.38%	2.65%

Figure 1: Year-to-Date Percent Change in the U.S. Treasury and Municipal Markets (as of October 28, 2022)

Figure 2: 20-year Bloomberg BVAL AAA Municipal Yields (Monthly Average)



Program rules stipulate that SRF loan interest rates are established by considering factors including, but not limited to:

1. The Program’s interest rate cost of funds;
2. Availability of other SRF funds;
3. Prevailing market interest rates of comparable non-SRF loans; and
4. The long-term financial viability of the SRF.

Program staff will continue to monitor market conditions to ensure that SRF loan interest rates satisfy these and other provisions. Any changes to SRF loan interest rates will be communicated in the Intended Use Plan.

Loan Fees. A 0.5% origination fee is assessed on the full loan amount for new CWSRF construction loans, with a maximum amount of \$100,000. No origination fees are assessed on planning and design loans. A .25% loan servicing fee is assessed on construction loans. Payment of the loan servicing fee is made semi-annually with scheduled interest payments (June and December). Loan servicing fees are calculated based on the outstanding principal balance.

⁹ The BVAL® AAA Municipal Curves are updated daily and is publicly available on the Municipal Securities Rulemaking Board’s (MRSB) Electronic Municipal Market Access (EMMA) website.

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

Maximum Financing. There is no maximum financing amount.

Project Readiness. Applicants cannot be offered assistance until they meet program requirements. More information can be found in the Wastewater Engineering Construction Permitting Process Manual¹⁰.

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

Extended Financing The Iowa CWSRF can provide extended terms of up to 30 years for any loan as long as the loan term does not exceed the expected design life of the project. The consulting engineer for the project will be required to separate and itemize costs so that a weighted maturity may be calculated for loan repayment. The list of itemized costs and expected useful lives will be required prior to signing of the loan agreement.

Municipal Advisor Engagement. Beginning in SFY 2023, borrowers will be asked to identify their Municipal advisor for the project as part of the IUP application.

Rate Ordinance. Beginning in SFY 2023, prior to closing a construction loan, applicants must demonstrate that appropriate action has been taken to implement the utility rate recommendations of their Municipal advisor set forth in the 5-year pro-forma cash flow analysis.

Public Bidding Compliance Certification. Beginning in SFY 2023, applicants must provide certification evidencing compliance with public bidding law, pursuant to Iowa Code Chapter 26, prior to closing a construction loan.

Plan for Efficient and Timely Use of CWSRF Funds

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

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

When Cap Grants are awarded, those funds are drawn down first based on guidance from the U.S. EPA. Loan disbursements are made weekly. Iowa’s CWSRF disbursements averaged approximately \$16.7 million per month in 2020. In 2021, the program disbursed an average of approximately \$19million per month. Average disbursements for SFY 2022 will be provided in future IUP updates.

¹⁰ <https://www.iowadnr.gov/Environmental-Protection/Water-Quality/Wastewater-Construction/Construction-Permits>

With a return of \$4.66 for every dollar of federal investment (compared to the national average of \$2.95), Iowa's CWSRF is an efficient and effective delivery mechanism for water infrastructure funding.

Due to their effectiveness, the practices described above will be continued through SFY 2023.

Water Quality Management Planning

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

SEE Salary Funds Deducted from Capitalization Grant

The CWSRF Program will withhold \$74,600 from FFY 2022 base CWSRF Cap Grant application for the SEE Program. These positions are filled by EPA Region 7 and assigned to the DNR's Wastewater Engineering section to provide technical and administrative assistance to the CWSRF projects and program. The SEE enrollees help provide staffing at Iowa DNR to maintain the CWSRF program and keep up with the increasing CWSRF project technical and administrative work load. Authorized under the Environmental Programs Assistance Act of 1984 (PL 98- 313), the SEE program is intended "to utilize the talents of older Americans in programs authorized by other provisions of law administered by the Administrator in providing technical assistance to Federal, State, and local environmental agencies for projects of pollution prevention, abatement, and control."

III. ASSURANCES AND SPECIFIC PROPOSALS

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

IV. CRITERIA AND METHOD FOR DISTRIBUTION OF FUNDS

Section 212 Infrastructure Projects

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

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

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

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

Capitalization Grant Requirements. Cap Grants include requirements for minimum and maximum percentages of the funds to be allocated for additional subsidization and/or green project reserve (GPR).

Affordability Criteria is discussed in Appendix C and BIL Annex A to the CWSRF IUP.

Additional Subsidization:

Iowa applies additional subsidization in the form of loan forgiveness. Appendix C identifies the criteria used to determine projects and borrowers eligible to receive financial assistance through forgivable loans. Criteria for loan forgiveness eligibility is established with each Cap Grant. Individual projects may be capped to allow more eligible

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

Green Project Reserve (GPR):

All CWSRF Programs are required to use a portion of their federal grant for projects that address green infrastructure, water and energy efficiency, or other environmentally innovative activities. Iowa's Nonpoint Source Programs, including the Sponsored Project Program, finance several projects annually which meet this criterion. Specific projects identified as GPR are listed in Appendix C.

Additional subsidization and GPR has been allocated for FFY 2018-2021 Cap Grants. The specific projects that have received add subs or been counted for the GPR are listed in Appendix C.

During SFY 2023, Iowa will apply for the FFY 2022 Cap Grant. Iowa will comply with additional subsidization and/or green project allocation requirements of that grant and will identify specific recipients of those funds during this fiscal year in Appendix C.

	Add Subs Req'd.	Add Subs Actual	%	GPR Req'd.	GPR Actual	%
2018	\$ 2,172,300	\$ 2,172,300	100%	\$ 2,172,300	\$2,285,000	105%
2019	\$ 2,150,500	\$ 2,150,500	100%	\$ 2,150,500	\$2,667,000	124%
2020	\$ 2,150,800	\$ 2,150,800	100%	\$ 2,150,800	\$2,443,000	114%
2021	\$ 2,150,500	\$ 2,423,952	113%	\$ 2,150,500	\$2,150,500	100%
2022	\$3,132,000	TBD		\$1,566,000	TBD	

Nonpoint Source Assistance Programs

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

V. METHOD OF AMENDMENT OF THE INTENDED USE PLAN

The State will follow this IUP in administering CWSRF funds in SFY 2023. Federal and state law requires, and Iowa welcomes, opportunity for public participation in the development of the IUP. Any revisions of the goals, policies and method of distribution of funds must be addressed by a revision of the IUP, including public participation. Minor adjustments in funding schedules and loan amounts are allowed without public notification by the procedures of this IUP and state rules for administration of the CWSRF. Adjustments to the Project Priority List to utilize actual funds available to the CWSRF for SFY 2023 will be considered minor and only affected applicants will be notified. Public notice of amendments will be made if municipalities are added to or removed from the Project Priority List.

VI. PUBLIC REVIEW AND COMMENT

A public meeting to allow input to Iowa's SFY 2023 IUP and Project Priority List was held May 12, 2022, 10:00 a.m. via video conference call. This meeting was announced in a notice provided to stakeholder organizations representing city officials, consulting engineers, county governments, councils of government, area planning agencies, and other groups which might have an interest. Written comments were accepted until May 19, 2022.

A public meeting to allow input to Iowa's SFY 2023 second quarter IUP update and Project Priority List was held August 11, 2022, 10:00 a.m. via virtual conference call. This meeting was announced in a notice provided to stakeholder organizations representing city officials, consulting engineers, county governments, councils of government, area planning agencies, and other groups which might have an interest. Written comments were accepted until August 18, 2022.

A public meeting to allow input to Iowa's SFY 2023 IUP third quarter update and Project Priority List was held November 17, 2022, 10:00 a.m. via virtual conference call. This meeting was announced in a notice provided to stakeholder organizations representing city officials, consulting engineers, county governments, councils of government, area planning agencies, and other groups which might have an interest. Written comments were accepted until December 10, 2022.

VII. PROJECT PRIORITY LIST

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

VIII. TECHNICAL ASSISTANCE

States have the flexibility to use up to 2% of their annual CWSRF Cap Grant for the purpose of providing technical assistance to rural, small, and tribal publicly owned treatment works. The eligibilities for this funding are very broad. Iowa does not intend to duplicate the technical assistance efforts being provided by U.S. EPA and other organizations receiving U.S. EPA Technical Assistance grants; so additional planning and coordination is needed before activities are identified for this funding. The Iowa CWSRF Program intends to reserves the 2% in the application of the FY 2022 Cap Grant for use at a later date.

APPENDIX A - CWSRF ESTIMATED FUNDING SOURCES AND FUNDING USES

Beginning Cash Balance: Funds Available in Equity Fund and Program Accounts	\$300,390,000*
Additional Sources of Funds	
Federal Capitalization Grants:	
FFY 2022 - Base Program	\$15,660,000
FFY 2022 - General Supplemental	\$24,088,000
Loan Repayments	\$132,367,000
Investment Earnings on Equity Fund and Program Accounts	\$14,000
	\$172,129,000
Total Funding Sources	\$472,519,000
Uses of Funding	
Administration	
Administrative Allowance from FFY 2022 Federal Capitalization Grants	\$1,590,000
Loan Disbursements	
Undisbursed Amounts Committed to Existing Loans (50% disbursement rate)	\$146,869,000**
CWSRF Project Requests (Current IUP Project List)	\$79,969,000
Planning & Design Requests (50% disbursement rate)	\$12,865,000**
Non-Point Source Program Assistance	\$18,297,000
Debt Service	
Principal Payments on Outstanding Revenue Bonds	\$48,670,000
Interest Payments on Outstanding Revenue Bonds	\$64,063,000
Total Uses of Funding	\$372,323,000
Ending Cash Balance	\$100,196,000
IUP Approved Projects to be Funded in Subsequent Years	\$871,724,000
Ending Balance Including Projects Yet to be Funded	(\$771,528,000)***

*Funds Available for disbursements as of 8/3/2022

**Loan disbursement rates are estimated based on previous experience with project pace.

***Future Sources: Federal Capitalization Grants (Base & Supplemental), State Match, Bond Proceeds and/or SWIFIA Loan Draws

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

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

Project rankings were determined by the following procedures:

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

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

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

Iowa is currently able to fund all projects that are eligible.

APPENDIX B-2

CRITERIA TO DETERMINE PROJECT PRIORITY LIST

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

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

Section 212 POTW Projects

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

Nonpoint Source Assistance Programs

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

APPENDIX C

LOAN FORGIVENESS

A. Borrowers Receiving Additional Subsidization

Iowa applies additional subsidization in the form of loan forgiveness. Criteria for loan forgiveness eligibility is established with each Cap Grant (see below). Individual projects may be capped to allow more eligible borrowers to receive subsidization. Time limits may be established for loan commitments in order to apply loan forgiveness awards from these grants. Construction must begin within 24 months of the loan forgiveness offer or the loan forgiveness offer may be withdrawn or reassigned.

For FFY 2018-2021 Cap Grants, a minimum of 10% of the state's allocation of grants funds are required to be allocated as additional subsidization. Eligibility criteria is described below.

For FFY 2022, a minimum of 20% of the state's allocation of grant funds are required to be allocated as additional subsidization. The CWSRF Program will comply with additional subsidization requirements of that grant and will identify recipients of those funds during this fiscal year. Eligibility criteria is described below.

Loan Forgiveness Criteria for FFY 2018-FFY2021 Capitalization Grants

Loan forgiveness of up to 30% may be offered to eligible projects for communities who meet the affordability criteria to be designated as a **Disadvantaged Community (DAC)** in accordance with the disadvantaged community rule in Iowa Code 455B.199B (see below). Funding for individual projects is capped at \$1 million per project.

Beginning in FFY 2020, eligible projects from unsewered communities who meet the affordability criteria to be designated as a **Disadvantaged Unsewered Community (DUC)** in accordance with the disadvantaged community rule in Iowa Code 455B.199B (see below) may receive up to 50% loan forgiveness. Funding for individual projects is capped at \$1 million per project.

At the conclusion on SFY 2022, all of the loan forgiveness funds through Cap Grant 2021 were allocated (see below). As loans close during SFY 2023, additional loan forgiveness may become available for reallocation. The CWSRF Program may withdraw the individual project cap if additional funding becomes available. Projects that were capped will have priority for reallocated funds.

Project	SRF Project #	Loan Amount*	Amount Ad Sub**	Grant Year Reported
Calmar	CS1920823-01	\$2,977,000.00	\$872,474.26	2017
<u>Charles City</u>	<u>CS1920876-01</u>	<u>\$17,575,000.00</u>	\$20,626.00	2017 <i>Reallocation</i>
Lake View	CS1920828-01	\$6,700,000.00	\$155,800.00	2017
<u>Lake View</u>	CS1920828-01	\$6,700,000.00	\$844,200.00	2018
St Donatus	CS1920773-01	\$300,000.00	\$90,000.00	2018
St Donatus	CS1920773-R1	\$452,927.75	\$135,878.33	2018
Charles City	CS1920876-01	\$17,575,000.00	<u>\$909,635</u>	2018 <i>Reallocation</i>
Coralville	GNS 10-04	<u>\$641,955</u>	<u>\$192,586</u>	2018
Woodward	CS1920814-01	\$5,424,041.03	\$1,000,000.00	2019
Everly	CS1920906-01	\$3,289,000.00	\$986,700.00	2019
Perry	CS1920954-01	\$28,900,000.00	<u>\$94,061</u>	2019
Charles City	CS1920876-01	\$17,575,000.00	<u>\$69,739</u>	<u>2019</u>
Perry	CS1920954-01	\$28,900,000.00	<u>\$905,939</u>	<u>2020</u>
Dougherty	CS1920993-01	\$865,000.00	\$432,500.00	2020
Osceola	CS1920878-01	\$25,554,000.00	\$882,100.00	2020
Osceola	CS1920878-01	\$25,554,000.00	\$117,900.00	2021
New Albin	CS1920871-01	\$1,860,000.00	<u>\$1,000,000</u>	2021
Frederika	CS1921013-01	\$2,153,000.00	\$645,900.00	2021
McGregor	CS1920974-01	\$4,934,000.00	\$1,000,000.00	2021

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

**Capped at \$1 million (through grant year 2021)

Loan Forgiveness Criteria for FFY 2022 Capitalization Grant

Loan forgiveness (LF) of up to 90% may be offered to eligible projects that meet the Iowa SRF's disadvantaged community affordability criteria (socioeconomic assessment score) AND are applying for a priority project. Funding for individual projects is capped at \$1 million per project but the SRF Program reserves the right to withdraw the individual project cap.

The total amount of loan forgiveness available for a project will be determined by adding together the loan forgiveness percentages for the priority project, the socioeconomic assessment score, and the household burden indicator. **Projects will be funded from the top socioeconomic score down and in priority project ranking order with consideration given to readiness to proceed.**



Eligibility for loan forgiveness will first be assessed based on the type of project seeking funding. If the project is one of the priority project (PP) types listed below, then the second evaluation will be for disadvantaged status based on the socioeconomic assessment score (SES) criteria, described below.

The third element of the loan forgiveness equation is an assessment of a community or service area’s household’s ability to afford the proposed project. The Household Burden (HB) Indicator may be computed with assistance from the Municipal Advisor after the construction bid has been awarded and other funding sources have been deducted.

A detailed description of the loan forgiveness equation is outlined in BIL Annex A to the CWSRF IUP.

Loan forgiveness for FFY 2022 Capitalization Grant will be offered to the following eligible Priority Project Types:

- Sewer Collection System Rehabilitation (includes gravity sewers, relief sewers, pumping stations, force mains, SSO correction and CSO correction)
- Lagoons Advanced Treatment (Ammonia, E.coli; includes CDL optimization, sludge removal and equipment replacement)
- Advanced Treatment WWTPs (Ammonia, E.coli, Nutrients)
- Aging Infrastructure WWTPs (included expansion of existing secondary treatment)
- Consolidation/Regionalization (includes unsewered communities)

The CWSRF Program intends to review each IUP application received for loan forgiveness eligibility. As loans close, additional loan forgiveness awards will be made.

FFY CAP 2022 and FFY 2022 BIL General Supplemental Awards														
Project Name	CWSRF No.	Priority Points	LF Priority Project Type	DAC SES Score	Date Loan Signed	Loan Amount	SES %	PP %	HB% (up to 30%)	Minimum LF %	Maximum LF%	Minimum LF Award*	Maximum LF Award*	Grant Year
Corydon	CS1920815 01	237	2	23	10/7/2022 11/4/2022	\$5,172,000	25%	30%	TBD	55%	85.00%	\$1,000,000	\$1,000,000	2022
Oxford Junction	CS1920958 01	155	1	20	9/16/2022	\$ 938,000	20%	30%	TBD	50%	80.00%	\$ 469,000	\$ 750,400	2022
Grandview	CS1921020 01	245	2	19	8/5/22	\$ 325,000	20%	30%	TBD	50%	80.00%	\$ 162,500	\$ 260,000	2022
Armstrong	CS1921007 01	232	2	19	7/8/22	\$ 5,314,000	20%	30%	TBD	50%	80.00%	\$1,000,000	\$1,000,000	2022
Moravia	CS1921026 01	129	1	18	10/7/2022	\$ 345,000	20%	30%	TBD	50%	80.00%	\$ 172,500	\$ 276,000	2022
Mt Pleasant	CS1920919 01	324	3	17	9/30/22	\$ 4,020,000	20%	30%	TBD	50%	80.00%	\$1,000,000	\$1,000,000	2022
Des Moines	CS1920944 01	205	1	17	7/8/22	\$7,035,000	20%	30%	TBD	50%	80.00%	\$1,000,000	\$1,000,000	2022
Lovilia	CS1921001 01	114	1	17	11/4/22	\$ 450,000	20%	30%	TBD	50%	80.00%	\$ 225,000	\$ 360,000	2022
Humboldt	CS1921024 01	255	3	14	9/2/2022	\$1,712,000	15%	30%	TBD	45%	75.00%	\$ 770,400	\$1,000,000	2022
Fort Atkinson	CS1920770 01	290	2	11	7/22/22	\$ 3,080,000	15%	30%	TBD	45%	75.00%	\$1,000,000	\$1,000,000	2022

**Final loan forgiveness amount may change based on eligible expenses and the final amount drawn on the loan.*

**Disadvantaged Community Affordability Criteria
For Capitalization Grants through FFY 2021:**

The Iowa DNR disadvantaged community rules implement Iowa Code 455B.199B, which establishes criteria for the Iowa DNR to use when determining if ratepayers or a community will experience substantial and widespread economic and social impact and qualify as disadvantaged. For more information on how a community qualifies as a disadvantaged

community, visit the Iowa DNR's Water Quality page¹¹.

For Capitalization Grant FFY 2022:

~~During SFY 2023, the Iowa SRF Program adopted new criteria, a socioeconomic assessment score, will evaluate the affordability criteria currently used to determine disadvantaged community status for SRF loan forgiveness purposes. The criteria were revised and will revise these criteria through with public review and comment and became effective on September 20, 2022 with the approval of the second quarter IUP update. The socioeconomic assessment tool considers 15 datapoints from publicly available sources to determine a community or service area's underlying socioeconomic and demographic condition that can determine the affordability of water/wastewater infrastructure projects. Applicants with a socioeconomic score between 11-30 points will be eligible for consideration of SRF loan forgiveness. A detailed description of the socioeconomic assessment criteria and tool is outlined in BIL Annex A to the CWSRF IUP. The socioeconomic assessment tool can be located on www.iowaSRF.com resource page.¹²~~

~~The IA SRF Program will to implement the new affordability criteria for both the base CWSRF Program and the BIL CWSRF General Supplemental Fund as outlined in BIL Annex A to the CWSRF IUP.~~

B. Borrowers Counted for Green Project Reserve (GPR)

For FFY 2018-2021 Cap Grants, a minimum of 10% of the grant funds are required to be used on Green Projects. At the conclusion on SFY 2022, all of the projects designated as Green Project Reserve have been identified through Cap Grant 2021 (see below).

During SFY 2023, Iowa will apply for the FFY 2022 Cap Grant. The SRF Program will comply with green project reserve allocation requirements of that grant and will identify recipients of those funds during this fiscal year.

Project	SRF Project #	Loan Amount*	Amount GPR	Grant Year Reported
Coralville	GNS 10-04	750,000.00	225,000.00	2018
Dyersville	WRR15-006	450,000.00	260,000.00	2018
Des Moines	WRR18-030	1,000,000.00	1,000,000.00	2018
Fort Dodge	WRR15-017	800,000.00	800,000.00	2018
Hampton	WRR14-004	633,300.00	421,000.00	2019
Des Moines	WR16-013	1,150,000.00	1,150,000.00	2019
Waukee	WRR16-010	920,000.00	920,000.00	2019
Des Moines	WRR18-013	750,000.00	750,000.00	2020
Clinton	WRR18-021	43,000.00	743,000.00	2020
Ogden	WRR17-009	481,000.00	481,000.00	2020
Lake View	WRR17-010	469,000.00	469,000.00	2020
Coralville	WRR16-004	2,700,000.00	2,150,500.00	2021

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

¹¹ <https://www.iowadnr.gov/environmental-protection/water-quality/rural-community-sewers>

¹² https://www.iowasrf.com/about_srf/srf-resources/

APPENDIX D

SFY 2023 SPONSORED PROJECT FUNDING RECOMMENDATIONS

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

Applicant	Proposed Watershed and Project Description	Proposed Partners	Date Approved
City of Maquoketa	Implement edge-of-field, in-field, and stream erosion practices in the Prairie-Union Creek Watershed to improve native mussel habitat and reduce sediment runoff into Prairie Creek, a tributary of the Maquoketa River. Potential practices include: constructed wetlands, grassed waterways, bioswales, buffer strips, conversion to native perennial vegetation, and stream bank stabilization.	Maquoketa River Watershed Management Authority; Limestone Bluffs RC&D; NRSC-Maquoketa; IDALS	6/21/2022
City of Waukee	Improve water quality in the Walnut Creek Watershed by stabilizing and restoring 6,500 LF of Little Walnut Creek, within the Little Walnut Creek Greenway, between Warrior Lane and the Clive/Urbandale corporate limits.	Polk County SWCD; Walnut Creek WMA; City of Clive	6/21/2022
City of Clinton	Implement stormwater best management practiced to improve water quality in the Mill Creek-Mississippi River Watershed. Potential projects include: a large stormwater wetland, streambank restoration, wet detention ponds, the addition of pre-treatment at an existing grass swale, and outfall fortifications.	IDALS, DNR, Clinton Community College, Clinton Parks & Rec	6/21/2022
City of Earlham	Implement stormwater best management practices to improve water quality within the city of Earlham and reduce the amount of nutrients, sediment, and bacteria that travel downstream to Bear Creek and the South Raccoon River. Potential projects include: stormwater wetlands, bioretention cells, extended detention ponds, permeable pavers, and stream restoration.	IDALS, DNR, Madison County Conservation	6/21/2022

APPENDIX E

GENERAL NONPOINT SOURCE ASSISTANCE PROJECTS FOR APPROVAL OF LAND PURCHASE

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

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

APPENDIX F STATE MATCH

FY20	Cap Grant Amount	State Match Needed	Excess State Match
Remaining CW State Match from Feb 2019 Bond Issue		\$4,499,000	
Excess State Match from prior years		\$0	
Total CW State Match Available		\$4,499,000	
FY20 CW Cap Grant	\$21,508,000	\$4,301,600	\$197,400
Remaining DW State Match from Feb 2019 Bond Issue		\$3,681,500	
Excess State Match from prior years		\$0	
Total DW State Match Available		\$3,681,500	
FY20 DW Cap Grant	\$17,443,000	\$3,488,600	\$192,900
FY21	Cap Grant Amount	State Match Needed	Excess State Match
CW State Match from Feb 2020 Bond Issue		\$10,000,000	
Excess State Match from prior years		\$197,400	
Total CW State Match Available		\$10,197,400	
FY21 CW Cap Grant	\$21,505,000	\$4,301,000	\$5,896,400
DW State Match from Feb 2020 Bond Issue		\$8,000,000	
Excess State Match from prior years		\$192,900	
Total DW State Match Available		\$8,192,900	
FY21 DW Cap Grant	\$17,427,000	\$3,485,400	\$4,707,500
FY22	Cap Grant Amount	State Match Needed	Excess State Match
CW State Match from 2022 Bond Issue (May 2022)		\$3,000,000	
Excess State Match from prior years		\$5,896,400	
Total CW State Match Available		\$8,896,400	
FY22 CW Cap Grant (20% match)	\$15,660,000	\$3,132,000	
FY22 CW Supplemental (10% match)	\$24,088,000	\$2,408,800	
		\$5,540,800	\$3,355,600
DW State Match from 2022 Bond Issue (May 2022)		\$5,700,000	
Excess State Match from prior years		\$4,707,500	
Total DW State Match Available		\$10,407,500	
FY22 DW Cap Grant (20% match)	\$11,101,000	\$2,220,200	
FY22 DW Supplemental (10% match)	\$28,504,000	\$2,850,400	
		\$5,070,600	\$5,336,900

FY 2023 INTENDED USE PLANS

DRINKING WATER STATE REVOLVING FUND



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I. STATE FISCAL YEAR 2023 PLAN OF ACTION

The Drinking Water State Revolving Fund (DWSRF) finances water treatment plants or improvements to existing facilities, water line extensions to existing unserved properties, water storage facilities, wells, and source water protection efforts. Public and private community water systems are eligible for funding whether they are for profit or not for profit; nontransient, noncommunity public water supplies are eligible for funding if they are either publicly owned or are not for profit; and transient, noncommunity systems are eligible if they are owned by government entities.

The SFY 2023 Plan of Action covers the following areas:

- DWSRF goals and objectives
- Current and projected financial capacity of the DWSRF
- Financial management strategies
- Plan for the SFY 2023 Project Priority List
- Plan for use of DWSRF set-aside funds
- Plan for use of administrative accounts

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

DWSRF Goals and Objectives

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

Due to federal legislation in this past year and program updates are anticipated in SFY 2023. New goals have been established to meet those requirements and adjust programs to available staff.

The SFY 2023 short-term goals and objectives are as follows:

- Goal: Commit loan funds to as many recipients as possible in accordance with the state priority rating system, the IUP, staff resources, and available funding.

Objective: During SFY 2023, applications will be accepted quarterly and updates to the IUP will be prepared to add projects and update program financial information.

- Goal: Ensure that borrowers are able to provide safe drinking water at a reasonable cost for the foreseeable future.

Objectives: During SFY 2023, viability assessments will be completed by each applicant and reviewed by SRF staff prior to the signing of a loan agreement. Systems determined nonviable or systems with EPA's Enforcement Targeting Tool (ETT) scores above 11 will be provided with an enforceable compliance schedule listing all actions that must be completed to return the system to viable status. Extended term financing will be offered to disadvantaged communities. SRF staff will coordinate efforts with other funders such as the Community Development Block Grant program. Staff will continue to educate and inform public water supplies, engineering consultants, and financial advisors on the financing savings available by using the DWSRF.

- Goal: Require applicants to engage a registered Municipal advisor (MA).

Objective: During SFY 2022, all applicants submitting an Intended Use Plan application must demonstrate that they have hired an MA to assist with cash flows, rate setting, debt service coverage, and other financial aspects of their water utility. The reports provided by the MAs will be used in the viability assessment review. Due to current supply chain and contractor availability issues, the costs of projects are increasing. **The**

DWSRF Program will encourage applicants to engage with their MA early and often in the project planning process to ensure that the community is taking appropriate measures to account for potential increased debt service requirements. The DWSRF Program will reimburse up to \$4000 of the MA fee to the borrowers.

- Goal: **Implement the “Build America, Buy American (BABA)” requirements** enacted by Congress in the Bipartisan Infrastructure Law on May 14, 2022.

Objective: During SFY 2023, SRF staff will engage DNR Field Office staff to establish a BABA oversight program. SRF staff will provide information to those applicants required to comply with necessary documentation and inspection procedures. SRF staff will conduct site visits and provide technical assistance to help applicants determine eligibility for the exemptions and waivers provided for in the Act and EPA guidance.

- Goal: Continue to implement the “Use of American Iron and Steel (AIS)” requirements enacted by Congress on January 17, 2014.

Objective: During SFY 2023, **SRF staff will re-evaluate the AIS oversight program**, retaining best practices and aligning the program with BABA requirements, as needed. SRF staff will provide information to applicants on necessary documentation and inspection procedures and will continue to help applicants determine eligibility for the exemptions and waivers provided for in the Act and EPA guidance. SRF staff will continue to engage DNR Field Office staff to conduct site visits and provide technical assistance.

- Goal: Continue applying additional subsidization available in FFY 2019-FY2021 Cap Grants to disadvantaged community projects and public health projects.

Objective: During SFY 2023, SRF staff plans to approve plans and specifications and execute loans or loan amendments with loan forgiveness for the amounts required in the FFY 2019, FFY2020, and FFY 2021 Cap Grants in accordance with previously established criteria (see Appendix C). Iowa has complied with the additional subsidization requirements for all previous Cap Grants.

- Goal: Review and revise criteria used to define disadvantaged communities and identify eligible applicants for loan forgiveness.

Objective: During SYF 2023, SRF staff will revise the affordability criteria currently used to determine disadvantaged community status through public review and comment. The SRF Programs intend to utilize the new affordability criteria to determine disadvantaged community status and to identify other eligible applicants to receive loan forgiveness from future Cap Grants. The DWSRF will implement the new criteria in future quarterly updates as BIL Annex A to the DWSRF IUP.

- Goal: Apply additional subsidization available in FFY 2022 Cap Grant

Objective: During SFY 2023, SRF staff will utilize the revised affordability criteria and disadvantaged community definition to assign loan forgiveness for FFY 2022 Cap Grant. SRF staff will approve plans and specifications and execute loans or loan amendments with loan forgiveness for the amounts required in the FFY 2022 Cap Grant.

- Goal: Promote and identify sustainable practices in projects proposed for funding.

Objective: During SFY 2023 SRF staff will provide information on the EPA’s Sustainability Policy to applicants and include sustainability features in project descriptions.

- Goal: Comply with grant reporting conditions.

Objective: During SFY 2023, the Iowa DWSRF plans to enter data into the DWSRF National Information Management System (NIMS) and the EPA reporting database for the Office of Water State Revolving Funds (OWSRF).

- Goal: Comply with EPA guidance on reporting under the Federal Funding Accountability and Transparency Act (FFATA).

Objective: In the Annual Report, SRF staff will list loans that met the several requirements of FFATA for open Cap Grants. Grants may not be closed out until equivalency amounts can be reported.

- Goal: Comply with the EPA Signage Guidance.

Objective: During SFY 2023 SRF staff and recipients will notify the public in the most effective ways possible about assistance agreements and benefits of the DWSRF program in order to enhance public awareness of EPA assistance agreements nationwide. The Iowa DWSRF program sends out press releases listing all DWSRF loans that have closed and borrower contact information.

Additional long-term goals include:

- Goal: Prioritize the provision of funds, to the extent practicable, to projects that address the most serious risk to human health and are necessary to ensure compliance with the national primary drinking water standards.

Objectives: Priority will be assigned to projects that address human health risks or compliance issues by the provision of points assigned during the DWSRF scoring process as outlined in 567 IAC Chapter 44.

- Goal: Work with other state and federal agencies to coordinate water quality funding.

Objective: During SFY 2023, SRF staff will meet regularly with staff from the Community Development Block Grant program, and USDA Rural Development. SRF staff will also coordinate funding with state and federal grant and loan programs designed to address both point source and nonpoint source water quality initiatives.

- Goal: Apply program requirements that are simple and understandable and do not add unnecessary burdens to applicants or recipients.

Objectives: During SFY 2023 SRF staff will continue to assist applicants with completing the federal cross-cutting requirements for environmental and historical review. Staff will not be responsible for Davis-Bacon compliance but will advise borrowers as needed. Borrowers will be responsible for compliance and may hire outside consultants to assist.

- Goal: Continue the option of extended financing terms for DWSRF infrastructure projects.

Objective: During SFY 2023 this option will be offered to all projects on the Project Priority List. Applicants seeking extended financing must complete a worksheet outlining the anticipated useful life of the project components. The average weighted useful life is used to determine the extended term of the loan.

- Goal: Maintain mechanisms for funding the on-going administration of the program if federal funding is reduced or eliminated.

Objective: During SFY 2023 initiation and servicing fees will be collected on DWSRF loans for deposit to administrative accounts. SRF staff will develop short and long-term plans for administrative budgets.

- Goal: Manage the DWSRF to maximize its use and impact through sound financial management.

Objective: During SFY 2023 SRF staff and financial advisors will continue to conduct financial analysis and

develop innovative approaches to financial management.

- Goal: Implement programs that effectively address water system needs and target appropriate audiences.

Objective: During SFY 2023 SRF staff will continue to educate users and potential users about the program offerings through presentations, displays, program materials, and the IowaSRF.com website.

Current and Projected Financial Capacity of the DWSRF

Appendix A of this DWSRF IUP (the Estimated Sources and Uses table) shows that available funds are sufficient to fund current loan requests. SRF staff has analyzed the future financial capacity of the DWSRF. Assuming that Iowa continues to receive Cap Grants and the full 31% set-asides, and that the DWSRF Program continues to grant 26% loan forgiveness, and the same interest rates, it is projected that the DWSRF could loan an average of approximately \$155 million per year over the next 10 years, or a total of \$1.55 billion. If Iowa does not receive any additional Cap Grants but keeps the same interest rates and the other assumptions, the DWSRF could loan an average of approximately \$130 million per year over the next 10 years. These figures would increase with an increase in interest rates.

Financial Management Strategies

The DWSRF Project Priority List (Attachment 1) shows total loan requests for water supply projects. Because many of these projects are in the planning phase, they are not expected to sign a binding loan commitment during this fiscal year. The projected timing and demand for loan draws is reflected in Appendix A.

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

Iowa issued bonds in 2019, which included the state match for FFY 2019 and FFY 2020 Cap Grants. Bonds were issued in February 2020 which included state match for future Cap Grants so no additional state match funds were included in the May 2021 bond issue. The program issued bonds in May 2022, which included the required state match obligations for the FFY 2022 Cap Grants (base program and supplemental).

SFY 2022 Project Priority List

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

The Iowa SRF Program is able to fund all eligible projects. Projects are added to the Project Priority List to be funded based on the State's implementation rules for the DWSRF program in 567 IAC Chapter 44.

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

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

For program planning purposes, the fundable projects are further identified as "R - ready for loan" (indicating that the

construction permit and environmental review have been completed), and “P - in planning” and “L - loan signed.”

The following categories of projects will be included for funding during SFY 2023:

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

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

New Projects. New applications for assistance during SFY 2023 will be added to the Project Priority List. Applications will be accepted on a continuous basis and quarterly updates completed as needed. Intended Use Plan applications can be found on the SRF website¹³ and on the DNR Drinking Water State Revolving Loan Fund¹⁴ website and submitted to srf-iup@dnr.iowa.gov.

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

Planning and Design Loans. Planning and design loans are provided at 0% interest for up to three years to cover the costs of preparing a preliminary engineering report and project specifications. The loans will be rolled into DWSRF construction loans or repaid by another source of permanent financing. Requests for planning and design loans are listed on the Project Priority List but have not been assigned priority points. Planning & Design Loan applications¹⁵ can be found on the SRF website.

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

Capitalization Grant Requirements. Cap Grants include requirements for minimum and maximum percentages of the funds to be allocated for additional subsidization and/or green project reserve (GPR). Beginning in FFY 2019 Capitalization, the Safe Drinking Water Act (SDWA) requires an additional percentage of Cap Grant dollars to be allocated for additional subsidization to Disadvantaged Communities (DAC). Iowa will comply with these requirements.

The Disadvantaged Community (DAC) definition is discussed in Appendix C and BIL Annex A to the DWSRF IUP.

Additional Subsidization:

Iowa applies additional subsidization in the form of loan forgiveness. Appendix C identifies the criteria used to determine projects and borrowers eligible to receive financial assistance through forgivable loans. Criteria for loan forgiveness eligibility is established with each Cap Grant. Individual projects may be capped to allow more eligible borrowers to receive subsidization. Time limits may be established for loan commitments in order to apply loan forgiveness awards from these grants. Construction must begin within 24 months of the loan forgiveness offer or the loan forgiveness offer may be withdrawn or reassigned.

During SFY 2023, Iowa will continue to assign additional subsidization to projects according to available funding and designated criteria. The specific projects that have been allotted loan forgiveness are listed in Appendix C.

¹³ <http://www.iowasrf.com/>

¹⁴ <https://www.iowadnr.gov/Environmental-Protection/Water-Quality/Water-Supply-Engineering/State-Revolving-Loan-Fund>

¹⁵ http://www.iowasrf.com/program/planning_design_loans/

	Add Subs Reqd.	Add Subs Actual	%	DAC Reqd.	DAC Actual	%
2018	\$ 3,519,400	\$ 3,519,400	100%	N/A	N/A	N/A
2019	\$ 3,486,400	\$ 2,833,248	81%	\$ 1,045,920	\$ 1,045,920	100%
2020	\$ 2,442,020	<u>\$2,442,020</u>	<u>100%</u>	\$ 1,046,580	\$ 1,046,580	100%
2021	\$ 2,439,780	<u>\$9845,619</u>	<u>35%</u>	\$ 1,045,620	\$ 1,661,500	121%
2022	<u>\$1,551,140</u>			<u>\$1,332,120</u>		

II. INFORMATION ON THE DWSRF ACTIVITIES TO BE SUPPORTED

Allocation of Funds

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

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

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

Sources and Uses of Available DWSRF Funds

Iowa received \$17,427,000 for the FFY 2021 Cap Grant in November 2021. ~~In September 2022, the SRF Program intends to apply was awarded~~ the FFY 2022 Cap Grant in the amount of \$11,101,000. Appendix A to this IUP illustrates potential sources and uses of funds in the DWSRF for SFY 2023. As shown, all pending loan requests and program administration needs can be funded. Projects will draw on their funding at different intervals based on their construction cycles. These differences are used to estimate cash needs throughout the year. Appendix A will be updated quarterly as needed to provide an ongoing view of the financial plan for meeting loan requests.

Iowa's SRF program issues bonds as needed. These bond issues typically include the state match for the next federal Cap Grants. See Appendix D. On May 5, 2021, IFA issued \$218,290,000 million of SRF bonds; no additional state match funds were necessary at the time and were not included in the 2021 bond issue. On May 3, 2022, IFA issued SRF bonds totaling \$206.18 million (\$198.025 million tax-exempt and \$8.155 million taxable). The 2022 bonds included \$3 million of Clean Water state match and \$5.7 million of Drinking Water state match, which was deposited in the respective state match accounts. After SRF bonds are issued, the state match is spent first so the Cap Grant can be drawn down at 100% when it is received.

The Iowa SRF program was invited to apply for a loan through EPA's State Infrastructure Financing Authority Water Infrastructure Finance and Innovation Act (SWIFIA) program. SWIFIA is a loan program exclusively for State infrastructure financing authority borrowers. SWIFIA may be used for up to 49 percent of an eligible project's costs that are ready to proceed, meaning construction will commence within 18 months after the Letter of Interest is submitted to EPA. A preliminary list of mostly CWSRF projects eligible for SWIFIA funding has been identified, totaling more than \$500 million. The SRF program is in the process of working through the underwriting process; the timeline for closing the loan is yet to be determined.

DWSRF Loan Policies

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

Loan Interest Rates. Interest rates for DWSRF planning and design loans are 0% for up to three years. The current interest rates for DWSRF construction loans are shown in the table below:

Loan Term	Applicant Type	Interest Rate	Servicing Fee	Total	Additional Information
Standard Tax-Exempt (up to 20 years)	All	1.75%	0.25%	2.00%	
Extended (21 to 30 years based on useful life)	All	2.75%	0.25%	3.00%	Please see below, "Extended Financing and Disadvantaged Status," for an explanation.
Taxable Loans (up to 20 years)	All	2.75%	0.25%	3.00%	

The SRF program monitors the market to ensure that our loan interest rates are appropriate relative to the program’s cost of funds.

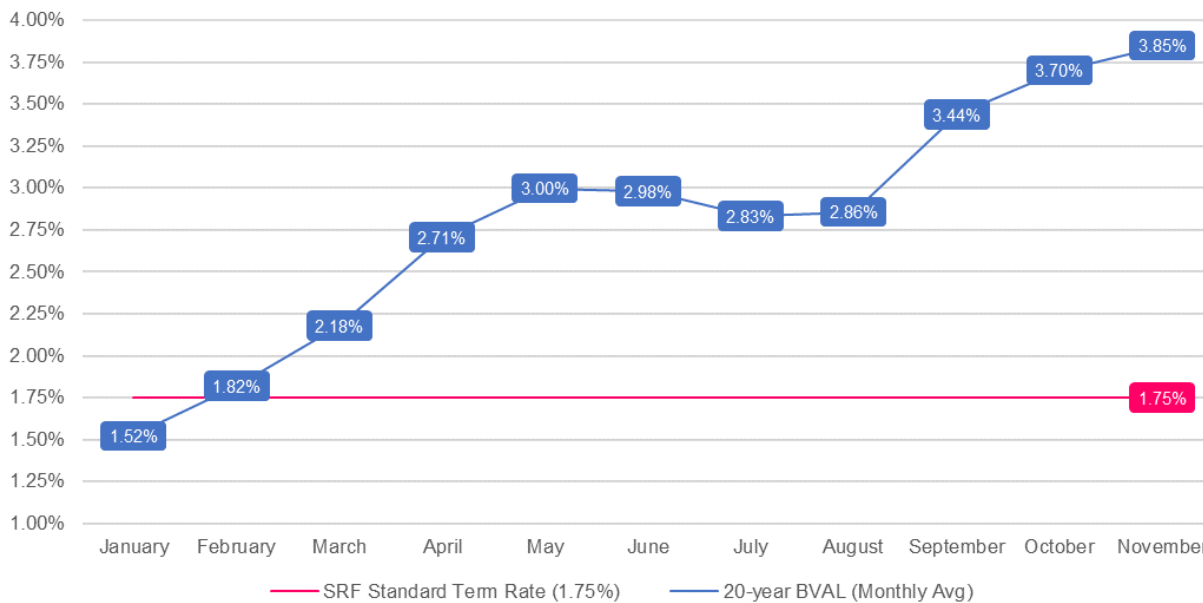
Interest rates in both the Treasury and municipal markets have been trending higher in recent months, as shown in **Figure 1.**

The increase in market rates is further evidenced by examining Bloomberg’s BVAL AAA Municipal Curve, which uses real-time trades and sources to track movement in the municipal market¹⁶. The graph in **Figure 2** below shows the average 20-year BVAL yield for each month throughout the year, compared to the SRF Program’s Standard Term rate.

Market	Percent Change Year-to-Date			
	2-yr	5-yr	10-yr	30-yr
Treasury	3.69%	2.92%	2.50%	2.24%
Municipal	2.94%	2.65%	2.38%	2.65%

Figure 3: Year-to-Date Percent Change in the U.S. Treasury and Municipal Markets (as of October 28, 2022)

Figure 4: 20-year Bloomberg BVAL AAA Municipal Yields (Monthly Average)



Program rules stipulate that SRF loan interest rates are established by considering factors including, but not limited to:

1. The Program’s interest rate cost of funds;
2. Availability of other SRF funds;
3. Prevailing market interest rates of comparable non-SRF loans; and
4. The long-term financial viability of the SRF.

Program staff will continue to monitor market conditions to ensure that SRF loan interest rates satisfy these and other provisions. Any changes to SRF loan interest rates will be communicated in the Intended Use Plan.

¹⁶ The BVAL® AAA Municipal Curves are updated daily and is publicly available on the Municipal Securities Rulemaking Board’s (MRSB) Electronic Municipal Market Access (EMMA) website.

Loan Fees. A 0.5% origination fee is assessed on the full loan amount for new DWSRF construction loans and source water protection loans, with a maximum amount of \$100,000. No origination fees will be assessed on planning and design loans. A 0.25% loan servicing fee will be assessed on construction loans. Payment of the loan servicing fee is made semi-annually along with scheduled interest payments. Loan servicing fees are calculated based on the outstanding principal balance.

Maximum Financing. There is no maximum financing amount.

Project Readiness. Applicants cannot be offered assistance until they meet program requirements. More information can be found in the Water Supply Construction Permitting Process Manual¹⁷.

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

Municipal Advisor Engagement. Beginning in SFY 2023, borrowers will be asked to identify their Municipal advisor for the project as part of the IUP application.

Rate Ordinance. Beginning in SFY 2023, prior to closing a construction loan, applicants must demonstrate that appropriate action has been taken to implement the utility rate recommendations of their Municipal advisor set forth in the 5-year pro-forma cash flow analysis.

Public Bidding Compliance Certification. Beginning in SFY 2023, to the extent applicable, applicants must provide certification evidencing compliance with public bidding law, pursuant to Iowa Code Chapter 26, prior to closing a construction loan.

Extended Financing. The Iowa DWSRF can provide extended terms of up to 30 years for any loan as long as the loan term does not exceed the expected design life of the project. The department will use the table of estimated useful lives from EPA's publication 816-R-03-016 to determine the length of the loan for eligible expenses. The consulting engineer for the project will be required to separate and itemize costs so that a weighted maturity may be calculated for loan repayment. The list of itemized costs and expected useful lives will be required prior to signing of the loan agreement.

For Capitalization Grants through FFY 2021:

Community public water systems serving populations that contain a majority (51 percent) of Low to Moderate Income (LMI) persons will be considered disadvantaged for the purpose of receiving a lower interest rate on an extended term loan. This criterion does not apply to any other DWSRF assistance such as additional subsidization. Low to moderate income is defined as 80 percent of the median household income in the county or state (whichever is higher) using the most recent federal census or income survey data. Privately owned community public water systems will be considered eligible for disadvantaged community status if an income survey indicates that the service area meets the LMI criteria. Rural water systems will be considered eligible for disadvantaged community status if an income survey indicates that the area benefiting from the improvements meets the LMI criteria. Income surveys must be done according to the protocol specified by the Community Development Block Grant program. The interest rate on extended term loans will be 1.75% for borrowers who have been designated as disadvantaged using these criteria and who have received a notification letter from SRF by Sept. 20, 2022. For non-disadvantaged borrowers, the interest rate will be 2.75%.

For Capitalization Grants beginning with FFY 2022:

During SFY 2023, the Iowa DWSRF Program will evaluate the affordability criteria currently used to determine disadvantaged community status and will revise these criteria through public review and comment. The SRF intends to implement the new affordability criteria to determine disadvantaged community status in future quarterly updates as an annex to the DWSRF Intended Use Plan.

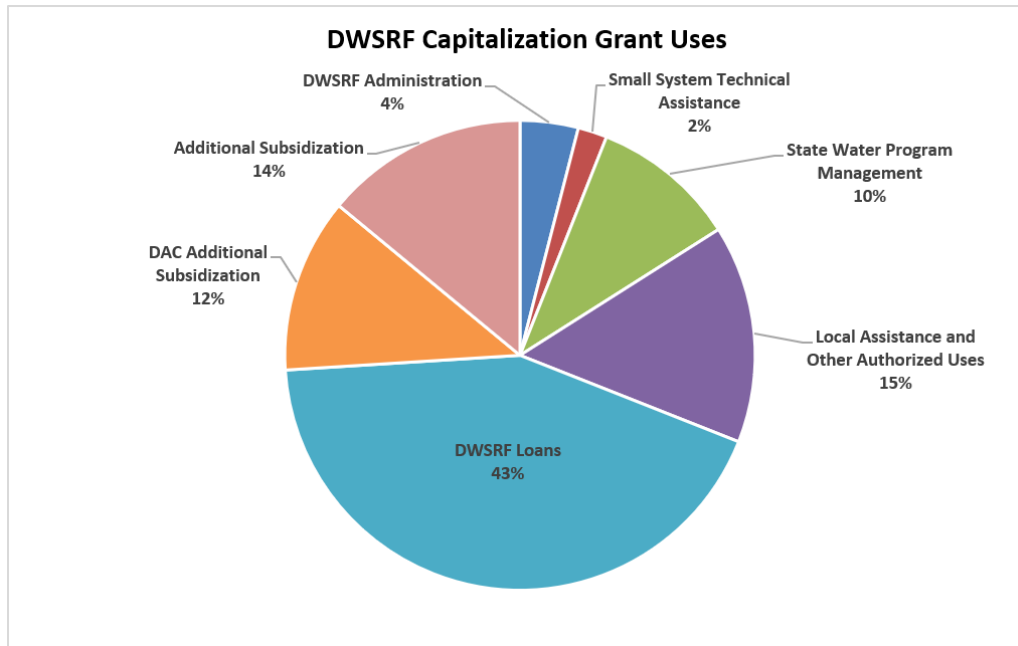
Intended Use of Set-Asides

States are allowed to take or reserve set-aside amounts from each federal Cap Grant for a number of activities that

¹⁷ <https://www.iowadnr.gov/Environmental-Protection/Water-Quality/Water-Supply-Engineering/State-Revolving-Loan-Fund>

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

The amounts are subject to approval by EPA of program workplans. The DNR is following the SFY 2022 workplan and will switch to the SFY 2023 workplan during the fiscal year. Iowa plans to take or reserve set-side funds from the allowed amounts shown in the chart.



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

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

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

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

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

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

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

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

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

Other uses include:

- Updating the SDWIS database including support systems and provide compliance determinations and information technology database support
- Adopting rules and revisions to the Iowa Administrative Code
- Field Office water supply staff conducting sanitary survey inspections at water supplies, as required by the Safe Drinking Water Act.

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

Other Authorized Activities Set-Aside. The two primary uses of this set-aside are capacity development and source water protection (SWP).

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

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

Funds are also budgeted for SWP activities including the following:

- Coordination and administration of the Source Water Protection program
- Development of SWP plans and review and assist with implementation of Best Management Practices
- Development of data for Phase 1 SWP assessments for all new systems and new wells at existing public water supply systems
- Technical assistance for well siting
- Maintenance of the *Source Water Mapper and Tracker* online database

Plan for Use of Administrative Accounts

There are three distinct funding sources for DWSRF administrative expenses:

- The DWSRF administrative Cap Grant set-aside. Four percent of the cumulative amount of federal Cap Grants received may be used for program administration as discussed in the set-aside section above.
- Loan initiation fees. A 0.5% loan origination fee is charged on new DWSRF loans which is included in the loan principal. The fees are deposited outside of the fund. The maximum amount charged is \$100,000. Under

EPA rules, because Iowa's origination fees are financed through the loans, the proceeds are considered Program Income. Iowa uses the initiation fee receipts for administration of the DWSRF Program. **Beginning in SFY 2023, loan initiation fees will not be assessed on loans to Disadvantaged Community (DAC) receiving loan forgiveness.**

- Loan servicing fees. An annual servicing fee of 0.25% is charged on the outstanding principal of DWSRF loans. The fees are deposited outside of the fund. Iowa uses servicing fees collected during the time the Cap Grant is open for administration of the DWSRF Program. Servicing fee receipts collected after the Cap Grant is closed are used for other purposes under SDWA 1452.

Program Income. A portion of these funds will be used in SFY 2023 for program administration, and the remainder will be reserved for future administrative expenses. Income is replenished throughout the fiscal year by funds received from loan initiation fees as described above.

Non-program Income. A portion of these funds may be used in SFY 2023 to fund some of the activities completed under the State Program Management set-aside. A portion of these funds may be used in SFY 2023 toward Drinking Water Laboratory Certification and Capacity initiatives. Income is replenished throughout the fiscal year by funds received from loan servicing fees as described above.

SEE Salary Funds Deducted from Capitalization Grant

The DWSRF Program will not request U.S. EPA to deduct funds from FFY 2022 DWSRF Cap Grant for the SEE Program this fiscal year. These positions are filled by EPA Region 7 and assigned to the DNR's Water Supply engineering section to provide administrative assistance to the DWSRF projects and program. The SEE enrollees could help provide staffing at Iowa DNR to maintain the DWSRF program and keep up with the increasing DWSRF project administrative work load. Authorized under the Environmental Programs Assistance Act of 1984 (PL 98- 313), the SEE program is intended "to utilize the talents of older Americans in programs authorized by other provisions of law administered by the Administrator in providing technical assistance to Federal, State, and local environmental agencies for projects of pollution prevention, abatement, and control."

Surface Water Curriculum Development Funds Deducted from the Capitalization Grant

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

Module topics include:

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

Plan for Efficient and Timely Use of DWSRF Funds

In recent years, the processes of the DWSRF have been streamlined and the marketing and education enhanced. These improvements have resulted in more efficient and timely use of the DWSRF and full utilization of available funds. In particular, Iowa applies for and draws federal Cap Grants as expeditiously as possible. When Cap Grants are awarded, those funds are drawn down first based on guidance from the U.S. EPA. Loan disbursements are made weekly. Iowa's DWSRF disbursements averaged approximately \$4.6 million per month in 2020. In SFY2021, the program disbursed an average of approximately \$6.2 million per month. Average disbursements for SFY 2022 will be provided in future IUP updates.

Rather than doing one annual funding solicitation, with a discrete set of projects identified for funding that year, the

Iowa DWSRF does quarterly updates to its Intended Use Plan. This creates a continuous pipeline of projects at different stages of readiness. Communities determine when they need their funding; the program does not set deadlines on loan execution as long as projects are making progress toward a loan.

With a return of \$3.10 for every dollar of federal investment (compared to the national average of \$2.07), Iowa's DWSRF is an efficient and effective delivery mechanism for water infrastructure funding.

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

III. ASSURANCES AND SPECIFIC PROPOSALS

Iowa will provide the necessary assurances and certifications between the State of Iowa and the U.S. EPA.

IV. CRITERIA AND METHOD FOR DISTRIBUTION OF FUNDS

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

Priority of Communities and Financial Assistance Needed

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

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

Allocation of Funds among Projects

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

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

V. METHOD OF AMENDMENT OF THE INTENDED USE PLAN

The State will follow this IUP in administering DWSRF funds in SFY 2023. Federal and state law requires, and Iowa welcomes, opportunity for public participation in the development of the IUP. Any revisions of the goals, policies and method of distribution of funds must be addressed by a revision of the IUP, including public participation. Minor adjustments in funding schedules and loan amounts are allowed without public notification by the procedures of this IUP and state rules for administration of the DWSRF. Adjustments to the Project Priority List to utilize actual funds available to the DWSRF for SFY 2023 will be considered minor and only affected applicants will be notified. Public notice of amendments will be made if municipalities are added to or removed from the Project Priority List.

VI. PUBLIC REVIEW AND COMMENT

A public meeting to allow input to Iowa's SFY 2023 IUP and Project Priority List was held May 12, 2022, 10:00 a.m. via virtual conference call. This meeting was announced in a notice provided to stakeholder organizations representing city officials, consulting engineers, county governments, councils of government, area planning agencies, and other groups

which might have an interest. Written comments were accepted until May 19, 2022.

A public meeting to allow input to Iowa's SFY 2023 IUP second quarter update and Project Priority List was held August 11, 2022, 10:00 a.m. via virtual conference call. This meeting was announced in a notice provided to stakeholder organizations representing city officials, consulting engineers, county governments, councils of government, area planning agencies, and other groups which might have an interest. Written comments were accepted until August 18, 2022.

[A public meeting to allow input to Iowa's SFY 2023 IUP third quarter update and Project Priority List was held November 17, 2022, 10:00 a.m. via virtual conference call. This meeting was announced in a notice provided to stakeholder organizations representing city officials, consulting engineers, county governments, councils of government, area planning agencies, and other groups which might have an interest. Written comments were accepted until December 10, 2022.](#)

VII. PROJECT PRIORITY LIST

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

APPENDIX A - DWSRF ESTIMATED FUNDING SOURCES AND FUNDING USES

Beginning Cash Balance: Funds Available in Equity Fund and Program Accounts	\$179,030,000*
Additional Sources of Funds	
Federal Capitalization Grants:	
FFY 2022 - Base Program	\$5,950,000
FFY 2022 - General Supplemental	\$28,404,000
Loan Repayments	\$51,379,000
Investment Earnings on Equity Fund and Program Accounts	\$29,000
	\$85,762,000
Total Funding Sources	\$264,792,000
Uses of Funding	
Loan Disbursements	
Undisbursed Amounts Committed to Existing Loans (50% disbursement rate)	\$30,749,000**
DWSRF Project Requests (Current IUP Project List)	\$28,362,000
Planning & Design Requests (50% disbursement rate)	\$3,889,000**
Debt Service	
Principal Payments on Outstanding Revenue Bonds	\$17,670,000
Interest Payments on Outstanding Revenue Bonds	\$10,989,000
Total Uses of Funding	\$91,659,000
Ending Cash Balance	\$173,133,000
IUP Approved Projects to be Funded in Subsequent Years	\$247,773,000
Ending Balance Including Projects Yet to be Funded	(\$74,640,000)***

*Funds Available for disbursements as of 8/3/2022

**Loan disbursement rates are estimated based on previous experience with project pace.

***Future Sources: Federal Capitalization Grants (Base & Supplemental), State Match, Bond Proceeds and/or SWIFIA Loan Draws

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

Funding Sources for Set Asides (Includes FFY21 & previous Cap Grants)	
Administration	\$180,000
Small Systems Technical Assistance	\$0
State Program	\$974,000
Other Authorized Activities	\$486,000
Total Funding Sources for Loans	\$1,640,000
Funding Uses for Set Asides	
Administration	\$180,000
Small Systems Technical Assistance	\$0
State Program	\$974,000
Other Authorized Activities	\$486,000
Total Uses for Set Asides	\$1,640,000

APPENDIX B

PROCEDURES TO DETERMINE PROJECT PRIORITY LIST

Project rankings were determined by the following procedures:

- Eligibility of applications were determined by needs criteria identified in IAC 567—44.7(8). In general, most water source, treatment and distribution system improvements are considered eligible.
- Project applications received during the SFY 2023 application period were considered for funding in SFY 2023; if not funded by the end of SFY 2023, these projects will be moved to the SFY 2024 Project Priority List.
- The priority ranking is a total score developed using the scoring criteria listed in IAC 567—44.7(8). Points may be gained in each of five categories: Water Quality and Human Health Risk-Related Criteria (60 point maximum), Infrastructure and Engineering-Related Improvement Criteria (35 point maximum), Affordability Criteria (10 point maximum), Special Category Improvements (15 point maximum), and Iowa DNR Adjustment Factor for Population (10 points). The combined score provides a numerical measure to rank each project within its pool. A project with a larger number receives higher priority.
- The final Project Priority List for a fiscal year's project pool is compiled in the following manner: Subsequent segments of projects funded by DWSRF loan programs of previous years will retain their original score and be added to the list of the current year's applications.
- Loan-eligible projects submitted will be placed on the IUP each calendar quarter. If the project is anticipated to proceed during SFY 2023, the project will be added to the Project Priority List and the list will be made available for public comment at the end of each calendar quarter in which one or more projects are added to the list.
- Projects on the Project Priority List will be moved to contingency status if the total amount of needs exceeds the year's DWSRF staff resources capability and loan funding. Projects will be funded from the top down in the ranking order of the Project Priority List with consideration given to readiness to proceed. Projects are ranked similarly in the contingency project list. Projects on contingency status can be moved to the funding list when funds are available or when the project is ready to proceed. Funds can be made available due to a number of reasons including project bypasses, loan application withdrawal of other projects, reduction in loan amount requests, or an increase in available funds.

APPENDIX C

BORROWERS RECEIVING ADDITIONAL SUBSIDIZATION OR COUNTED FOR GREEN PROJECT RESERVE

Iowa applies additional subsidization in the form of loan forgiveness. Criteria for loan forgiveness eligibility is established with each Cap Grant (see below). Individual projects may be capped to allow more eligible borrowers to receive subsidization. The cap may be removed at any time if additional funding is available. Time limits may be established for loan commitments in order to apply loan forgiveness awards from these grants. Construction must begin within 24 months of the loan forgiveness offer or the loan forgiveness offer may be withdrawn or reassigned.

For FFY 2018-2019 Cap Grants, a minimum of 20% of the state's allocation of grants funds are required to be allocated as additional subsidization. Eligibility criteria for each of these grants is described below.

For FFY 2020-2021 Cap Grants, a minimum of 14% of the state's allocation of grants funds are required to be allocated as additional subsidization and an additional 6% is required to assist Disadvantaged Communities (DAC), according to the state's definition (see below). Eligibility criteria for each of these grants is described below.

During SFY 2023, Iowa will apply for the FFY 2022 Cap Grant. A minimum of 14% of the state's allocation of grants funds are required to be allocated as additional subsidization. An additional 12% of the state's allocation of grant funds are required to be allocated as additional subsidization to Disadvantaged Communities (DAC), according to the state's definition (see below). The DWSRF Program will comply with additional subsidization requirements of that grant and will identify recipients of those funds during this fiscal year. Eligibility criteria is described below.

Loan Forgiveness Criteria for FFY 2018 Capitalization Grant:

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

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

Loan Forgiveness Criteria for FFY 2019-FFY 2021 Capitalization Grant:

Loan forgiveness will be offered only to the Public Health (PH) category. All projects receiving loan forgiveness from FFY 2019-2021 Cap Grants were capped at \$1 million dollars. If selected, eligible projects addressing non-compliance with drinking water regulations will receive up to 50% loan forgiveness of eligible costs. An additional 25% may be offered to those projects that choose the option of hooking onto another viable public water supply system to address their non-compliance issue:

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

During SFY 2023, the DWSRF Program may elect to remove the cap from one or both of these Public Health categories and assign additional subsidization to previously awarded projects if reallocated funds and/or unassigned loan forgiveness is available. In the SFY 2023 Q2 update, the cap was removed from Public Health + Connection category. The reallocated and remaining funds were disbursed to previously awarded but capped projects of that category.

Specific projects that have been allocated additional subsidization and/or designated as green project reserve for FFY 2018-FFY2021 are listed below. During SFY 2023, the DWSRF Program will continue to identify eligible projects and list them in this Appendix C with quarterly updates to the IUP.

Type	Project	Loan Amount**	Amount Green Project Reserve	Amount Additional Subsidization*	DAC Additional Subsidization*	Grant Year Reported
PH	Bellevue	\$2,200,000		\$1,380,596		2018
PH	Gallery Acres	\$1,334,000		\$1,000,500		2018
EP	Lyon-Sioux RWS Rock Rapids	\$113,000		\$81,699		2018
G	Cushing	\$61,100	\$18,330	\$18,330		2018
EP	Cushing	\$36,555		\$27,416		2018
PH/C	Manson	\$7,068,000		\$10,859		2018 Reallocated
G	Rathbun RWA	\$2,902,945	\$2,902,945	\$1,000,000		2018
PH/C	Dedham	\$402,000		\$309,094		2019
PH	Albion	\$693,000		\$347,500		2019
PH/C	MacBride Point	\$178,000		\$133,500		2019
PH/C	Bagley	\$804,000		\$512,791		2019
PH/C	Manson	\$7,068,000		\$1,642,293		2019
PH/C	Manson	\$7,068,000		\$90,209		2019 Reallocated
PH/C	Woodland Ridge	\$638,000		\$451,013		2019
DAC	Early	\$3,921,000			\$1,000,000	2019
DAC	Armstrong	\$1,100,000			\$45,920	2019
DAC	Armstrong	\$1,100,000			\$504,080	2020
DAC	Thor	\$408,000			\$204,000	2020
DAC	Lanesboro	\$3,557,000			\$338,500	2020

Type	Project	Loan Amount**	Amount Green Project Reserve	Amount Additional Subsidization*	DAC Additional Subsidization*	Grant Year Reported
PH/C	Manson	\$7,068,000		\$2,442,020		2020
DAC	Lanesboro	\$3,557,000			\$661,500	2021
DAC	Jamaica	\$2,769,400			\$1,000,000	2021
PH/C	Manson	\$7,068,000		\$845,619		2021

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

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

Loan Forgiveness Criteria for FFY 2022 Capitalization Grant:

~~Loan forgiveness will be offered based on affordability and project type. During SFY 2023, the Iowa DWSRF Program will evaluate the affordability criteria currently used to determine disadvantaged community status for loan forgiveness purposes and will revise these criteria through public review and comment. The percent of loan forgiveness offered to each eligible project will also be determined through these revised criteria.~~ The SRF Program intends to implement the new affordability criteria for both the base DWSRF Program and the BIL DWSRF General Supplemental Fund as outlined in BIL Annex A to the DWSRF IUP. The funding for individual projects may be capped.

Loan forgiveness (LF) of up to 90% may be offered to eligible projects that meet the state's disadvantaged community affordability criteria (socioeconomic assessment score) AND are applying for a priority project. Funding for individual projects is capped at \$2 million per project but the SRF Program reserves the right to withdraw the individual project cap.

The total amount of loan forgiveness available for a project will be determined by adding together the loan forgiveness percentages for the priority project, the socioeconomic assessment score, and the household burden indicator. Projects will be funded from the top socioeconomic score down and in priority project ranking order with consideration given to readiness to proceed.



Eligibility for loan forgiveness will first be assessed based on the type of project seeking funding. If the project is one of the priority project (PP) types listed below, then the second evaluation will be for disadvantaged status based on the socioeconomic assessment score (SES) criteria, described below.

The third element of the loan forgiveness equation is an assessment of a community or service area's household's ability to afford the proposed project. The Household Burden (HB) Indicator may be computed with assistance from the Municipal Advisor after the construction bid has been awarded and other funding sources have been deducted.

A detailed description of the loan forgiveness equation is outlined in BIL Annex A to the DWSRF IUP.

Loan forgiveness for FFY 2022 Cap Grant will be offered to the following eligible Priority Project Types:

- Non-Compliance Issues (e.g. SDWA compliance issues and Maximum Contaminant Levels (MCL) Violations)
- Consolidation/Regionalization
 - This priority is intended for communities who are consolidating with another system to obtain healthy drinking water or due to Technical/Managerial/Financial (TMF) issues. Systems are eligible even if there is no violation. Loan forgiveness is not being offered to systems that are buying viable systems just to franchise
- Resiliency Projects (flood/drought, redundancy and cyber security)
- New Public Water System (PWS) for communities served by private wells

The DWSRF Program intends to review each IUP application received for loan forgiveness eligibility. As loans close,

additional loan forgiveness awards will be made.

FFY CAP 2022 and FFY 2022 BIL General Supplemental Awards														
Project Name	DWSRF No.	Priority Points	LF Priority Project Type	DAC SES Score	Date Loan Signed	Loan Amount	SES %	PP %	HB% (up to 30%)	Minimum LF %	Maximum LF%	Minimum LF Award*	Maximum LF Award*	Grant Year
Fort Atkinson	FS-96-21-DWSRF-023	55	Compliance	11	9/30/22	\$ 424,000.00	15%	30%	TBD	45%	75%	\$ 190,800.00	\$ 318,000.00	2022

**Final loan forgiveness amount may change based on eligible expenses and the final amount drawn on the loan.*

Disadvantaged Communities Definition.

The Safe Drinking Water Act defines a “disadvantaged community” as the service area of a public water system that meets affordability criteria established after public review and comment by the State in which the public water system is located. See 42 U.S.C. 300j-12 (d)(3).

For Capitalization Grants through FFY 2021:

Disadvantaged communities are areas where 51 percent of the residents are low-and moderate-income persons. These communities are identified by survey data published by Housing and Urban Development (HUD) for the Community Development Block Grant (CDBG). Low to moderate income is defined as 80 percent of the median household income in the county or state (whichever is higher) using the most recent federal census or income survey data. Privately owned community public water systems will be considered eligible for disadvantaged community status if an income survey indicates that the service area meets the LMI criteria. Rural water systems will be considered eligible for disadvantaged community status if an income survey indicates that the area benefiting from the improvements meets the LMI criteria. Income surveys must be done according to the protocol specified by the Community Development Block Grant program.

For FFY 2022 Capitalization Grants:

~~During SFY 2023, the Iowa SRF Program will evaluate the affordability criteria currently used to determine disadvantaged community status for loan forgiveness purposes and will revise these criteria through public review and comment. The goal of this revision is to expand environmental equality and ensure SRF is reaching communities most in need of assistance. The DWSRF Program intends to implement the new affordability criteria for both the base DWSRF Program and the BIL DWSRF General Supplemental Fund as outlined in BIL Annex A to the DWSRF IUP. During SFY 2023, the Iowa SRF Program adopted new criteria, a socioeconomic assessment score, to determine disadvantaged community status for SRF loan forgiveness purposes. The criteria were revised with public review and comment and became effective on September 20, 2022 with the approval of the second quarter IUP update. The socioeconomic assessment tool considers 15 datapoints from publicly available sources to determine a community or service area’s underlying socioeconomic and demographic condition that can determine the affordability of water/wastewater infrastructure projects. Applicants with a socioeconomic score between 11-30 points will be eligible for consideration of SRF loan forgiveness. A detailed description of the socioeconomic assessment criteria and tool is outlined in BIL Annex A to the DWSRF IUP. The socioeconomic assessment tool can be located on www.iowaSRF.com resource page.¹⁸~~

The IA SRF Program will implement the new affordability criteria for both the base DWSRF Program and the BIL DWSRF General Supplemental Fund as outlined in BIL Annex A to the DWSRF IUP.

¹⁸ https://www.iowasrf.com/about_srf/srf-resources/

APPENDIX D STATE MATCH

FY20	Cap Grant Amount	State Match Needed	Excess State Match
Remaining CW State Match from Feb 2019 Bond Issue		\$4,499,000	
Excess State Match from prior years		\$0	
Total CW State Match Available		\$4,499,000	
FY20 CW Cap Grant	\$21,508,000	\$4,301,600	\$197,400
Remaining DW State Match from Feb 2019 Bond Issue		\$3,681,500	
Excess State Match from prior years		\$0	
Total DW State Match Available		\$3,681,500	
FY20 DW Cap Grant	\$17,443,000	\$3,488,600	\$192,900
FY21	Cap Grant Amount	State Match Needed	Excess State Match
CW State Match from Feb 2020 Bond Issue		\$10,000,000	
Excess State Match from prior years		\$197,400	
Total CW State Match Available		\$10,197,400	
FY21 CW Cap Grant	\$21,505,000	\$4,301,000	\$5,896,400
DW State Match from Feb 2020 Bond Issue		\$8,000,000	
Excess State Match from prior years		\$192,900	
Total DW State Match Available		\$8,192,900	
FY21 DW Cap Grant	\$17,427,000	\$3,485,400	\$4,707,500
FY22	Cap Grant Amount	State Match Needed	Excess State Match
CW State Match from 2022 Bond Issue (May 2022)		\$3,000,000	
Excess State Match from prior years		\$5,896,400	
Total CW State Match Available		\$8,896,400	
FY22 CW Cap Grant (20% match)	\$15,660,000	\$3,132,000	
FY22 CW Supplemental (10% match)	\$24,088,000	\$2,408,800	
		\$5,540,800	\$3,355,600
DW State Match from 2022 Bond Issue (May 2022)		\$5,700,000	
Excess State Match from prior years		\$4,707,500	
Total DW State Match Available		\$10,407,500	
FY22 DW Cap Grant (20% match)	\$11,101,000	\$2,220,200	
FY22 DW Supplemental (10% match)	\$28,504,000	\$2,850,400	
		\$5,070,600	\$5,336,900

														Loan Forgiveness		
Project Name	DWSRF No.	Project Description	IUP Yr	Qtr	Project Type	Priority Points	Population	Project Status	Original IUP Funding Request	Current Funding Request	Date Loan Signed	Loan Amount	Remaining Amount on IUP	DAC SES Score	LF Priority Project Type	LF Eligible?
Johnston	PD-DW-23-37	P&D For Water Main Improvements	2023	3	P&D	P&D	24064	P	\$ 450,000.00	\$ 450,000.00				NA	NA	NA
Manson	PD-DW-23-36	P&D For New Water Main Transmission	2023	3	P&D	P&D	1709	P	\$ 542,000.00	\$ 542,000.00				NA	NA	NA
Granger	PD-DW-23-30	P&D For New Water Tower and Water Main	2023	3	P&D	P&D	2000	P	\$ 95,000.00	\$ 95,000.00				NA	NA	NA
Waucoma	PD-DW-23-33	P&D For New Well	2023	3	P&D	P&D	229	P	\$ 115,000.00	\$ 115,000.00				NA	NA	NA
Peosta	PD-DW-23-32	P&D For Water System Improvements	2023	3	P&D	P&D	2500	P	\$ 600,000.00	\$ 600,000.00				NA	NA	NA
Ainsworth	PD-DW-23-31	P&D For Water Distribution System Improvements	2023	3	P&D	P&D	511	P	\$ 79,000.00	\$ 79,000.00				NA	NA	NA
Ely	FS-57-23-DWSRF-019	Water main Replacement	2023	3	B, E	30	2328	P	\$ 2,663,000.00	\$ 2,663,000.00				8	NA	Not Eligible
Terill	FS-30-23-DWSRF-066	Water Treatment Equipment Replacement	2023	3	B, C, E	35	334	P	\$ 508,000.00	\$ 508,000.00				16	Will not be reviewed until EPC approves project	
Waucoma	FS-33-23-DWSRF-035	Well Construction	2023	3	B, C, E	55	257	P	\$ 1,438,000.00	\$ 1,438,000.00				20	Will not be reviewed until EPC approves project	
Storm Lake	FS-11-23-DWSRF-030	Elevated Water Tank	2023	3	B, C	45	12478	P	\$ 3,868,000.00	\$ 3,868,000.00				16	Will not be reviewed until EPC approves project	
Springville	FS-57-23-DWSRF-027	New Elevated Storage Tank	2023	3	B, E	30	1154	P	\$ 3,426,000.00	\$ 3,426,000.00				9	NA	Not Eligible
Rudd	FS-34-23-DWSRF-031	Water System Improvements Phase II -	2023	3	B, C, E	40	369	P	\$ 419,000.00	\$ 419,000.00				17	Will not be reviewed until EPC approves project	
Osceola County Rural Water System	FS-72-23-DWSRF-065	West Okoboji Harbor Connection to OCRWS	2023	3	B, E	30	768	P	\$ 678,000.00	\$ 678,000.00				TBD	Will not be reviewed until EPC approves project	
Johnston	FS-77-23-DWSRF-029	New Water Main Project (2 Mains- NW 78th Ave and	2023	3	B	20	24195	P	\$ 21,536,000.00	\$ 21,536,000.00				7	NA	Not Eligible
Iowa American Water - Quad Cities	FS-82-23-DWSRF-026	Elevated Storage Tank and Booster Station	2023	3	B	35	52807	P	\$ 8,362,000.00	\$ 8,362,000.00				TBD	Will not be reviewed until EPC approves project	
Hinton	FS-75-23-DWSRF-034	Water Treatment Plant Improvements and	2023	3	B,D,E	60	947	P	\$ 7,286,000.00	\$ 7,286,000.00				6	NA	Not Eligible
Hampton	FS-35-23-DWSRF-033	Water System Improvements	2023	3	B, E	45	4350	P	\$ 1,500,000.00	\$ 1,500,000.00				18	Will not be reviewed until EPC approves project	
Grimes	FS-77-23-DWSRF-024	Distribution and Storage Improvements	2023	3	B	20	15392	P	\$ 11,616,000.00	\$ 11,616,000.00				7	NA	Not Eligible
Central City	FS-57-23-DWSRF-025	New Elevated Storage Tank	2023	3	B, E	45	1264	P	\$ 4,179,000.00	\$ 4,179,000.00				12	Will not be reviewed until EPC approves project	
Ankeny	FS-77-23-DWSRF-028	NW Irinedale Elevated Storage Tank	2023	3	B	20	70287	P	\$ 11,840,000.00	\$ 11,840,000.00				6	NA	Not Eligible
Osceola County Rural Water System	FS-72-23-DWSRF-032	North Phase WTP Expansion	2023	3	B, E	25	5415	P	\$ 2,256,000.00	\$ 2,256,000.00				TBD	Will not be reviewed until EPC approves project	
Hiawatha	FS-57-23-DWSRF-023	Replacement of mains on Robins Rd	2023	3	B, E	30	7935	P	\$ 1,163,000.00	\$ 1,163,000.00				15	Will not be reviewed until EPC approves project	
Clarence	FS-16-23-DWSRF-022	7th Ave Water Main	2023	3	B, E	30	1039	P	\$ 1,054,000.00	\$ 1,054,000.00				15	Will not be reviewed until EPC approves project	
Corwith	FS-41-23-DWSRF-021	Water Main Replacement	2023	3	B, E	30	266	P	\$ 340,000.00	\$ 340,000.00				22	Will not be reviewed until EPC approves project	
Thompson	FS-95-23-DWSRF-020	Water Main Replacement	2023	3	B, C, E	40	502	P	\$ 451,000.00	\$ 451,000.00				21	Will not be reviewed until EPC approves project	
New Market	PD-DW-23-28	P&D for Construction of Water Distribution System	2023	2	P&D	P&D	385	L	\$ 275,400.00	\$ 275,400.00	10/14/22	\$ 275,400.00	\$ -	NA	NA	NA
Milford Municipal Utilities	PD-DW-23-22	P&D for Construction of New Drinking Water Treatment	2023	2	P&D	P&D	3629	P	\$ 2,000,000.00	\$ 2,000,000.00				NA	NA	NA
Ely	PD-DW-23-19	P&D for Water Main System Rehabilitation	2023	2	P&D	P&D	2328	P	\$ 184,420.00	\$ 184,420.00				NA	NA	NA
Ely	PD-DW-23-18	P&D for Construction of New Drinking Water Treatment	2023	2	P&D	P&D	2328	P	\$ 582,420.00	\$ 582,420.00				NA	NA	NA
Des Moines Water Works	PD-DW-23-20	ASR at Pumping Station Site	2023	2	P&D	P&D	600000	L	\$ 1,110,000.00	\$ 1,110,000.00	10/14/22	\$ 1,110,000.00	\$ -	NA	NA	NA
Corydon	PD-DW-23-24	P&D for Elevated Storage Tank Replacement	2023	2	P&D	P&D	1591	L	\$ 25,000.00	\$ 25,000.00	9/30/22	\$ 25,000.00	\$ -	NA	NA	NA

														Loan Forgiveness		
Project Name	DWSRF No.	Project Description	IUP Yr	Qtr	Project Type	Priority Points	Population	Project Status	Original IUP Funding Request	Current Funding Request	Date Loan Signed	Loan Amount	Remaining Amount on IUP	DAC SES Score	LF Priority Project Type	LF Eligible?
Carter Lake	PD-DW-23-23	P&D for Water Line & Pipe Replacement	2023	2	P&D	P&D	3791	P	\$ 725,000.00	\$ 725,000.00				NA	NA	NA
Birmingham	PD-DW-23-17	P&D for Water Storage & Distribution Improvements	2023	2	P&D	P&D	425	L	\$ 80,000.00	\$ 80,000.00	9/30/22	\$ 80,000.00	\$ -	NA	NA	NA
Ankeny	PD-DW-23-21	P&D for Water Distribution System Improvements	2023	2	P&D	P&D	67887	L	\$ 235,000.00	\$ 235,000.00	10/21/22	\$ 235,000.00	\$ -	NA	NA	NA
Montezuma Municipal Water Works	FS-79-23-DWSRF-017	New Jordan Well Construction	2023	2	B, C, E	55	1442	P	\$ 2,734,000.00	\$ 2,734,000.00				15	Resiliency	Eligible
Oskaloosa Municipal Water Department	FS-62-23-DWSRF-014	Transmission Main Replacement	2023	2	B, C	30	11558	P	\$ 3,852,000.00	\$ 3,852,000.00				18	NA	Not Eligible
Ankeny	FS-77-23-DWSRF-015	New Transmission Main Construction	2023	2	B	20	24564	P	\$ 2,903,000.00	\$ 2,903,000.00				6	NA	Not Eligible
Algona	FS-55-23-DWSRF-016	Water System Improvements	2023	2	B, E	30	2731	P	\$ 1,597,000.00	\$ 1,597,000.00				13	NA	Not Eligible
Dubuque	FS-31-23-DWSRF-012	Lead Service Line Replacement	2023	2	B	20	58983	P	\$ 48,343,000.00	\$ 48,343,000.00				16	LSL	BIL LSL Eligible
Carter Lake	FS-78-23-DWSRF-018	Water System Improvements	2023	2	A, B, C, E	55	3791	P	\$ 9,267,000.00	\$ 9,267,000.00				16	NA	Not Eligible
Bondurant Municipal Water Supply	FS-77-23-DWSRF-011	Elevated Storage Tank New Construction	2023	2	B, E	45	7500	P	\$ 8,533,000.00	\$ 8,533,000.00				5	NA	Not Eligible
Milford Municipal Utilities	FS-30-23-DWSRF-010	New Water Treatment Facility Construction	2023	2	B, E	25	3629	P	\$ 21,106,500.00	\$ 21,106,500.00				9	NA	Not Eligible
Corridor Ridge HOA	FS-52-23-DWSRF-009	Water Treatment System Installation	2023	2	A, B, E	75	108	P	\$ 376,875.00	\$ 376,875.00				TBD	Compliance	TBD
Dubuque	FS-31-23-DWSRF-013	Eagle Street and Althausen Street Water & Sewer Replacement	2023	2	B	20	58983	P	\$ 505,000.00	\$ 505,000.00				16	NA	Not Eligible
Yale	PD-DW-23-10	P&D for Construction of New Well & Backwash Holding	2023	1	P&D	P&D	267	L	\$ 70,700.00	\$ 70,700.00	6/24/22	\$ 70,700.00	\$ -	NA	NA	NA
Madrid	PD-DW-23-09	P&D for Water Main Replacement	2023	1	P&D	P&D	2802	L	\$ 245,000.00	\$ 245,000.00	8/5/22	\$ 245,000.00	\$ -	NA	NA	NA
Bondurant	PD-DW-23-08	P&D for New Water Tower	2023	1	P&D	P&D	7500	L	\$ 1,205,600.00	\$ 1,205,600.00	10/14/22	\$ 1,205,600.00	\$ -	NA	NA	NA
Sumner	PD-DW-23-03	P&D for Water Main Installation	2023	1	P&D	P&D	2175	L	\$ 90,000.00	\$ 90,000.00	6/24/22	\$ 90,000.00	\$ -	NA	NA	NA
Mount Vernon	FS-57-23-DWSRF-004	Water Meter Replacement	2023	1	B, E	30	4527	P	\$ 905,000.00	\$ 905,000.00				8	NA	Not Eligible
Rock Rapids	FS-60-23-DWSRF-006	Lewis & Clark Service Connection Phase 3	2023	1	B, C, D, E	60	2611	P	\$ 1,507,500.00	\$ 1,507,500.00				8	Resiliency	Not Eligible
Yale	FS-39-23-DWSRF-008	New Well	2023	1	B, C, E	40	267	P	\$ 400,000.00	\$ 400,000.00				18	NA	Not Eligible
Spillville	FS-96-23-DWSRF-007	New Booster Station and Ground Storage Reservoir	2023	1	B, E	30	385	P	\$ 1,176,000.00	\$ 1,176,000.00				20	NA	Not Eligible
Remsen	FS-75-23-DWSRF-005	New R/O Treatment Plant	2023	1	B, C, E	55	1678	P	\$ 7,035,000.00	\$ 7,035,000.00				7	Public Health	CAP'2021 Eligible
Mallard	FS-74-23-DWSRF-003	Water System Improvements - Connection	2023	1	A, C, E	70	277	P	\$ 1,740,000.00	\$ 1,740,000.00				20	Compliance	Eligible
Aurelia	FS-18-23-DWSRF-001	Water Main Replacement	2023	1	B, C, E	40	1036	P	\$ 551,000.00	\$ 551,000.00				11	NA	Not Eligible
Auburn	FS-81-23-DWSRF-001	Water Treatment Plant Filter Replacement	2023	1	B, E	25	315	P	\$ 50,000.00	\$ 50,000.00				14	NA	Not Eligible
Ankeny	PD-DW-22-57	P&D for Construction of Water Main Transmission	2022	4	P&D	P&D	N/A	P	\$ 174,600.00	\$ 174,600.00				NA	NA	NA
Birmingham	FS-89-22-DWSRF-039	New Elevated Storage Tank	2022	4	A, B, C, E	140	425	P	\$ 603,000.00	\$ 657,000.00				23	NA	Not Eligible
Pocahontas	FS-76-22-DWSRF-038	Water System Improvements	2022	4	B, E	25	6267	P	\$ 2,825,000.00	\$ 2,825,000.00				14	NA	Not Eligible
Orange City	FS-84-22-DWSRF-037	Construction of New Elevated Tank, New Ground	2022	4	B, D, E	50	6267	P	\$ 15,821,000.00	\$ 5,278,000.00				5	NA	Not Eligible
West Central IA RWA	FS-14-22-DWSRF-036	Construction of New Water Treatment Plant, Booster	2022	4	A, B, C, D, E, F	30	18838	P	\$ 12,600,000.00	\$ 12,600,000.00				TBD	NA	Not Eligible

														Loan Forgiveness		
Project Name	DWSRF No.	Project Description	IUP Yr	Qtr	Project Type	Priority Points	Population	Project Status	Original IUP Funding Request	Current Funding Request	Date Loan Signed	Loan Amount	Remaining Amount on IUP	DAC SES Score	LF Priority Project Type	LF Eligible?
Westfield	FS-75-22-DWSRF-035	Construction of New Well and Water Treatment Plant	2022	4	A, B, C, E	100	130	P	\$ 2,185,000.00	\$ 2,185,000.00				15	Resiliency	Eligible
Casey	FS-39-22-DWSRF-034	Water Distribution System Improvements	2022	4	A, B, C, D, E, F	40	387	P	\$ 305,420.00	\$ 305,420.00				25	NA	Not Eligible
Burt	FS-55-22-DWSRF-033	Water System Improvements	2022	4	B, E	25	423	P	\$ 396,000.00	\$ 396,000.00				20	NA	Not Eligible
Dedham	FS-14-22-DWSRF-032	Water System Improvements	2022	4	A, B, C, D, E, F	60	224	P	\$ 1,000,000.00	\$ 1,000,000.00				10	NA	Not Eligible
Wahpeton	FS-30-22-DWSRF-031	Water System Improvements	2022	4	A, B, C, D, E, F	40	344	P	\$ 7,850,000.00	\$ 7,850,000.00				6	NA	Not Eligible
Protivin	FS-45-22-DWSRF-029	Water System Improvements	2022	4	B, D, E	50	269	P	\$ 304,000.00	\$ 304,000.00				11	NA	Not Eligible
Rockford	FS-34-22-DWSRF-027	Water System Improvements	2022	4	B, C, E	40	860	P	\$ 510,000.00	\$ 510,000.00				16	NA	Not Eligible
Ankeny	FS-77-22-DWSRF-030	Water Distribution System Improvements	2022	4	B	20	67900	P	\$ 4,809,000.00	\$ 4,809,000.00				6	NA	Not Eligible
Hedrick	FS-54-22-DWSRF-026	Water Distribution System Improvements	2022	4	A, B, C, D, E, F	110	764	P	\$ 682,000.00	\$ 682,000.00				21	NA	Not Eligible
Dubuque	FS-31-22-DWSRF-025	2022 Water System Improvements	2022	3	B	35	1830	P	\$ 15,565,000.00	\$ 15,565,000.00				16	NA	Not Eligible
Manson	FS-13-22-DWSRF-023	Connection from Manson to Fort Dodge Municipal Water	2022	3	B, E	45	1690	P	\$ 7,068,000.00	\$ 7,068,000.00				13	Compliance	Awarded CAP'18-20
Grundy Center	FS-38-22-DWSRF-024	2022 Water Main Replacement	2022	3	B, E	30	2706	L	\$ 1,500,000.00	\$ 900,000.00	8/12/22	\$ 900,000.00	\$ -	11	NA	Not Eligible
Titonka	FS-55-22-DWSRF-019	Water System Improvements	2022	2	B, C, E	55	486	P	\$ 539,000.00	\$ 539,000.00				18	NA	Not Eligible
State Center	FS-64-22-DWSRF-018	Water Treatment Facility Improvements	2022	2	A, E	55	1468	L	\$ 1,933,000.00	\$ 2,768,000.00	9/9/22	\$ 2,768,000.00	\$ -	11	NA	Not Eligible
Plover	FS-76-22-DWSRF-017	New Well for Arsenic Mitigation in Raw Water	2022	2	A, B, E	95	77	P	\$ 108,000.00	\$ 108,000.00				9	Compliance	CAP'2021 Eligible
Pleasantville	FS-63-22-DWSRF-020	Water System Improvements - 2021 Water	2022	2	B, E	30	1694	L	\$ 1,674,000.00	\$ 2,223,000.00	9/2/22	\$ 2,223,000.00	\$ -	15	NA	Not Eligible
Nashua	FS-19-22-DWSRF-016	Greeley Street Water & Sanitary Improvements	2022	2	B, E	30	1663	P	\$ 259,000.00	\$ 259,000.00				14	NA	Not Eligible
Mitchellville	FS-77-22-DWSRF-015	Water Distribution System Improvements	2022	2	B, E	30	2254	P	\$ 2,230,000.00	\$ 2,230,000.00				14	NA	Not Eligible
Lake Creek	FS-11-22-DWSRF-014	Water Distribution System Improvements	2022	2	B, E	30	150	L	\$ 604,000.00	\$ 678,000.00	7/8/22	\$ 678,000.00	\$ -	TBD	NA	Not Eligible
Guttenberg	FS-22-22-DWSRF-013	Water Supply, Distribution and Storage Facilities	2022	2	B, C, E	40	1057	P	\$ 765,000.00	\$ 765,000.00				17	NA	Not Eligible
Denison	FS-24-22-DWSRF-011	Water Distribution System Improvements	2022	2	B, E	30	2826	P	\$ 4,908,239.00	\$ 4,908,239.00				17	NA	Not Eligible
Charles City	FS-34-22-DWSRF-010	Water System Storage Tank	2022	2	B, C, E	35	3350	P	\$ 3,965,000.00	\$ 4,750,000.00				23	NA	Not Eligible
Titonka	PD-DW-22-16	P&D for Existing Treatment System Improvements	2022	1	P&D	P&D	486	P	\$ 200,000.00	\$ 200,000.00				NA	NA	NA
Lanesboro	FS-14-22-DWSRF-008	Water System Improvements	2022	1	A, C, E	70	121	P	\$ 3,557,000.00	\$ 3,557,000.00				17	Compliance	Awarded DAC CAP'20 & 21
Renwick	FS-46-22-DWSRF-004	Water Main Replacement	2022	1	B, C, E	40	242	P	\$ 552,000.00	\$ 552,000.00				11	NA	Not Eligible
Volga	FS-22-22-DWSRF-005	Pump Station Installation and Water Main	2022	1	B, C, E	40	208	P	\$ 622,000.00	\$ 622,000.00				24	Compliance	Eligible
Fontanelle	FS-01-22-DWSRF-006	Water System Improvements	2022	1	B, C, E	35	223	P	\$ 1,499,000.00	\$ 1,499,000.00				15	NA	Not Eligible
Lost Nation	FS-23-22-DWSRF-003	Construction of New Well and Well House	2022	1	B, E	45	223	P	\$ 439,000.00	\$ 439,000.00				24	Resiliency	Eligible
Essex	PD-DW-21-53	P&D for Drinking Water System Upgrades	2021	4	G	P&D	798	P	\$ 30,000.00	\$ 30,000.00				NA	NA	NA
Fort Dodge	FS-94-21-DWSRF-005	Northwest Regional Water Main Improvements	2021	1	B, C	30	25206	L	\$0.00		4/9/21	\$ 3,753,000	\$ 2,746,000	24	NA	Not Eligible

														Loan Forgiveness		
Project Name	DWSRF No.	Project Description	IUP Yr	Qtr	Project Type	Priority Points	Population	Project Status	Original IUP Funding Request	Current Funding Request	Date Loan Signed	Loan Amount	Remaining Amount on IUP	DAC SES Score	LF Priority Project Type	LF Eligible?
Neola	PD-DW-21-56	P&D for Water Distribution System Replacement	2021	4	G	P&D	842	P	\$ 371,094.00	\$ 371,094.00				NA	NA	NA
Inwood	FS-60-21-DWSRF-024	Water Distribution System Improvements	2021	4	B, E	30	814	P	\$ 752,878.10	\$ 786,000.00	10/28/22	\$ 786,000.00	\$ -	10	NA	Not Eligible
Fort Atkinson	FS-96-21-DWSRF-023	Water Supply Improvements	2021	4	B, C, E	55	323	L	\$ 250,000.00	\$ 324,000.00	9/30/22	\$ 424,000.00	\$ -	11	Compliance	Awarded CAP/BIL 2022
Guthrie Center	FS-99-21-DWSRF-022	Water Main Replacement	2021	4	B, C, E	40	1569	P	\$ 1,454,000.00	\$ 1,454,000.00				17	NA	Not Eligible
Glidden	PD-DW-21-38	P&D for New Well & Watermain	2021	3	G	P&D	1146	P	\$ 150,000.00	\$ 150,000.00				NA	NA	NA
Tama	FS-82-21-DWSRF-014	Water System Improvements	2021	3	B, E	25	2877	P	\$ 1,373,000.00	\$ 1,373,000.00				21	NA	Not Eligible
Elkhart	FS-77-21-DWSRF-018	Water Treatment Facility Expansion	2021	3	B, E	45	683	L	\$ 1,658,250.00	\$ 1,829,100.00	12/3/21	\$ 376,000.00	\$ 1,453,100	8	NA	Not Eligible
Ventura	FS-17-21-DWSRF-016	Water Treatment Plant Construction	2021	3	A, B, E	45	717	L	\$ 2,613,000.00	\$ 3,750,000.00	9/10/21	\$ 1,875,000.00	\$ -	6	NA	Not Eligible
Ventura	FS-17-21-DWSRF-016	Water Treatment Plant Construction	2021	3	A, B, E	45	717	L	\$ 2,613,000.00		8/19/22	\$ 1,875,000.00		6	NA	Not Eligible
Thor	FS-46-21-DWSRF-012	2021 Municipal Water Filtration Improvements	2021	3	B, E	25	186	P	\$ 408,000.00	\$ 408,000.00				18	NA	Awarded DAC CAP'20
Lisbon	FS-57-21-DWSRF-011	Water Main Improvements	2021	2	B,C, E	55	2152	P	\$ 5,972,000.00	\$ 5,972,000.00				7	NA	Not Eligible
Dyersville	FS-31-21-DWSRF-007	6th Avenue Water Main Replacement	2021	2	B,C, E	40	4058	P	\$ 415,000.00	\$ 415,000.00				8	NA	Not Eligible
Ames	FS-85-21-DWSRF-009	North River Valley Well field & Pipeline	2021	2	B	35	58965	P	\$ 4,380,000.00	\$ 7,000,000.00				9	NA	Not Eligible
Ames	FS-85-21-DWSRF-010	Water Treatment Plant Demolition	2021	2	B	15	58965	L	\$ 4,380,000.00	\$ -	8/26/22	\$ 3,500,000.00		9	NA	Not Eligible
Waukeee	FS-25-21-DWSRF-004	ASR Well	2021	1	B	35	17945	R	\$ 3,567,750.00	\$ 3,567,750.00				3	NA	Not Eligible
Atkins	FS-06-21-DWSRF-001	Water Distribution Improvements	2021	1	B, C, E	40	1670	P	\$ 4,398,000.00	\$ 4,398,000.00				4	NA	Not Eligible
Britt	FS-41-21-DWSRF-003	Water System Improvements	2021	1	A,E	60	2069	L	\$ 6,321,450.00	\$ 6,902,000.00	10/1/21	\$ 1,290,000.00	\$ -	20	NA	Loan Not Eligible
Britt	FS-41-21-DWSRF-003	Water System Improvements	2021	1	A,E	60	2069	L			7/15/22	\$ 6,902,000.00		20	NA	Not Eligible
Melvin	FS-72-20-DWSRF-033	Storage Tank Rehabilitation	2020	4	B,C,E	55	201	P	\$ 422,100.00	\$ 422,100.00				21	NA	Not Eligible
Dayton	FS-94-20-DWSRF-031	Municipal Water Well Reconstruction and Water	2020	4	B,C,E	55	837	P	\$ 685,000.00	\$ 685,000.00				21	NA	Not Eligible
Iowa American Water - Davenport	FS-82-20-DWSRF-007	East River Station WTP UV	2020	2	A	45	143000	L	\$ 7,689,300.00	\$ 8,829,000.00	5/20/22	\$ 8,829,000.00	\$ -	TBD	NA	Loan Not Eligible
Westgate	FS-33-20-DWSRF-024	Connection to IRUA	2020	4	B,E	45	211	P	\$ 2,703,000.00	\$ 2,703,000.00			Drop?	16	Consolidation	Eligible
Plainfield	PD-DW-20-33	Water Main Installation	2020	3	G	P&D	436	P	\$ 40,000.00	\$ 40,000.00				NA	NA	NA
MacBride Point Third Master Maintenance Association	FS-52-20-DWSRF-019	Water Supply Improvements	2020	3	A, E	60	100	P	\$ 178,000.00	\$ 178,000.00				TBD	Connection	Awarded CAP'19
Eagle Grove	FS-99-20-DWSRF-018	Water Distribution System Improvements	2020	3	B, C, E	40	3583	R	\$ 503,000.00	\$ 503,000.00				18	NA	Not Eligible
Jamaica	FS-39-20-DWSRF-017 (1)	Water System Improvements	2020	3	B, C, E	35	224	L	\$ 1,213,000.00	\$ 2,818,000.00	8/26/22	\$ 1,785,000.00	\$ 1,033,000	24	Consolidation	Awarded DAC CAP'21
Park View Water & Sanitary District	FS-82-20-DWSRF-006	WTP #2 Improvements	2020	2	B, E	45	2389	L	\$ 2,509,000.00	\$ 2,509,000.00	7/10/20	\$ 1,670,000.00	\$ 839,000	TBD	Compliance	TBD
Rock Valley	FS-84-20-DWSRF-010	Rock Valley Water System Phases I and II	2020	2	B, E	45	3730	P	\$ 2,009,000.00	\$ 1,659,000.00				6	NA	Not Eligible
Cleghorn	FS-18-18-DWSRF-006	Replace aging water tower, install water mains to tower, add emergency generator at water treatment plant	2018	2	B,E	45	247	L	\$ 1,024,000.00	\$ 757,000.00	3/8/19	\$ 557,000.00	\$ 200,000.00	17	NA	Not Eligible

														Loan Forgiveness		
Project Name	DWSRF No.	Project Description	IUP Yr	Qtr	Project Type	Priority Points	Population	Project Status	Original IUP Funding Request	Current Funding Request	Date Loan Signed	Loan Amount	Remaining Amount on IUP	DAC SES Score	LF Priority Project Type	LF Eligible?
Fort Dodge	FS-94-18-DWSRF-011 (supplemental)	Reduce water hardness, reducing chloride concentrations to sanitary sewer, with construction of new Mississippian well, reverse osmosis process, and waste disposal system	2018	2	A,B	80	25206	L	\$ 905,000.00	\$ 905,000.00	9/9/22	\$ 905,000	\$ -	24	NA	Not Eligible
Somers	FS-13-19-DWSRF-028	Municipal Water Filtration Improvements	2019	4	B, C, E	35	113	P	\$ 179,000.00	\$ 355,000.00				19	NA	Not Eligible
Albion	PD-DW-19-13	Construction of new water main connecting to	2019	2	G	P&D	505	P	\$ 55,000.00	\$ 55,000.00				NA	NA	NA
Bellevue	PD-DW-19-15	Construction of 2700 sf Radium Treatment Facility	2019	2	G	P&D	2191	P	\$ 285,000.00	\$ 285,000.00				NA	NA	NA
Osceola Rural Water System-North	FS-72-19-DWSRF-012	A new 1,800 gpm RO expansion including wells, water storage and pipeline	2019	2	B, E	40	4495	L	\$ 17,709,000.00	\$ 6,466,000.00	5/6/22	\$ 930,000.00	\$ 5,536,000	TBD	NA	Not Eligible
Iowa Lakes Regional Water	FS-21-18-DWSRF-019	Addition of solar panels at six booster stations and	2018	4	B	15	14,600	P	\$ 260,000.00	\$ 260,000.00				TBD	NA	Not Eligible
Vail	PD-DW-18-30	Plan for new water source and water treatment options	2018	3	G	P&D	436	P	\$ 50,000.00	\$ 50,000.00				NA	NA	NA
Rathbun Regional Water (RRWA)	FS-04-17-DWSRF-010	Replacement of aging water meters with a new advanced/smart metering system.	2017	2	C,D	15	28215	R	\$ 2,902,945.00	\$ 2,902,945.00				TBD	NA	Awarded CAP'18 Pending
Farmington	FS-89-16-DWSRF-006 (2)	Water meter replacement	2016	2	B,C,E	40	664	R	\$ 312,000.00	\$ 117,000.00				23	NA	Not Eligible
Ruthven	FS-74-15-DWSRF-006	New well to replace Well #1, aeralator rehab, control panel replacement, water main replacement to improve pressure and add new valves and hydrants	2015	2	B,C,E	55	779	L	\$ 1,316,550.00	\$ 1,435,000.00	8/5/22	\$ 701,000.00	\$ -	21	NA	Not Eligible
									\$ 387,983,991.10	\$ 367,744,663.00			\$ 46,063,700.00			

Project Status	Project Type
Ready for Loan -- R	A = Water Quality and Human Health Risk-Related Criteria
Loan Signed -- L	B = Infrastructure and Engineering-Related Improvement
Planning Stage -- P	C = Affordability Criteria
	D = Special Category Improvements
CAP 2018-2021 LF Project Type/Awards	E = Project Serves Population less than 10,000
Water and Energy Efficiency	F = Supplemental Loan for Previously Approved Project
Emergency Generators	G = Planning and Design Loan

Abbreviations
BIL = Bipartisan Infrastructure Law
CAP = Federal Capitalization Grant
DAC = Disadvantaged Community
LF = Loan Forgiveness
LSL = Lead Service Line
NA = Not Applicable
SES Score = SocioEconomic Assessment Score

Socioeconomic Assessment Score (SES) Point Scale			
Point Range		DAC Status	
Low	0-10	Does not meet SRF's Disadvantaged Community definition	
Moderate-Low	11-15	Disadvantaged	Social, economic and demographic information meets SRF's definition of Disadvantaged Community for the purpose of SRF Loan Forgiveness
Moderate	16-20	Disadvantaged	
Moderate-High	21-25	Disadvantaged	
High	26-30	Disadvantaged	

													Loan Forgiveness			
Project Name	DWSRF No.	Project Description	IUP Yr	Qtr	Project Type	Priority Points	Population	Project Status	Original IUP Funding Request	Current Funding Request	Date Loan Signed	Loan Amount	Remaining Amount on IUP	DAC SES Score	LF Priority Project Type	LF Eligible?
Disadvantaged Communities					TBD = To Be Determined											
Public Health Projects																

-BIL ANNEX A-
to the Drinking Water State Revolving Fund (DWSRF)
Intended Use Plan (IUP)
FFY 2022 Bipartisan Infrastructure Law (BIL)
General Supplemental Fund

Introduction

The Infrastructure Investment and Jobs Act (IIJA) was signed into law on November 15, 2021 and has since been referred to as the Bipartisan Infrastructure Law (BIL). Under this law, additional funding was appropriated and awarded to State Revolving Fund (SRF) Programs annually between Federal Fiscal Years 2022-2026 to finance loans for water and wastewater infrastructure projects. Each BIL appropriation has specific provisions and implementation requirements. This annex to the base DWSRF Program's Intended Use Plan (Annex) includes the implementation plan for the first year's allocation of the BIL DWSRF General Supplemental Fund.

Iowa's Federal Fiscal Year 2022 allocation is as follows:

2022	IA Allocation	Loan Forgiveness Available
DWSRF General Supplemental Fund	\$28,504,000	\$13,996,960

Annex to the DWSRF Program Intended Use Plan (IUP)

This Annex will address programmatic and financial variations from the base DWSRF Program IUP that are specific to the implementation and distribution of funds from the BIL DWSRF General Supplemental Fund. An IUP for the BIL DWSRF General Supplemental Fund will be issued annually and updated quarterly as an ANNEX to the base SRF Program Intended Use Plan.

Project Priority List (PPL)

The BIL DWSRF General Supplemental Fund Project Priority List (PPL) and the base DWSRF Program PPL will be combined into one list. The methods of managing the PPL are described in Section 1 of the base DWSRF Program IUP. Due to BIL funding requirements, projects being funded through the BIL General Supplemental Fund must enter into a loan assistance agreement within one year of becoming eligible for the funds. The DWSRF staff may bypass projects that have not signed a loan obligation within one year. If an eligible project is bypassed, the applicant may be reconsidered when the project is ready to move ahead.

Method of Amendment

The method of amending this Annex will follow the same process described in Section V of the base DWSRF Program IUP.

Application Process

The initial PPL submitted with the state's FY 2022 BIL CAP Grant application will consist of eligible projects that are currently listed on the base DWSRF Program's PPL but have not signed a loan obligation as of **June 30, 2022**.

Project applications eligible for SRF funding under the BIL will follow the same quarterly IUP application cycle as the base DWSRF Program IUP. Additional application information may be required for projects applying for BIL General Supplemental Funds. The DWSRF Program will provide additional application materials through the DNR¹ and SRF websites², as applicable.

The base DWSRF PPL is attached to the base DWSRF IUP as a separate document. See *DWSRF IUP Attachment 1 – DWSRF PPL*.

¹ <https://www.iowadnr.gov/Environmental-Protection/Water-Quality/Water-Supply-Engineering/State-Revolving-Loan-Fund>

² https://www.iowasrf.com/program/drinking_water_loan_program/drinking-water-intended-use-plan-iup-information/

I. BIL General Supplemental Fund Program Overview

All DWSRF-eligible activities may be funded from the General Supplemental Fund appropriation under BIL. U.S. EPA granted states the flexibility to determine BIL priorities and select projects to receive this funding. The Iowa SRF Program will consider all eligible projects for funding under BIL General Supplemental Fund.

The BIL mandates that 49% of the BIL funds provided to the state through the DWSRF General Supplemental Fund must be provided as additional subsidization to water systems that meet the state's Disadvantaged Community (DAC) criteria as described in 1452(d) of the Safe Drinking Water Act (SDWA).

Affordability Criteria to determine Disadvantaged Communities (DAC)

A key priority of BIL is to ensure that disadvantaged communities benefit equitably from this investment in water infrastructure. The DWSRF Program has historically focused on low-to-moderate income metrics to identify borrowers that would experience a significant hardship raising the revenue necessary to finance a drinking water project. In an effort to develop a more comprehensive definition of what it means to be a disadvantaged community, the Iowa SRF Program is broadening the range of metrics by which each community is evaluated to include other social, economic, and demographic information that may indicate a lack of access to affordable and safe drinking water. These metrics are discussed in the "Socioeconomic Assessment Score" section, below, and they define the affordability criteria that will be used to evaluate the disadvantaged status of a borrower.

Loan Forgiveness

Iowa applies additional subsidization in the form of principal forgiveness of a loan. Loan forgiveness will be awarded for up to 90% of the loan amount, or \$2 million, whichever is less. Individual projects will be capped at \$2 million dollars to allow more eligible borrowers to receive subsidization. The DWSRF Program may withdraw the individual project cap if additional funding becomes available.

The total amount of loan forgiveness available for a project will be determined by adding together the loan forgiveness percentages for the priority project, the socioeconomic assessment score and the household burden indicator. The priority project and socioeconomic assessment score information will be available at the time of application. The percent of loan forgiveness for the household burden indicator can be projected using the engineers estimate. The final household burden indicator will be determined after the project has gone to bid, the actual project costs are known, and all other funding sources have been accounted for. *Projects will be funded from the top socioeconomic score down and in priority project ranking order with consideration given to readiness to proceed.*



Loan forgiveness will be applied to the portions of the project that meet priority project criteria. The final amount of loan forgiveness offered will be based on the eligible costs related to the final amount drawn on the loan. Loan forgiveness is applied as principal forgiveness on the date of the final loan disbursement.

Priority Project Percentage

Eligibility for loan forgiveness will first be assessed based on the type of project seeking funding. If the project is one of the priority project types listed in this Annex, the borrower will then be evaluated for disadvantaged status based on the Socioeconomic Assessment Score criteria, described below.

Socioeconomic Assessment Score

The second element of the loan forgiveness equation is an assessment of the community or service area's underlying socioeconomic and demographic condition that can determine the affordability of drinking water infrastructure projects. A Socioeconomic Assessment provides a comprehensive analysis of factors that typically determine whether a community is disadvantaged.

The disadvantaged status of a borrower *for the purposes of SRF loan forgiveness eligibility* will be determined by assessing 15 datapoints from publicly available sources produced by the U.S. Department of Commerce, Centers for Disease Control and Prevention (CDC), U.S. Department of Housing and Urban Development (HUD), Iowa Workforce Development, Iowa Department of Management, and the State Treasurer of Iowa. Data will be updated annually for each community and made available at IowaSRF.com.

The DWSRF Program will use this data to determine if a borrower is a Disadvantaged Community for the purpose of SRF loan forgiveness eligibility.

Category/Metric	Source
Income and Poverty	
• Median Household Income (MHI)	American Community Survey
• % below poverty level	American Community Survey
• % Public Assistance/SNAP	American Community Survey
• % Supplemental Security Income	American Community Survey
Labor Force	
• Unemployment rate of primary county	Iowa Workforce Development ³
• % not in labor force	American Community Survey
Demographics	
• Population Trend	Decennial Census
• % Over age 65	American Community Survey
• % non-white, not Hispanic (% minority)	American Community Survey
• Social Vulnerability Index	Centers for Disease Control
Housing	
• % Vacant Homes	American Community Survey
• % Housing Cost Burdened	HUD Comprehensive Housing Affordability Strategy (CHAS)
Education	
• % with high school diploma or less	American Community Survey
Property Value and Debt	
• Valuation per Capita	Iowa Department of Management ⁴
• Debt per Capita	State Treasurer of Iowa ⁵

For each of the 15 metrics, applicants will be given a score indicating the relative disadvantage to the other communities in the state (see table below)⁶. Scores for each metric are totaled to produce an overall assessment of the applicant's underlying social, economic, and demographic profile.

Percentile Rank	Relative Disadvantage	Points
Top 1/3	Low	0
Middle 1/3	Moderate	1
Bottom 1/3	High	2

³ [Local Area Unemployment Statistics](#), rolling 12-month average unemployment rate of the primary county

⁴ [Local Government Valuation & Finance](#), 100% Valuations as of 1/1/2020 for SFY 2021-22

⁵ [Outstanding Obligations Report](#)

⁶ The only exception is Population Trend. No points for positive or 0% growth, 1 point for negative growth up to -10%, 2 points for more than -10% population growth.

Example: An applicant with a poverty rate falling in the 73rd percentile (a high rate) would be one of the bottom 1/3 of communities and receive 2 points for that metric.

With 15 total metrics, equally weighted, the maximum number of points will be 30. Communities or service areas with a cumulative score of 11 and up (e.g., falling in the top 2/3 of the total possible cumulative score) indicates that the community or service area is socially, economically, and/or demographically disadvantaged relative to the other communities in the state. Conversely, applicants who score in the bottom 1/3 of total cumulative points (e.g., 10 total points or less), will not be eligible to receive principal forgiveness. The amount of principal forgiveness available to a community will be established on a point scale as detailed below and may be adjusted annually in the IUP. Applicants with a socioeconomic score between 11-30 points will be eligible for consideration of SRF loan forgiveness and may qualify to receive loan forgiveness from the FFY 2022 BIL General DWSRF Supplemental Fund (when combined with the other elements of the loan forgiveness equation).

	Point Range	Principal Forgiveness
Low	0-10	0%
Moderate-Low	11-15	15%
Moderate	16-20	20%
Moderate-High	21-25	25%
High	26-30	30%

One of the primary benefits of the Socioeconomic Assessment is that it provides a baseline view of the amount of loan forgiveness a community or service area will be eligible to receive at the time an IUP application is submitted. Then, when the project type is taken into consideration and construction bids are received and approved, the full extent of eligible loan forgiveness can be realized.

Upon approval of this Annex by the Department's Environmental Protection Commission following a public review and comment period, the Socioeconomic Assessment Tool will be available to the public through the SRF website homepage at www.iowaSRF.com.

Household Burden Indicator

The third element of the loan forgiveness equation is an assessment of a community or service area's household's ability to afford the proposed project. The Household Affordability Assessment is made up of two components⁷:

- **Household Burden Indicator:** Total water costs for combined water and sewer service, including the project being financed by SRF, as a percent of the 20th percentile of community household income (lowest quintile income, or LQI)
- **Poverty Prevalence Indicator:** The percentage of community households at or below 200% of the Federal Poverty Level

Using this combination of factors will further indicate both the water cost burden borne by lower-income households as well as the overall affordability challenges facing the community.

The Household Burden Indicator may be computed with assistance from the Municipal Advisor after the construction bid has been awarded and other funding sources have been deducted. The borrower begins by determining the monthly water and sewer bill for residential users, assuming 5,000 gallons of usage per month (note that it may be normal for the service area for drinking water utility to differ from that of a sewer utility). The monthly total is then annualized and divided by the upper bound of the lowest quintile income from Table B19080 of the American Community Survey. The Poverty Prevalence Indicator for the community or service area is provided in the Socioeconomic Assessment analysis.

⁷ Credit to R Raucher, E Rothstein, and J Mastracchio's [Developing a New Framework for Household Affordability and Financial Capability Assessment in the Water Sector](#), 2019

Assuming 5,000 gal/month

Monthly Water/Sewer Bill	\$145
Annual Water/Sewer Bill	\$1740
Lowest Quintile Income (LQI)	\$25,214
Total Water Costs as Percent of LQI	6.90%

The resulting benchmarks for the Household Burden and Poverty Prevalence Indicators are as follows. The amount of loan forgiveness attributed to the Household Affordability Assessment will correspond to the resulting category of unaffordability.

Percent of Households Below 200% of Poverty Level

Water Costs as a Percent of Income at Lowest Quintile	<= 20%	> 20% and <= 35%	> 35%
> 10%	Moderate-High Burden	Moderate-High Burden	High Burden
7% to 10%	Moderate-Low Burden	Moderate Burden	Moderate-High Burden
< 7%	Low Burden	Moderate-Low Burden	Moderate-High Burden

Burden	Principal Forgiveness
Low	0%
Moderate-Low	15%
Moderate	20%
Moderate-High	25%
High	30%

In the example above, a community with a Household Burden Indicator of 6.90% and Poverty Prevalence Indicator of, say, 22%, would fall in the "Moderate-Low Burden" classification. This would correspond to an additional 15% of loan forgiveness toward their project.

Water Costs as a Percent of Income at Lowest Quintile	<= 20%	> 20% and <= 35%	> 35%
> 10%	Moderate-High Burden	Moderate-High Burden	High Burden
7% to 10%	Moderate-Low Burden	Moderate Burden	Moderate-High Burden
< 7%	Low Burden	Moderate-Low Burden	Moderate-High Burden

Priority Projects for Loan Forgiveness

In this first year of BIL funding, the DWSRF Program will prioritize loan forgiveness for eligible projects that address non-compliance issues or a significant deficiency identified in the sanitary survey. This includes systems with the maximum permissible level of a contaminant in their water; or systems with a defect in design, operation, or maintenance, or a failure or malfunction of the sources, treatment, storage, or distribution system that U.S. EPA determines to be causing, or has the potential for causing the introduction of contamination into the water delivered to consumers. The following list of priority projects was developed in coordination with the regulatory authorities of the DNR.

Priority Projects for BIL DWSRF General Supplemental Loan Forgiveness	% Loan Forgiveness
<ul style="list-style-type: none"> Non-Compliance Issues (e.g. SDWA compliance issues and Maximum Contaminant Levels (MCL) Violations) 	30%
<ul style="list-style-type: none"> Consolidation/Regionalization <p>This priority is intended for communities who are consolidating with another</p>	20%

Priority Projects for BIL DWSRF General Supplemental Loan Forgiveness	% Loan Forgiveness
system to obtain healthy drinking water or due to Technical/Managerial/Financial (TMF) issues. Systems are eligible even if there is no violation. Loan forgiveness is not being offered to systems that are buying viable systems just to franchise	
<ul style="list-style-type: none"> Resiliency Projects (flood/drought, redundancy and cyber security) 	20%
<ul style="list-style-type: none"> New Public Water System (PWS) for communities served by private wells 	20%

Non-compliance projects are awarded a higher percentage of loan forgiveness than the other priority projects because providing safe drinking water to the public is the primary goal of the SDWA. If a single SRF project includes more than one priority project type, the percentage of loan forgiveness awarded will be based on the amount assigned to the highest applicable project type. Loan forgiveness will be applied to the portions of the project that meet priority project criteria.

Types of Financing and Interest Rates

Construction Loans are offered with 20-year terms. An extended term loan is available up to 30 years, based on the average life of the project components. The interest rates for construction loans made from the DWSRF BIL General Supplemental Fund are as follows:

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

The SRF Program continually monitors the market to ensure that our loan interest rates are appropriate while taking the Program's cost of funds into account. Any necessary changes to loan interest rates will be communicated via future IUPs.

Fees

Loan initiation fees.

A 0.50% loan origination fee will be charged on new DWSRF loans up to a maximum fee of \$100,000. Under U.S. EPA rules, because Iowa's origination fees are financed through the loans, the proceeds are considered Program Income. Program Income can only be used for the purposes of administering the DWSRF Program or for making new loans. **Loan initiation fees will not be assessed on loans to borrowers that meet the affordability criteria and are receiving loan forgiveness due to their score on the Socioeconomic Tool.**

Loan servicing fees.

A servicing fee of 0.25% on the outstanding principal is charged on DWSRF loans. Payment of the loan servicing fee is made semi-annually along with scheduled interest payments. Loan servicing fees are calculated based on the outstanding principal balance. Under U.S. EPA rules, only servicing fees received from loans made above and beyond the amount of the Capitalization Grant and after the Capitalization Grant under which the loan was made has been closed are considered Non-Program Income. Non-Program Income can be used to administer the DWSRF Program or for other water quality purposes. The uses of Non-Program Income are discussed in Section I of the base DWSRF Program IUP.

Co-Funding

The BIL General Supplemental Fund can be combined with base DWSRF loan dollars and loans and grants from other agencies. A single SRF assistance agreement will be used for projects that co-fund projects using both base DWSRF and BIL General Supplemental Funds.

See Special Conditions below for **Build America, Buy American Act (BABA)** rules as they apply to co-funded projects.

Special Conditions

Projects identified as “equivalency projects” are those projects that receive loan disbursements directly from Iowa’s federal allocation for the BIL General Supplement Fund. Equivalency projects are required to comply with all federal law regulating the BIL General Supplemental Fund, including but not limited to BABA. The DWSRF Program will work directly with projects identified as equivalency projects to ensure a full understanding of compliance requirements.

SRF Projects that are not equivalency projects may still be subject to BABA compliance if the infrastructure project is being co-funded by another federal agency. If this occurs, the entire project will be required to comply with BABA requirements. In these cases, the DWSRF Program will only need to document compliance with AIS domestic provisions. The DWSRF Program will coordinate with the SRF borrower and the co-funding agency to avoid duplicating efforts to document and demonstrate AIS compliance.

II. Criteria and Method for Distribution of Funds

Project Ranking

The project ranking criteria for BIL General Supplemental Fund will be the same as described in Appendix B of the base DWSRF Program IUP.

Description of contingency procedures

Eligible projects on the base DWSRF PPL will be funded by BIL General DWSRF Supplemental Fund until the total amount of needs exceeds the year’s BIL General DWSRF Supplemental loan funding. Projects will be funded from the top down in the ranking order of the PPL with consideration given to readiness to proceed. A contingency status will be placed on the remaining eligible projects and they will remain on the funding PPL the base DWSRF Program IUP. Projects on contingency status can be moved from the base DWSRF Program to the BIL General DWSRF Supplemental Fund PPL when funds are available or when the project is ready to proceed, whichever is applicable.

III. BIL Supplemental Program Goals

The FFY 2022 BIL General Supplemental Fund short-term and long-term goals and objectives are the same as the base DWSRF Program IUP goals and objectives identified in Section I of the SFY 2023 DWSRF Program IUP, with the following additions:

- Goal: Commit FFY 2022 BIL General Supplemental loan funds to as many recipients as possible in accordance with the state priority rating system, the IUP, staff resources, and available funding.

Objective: Identify projects on the current DWSRF PPL eligible to be funded with FFY 2022 BIL General Supplemental Funds. Accept applications quarterly and add additional projects to the PPL, as applicable, until all funding is obligated.

- Goal: Identify eligible applicants for loan forgiveness.

Objective: Using the new disadvantaged community criteria (described in this Annex) and priority projects, identify projects on the current DWSRF PPL eligible to receive loan forgiveness from the FFY 2022 BIL General Supplemental Fund. Accept applications quarterly and add additional projects to the PPL, as applicable, until all loan forgiveness funding is obligated.

IV. Assurances and Special Proposals

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

V. Financial

Summary of State’s Financial Plan

See “Financial Management Strategies” located in Section 1 of the base DWSRF Program IUP.

Sources and Uses

See “Sources and Uses of Available DWSRF Funds” located in Section II and Appendix A of the base DWSRF Program IUP.

Planned Use of Fee Revenue

DWSRF expenses for administering the SRF include the work of drinking water engineering section project managers, administrative staff, specialists in environmental review, financial officers, loan coordinators, and program managers. It also covers expenses for financial and legal advisors. These program expenses will first be paid out of the base DWSRF Program Income and then BIL General Supplemental Program Income. They will then be paid from Non-Program Income once Program Income has been fully expended.

DNR intends to use a portion of Non-Program Income funds during SFY 2023 to support staffing to the Field Services Bureau for drinking water compliance activities including inspections, investigations and technical assistance and to support staffing in the Water Quality Bureau for construction permitting, drinking water permitting, AIS/BABA Site Inspections, and other programmatic staffing needs.

Estimates of Program Income and Non-Program Income resulting from BIL General DWSRF Supplemental Funds cannot be made at this time but will be provided in future updates to this Annex.

Loan Policies

Project Scope

The scope of the project must be outlined on the IUP application and in the preliminary engineering report. Additional project information may be required at the time of application for BIL General Supplemental Funds. Changes to the scope are allowed prior to loan closing. Significant changes in scope that cause delays and/or additional work required by the project manager or environmental review specialist, may result in loss of financing through the BIL General Supplemental Fund. Once a loan is signed, only minor changes to the scope will be allowed and only if they do not require additional technical or environmental review.

Project Readiness

Applicants cannot be offered SRF financial assistance until they meet DWSRF Program requirements. More information can be found in the [Water Supply Construction Manual](#).⁸

Compliance with Public Bidding Law

To the extent applicable, applicants must provide certification evidencing compliance with public bidding law, pursuant to Iowa Code Chapter 26, prior to closing a construction loan.

Compliance with Civil Rights Law

All programs, projects, and activities undertaken in the SRF Programs are subject to federal anti-discrimination laws, including the Civil Rights Act of 1964, section 504 of the Rehabilitation Act of 1973, and section 13 of the Federal Water Pollution Control Amendments of 1972. These laws prohibit discrimination in any federally assisted program on the basis of race, color, national origin, sex, disability, or age. These laws apply by their own terms to the entire organization receiving federal financial assistance, not just to the project itself. Iowa is in the process of reviewing program activities to ensure compliance with federal civil rights laws.

Utility Rate Recommendations

Prior to closing a construction loan, applicants must demonstrate that appropriate action has been taken to implement the utility rate recommendations of their Municipal Advisor set forth in the 5-year pro-forma cash flow analysis.

Municipal Advisor

Borrowers will be asked to identify their Municipal Advisor for the project as part of the IUP application.

State Match

See Appendix F -State Match of the base DWSRF Program IUP.

⁸ <https://www.iowadnr.gov/Environmental-Protection/Water-Quality/Water-Supply-Engineering/State-Revolving-Loan-Fund>

VI. Set-Asides

States are allowed to take or reserve set-aside amounts from the BIL General DWSRF Supplemental Fund for a number of activities that enhance the technical, financial, and managerial capacity of public water systems and protect sources of drinking water. DNR is following the SFY 2022 DWSRF workplan and will switch to the SFY 2023 workplan during the fiscal year. Since the BIL General Supplemental Funds have the same objectives and eligibilities of the base DWSRF Program, the set-aside activities for this Annex will be the same as the base DWSRF Program (see *“Intended Uses of Set-Asides”* located Section II of the base DWSRF Program IUP for additional information on planned activities). For FFY 2022, Iowa plans to take or reserve funds from the Admin, Technical Assistance, and Capacity Development set-asides.

VII. Public Review and Comment

Stakeholder engagement webinars were hosted on June 26, 2022 to present the preliminary implementation plans for BIL General DWSRF Supplemental funds. Comments were accepted through July 8, 2022. Questions and comments from stakeholders were taken into consideration and some changes were incorporated into this Annex as described above. A new dedicated web page was developed on the Iowa SRF website titled “Bipartisan Infrastructure Law (BIL) Funding Opportunities”⁹ to inform stakeholders of the latest BIL updates in a timely manner. A new dedicated email “water-infrastructure@dnr.iowa.gov” was created for stakeholders to easily submit questions and comments pertaining to BIL.

A public meeting to allow input into this Annex and PPL was held August 11, 2022, 10:00 a.m. via virtual conference call. This meeting was announced in a notice provided to the public, stakeholder organizations representing city officials, consulting engineers, county governments, councils of government, area planning agencies, and other groups which might have an interest. Written comments were accepted until August 18, 2022.

[A public meeting to allow input to Iowa’s SFY 2023 IUP third quarter update and Project Priority List, including this Annex, was held November 17, 2022, 10:00 a.m. via virtual conference call. This meeting was announced in a notice provided to stakeholder organizations representing city officials, consulting engineers, county governments, councils of government, area planning agencies, and other groups which might have an interest. Written comments were accepted until December 10, 2022.](#)

VIII. Project Priority List (PPL)

See *Attachment 1- DWSRF PPL*, to the base DWSRF Program IUP. This PPL includes projects that will be funded by the BIL General Supplemental Fund as well as the base DWSRF Program. The PPL is included as a separate, sortable Excel file.

⁹ <https://www.iowasrf.com/infrastructure-bill-funding-opportunities/>

															Loan Forgiveness		
Project Name	NPDES No.	Project Number	CWSRF No.	Project Description	IUP Yr	Quarter	Needs Category	Priority Points	Project Status	Original IUP Funding Request (estimate)	Current Funding Request	Date Loan Signed	Loan Amount	Remaining Amount on IUP	DAC SES Score	LF Priority Project Type	LF Eligible?
Coralville	5208001	N/A	PD-CW-23-39	P&D For New Force Main	2023	3	P&D	P&D	P	\$ 193,000	\$ 193,000				NA	NA	NA
Johnston	7740001	N/A	PD-CW-23-38	P&D For Stormwater Quality Improvements	2023	3	P&D	P&D	P	\$ 225,000	\$ 225,000				NA	NA	NA
Swisher	5285001	N/A	PD-CW-23-35	P&D For Sanitary Sewer Upgrade	2023	3	P&D	P&D	P	\$ 732,000	\$ 732,000				NA	NA	NA
Danville	2915001	N/A	PD-CW-23-34	P&D For Upgrades to Wastewater Treatment Plant	2023	3	P&D	P&D	P	\$ 450,000	\$ 450,000				NA	NA	NA
Ridgeway	9680001	NA	PD-CW-23-29	P&D for Lagoon Improvements	2023	3	P&D	P&D	L	\$ 105,000	\$ 105,000	9/30/22	\$ 105,000	\$ -	NA	NA	NA
Oskaloosa	6273001	W2022-0004A	CS1921088-01	Wastewater Treatment Facility Improvements	2023	3	II	327	P	\$ 74,420,000	\$ 74,420,000				18	Will not be reviewed until EPC approves project	
Treynor	7866002	S2018-0251A	CS1921091-01	Wastewater Treatment Facility Upgrades	2023	3	II	314	P	\$ 5,289,000	\$ 5,289,000				5	NA	Not Eligible
Laurel	6452001	S2015-0037A	CS1921073-01	Wastewater Treatment Facility Improvements	2023	3	II	264	P	\$ 2,094,000	\$ 2,094,000				21	Will not be reviewed until EPC approves project	
Swea City	5584001	W2020-0123A	CS1921087-01	Wastewater System Improvements	2023	3	II	264	P	\$ 4,593,000	\$ 4,593,000				16	Will not be reviewed until EPC approves project	
Crescent	7822001	W2022-0175A	CS1921081-01	Wastewater Facility Improvements	2023	3	II	229	P	\$ 4,038,000	\$ 4,038,000				6	NA	Not Eligible
Coralville	5208001	W2023-0059A	CS1921086-01	Oakdale Boulevard Force Main	2023	3	III-B	152	P	\$ 2,094,000	\$ 2,094,000				9	NA	Not Eligible
Oelwein	3353001	W2023-0069A	CS1921090-01	Reed Bed Expansion and EQ Liner Replacement	2023	3	II	149	P	\$ 1,882,000	\$ 1,882,000				25	Will not be reviewed until EPC approves project	
Eagle Grove	9926001	S2022-0384A	CS1921089-01	Highway 17 Lift Station & Collection System Improvements	2023	3	III-B	129	P	\$ 525,537	\$ 525,537				18	Will not be reviewed until EPC approves project	
Ely	5728001	W2023-0019A	CS1921083-01	Sanitary Sewer Rehabilitation: Phase 1	2023	3	III-A	129	P	\$ 470,000	\$ 470,000				8	NA	Not Eligible
Winfield	4493001	N/A	PD-CW-23-12	P&D for Lift Station Upgrades	2023	2	P&D	P&D	L	\$ 135,275	\$ 135,275	8/5/22	\$ 135,275	\$ -	NA	NA	NA
Swea City	5584001	N/A	PD-CW-23-26	P&D For WWTP Improvements	2023	2	P&D	P&D	P	\$ 500,000	\$ 500,000				NA	NA	NA
Story City	8584001	N/A	PD-CW-23-11	P&D for Phases 2 and 3 WWTF Improvements	2023	2	P&D	P&D	L	\$ 732,500	\$ 732,500	9/23/22	\$ 732,500	\$ -	NA	NA	NA
Radcliffe	4283001	N/A	PD-CW-23-13	P&D for Sewer System Rehab	2023	2	P&D	P&D	L	\$ 159,500	\$ 159,500	9/30/22	\$ 159,500	\$ -	NA	NA	NA
Holstein	4721001	N/A	PD-CW-23-27	P&D For WWTP Improvements	2023	2	P&D	P&D	L	\$ 570,000	\$ 570,000	10/21/22	\$ 570,000	\$ -	NA	NA	NA
Ely	5728001	N/A	PD-CW-23-16	P&D for Sanitary Mains Rehabilitation	2023	2	P&D	P&D	P	\$ 184,420	\$ 184,420				NA	NA	NA
Eagle Grove	9926001	N/A	PD-CW-23-25	P&D for Lift Station Improvements	2023	2	P&D	P&D	L	\$ 766,000	\$ 766,000	9/23/22	\$ 766,000	\$ -	NA	NA	NA
Dubuque	3126001	N/A	PD-CW-23-15	P&D for Sanitary Sewer Improvements	2023	2	P&D	P&D	P	\$ 430,000	\$ 430,000				NA	NA	NA
Dubuque	3126001	N/A	PD-CW-23-14	P&D for Lift Station and Force Main Improvements	2023	2	P&D	P&D	P	\$ 1,000,000	\$ 1,000,000				NA	NA	NA

															Loan Forgiveness		
Project Name	NPDES No.	Project Number	CWSRF No.	Project Description	IUP Yr	Quarter	Needs Category	Priority Points	Project Status	Original IUP Funding Request (estimate)	Current Funding Request	Date Loan Signed	Loan Amount	Remaining Amount on IUP	DAC SES Score	LF Priority Project Type	LF Eligible?
Johnston	N/A	N/A	GNS 23-02	Channel Stabilization Projects	2023	2	GNS	GNS	P	\$ 725,000	\$ 725,000				NA	NA	NA
Akron	7509001	W2021-0303A	CS1921074-01	Wastewater Treatment Facility Improvements	2023	2	II	305	P	\$ 1,716,000	\$ 1,716,000				12	2	Eligible
Story City	8584001	S2018-0488A	CS1921082-01	Phase 2 and 3 WWTF Improvements	2023	2	II	265	P	\$ 10,926,873	\$ 10,926,873				11	3	Eligible
Cedar Rapids	5715001	S2021-0411A	CS1921069-01	WPC Solids Improvements (Contract 2)	2023	2	II	182	P	\$ 250,000,000	\$ 250,000,000				11	3	Eligible
Eagle Grove	9926001	W2022-0328A	CS1921072-01	Wastewater Improvements 2022	2023	2	II	174	P	\$ 5,715,000	\$ 5,715,000				18	3	Eligible
McGregor	2258001	S2022-0425A	CS1921075-01	WWTP Influent Screen	2023	2	I	149	P	\$ 578,000	\$ 578,000				23	4	Eligible
Dubuque	3126001	S2022-0402A	CS1921080-01	Eagle Street and Althaus Street Water & Sewer Replacement	2023	2	IIIA	139	P	\$ 393,000	\$ 393,000				16	1	Eligible
Farley	3135001	W2022-0268A	CS1921077-01	3rd Avenue SW Water & Sewer Improvements	2023	2	IIIA	129	P	\$ 2,528,000	\$ 2,528,000				4	NA	Not Eligible
Ladora	484001	S20217-0239A	CS1921076-01	Wastewater Improvements Phase II - Ladora Main Lift Station Replacement 2023	2023	2	IIIB	129	P	\$ 999,000	\$ 999,000				18	1	Eligible
Oakland	7856001	N/A	PD-CW-23-07	P&D for Wastewater Treatment System Upgrades	2023	1	P&D	P&D	L	\$ 355,400	\$ 355,400	8/26/22	\$ 355,400	\$ -	NA	NA	NA
Dedham	1433001	N/A	PD-CW-23-06	P&D for Lagoon Improvements	2023	1	P&D	P&D	P	\$ 326,500	\$ 326,500				NA	NA	NA
Cass County Environmental Control Agency	58255645	N/A	PD-CW-23-05	P&D for Landfill Closure & Transfer Station Installation	2023	1	P&D	P&D	L	\$ 194,082	\$ 194,082	8/19/22	\$ 194,082	\$ -	NA	NA	NA
Ladora	0058521	N/A	PD-CW-23-04	P&D for New Lift Station	2023	1	P&D	P&D	L	\$ 28,500	\$ 28,500	6/24/22	\$ 28,500	\$ -	NA	NA	NA
Sumner	0970001	N/A	PD-CW-23-02	P&D for Wastewater System Upgrades	2023	1	P&D	P&D	L	\$ 400,000	\$ 400,000	6/24/22	\$ 400,000	\$ -	NA	NA	NA
Cedar Rapids	5715001	N/A	PD-CW-23-01	P&D for Wastewater System Upgrades	2023	1	P&D	P&D	L	\$ 13,300,000	\$ 13,300,000	9/23/22	\$ 13,300,000	\$ -	NA	NA	NA
West Des Moines	N/A	N/A	GNS 23-01	Blue Creek Stormwater Detention Facilities	2023	1	GNS	GNS	P	\$ 4,738,500	\$ 4,738,500				NA	NA	NA
Evansdale	723001	W2018-0318A	CS1921065-01	WWTP Improvements 2021	2023	1	II	295	P	\$ 9,528,000	\$ 9,528,000				19	3	Eligible
Mingo	5052001	W2021-0260A	CS1921012-01	Wastewater Treatment Plant Improvements	2023	1	II	250	P	\$ 1,685,000	\$ 1,685,000				19	2	Eligible
Cherokee	1811002	W2021-0209A	CS1921057-01	WRF Nutrient Reduction Improvements	2023	1	II	234	P	\$ 7,088,000	\$ 7,088,000				17	3	Eligible
Aurelia	1803001	W2022-0308A	CS1921064-01	Willow Street Sanitary Sewer Replacement	2023	1	IIIB	162	R	\$ 304,000	\$ 304,000				11	1	Eligible
Fostoria	2122001	W2022-0235A	CS1921066-01	2022 Sanitary Sewer Rehabilitation	2023	1	IIIA	160	P	\$ 756,000	\$ 756,000				8	1	Not Eligible
Hospers	8439001	W2022-0263A	CS1921067-01	2nd Ave Paving & Utility Improvements	2023	1	IIIB	152	P	\$ 1,531,000	\$ 1,531,000				6	1	Not Eligible
Ionia	1946001	W2022-0184A	CS1921068-01	Wastewater Improvements	2023	1	II	149	P	\$ 663,300	\$ 663,300				12	2	Eligible
Dubuque	3126001	W2022-0320A	CS1921070-01	Auburn-Custer Sanitary Sewer Reconstruction	2023	1	IIIB	139	P	\$ 439,000	\$ 439,000				16	1	Eligible
Coralville	5208001	W2022-0310	CS1921071-01	Central Trunk Sewer	2023	1	IVB	127	P	\$ 6,200,000	\$ 6,200,000				9	1	Not Eligible

															Loan Forgiveness		
Project Name	NPDES No.	Project Number	CWSRF No.	Project Description	IUP Yr	Quarter	Needs Category	Priority Points	Project Status	Original IUP Funding Request (estimate)	Current Funding Request	Date Loan Signed	Loan Amount	Remaining Amount on IUP	DAC SES Score	LF Priority Project Type	LF Eligible?
Milo	9155001	W2021-0111A	CS1921054 01	Wastewater Treatment Facility Improvements	2022	4	II	272	P	\$ 4,192,000	\$ 4,192,000				7	NA	Not Eligible
Earlham	6115001	W2020-0448A	CS1921055 01	Earlham Lagoon Upgrades	2022	4	II	264	P	\$ 6,241,000	\$ 6,241,000				6	2	Not Eligible
New Hartford	1271001	W2022-0029A	CS1921058 01	Wastewater Treatment Plant Improvements	2022	4	II	245	P	\$ 319,000	\$ 319,000				11	2	Eligible
Primghar	7155001	W2021-0194A	CS1921051 01	WWTF Improvements	2022	4	II	224	P	\$ 6,173,000	\$ 6,173,000				15	2	Eligible
Winfield	4493001	W2017-0391A	CS1921053 01	Wastewater Treatment Plant Improvements	2022	4	II	222	P	\$ 1,915,530	\$ 3,090,000				19	2	Eligible
Muscatine	7048001	S2022-0036A	CS1921056 01	West Hill Area Sewer Separation Project - Phase 6A and 6B	2022	4	V	200	P	\$ 8,056,000	\$ 8,056,000				17	1	Eligible
Elgin	3338001	W2022-0105A	CS1921059 01	WWTP Liner Replacement	2022	4	II	180	P	\$ 604,000	\$ 604,000				16	4	Eligible
Sibley	7245001	W2021-0398A	CS1921060 01	Wastewater Treatment Facility Improvements	2022	4	II	174	P	\$ 3,640,110	\$ 3,640,110				15	2	Eligible
Whittemore	5595001	W2021-0455A	CS1921050 01	Sanitary Sewer Collection System I/I Reduction - Phase 1A	2022	4	IIIA	154	P	\$ 507,000	\$ 507,000				9	1	Not Eligible
Waukee	7727001	W2022-0164A	CS1921063-01	NE Sewer Outfall Facility	2022	4	IVB	145	P	\$ 9,289,215	\$ 9,289,215				3	5	Not Eligible
Dubuque	3126001	W2022-0200A	CS1921061 01	42 Inch Force Main Stabilization	2022	4	IIIB	139	P	\$ 2,076,782	\$ 2,076,782				16	1	Eligible
Crystal Lake	4115001	W2021-0426A	CS1921052 01	Sanitary Sewer Collection System I/I Reduction - Phase 1A	2022	4	IIIA	139	P	\$ 450,000	\$ 450,000				21	1	Eligible
Johnston	7740002	W2022-0196A	CS1921062 01	NW Area Sanitary Sewer Extension	2022	4	IVA	135	P	\$ 18,199,000	\$ 17,620,735				7	5	STAG GRANT '22 Not Eligible
Defiance	8315001	N/A	PD-CW-22-47	P&D for WWTF Improvements	2022	3	P&D	P&D	P	\$ 185,000	\$ 185,000				NA	NA	NA
Lake City	1345003	W2019-0385A	CS1921042 01	Phase 2 & 3 Lake City WWTF Improvements - Lift Station & Treatment Facility	2022	3	II	254	P	\$ 8,234,000	\$ 8,234,000				19	2	Eligible
Allison	1203001	S2020-0003A	CS1921039 01	WWTF Improvements	2022	3	II	249	P	\$ 2,144,000	\$ 2,144,000				15	2	Eligible
Danbury	9729001	W2020-0188A	CS1921040 01	WWTP Improvements	2022	3	II	245	P	\$ 2,606,000	\$ 2,606,000				19	2	Eligible
Marshalltown	6469001	W2020-0410A	CS1921044 01	Headworks and Digester Improvements Project 2020 Sanitary Sewer Rehab - CIPP	2022	3	I, III-A	240	P	\$ 13,247,000	\$ 13,247,000				19	1	Eligible
Riceville	6670001	W2020-0317A	CS1921046 01	WWTF Improvements	2022	3	II	219	P	\$ 2,066,280	\$ 3,412,096				17	2	Eligible
Winterset	6171001	S2020-0429A	CS1921038 01	WWTF Improvements	2022	3	II	219	P	\$ 18,898,000	\$ 18,898,000				9	3	Not Eligible
Dubuque	3126001	W2022-0094A	CS1921049 01	Granger Creek Sanitary Sewer Improvements	2022	3	IV-B	180	P	\$ 3,065,552	\$ 3,065,552				16	1	Eligible
Monona	02264001	W2022-0061A	CS1921045 01	Central Service Area Wastewater Collection System Rehabilitation	2022	3	III-A	145	P	\$ 704,000	\$ 704,000				16	1	Eligible
Stockport	0061603	S2021-0167A	CS1921047 01	Sewer System Rehab	2022	3	III-A	139	P	\$ 332,000	\$ 332,000				21	1	Eligible
Houghton	5633001	W2021-0176A	CS1921041 01	Wastewater System Improvements	2022	3	III-A	139	P	\$ 653,000	\$ 653,000				17	1	Eligible
Sun Valley Sanitary District	8000701	W2021-0343A	CS1921048 01	Wastewater Collection and Treatment System Improvements	2022	3	III-A	129	P	\$ 1,704,000	\$ 1,704,000				Sanitary District TBD	1	TBD

															Loan Forgiveness		
Project Name	NPDES No.	Project Number	CWSRF No.	Project Description	IUP Yr	Quarter	Needs Category	Priority Points	Project Status	Original IUP Funding Request (estimate)	Current Funding Request	Date Loan Signed	Loan Amount	Remaining Amount on IUP	DAC SES Score	LF Priority Project Type	LF Eligible?
Lake City	1345003	N/A	PD-CW-22-24	P&D for Flow Monitoring, Lift Station and WWTF Improvements	2022	2	P&D	P&D	P	\$ 579,500	\$ 579,500				NA	NA	NA
Humboldt	4641001	W2021-0004A	CS1921024 01	Raw Pumping and Nutrient Removal Improvements	2022	2	II	255	L	\$ 1,724,000	\$ 1,712,000	9/2/2022	\$ 1,712,000	\$ -	14	3	Awarded CAP/BIL 2022
Morning Sun	5857001	W2019-0130A	CS1921036 01	WWTP Improvements	2022	2	II	250	P	\$ 1,972,500	\$ 1,972,500				24	2	Eligible
Saint Ansgar	6673001	W2020-0420A	CS1921035 01	WWTF UV Disinfection	2022	2	II	239	P	\$ 376,000	\$ 376,000				7	2	Not Eligible
Ackley	4201001	W2020-0217A	CS1910863 02	Treatment Plant Upgrades Phase II (SAGR and UV)	2022	2	II	227	P	\$ 3,759,968	\$ 3,759,968				11	2	Eligible
Wheatland	2394001	W2020-0269A	CS1921022 01	Wastewater Treatment Facility Upgrades	2022	2	II	224	P	\$ 608,000	\$ 608,000				19	2	Eligible
Victor	4875001	W2018-0463A	CS1921029 01	WWTP Upgrades	2022	2	II	224	P	\$ 600,000	\$ 1,932,000				11	3	Eligible
Clinton	2326001	W2021-0115A	CS1921021 01	RWRF ADM Plant Expansion	2022	2	II	210	P	\$ 97,526,000	\$ 97,526,000				23	3	Eligible
WRA	7727001	W2020-0400A	CS1921032 01	WRF Phosphorus Recovery Facility	2022	2	II	205	P	\$ 30,000,000	\$ 30,000,000				TBD	3	TBD
WRA	7727001	W2021-0366A	CS1921033 01	Southern Tier Interceptor Phase 10, Segments 23-27.	2022	2	IV-A	165	P	\$ 17,658,000	\$ 17,658,000				TBD	5	TBD
Dubuque	3126001	W2021-0394A	CS1921034 01	Old Mill Rd. Lift Station and Force Main	2022	2	IV-B	154	P	\$ 25,467,000	\$ 25,467,000				16	1	Eligible
Nashua	1967001	W2021-0293A	CS1921027 01	Greeley Street Water & Sanitary Improvements	2022	2	III-B	139	P	\$ 164,000	\$ 164,000				14	1	Eligible
Lytton	9133001	W2021-0424A	CS1921025 01	Sanitary Sewer Force Main Replacement	2022	2	III-B	134	P	\$ 479,000	\$ 479,000				14	1	Eligible
Moravia	467001	W2021-0155A	CS1921026 01	Sanitary Sewer Collection System Improvements	2022	2	III-A	129	L	\$ 298,000	\$ 345,000	10/7/2022	\$ 345,000	\$ -	18	1	Awarded CAP/BIL 2022
WRA	7727001	N/A	PD-CW-22-11	P&D for Improvements to Southern Tier, Phase 10, Segments 10-23	2022	1	P&D	P&D	P	\$ 403,000	\$ 403,000				NA	NA	NA
Dubuque	NA	N/A	GNS 21-02	Bee Branch Creek Restoration-Ph 4 Detention Basin improvements-new pump station system with gates, pumps and electrical	2022	1	VI	GNS	P	\$ 2,600,000	\$ 2,600,000				NA	NA	NA
Montpelier	7038901	W2021-0086A	CS1921015 01	New Outfall	2022	1	II	260	P	\$ 400,000	\$ 400,000				Unincorporated TBD	4	TBD
Monticello	5343001	W2018-0419A	CS1921009 01	New Activated Sludge Plan with Nutrient Removal	2022	1	II	260	R	\$ 14,497,000	\$ 14,497,000				13	3	Eligible
Frederika	922001	W2020-0141A	CS1921013 01	I&I Repares & Adding Capacity to CDL	2022	1	I, III-A	254	P	\$ 2,153,000	\$ 2,153,000				N/A	NA	Awarded CAP '21
Jefferson	3742001	W2020-0326A	CS1921005 01	WWTP Improvements	2022	1	II	252	P	\$ 10,254,000	\$ 10,254,000				15	3	Eligible
Grandview	5842001	W2020-0414A	CS1921020 01	Wastewater Treatment Facility Improvements	2022	1	II	245	L	\$ 3,286,000	\$ 3,246,000	8/5/22	\$ 325,000		19	2	Awarded CAP/BIL 2022
Leland	9549001	W2020-0011A	CS1921016 01	2-Cell Aerated Lagoon, SAGR & UV	2022	1	II	237	P	\$ 1,349,000	\$ 1,349,000				13	2	Eligible

															Loan Forgiveness		
Project Name	NPDES No.	Project Number	CWSRF No.	Project Description	IUP Yr	Quarter	Needs Category	Priority Points	Project Status	Original IUP Funding Request (estimate)	Current Funding Request	Date Loan Signed	Loan Amount	Remaining Amount on IUP	DAC SES Score	LF Priority Project Type	LF Eligible?
Fort Madison	5625001	W2021-0203A	CS1921017 01	10th Street Combined Sewer Separation	2022	1	V	224	P	\$ 4,463,000	\$ 4,463,000				23	1	Eligible
Terrace Hill Sanitary District	3500900	S2020-0079A	CS1921019 01	New Pumping Station to Connect to City of Hampton	2022	1	IV-B	194	P	\$ 2,008,600	\$ 2,008,600				Sanitary District TBD	5	TBD
Fort Dodge	9433003	W2021-0284A	CS1921018 01	New Lab Building and Odor Control	2022	1	II	180	P	\$ 5,025,000	\$ 5,025,000				24	4	Eligible
Humeston	9348001	W2020-0141A	CS1921014 01	Sludge Removal, New Lagoon Aeration System, and UV to Meet New Permit Limits	2022	1	II	175	P	\$ 1,303,000	\$ 1,303,000				23	2	Eligible
Coralville	N/A	N/A	PD-CW-21-61	P&D for Clear Creek Stream Restoration	2021	4	P&D	P&D	P	\$ 694,400	\$ 694,400				NA	NA	NA
Crescent	N/A	N/A	PD-CW-21-48	P&D for Wastewater System Upgrades	2021	4	P&D	P&D	P	\$ 450,000	\$ 450,000				NA	NA	NA
Montpelier	N/A	N/A	PD-CW-21-68	P&D for Updates to Existing Wastewater Treatment Facility	2021	4	P&D	P&D	P	\$ 100,000	\$ 100,000				NA	NA	NA
Saint Ansgar	N/A	N/A	PD-CW-21-71	P&D for UV Disinfection Construction	2021	4	P&D	P&D	P	\$ 32,000	\$ 32,000				NA	NA	NA
Saint Ansgar	N/A	N/A	PD-CW-21-72	P&D for Sanitary Sewer Trunline Construction	2021	4	P&D	P&D	P	\$ 64,400	\$ 64,400				NA	NA	NA
Marengo	4843001	W2017-0244A	CS1921008 01	Wastewater Facility Improvements-UV and discharge to larger stream	2021	4	II	249	P	\$ 5,863,000	\$ 5,863,000				15	3	Eligible
Savage	9400900	S2016-0156A	CS1921004 01	Wastewater Treatment Improvements-SAGR and UV	2021	4	II	245	P	\$ 1,063,285	\$ 1,510,000				Unincorporated TBD	2	TBD
Ridgeway	9680001	W2019-0244A	CS1920991 01	SAGR & UV	2021	4	II	245	P	\$ 1,087,000	\$ 1,969,000				10	2	
Festina	9600302	W2018-0288A	CS1921002 01	Wastewater Treatment Facility Improvements-SAGR and UV	2021	4	II	235	P	\$ 406,000	\$ 406,000				Unincorporated TBD	2	TBD
Armstrong	3203001	S2015-0225A	CS1921007 01	Wastewater Treatment Improvements-Nitrification reactor and UV	2021	4	II	232	L	\$ 2,905,000	\$ 5,314,000	7/8/22	\$ 5,314,000	\$ -	19	2	Awarded CAP/BIL 2022
Lake City	1345003	W2019-0385A	CS1920986 01	Phase 1 Wastewater Treatment Facility Improvements - Flow Monitoring	2021	4	I	144	P	\$ 163,000	\$ 163,000				19	2	Eligible
Saint Ansgar	6673001	W2020-0421A	CS1921003 01	Sanitary Sewer Trunkline	2021	4	IV-A	135	P	\$ 471,000	\$ 471,000				7	1	Not Eligible
Lovilia	6858001	W2020-0292A	CS1921001 01	W 20th Street Lift Station upgrade	2021	4	IV-B	114	L	\$ 299,490	\$ 450,000	11/4/22	\$ 450,000	\$ -	17	1	Awarded CAP/BIL 2022
Maquoketa	4950001	W2020-0203A	CS1920988 01	BNR Addition to Existing Plant	2021	3	II	275	P	\$ 11,930,355	\$ 11,930,355				22	3	STAG GRANT '23 Not Eligible
Traer	8681001	W2018-0376A	CS1920999 01	Sewer Rehab, UV and Relocation of Outfall	2021	3	II, III-B	259	P	\$ 1,805,000	\$ 1,805,000				15	3	Eligible
Dougherty	1722001	S2017-0251A	CS1920993 01	Low Pressure Collection System with 3-Cell Lagoon	2021	3	I, IV-A	232	P	\$ 865,000	\$ 865,000				17	NA	Awarded CAP '20
West Branch	1694001	W2018-0227A	CS1920982 01	WW Tx Improvements 2021	2021	2	II	230	L	\$ 7,187,000	\$ 10,203,000	7/8/22	\$ 10,203,000	\$ -	8	NA	Not Eligible

															Loan Forgiveness		
Project Name	NPDES No.	Project Number	CWSRF No.	Project Description	IUP Yr	Quarter	Needs Category	Priority Points	Project Status	Original IUP Funding Request (estimate)	Current Funding Request	Date Loan Signed	Loan Amount	Remaining Amount on IUP	DAC SES Score	LF Priority Project Type	LF Eligible?
Mount Ayr	805501	W2020-0412A	CS192084 01	WW System Improvements	2021	2	I, III-B	195	P	\$ 380,000	\$ 380,000				17	1	Eligible
Anamosa	5307001	W2020-0202A	CS1920985 01	WWTP Flow Equalization Basin	2021	2	VI	155	P	\$ 2,802,000	\$ 2,802,000				22	4	Eligible
Dyersville	313001	W2020-0384A	CS1920980 01	Westlinden Lift Station	2021	2	IV-B	150	P	\$ 2,764,000	\$ 2,764,000				8	1	Not Eligible
Lovilia	6858001	N/A	PD-CW-21-04	P&D for construction of WW TX facility	2021	1	P&D	P&D	P	\$ 154,000	\$ 154,000				NA	NA	NA
Grimes	7763001	W2017-0143A	CS1920975 01	Construct Trunk Sewer, Lift Station & Force Main to Connect to DM WRA	2021	1	IV-B	227	P	\$ 22,839,000	\$ 36,573,000				7	5	Not Eligible
Ottumwa	58611	2019-0263A	CS1920972 01	Blake's Branch Sewer Separation Phase 8, Divisio 2, 3A, 3B, 3C, 3D	2021	1	V	205	P	\$ 40,000,000	\$ 40,000,000				23	1	STAG GRANT '22 Not Eligible
McGregor	2258001	W2020-0140A	CS1920974 01	Main Street Utility Upgrades	2021	1	III-A	162	L	\$ 4,654,000	\$ 4,934,000	4/8/22	\$ 2,101,000		23	NA	Awarded CAP '21
McGregor	2258001	W2020-0140A	CS1920974 01	Front Street Lift Station	2021	1	III-A	162	R					\$ 2,833,000	23	NA	Awarded CAP '21
Wayland	4490001	S2017-0271A	CS1920968 01	Sewer Rehab & Lagoon Upgrade	2021	1	III-A	154	L	\$ 1,000,000	\$ 1,000,000	9/4/20	\$ 683,000	\$ 317,000.00	18	2	Subsequent Loan Eligible
Vinton	688001	W2018-0031A	CS1920969 01	WWTP Upgrades	2021	1	II	145	P	\$ 7,393,000	\$ 7,393,000				19	4	Eligible
Dickinson County	N/A	N/A	GNS 20-03	Francis Sites Wetland Project	2020	4	VI	GNS	R	\$ 500,000	\$ 500,000				NA	NA	NA
WRA	7727001	S2020-0142A	CS1920955 01	WRA Ingersoll Run Outlet Sewer in Des Moines	2020	4	V	197	P	\$ 26,934,000	\$ 26,934,000				TBD	1	TBD
Oxford Junction	5361001	2020-0126A	CS1920958 01	Sanitary Sewer Rehabilitation	2020	4	III-A	155	L	\$ 1,099,000	\$ 1,460,000	3/5/2021	\$ 788,000	\$ 0.00	20	1	Loan Not Eligible
Oxford Junction	5361001	2020-0126A	CS1920958 01	Sanitary Sewer Rehabilitation	2020	4	III-A	155	L	\$ -		9/16/2022	\$ 938,000		20	1	Awarded CAP/BIL 2022
Toledo	8676001	2020-0162A	CS1920957 01	Sanitary Sewer Improvements	2020	4	III-A	154	P	\$ 633,000	\$ 633,000				24	4	Eligible
Rickardsville	3175001	2020-0158A	CS1920956 01	Sanitary Sewer Collection System Improvements 2020	2020	4	IV-A	114	P	\$ 1,032,000	\$ 1,032,000				8	1	Not Eligible
Nevada	8562001	W3029-0233A	1920945 01	Wastewater Treatment Facility Improvements	2020	3	I, II, IVB	234	L	\$ 48,727,000	\$ 48,727,000	1/29/21	\$ 1,360,000	\$ 6,529,000.00	8	NA	Not Eligible
Nevada	8562001	W3029-0233A	1920945 01	Wastewater Treatment Facility Improvements	2020	3	I, II, IVB	234	L			4/30/21	\$ 10,000,000		8	NA	Not Eligible
Nevada	8562001	W3029-0233A	1920945 01	Wastewater Treatment Facility Improvements	2020	3	I, II, IVB	234	L			1/28/22	\$ 10,000,000		8	NA	Not Eligible
Nevada	8562001	W3029-0233A	1920945 01	Wastewater Treatment Facility Improvements	2020	3	I, II, IVB	234	L			9/30/22	\$ 20,838,000		8	NA	Not Eligible
Pomeroy	1363001	W2020-0084A	1920951 01	Sanitary Sewer System Improvements	2020	3	IIIA	134	P	\$ 1,980,000	\$ 1,980,000				21	1	Eligible
Runnels	7774001	S2017-0330A	1920943 01	Wastewater Treatment Facility Expansion	2020	2	I, II	282	P	\$ 1,889,000	\$ 1,889,000				11	3	Eligible
Des Moines	7727001	S2019-0198A	1920944 01	Western Ingersoll Run Sewer Separation	2020	2	V	205	L		\$ 19,139,699	6/25/21	\$ 15,000,000	\$ -	17	1	Not Eligible
Des Moines	7727001	S2019-0198A	1920944 01	Western Ingersoll Run Sewer Separation	2020	2	V	205	L			7/8/22	\$ 7,035,000		17	1	Awarded CAP/BIL 2022
WRA	7727001	2019-0363A	CS1920934 01	WRA Sewer Lining	2020	2	III-B	170	L	\$ 43,441,125	\$ 43,441,125	12/20/19	\$ 12,000,000	\$ 31,441,125.00	TBD	1	TBD

															Loan Forgiveness		
Project Name	NPDES No.	Project Number	CWSRF No.	Project Description	IUP Yr	Quarter	Needs Category	Priority Points	Project Status	Original IUP Funding Request (estimate)	Current Funding Request	Date Loan Signed	Loan Amount	Remaining Amount on IUP	DAC SES Score	LF Priority Project Type	LF Eligible?
Waterloo (Titus Lift Station and Force Main)	0790001	2019-0352A	1920935 01	New Titus lift station and force main	2020	2	IV-A	140	P	\$ 5,170,000	\$ -		\$ -	\$ -	23	1	Eligible
Solon	5282001	2019-0293A	CS1920942 01	North Trunk Sewer	2020	2	IV-B	119	R	\$ 1,247,000	\$ 1,247,000				5	1	Not Eligible
Glidden	1438001	2016-0396	CS1920929 01 (G1)	Wastewater Treatment Plant Improvements	2020	1	II	224	L	\$ 3,980,000	\$ 3,980,000	3/5/2021	\$ 2,900,000	\$ 1,080,000.00	11	2	Subsequent Loan Eligible
Mt Pleasant	4453001	S2015-0081	1920919 01	abandon lagoon and pump to main plant. Eliminates a discharge. Add nutrient removal to existing plant and UV disinfection.	2019	4	I, II & IV-B	324	L	\$ 4,020,000	\$ 4,020,000	9/30/22	\$ 4,020,000	\$ -	17	3	Awarded CAP/BIL 2022
WRA	7727001	S2019-0006	CS1920914 01	Primary and Final Clarifier rotating mechanism replacements	2019	4	I	180	L	\$ 30,486,675	\$ 30,486,675	12/18/20	\$ 11,200,000	\$ 19,286,675.00	TBD	4	TBD
Sumner	0970001	S2019-0180	1920916 01	Sewer relocation and new pumping sstation	2019	4	III-B & IV-B	149	P	\$ 296,000	\$ 296,000				6	1	Not Eligible
Ottumwa	9083001	N/A	PD-CW-19-29	Construction of new separate sanitary sewer throughout Blake's Branch Basin	2019	2	P&D	P&D	P	\$ 3,900,000	\$ 3,900,000				NA	NA	NA
Lake Mills	9545001	S2017-0385	1920894 01	WWTF Improvements (SAGR)	2019	2	I, II	277	P	\$ 1,799,000	\$ 1,799,000				15	2	Eligible
Hartford	9128001	S2017-0245	1920877 01	Removal of biosolids from existing lagoons, construction of covered aerated lagoon system with polishing reactor, conversion of existing lagoon into equalization basin, instation of UV disinfection, and addition of emergency generator	2019	1	I, II	285	P	\$ 2,381,000	\$ 3,300,000				10	2	Not Eligible
Osceola	2038002	S2016-0112	1920878 01	Construction of new activated sludge treatment plant, addition of UV disinfection, cogeneration of power from methane digester	2019	1	I, II	277	L	\$ 25,554,000	\$ 53,000,000	8/20/21	\$ 28,000,000	\$ 25,000,000	20	NA	Awarded CAP '20 & '21
Zwingle	4998001	N/A	PD-CW-18-42	Address permit limits on bacteria and ammonia	2018	4	II	P&D	P	\$ 125,000	\$ 125,000				NA	NA	NA
Corydon	9334004	S2014-0043	CS1920815 01	Wastewater Treatment Facility Improvements	2017	3	II	237	L	\$ 3,304,000	\$ 5,172,000	10/7/2022	\$ 1,000,000	\$ -	23	2	Awarded CAP/BIL 2022
Corydon	9334004	S2014-0043	CS1920815 01 (R1)	Wastewater Treatment Facility Improvements	2017	3	II	237	L			11/4/2022	\$ 4,172,000	\$ -	23	2	Awarded CAP/BIL 2022

															Loan Forgiveness		
Project Name	NPDES No.	Project Number	CWSRF No.	Project Description	IUP Yr	Quarter	Needs Category	Priority Points	Project Status	Original IUP Funding Request (estimate)	Current Funding Request	Date Loan Signed	Loan Amount	Remaining Amount on IUP	DAC SES Score	LF Priority Project Type	LF Eligible?
Sioux City	9778001	S2016-0389	CS1920813 01	Improve various treatment plant equipment to renew initial capacity, improve performance, improve reliability and generate biogas.	2017	2	I,II	217	L	\$ 23,096,340	\$ 31,983,398	11/13/20	\$ 6,928,000	\$ 15,055,398.00	16	4	Subsequent Loan Eligible
Sioux City	9778001	S2016-0389	CS1920813 01	Improve various treatment plant equipment to renew initial capacity, improve performance, improve reliability and generate biogas.	2017	2	I,II	217	L			11/13/20	\$ 10,000,000		16	4	Loan Not Eligible
Waterloo (CIPP Phase III)	0790001	S2016-0285	CS1920811 01 (supplemental)	Excavating and repairing pipe using traditional methods. Rehabilitate sanitary sewers and rehabilitate manholes that have deteriorated.	2017	2	III-A	185	L	\$ 2,133,700	\$ 2,133,700	5/13/22	\$ 1,036,000	\$ 1,068,000	23	1	Subsequent Loan Eligible
Algona	5502001	S2016-0239	PD-CW-17-04	Rehabilitation and reconstruction of the sanitary sewer collection system	2017	1	IIIB	P&D	P	\$ 130,000	\$ 130,000				NA	NA	NA
Oelwein	3353001	N/A	PD-CW-16-40	Installation of new sanitary sewer	2016	4	IVA	P&D	P	\$ 33,500	\$ 33,500				NA	NA	NA
Ames	8503001	S2013-0327	CS1920741 02	Address Infiltration and inflow into the City's sanitary sewer system utilizing a variety of rehabilitation techniques.	2016	4	IIIA	145	R	\$ 19,421,625	\$ 19,421,625				9	1	Not Eligible
Mapleton	6727001	S2015-0440	PD-CW-16-30	Wastewater Treatment Improvements to comply with ammonia nitrogen limits, maintain TSS limits, and meet new NPDES standards	2016	3	I	P&D	P	\$ 225,000	\$ 225,000				NA	NA	NA
Fort Atkinson	9641001	S2015-0087	CS1920770 01	Construct a larger Lagoon that will only discharge once a year. Also includes an ultra violet disinfection system.	2016	3	I, II	290	L	\$ 1,249,000	\$ 3,840,000	4/8/22	\$ 760,000	\$ -	11	2	Loan Not Eligible
Fort Atkinson	9641001	S2015-0087	CS1920770 01	Construct a larger Lagoon that will only discharge once a year. Also includes an ultra violet disinfection system.	2016	3	I, II	290	L			7/22/22	\$ 3,080,000		11	2	Awarded CAP/BIL 2022
La Porte City	0743001	S2009-0187	CS1920620 01	Wastewater treatment plant improvements	2012	3	I,II	220	P	\$ 917,822	\$ 10,087,000				12	3	Eligible
										\$ 1,140,238,141	\$ 1,229,636,321		\$ 188,934,257				

															Loan Forgiveness		
Project Name	NPDES No.	Project Number	CWSRF No.	Project Description	IUP Yr	Quarter	Needs Category	Priority Points	Project Status	Original IUP Funding Request (estimate)	Current Funding Request	Date Loan Signed	Loan Amount	Remaining Amount on IUP	DAC SES Score	LF Priority Project Type	LF Eligible?
Project Status		Project Needs Categories			Abbreviations			Socioeconomic Assessment Score (SES) Point Scale									
Ready for Loan -- R		I	Secondary Treatment	BIL = Bipartisan Infrastructure Law			Point Range		DAC Status								
Loan Signed -- L		II	Treatment more stringent than secondary	CAP = Federal Capitalization Grant			Low	0-10	Does not meet SRF's Disadvantaged Community definition								
Planning Stage -- P		IIIA	Infiltration/Inflow rehabilitation	DAC = Disadvantaged Community			Moderate-Low	11-15	Disadvantaged	Social, economic and demographic information meets SRF's definition of Disadvantaged Community for the purpose of SRF Loan Forgiveness							
		IIIB	Major sewer system rehabilitation	LF = Loan Forgiveness			Moderate	16-20	Disadvantaged								
CAP 2018-2021 LF Project Type/Awards		IVA	New collectors and appurtenances	NA = Not Applicable			Moderate-High	21-25	Disadvantaged								
Green Projects		IVB	New interceptors and appurtenances	SES Score = SocioEconomic Assessment Score			High	26-30	Disadvantaged								
Disadvantaged Community Status		V	Correction of combined sewers	TBD = To Be Determined													
		VI	Stormwater management programs				Priority Project Types - Loan Forgiveness Eligibility										
		VII	Non-point source control projects;				1	Sewer Collection System Rehabilitation									
		Non-point Source Project Subcategories						2	Lagoons Advanced Treatment								
		VIIA	Agricultural cropland sources				3	Advanced Treatment Wastewater Treatment Plant									
		VII B	Animal sources				4	Aging Infrastructure Wastewater Treatment Plant									
		VII C	Silviculture				5	Consolidation/Regionalization									
		VII D	Urban sources														
		VII E	Groundwater protection (unknown sources)														
		VII F	Marinas														
		VII G	Resource extraction														
		VII H	Brownfields														
		VII I	Storage tanks														
		VII J	Landfills														
		VII K	Hydromodification														
		XII	Decentralized septic systems														

-BIL ANNEX A-
to the Clean Water State Revolving Fund (CWSRF)
Intended Use Plan (IUP)
FFY 2022 Bipartisan Infrastructure Law (BIL)
General Supplemental Fund

Introduction

The Infrastructure Investment and Jobs Act (IIJA) was signed into law on November 15, 2021 and has since been referred to as the Bipartisan Infrastructure Law (BIL). Under this law, additional funding is appropriated and awarded to State Revolving Fund (SRF) Programs annually between Federal Fiscal Year 2022-2026 to finance loans for water and wastewater infrastructure projects. Each BIL appropriation has specific provisions and implementation requirements. This annex to the base CWSRF Intended Use Plan (Annex) includes the implementation plan for the first year's allocation of the BIL CWSRF General Supplemental Fund.

Iowa's Federal Fiscal Year 2022 allocation is as follows:

2022	IA Allocation	Loan Forgiveness Available
CWSRF General Supplemental Fund	\$24,088,000	\$11,803,120

Annex and the CWSRF Intended Use Plan (IUP)

This Annex will address programmatic and financial variations from the base CWSRF Program IUP that are specific to the implementation and distribution of funds from the BIL CWSRF General Supplemental Fund. The SRF Program will issue Annexes related to the BIL annually, and update them quarterly, in conjunction with the annual and quarterly updates to the base CWSRF Program IUP. In the event of discrepancies between this Annex and the base CWSRF Program's IUP, the terms of this Annex shall govern.

Project Priority List (PPL)

The BIL CWSRF General Supplemental Fund Project Priority List (PPL) and the base CWSRF Program PPL will be combined into one list. The methods of managing the PPL are described in Section 1 of the base CWSRF Program IUP.

Due to BIL funding requirements, projects being funded through the BIL General Supplemental Fund must enter into a loan assistance agreement within one year of becoming eligible for the funds. The CWSRF staff may bypass projects that have not signed a loan obligation within one year. If an eligible project is bypassed, the applicant may be reconsidered when the project is ready to move ahead.

Method of Amendment

The method of amending this Annex will follow the same process described in Section V of the base CWSRF Program IUP.

Application Process

The initial PPL submitted with the state's FY 2022 BIL CAP Grant application will consist of eligible projects that are currently listed on the base CWSRF Program's PPL but have not signed a loan obligation as of **June 30, 2022**.

Project applications eligible for SRF funding under the BIL will follow the same quarterly IUP application cycle as the base CWSRF Program IUP. Additional application information may be required for projects applying for BIL General Supplemental Funds. The SRF Program will provide additional application materials through the DNR¹ and SRF websites², as applicable.

¹ <https://www.iowadnr.gov/Environmental-Protection/Water-Quality/Wastewater-Construction/Construction-Permits>

² https://www.iowasrf.com/program/clean_water_loan_program/clean-water-srf-intended-use-plan-information/

The base CWSRF PPL is attached to the base CWSRF IUP as a separate document. See *CWSRF IUP Attachment 1 – CWSRF PPL*.

I. BIL General Supplemental Fund Program Overview

All CWSRF-eligible activities may be funded from the General Supplemental Fund appropriation under BIL. U.S. EPA granted states the flexibility to determine BIL priorities and select projects to receive this funding. The Iowa SRF Program will consider all eligible projects for funding under BIL General Supplemental Fund.

The SRF Program has selected Section 212 priority projects that are eligible to receive additional subsidization in the form of principal forgiveness. The BIL mandates that 49% of the BIL funds provided to the state through the CWSRF General Supplemental Fund must be provided as additional subsidization to the following recipients or project types:

1. Municipalities that meet the state’s affordability criteria.
2. Municipalities that do not meet the state’s affordability criteria but seek additional subsidization to benefit individual ratepayers in the residential user rate class.
3. Entities that implement a process, material, technique, or technology that addresses water or energy efficiency goals; mitigates stormwater runoff; or encourages sustainable project planning, design, and construction.

For FFY 2022, the Iowa SRF Program will prioritize additional subsidization to eligible projects from ***municipalities that meet the state’s affordability criteria***. The Iowa SRF Program will consider prioritizing additional subsidization to other eligible recipients and project types in future appropriation years.

Affordability Criteria

A key priority of BIL is to ensure that disadvantaged communities benefit equitably from this investment in water infrastructure. The CWSRF Program has historically focused on metrics such as income, population, unemployment and project costs to identify borrowers that would experience a significant hardship raising the revenue necessary to finance a project. In an effort to develop a more comprehensive definition of what it means to be a disadvantaged community, the Iowa SRF Program is broadening the range of metrics by which each community is evaluated to include other social, economic, and demographic information that may indicate a lack of access to affordable clean water and safe drinking water. These metrics are discussed in the “Socioeconomic Assessment Score” section, below, and they define the affordability criteria that will be used to evaluate the disadvantaged status of a borrower.

Loan Forgiveness

Iowa applies additional subsidization in the form of principal forgiveness of a loan. Loan forgiveness will be awarded for up to 90% of the loan amount, or \$1 million, whichever is less. Individual projects will be capped at \$1 million dollars to allow more eligible borrowers to receive subsidization. The CWSRF Program may withdraw the individual project cap if additional funding becomes available.

The total amount of loan forgiveness available for a project will be determined by adding together the loan forgiveness percentages for the priority project, the socioeconomic assessment score and the household burden indicator. The priority project and socioeconomic assessment score information will be available at the time of application. The percent of loan forgiveness for the household burden indicator can be projected using the engineers estimate. The final household burden indicator will be determined after the project has gone to bid, the actual project costs are known, and all other funding sources have been accounted for. *Projects will be funded from the top socioeconomic score down and in priority project ranking order with consideration given to readiness to proceed.*



Loan forgiveness will be applied to the portions of the project that meet priority project criteria. The final amount of loan forgiveness offered will be based on the eligible costs related to the final amount drawn on the loan. Loan forgiveness is applied as principal forgiveness on the date of the final loan disbursement.

Priority Project Percentage

Eligibility for loan forgiveness will first be assessed based on the type of project seeking funding. If the project is one of the priority projects listed in this Annex, the borrower will then be evaluated for disadvantaged status based on the Socioeconomic Assessment Score criteria, described below.

Socioeconomic Assessment Score

The second element of the loan forgiveness equation is an assessment of the community or service area's underlying socioeconomic and demographic condition that can determine the affordability of wastewater infrastructure projects. A Socioeconomic Assessment provides a comprehensive analysis of factors that typically determine whether a community is disadvantaged.

The disadvantaged status of a borrower *for the purpose of SRF loan forgiveness eligibility* will be determined by assessing 15 datapoints from publicly available sources produced by the U.S. Department of Commerce, Centers for Disease Control and Prevention (CDC), U.S. Department of Housing and Urban Development (HUD), Iowa Workforce Development, Iowa Department of Management, and the State Treasurer of Iowa. Data will be updated annually for each community and made available at IowaSRF.com.

The CWSRF program will use this data to determine if a borrower meets the affordability criteria for the purpose of SRF loan forgiveness eligibility.

Category/Metric	Source
Income and Poverty	
• Median Household Income (MHI)	American Community Survey
• % below poverty level	American Community Survey
• % Public Assistance/SNAP	American Community Survey
• % Supplemental Security Income	American Community Survey
Labor Force	
• Unemployment rate of primary county	Iowa Workforce Development ³
• % not in labor force	American Community Survey
Demographics	
• Population Trend	Decennial Census
• % Over age 65	American Community Survey
• % non-white, not Hispanic (% minority)	American Community Survey
• Social Vulnerability Index	Centers for Disease Control
Housing	
• % Vacant Homes	American Community Survey
• % Housing Cost Burdened	HUD Comprehensive Housing Affordability Strategy (CHAS)
Education	
• % with high school diploma or less	American Community Survey
Property Value and Debt	
• Valuation per Capita	Iowa Department of Management ⁴
• Debt per Capita	State Treasurer of Iowa ⁵

³ [Local Area Unemployment Statistics](#), rolling 12-month average unemployment rate of the primary county

⁴ [Local Government Valuation & Finance](#), 100% Valuations as of 1/1/2020 for SFY 2021-22

⁵ [Outstanding Obligations Report](#)

For each of the 15 metrics, applicants will be given a score indicating the relative disadvantage to the other communities in the state (see table below)⁶. Scores for each metric are totaled to produce an overall assessment of the applicant's underlying social, economic, and demographic profile.

Percentile Rank	Relative Disadvantage	Points
Top 1/3	Low	0
Middle 1/3	Moderate	1
Bottom 1/3	High	2

Example: An applicant with a poverty rate falling in the 73rd percentile (a high rate) would be one of the bottom 1/3 of communities and receive 2 points for that metric.

With 15 total metrics, equally weighted, the maximum number of points will be 30. Communities or service areas with a cumulative score of 11 and up (e.g., falling in the top 2/3 of the total possible cumulative score) indicates that the community or service area is socially, economically, and/or demographically disadvantaged relative to the other communities in the state. Conversely, applicants who score in the bottom 1/3 of total cumulative points (e.g., 10 total points or less), will not be eligible to receive principal forgiveness. The amount of principal forgiveness available to a community will be established on a point scale as detailed below and may be adjusted annually in the IUP.

Applicants with a socioeconomic score between 11-30 points will be eligible for consideration of SRF loan forgiveness and may qualify to receive loan forgiveness from the FFY 2022 BIL General CWSRF Supplemental Fund (when combined with the other elements of the loan forgiveness equation).

	Point Range	Principal Forgiveness
Low	0-10	0%
Moderate-Low	11-15	15%
Moderate	16-20	20%
Moderate-High	21-25	25%
High	26-30	30%

One of the primary benefits of the Socioeconomic Assessment is that it provides a baseline view of the amount of loan forgiveness a community or service area will be eligible to receive at the time an IUP application is submitted. Then, when the project type is taken into consideration and construction bids are received and approved, the full extent of eligible loan forgiveness can be realized.

Upon approval of this Annex by the Department's Environmental Protection Commission following a public review and comment period, the Socioeconomic Assessment Tool will be available to the public through the SRF website homepage at www.iowaSRF.com.

Household Burden Indicator

The third element of the loan forgiveness equation is an assessment of a community or service area's household's ability to afford the proposed project. The Household Affordability Assessment is made up of two components⁷:

- **Household Burden Indicator:** Total water costs for combined water and sewer service, including the project being financed by SRF, as a percent of the 20th percentile of community household income (lowest quintile income, or LQI)

⁶ The only exception is Population Trend. No points for positive or 0% growth, 1 point for negative growth up to -10%, 2 points for more than -10% population growth.

⁷ Credit to R Raucher, E Rothstein, and J Mastracchio's [Developing a New Framework for Household Affordability and Financial Capability Assessment in the Water Sector](#), 2019

- Poverty Prevalence Indicator:** The percentage of community households at or below 200% of the Federal Poverty Level

Using this combination of factors will further indicate both the water cost burden borne by lower-income households as well as the overall affordability challenges facing the community.

The Household Burden Indicator may be computed with assistance from the Municipal Advisor after the construction bid has been awarded and other funding sources have been deducted. The borrower begins by determining the monthly water and sewer bill for residential users, assuming 5,000 gallons of usage per month (note that it may be normal for the service area or drinking water utility to differ from that of a sewer utility). The monthly total is then annualized and divided by the upper bound of the lowest quintile income from Table B19080 of the American Community Survey. The Poverty Prevalence Indicator for the community or service area is provided in the Socioeconomic Assessment analysis.

Assuming 5,000 gal/month

Monthly Water/Sewer Bill	\$145
Annual Water/Sewer Bill	\$1740
Lowest Quintile Income (LQI)	\$25,214
Total Water Costs as Percent of LQI	6.90%

The resulting benchmarks for the Household Burden and Poverty Prevalence Indicators are as follows. The amount of loan forgiveness attributed to the Household Affordability Assessment will correspond to the resulting category of unaffordability.

Percent of Households Below 200% of Poverty Level

Water Costs as a Percent of Income at Lowest Quintile	<= 20%	> 20% and <= 35%	> 35%
> 10%	Moderate-High Burden	Moderate-High Burden	High Burden
7% to 10%	Moderate-Low Burden	Moderate Burden	Moderate-High Burden
< 7%	Low Burden	Moderate-Low Burden	Moderate-High Burden

Burden	Principal Forgiveness
Low	0%
Moderate-Low	15%
Moderate	20%
Moderate-High	25%
High	30%

In the example above, a community with a Household Burden Indicator of 6.90% and Poverty Prevalence Indicator of 22%, would fall in the “Moderate-Low Burden” classification. This would correspond to an additional 15% of loan forgiveness toward their project.

Water Costs as a Percent of Income at Lowest Quintile	<= 20%	> 20% and <= 35%	> 35%
> 10%	Moderate-High Burden	Moderate-High Burden	High Burden
7% to 10%	Moderate-Low Burden	Moderate Burden	Moderate-High Burden
< 7%	Low Burden	Moderate-Low Burden	Moderate-High Burden

Priority Projects for Loan Forgiveness

In this first year of BIL funding, the Iowa SRF Program will prioritize loan forgiveness for eligible projects that address unmet needs of our communities, that will assist communities in meeting compliance requirements and that will address health and safety issues. The following list of priority projects was developed in coordination with the regulatory authorities of the DNR and the most recent Clean Watersheds Needs Survey (CWNS) results (2012). These projects are equally weighted to receive the maximum percent of loan forgiveness available to assign to priority projects.

Priority Projects for BIL CWSRF General Supplemental Loan Forgiveness:	% Loan Forgiveness
<ul style="list-style-type: none"> Sewer Collection System Rehabilitation includes gravity sewers, relief sewers, pumping stations, force mains, SSO correction and CSO correction 	30%
<ul style="list-style-type: none"> Lagoons Advanced Treatment (Ammonia, E. coli) includes CDL optimization, sludge removal and equipment replacement 	30%
<ul style="list-style-type: none"> Advanced Treatment WWTPs (Ammonia, E. coli, Nutrients) 	30%
<ul style="list-style-type: none"> Aging Infrastructure WWTPs includes expansion of existing secondary treatment 	30%
<ul style="list-style-type: none"> Consolidation/Regionalization includes unsewered communities 	30%

If a single SRF project includes more than one priority project type, the loan forgiveness award will be based on the primary purpose of the project. Loan forgiveness will be applied to the portions of the project that meet priority project criteria.

Types of Financing and Interest Rates

Construction Loans are offered with 20-year terms. An extended term loan is available up to 30 years, based on the average life of the project components. The interest rates for construction loans made from the CWSRF BIL General Supplemental Fund are as follows:

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

The SRF program continually monitors the market to ensure that our loan interest rates are appropriate while taking the program's cost of funds into account. Any necessary changes to loan interest rates will be communicated via future IUPs.

Fees

Loan initiation fees.

A 0.50% loan origination fee will be charged on new CWSRF loans up to a maximum fee of \$100,000. Under U.S. EPA rules, because Iowa's origination fees are financed through the loans, the proceeds are considered program income. Program income can only be used for the purposes of administering the CWSRF program or for making new loans. **Loan initiation fees will not be assessed on loans to borrowers that meet the affordability criteria and receive loan forgiveness due to their score on the Socioeconomic Tool.**

Loan servicing fees.

A servicing fee of 0.25% on the outstanding principal is charged on CWSRF loans. Payment of the loan servicing fee is made semi-annually along with scheduled interest payments. Loan servicing fees are calculated based on the outstanding principal balance. Under U.S. EPA rules, only servicing fees received from loans made above and beyond the amount of the Capitalization Grant and after the Capitalization Grant under which the loan was made has been closed

are considered Non-Program Income. Non-Program Income can be used to administer the program or for other water quality purposes. The uses of Non-Program Income are discussed in Section I of the base CWSRF Program IUP.

Co-Funding

The BIL General Supplemental Fund can be combined with base CWSRF loan dollars and loans and grants from other agencies. A single SRF assistance agreement will be used for projects that co-fund projects using both base CWSRF and BIL General Supplemental Funds.

See Special Conditions below for **Build America, Buy American Act (BABA)** rules as they apply to co-funded projects.

Special Conditions

Projects identified as “equivalency projects” are those projects that receive loan disbursements directly from Iowa’s federal allocation for the BIL General Supplement Fund. Equivalency projects are required to comply with all federal law regulating the BIL General Supplemental Fund, including but not limited to BABA. The CWSRF Program will work directly with projects identified as equivalency projects to ensure a full understanding of compliance requirements.

SRF Projects that are not equivalency projects may still be subject to BABA compliance if the infrastructure project is being co-funded by another federal agency. If this occurs, the entire project will be required to comply with BABA requirements. In these cases, the SRF Program will only need to document compliance with AIS domestic provisions. The SRF Program will coordinate with the applicant and the co-funding agency to avoid duplicating efforts to document and demonstrate AIS compliance.

II. Criteria and Method for Distribution of Funds

Project Ranking

The project ranking criteria for BIL General Supplemental Fund will be the same as described in Appendix B of the base CWSRF Program IUP.

Description of contingency procedures

Eligible projects on the base CWSRF PPL will be funded by BIL General CWSRF Supplemental Fund until the total amount of needs exceeds the year’s BIL General CWSRF Supplemental loan funding. Projects will be funded from the top down in the ranking order of the PPL with consideration given to readiness to proceed. A contingency status will be placed on the remaining eligible projects and they will remain on the funding PPL for the base CWSRF Program IUP. Projects on contingency status can be moved from the base CWSRF Program to the BIL General CWSRF Supplemental Fund PPL when funds are available or when the project is ready to proceed, whichever is applicable.

III. BIL Supplemental Program Goals

The FFY 2022 BIL General Supplemental Fund short-term and long-term goals and objectives are the same as the base CWSRF Program IUP goals and objectives identified in Section I of the SFY 2023 CWSRF Program IUP, with the following additions:

- Goal: Commit FFY 2022 BIL General Supplemental loan funds to as many recipients as possible in accordance with the state priority rating system, the IUP, staff resources, and available funding.

Objective: Identify projects on the current CWSRF PPL eligible to be funded with FFY 2022 BIL General Supplemental Funds. Accept applications quarterly and add additional projects to the PPL, as applicable, until all funding is obligated.

- Goal: Identify eligible applicants for loan forgiveness.

Objective: Using the new affordability criteria (described in this Annex) and priority projects, identify projects on the current CWSRF PPL eligible to receive loan forgiveness from the FFY 2022 BIL General Supplemental Fund. Accept applications quarterly and add additional projects to the PPL, as applicable, until all loan forgiveness funding is obligated.

IV. Assurances and Special Proposals

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

V. Financial

Summary of State's Financial Plan

See "Financial Management Strategies" located in Section 1 of the base CWSRF Program IUP.

Sources and Uses

See "Sources and Uses of Available CWSRF Funds" located in Section II and Appendix A of the base CWSRF Program IUP.

Planned Use of Fee Revenue

CWSRF expenses for administering the SRF include the work of wastewater engineering section project managers, administrative staff, specialists in environmental review, financial officers, loan coordinators, and program managers. It also covers expenses for financial and legal advisors. These program expenses will first be paid out of the base CWSRF Program Income and then BIL General Supplemental Program Income. They will then be paid from Non-Program Income once Program Income has been fully expended.

DNR intends to use a portion of Non-Program Income funds during SFY 2023 to support staffing to the Field Services Bureau for wastewater compliance activities including inspections, investigations and technical assistance and to support staffing in the Water Quality Bureau for construction permitting, National Pollution Discharge Elimination System permitting, AIS/BABA Site Inspections, and other programmatic staffing needs.

Estimates of Program and Non-Program Income resulting from BIL General CWSRF Supplemental Funds cannot be made at this time but will be provided in future updates to this Annex.

Loan Policies

Project Scope

The scope of the project must be outlined on the IUP application and in the Facility Plan. Additional project information may be required at the time of application for BIL General Supplemental Funds. Changes to the scope are allowed prior to loan closing. Significant changes in scope that cause delays and/or additional work required by the project manager or environmental review specialist, may result in loss of financing through the BIL General Supplemental Fund. Once a loan is signed, only minor changes to the scope will be allowed and only if they do not require additional technical or environmental review.

Project Readiness

Applicants cannot be offered SRF financial assistance until they meet program requirements. More information can be found in the [Wastewater Engineering Construction Permitting Process Manual](#)⁸

Compliance with Public Bidding Law

To the extent applicable, applicants must provide certification evidencing compliance with public bidding law, pursuant to Iowa Code Chapter 26, prior to closing a construction loan.

Compliance with Civil Rights Law

All programs, projects, and activities undertaken in the SRF programs are subject to federal anti-discrimination laws, including the Civil Rights Act of 1964, section 504 of the Rehabilitation Act of 1973, and section 13 of the Federal Water Pollution Control Amendments of 1972. These laws prohibit discrimination in any federally assisted program on the basis of race, color, national origin, sex, disability, or age. These laws apply by their own terms to the entire organization receiving federal financial assistance, not just to the project itself. Iowa is in the process of reviewing program activities to ensure compliance with federal civil rights laws.

⁸ Wastewater Engineering Construction Permitting Process Manual

https://www.iowadnr.gov/Portals/idnr/uploads/water/wastewater/wwmanual_full.pdf

Utility Rate Recommendations

Prior to closing a construction loan, applicants must demonstrate that appropriate action has been taken to implement the utility rate recommendations of their Municipal Advisor set forth in the 5-year pro-forma cash flow analysis.

Municipal Advisor

Borrowers will be asked to identify their Municipal Advisor for the project as part of the IUP application.

State Match

See Appendix F -State Match of the base CWSRF Program IUP.

VI. Technical Assistance

States have the flexibility to use up to 2% of their annual BIL General CWSRF Supplemental capitalization grant for the purpose of providing technical assistance to rural, small, and tribal publicly owned treatment works. The eligibilities for this funding are very broad. Iowa does not intend to duplicate the technical assistance efforts being provided by the U.S. EPA and other organizations receiving U.S. EPA Technical Assistance grants; so additional planning and coordination is needed before activities are identified for this funding. The Iowa SRF Program reserves the right to utilize 2% of the FY 2022 BIL General CWSRF Supplemental allocation at a later date.

VII. Public Review and Comment

Stakeholder engagement webinars were hosted on June 26, 2022 to present the preliminary implementation plans for BIL General CWSRF Supplemental funds. Comments were accepted through July 8, 2022. Questions and comments from stakeholders were taken into consideration and some changes were incorporated into this Annex as described above. A new dedicated web page was developed on the Iowa SRF website titled “Bipartisan Infrastructure Law (BIL) Funding Opportunities”⁹ to inform stakeholders of the latest BIL updates in a timely manner. A new dedicated email “water-infrastructure@dnr.iowa.gov” was created for stakeholders to easily submit questions and comments pertaining to BIL.

A public meeting to allow input into this Annex and PPL was held August 11, 2022, 10:00am via virtual conference call. This meeting was announced in a notice provided to the public, stakeholder organizations representing city officials, consulting engineers, county governments, councils of government, area planning agencies, and other groups which might have an interest. Written comments were accepted until August 18, 2022.

[A public meeting to allow input to Iowa’s SFY 2023 IUP third quarter update and Project Priority List, including this Annex, was held November 17, 2022, 10:00 a.m. via virtual conference call. This meeting was announced in a notice provided to stakeholder organizations representing city officials, consulting engineers, county governments, councils of government, area planning agencies, and other groups which might have an interest. Written comments were accepted until December 10, 2022.](#)

~~IX.~~VIII. Project Priority List (PPL)

See *Attachment 1- CWSRF PPL*, to the base CWSRF Program IUP. This PPL includes projects that will be funded by the BIL General Supplemental Fund as well as the base CWSRF program. The PPL is included as a separate, sortable Excel file.

⁹ <https://www.iowasrf.com/infrastructure-bill-funding-opportunities/>



IOWA DEPARTMENT OF NATURAL RESOURCES

LEADING IOWANS IN CARING FOR OUR NATURAL RESOURCES

Moving Towards a Better Understanding of Bacterial Impairments at Public Beaches in Iowa



IOWA STATE
UNIVERSITY



IOWA DEPARTMENT OF NATURAL RESOURCES
KAYLA LYON, DIRECTOR



Problem: Risk of GI and other infections from exposure to microbial pathogens at beaches

- Pathogens include viruses, bacteria, and protozoa
- People can be exposed to many of the same organisms through food, untreated drinking-water, swimming pools, and person-to-person contact
- Sources of pathogens include human and animal waste
- Can take hours to more than a week to develop symptoms after exposure
- Very limited data on infections caused by exposures from recreational waters in Iowa

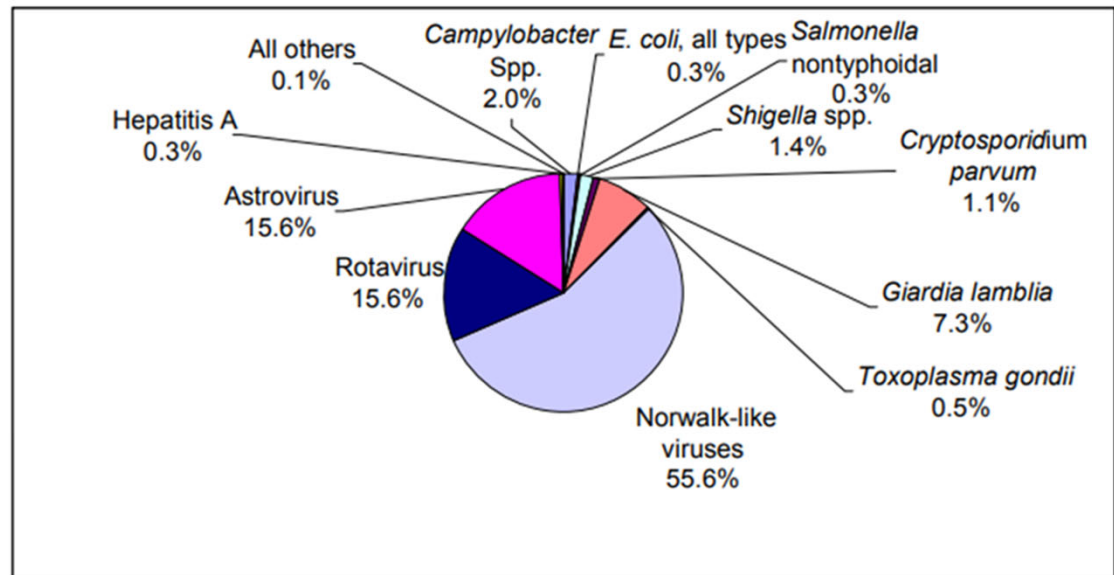
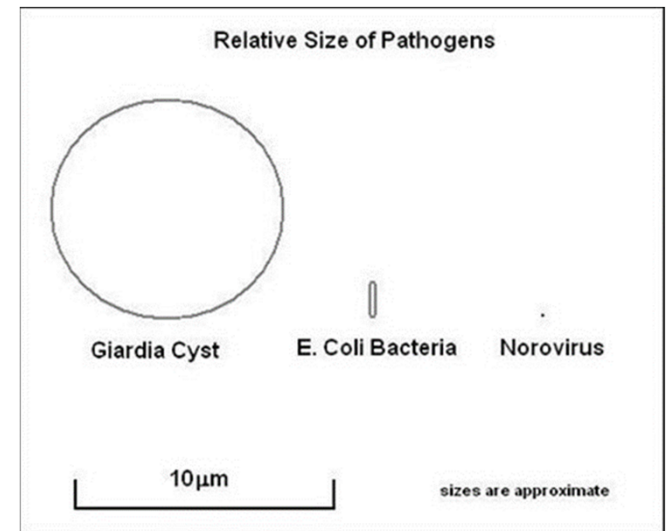
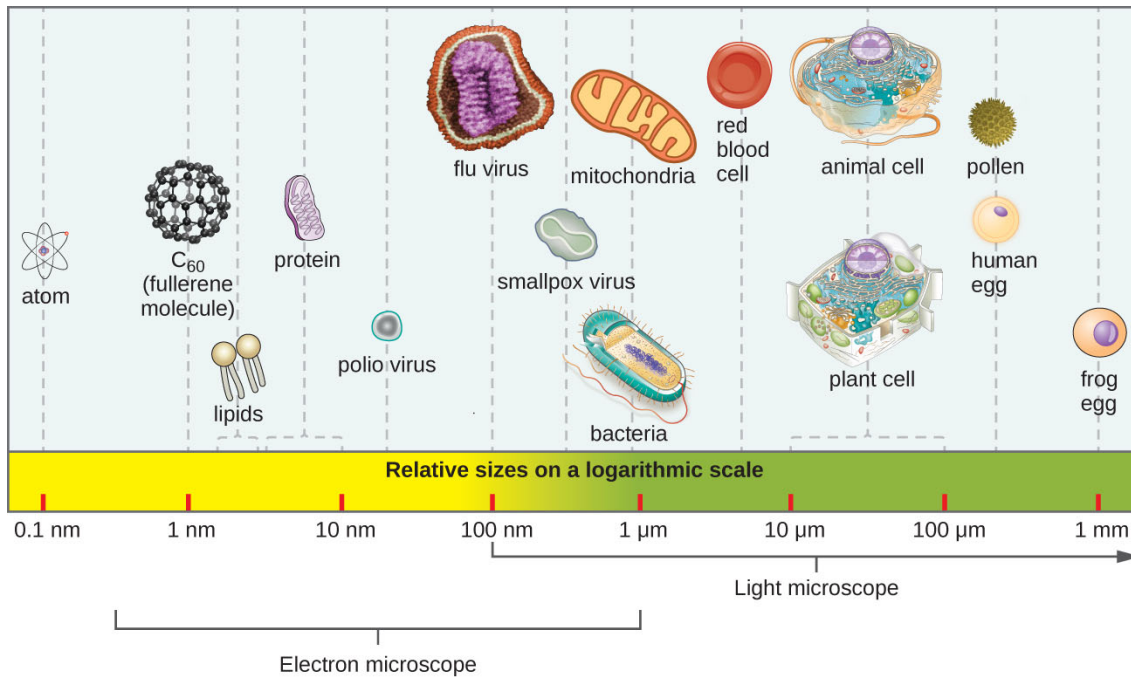


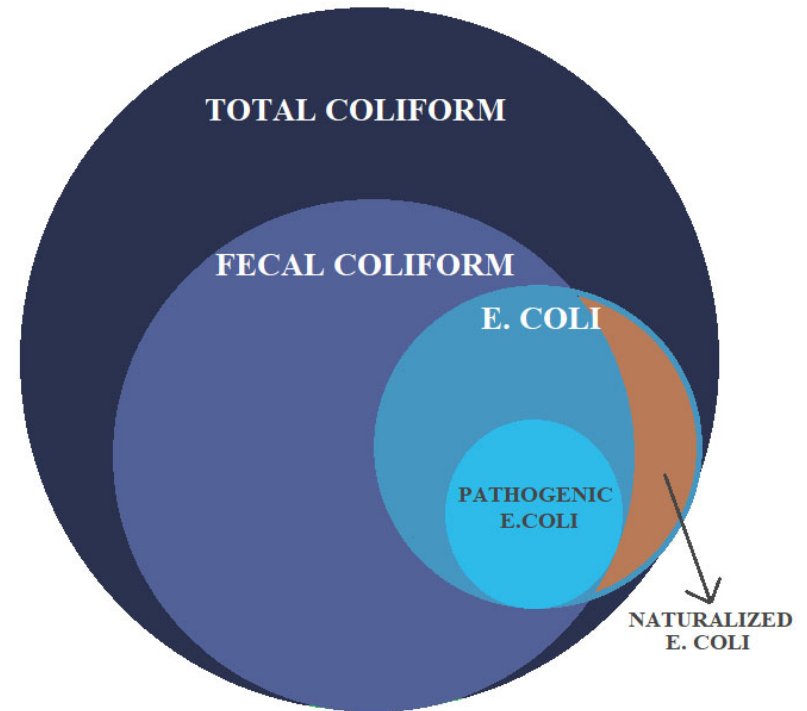
Figure 6. Non-foodborne illnesses in the United States (SOURCE: adapted from Mead et al., 1999)

Pathogens include a wide range of microorganisms



Indicator Organisms

- Historically, it has been difficult, expensive, and time-consuming to sample and test for all individual pathogens
- Bacteria, such as *Escherichia coli*, are used as surrogates because they are thought to be indicative of a fresh fecal source, and because they are more numerous than pathogens
- Most indicator bacteria do not cause illness
- Recreational standards based on studies showing relationship between indicators and risk of illness. Standards equate to an estimated risk of 36 illnesses per 1,000 swimming events.



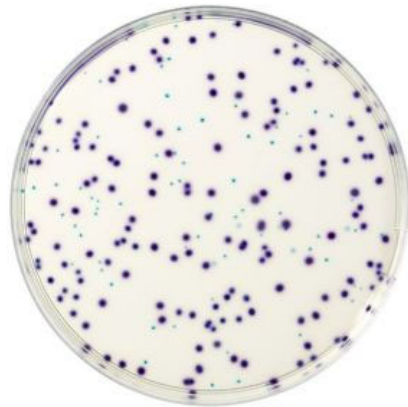
What are *Escherichia coli*?

And how do we measure them?



- Rod-shaped bacteria
- Grow well in the guts of warm-blooded animals
- Some strains are adapted to grow in other organic-rich, moist, and warm environments

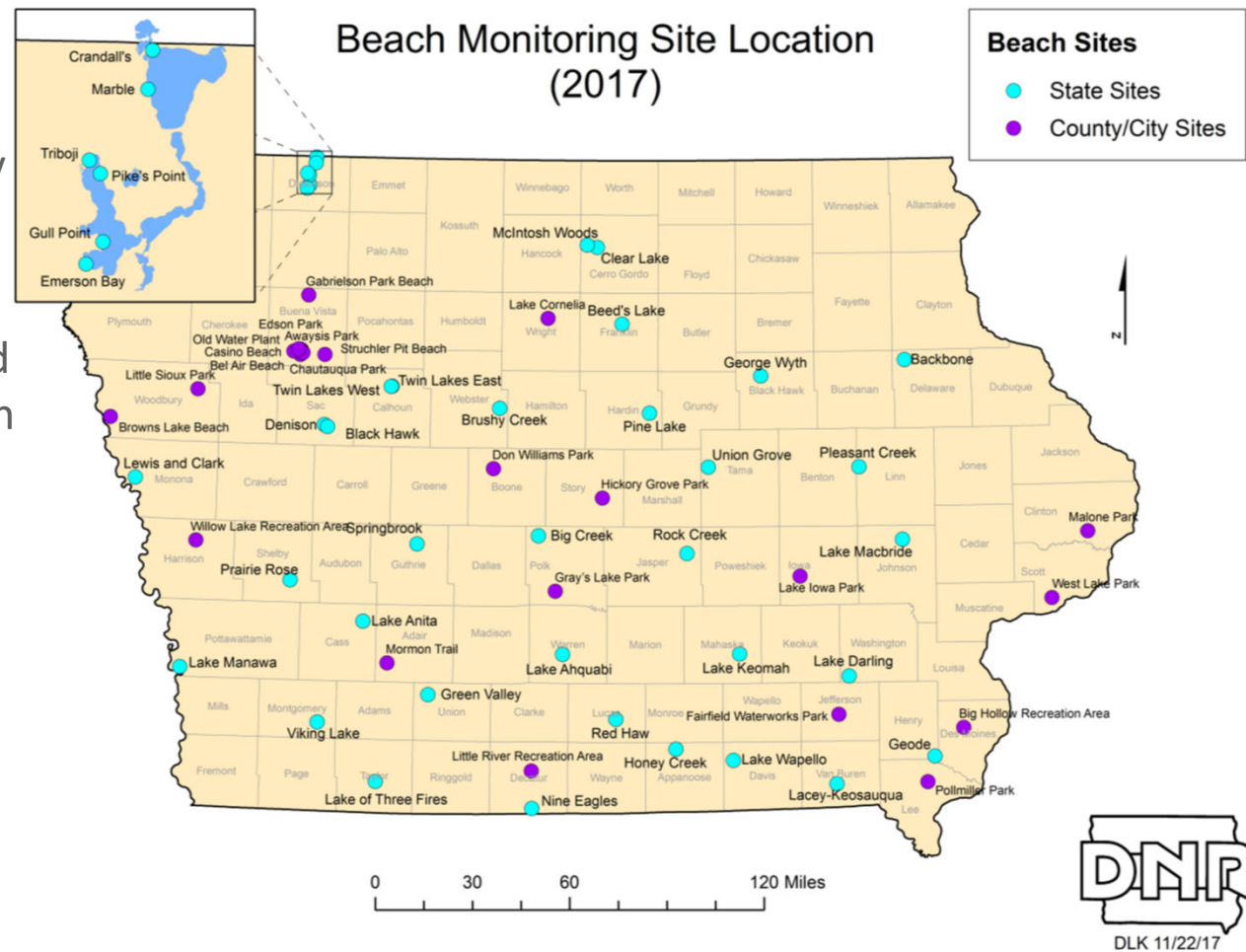
Colony forming
units/100milliliter
(cfu/100ml)



Most Probable
Number/100ml
(MPN/100ml)

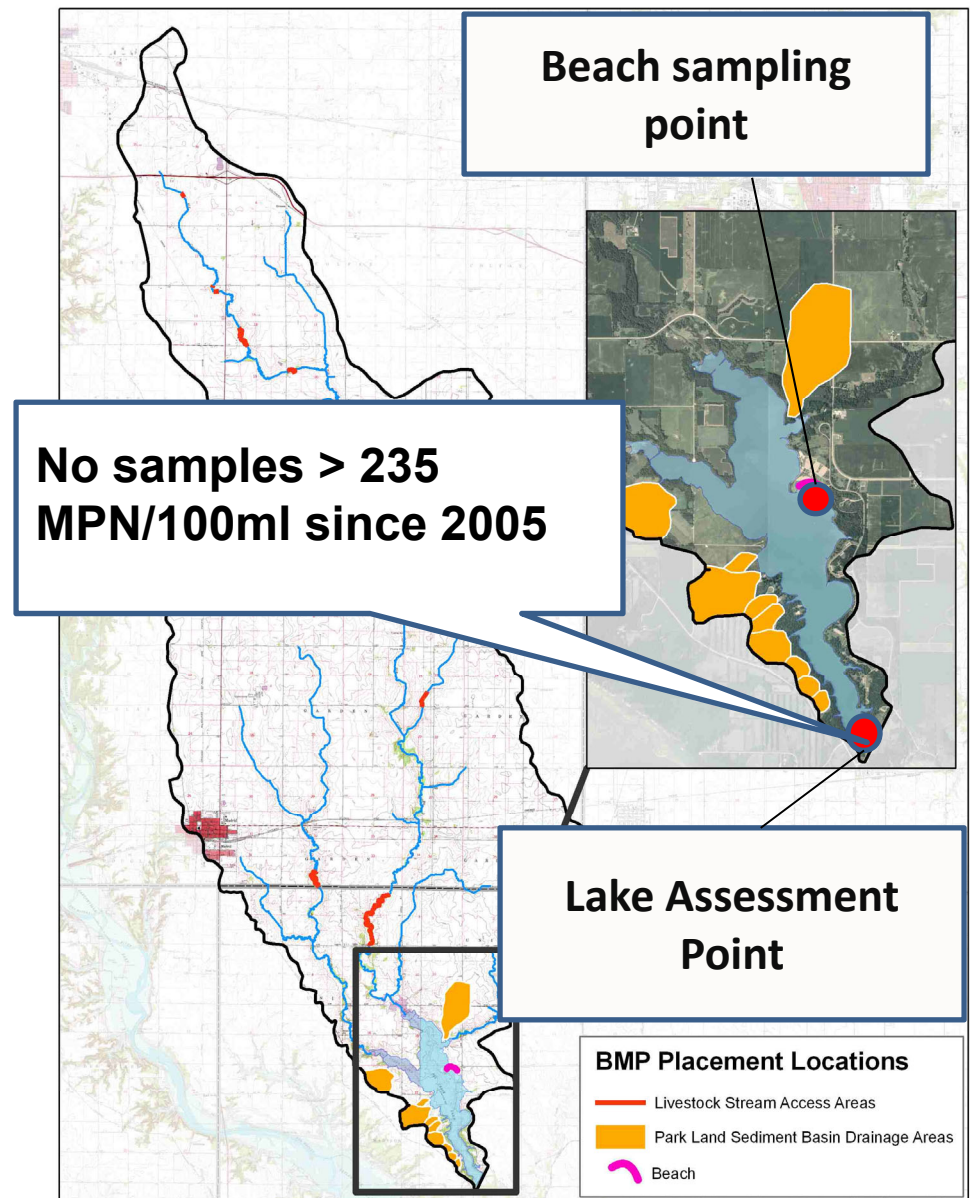
Ambient Beach Monitoring Program

- 40 Beaches are each sampled the week before Memorial Day through Labor Day.
- Samples are analyzed by end of business on Thursday of each week.
- Data is reported out, Public website is updated, and beach signage is updated Friday of each week.



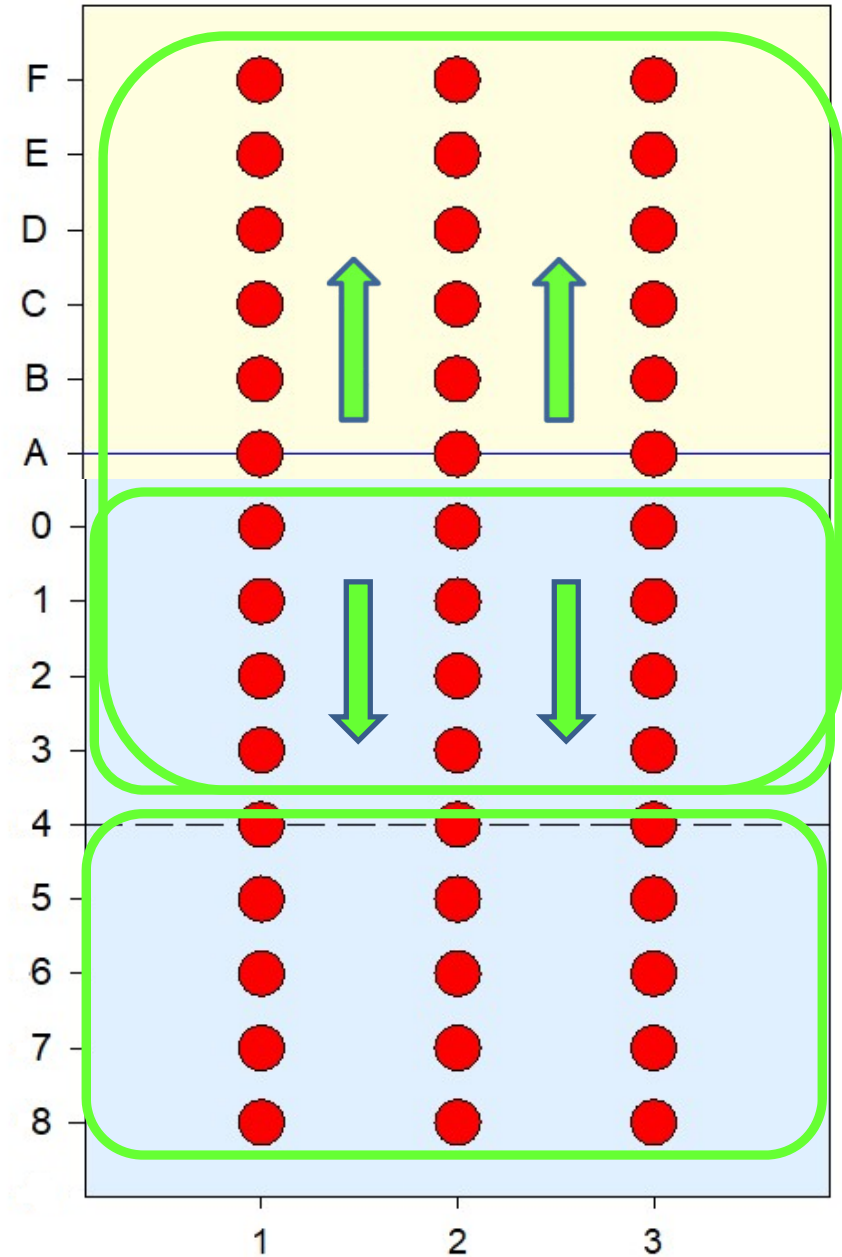
Initial Investigations: 319 Project at Big Creek

- Traditional watershed based project
 - Focused on BMP installations in the watershed
 - Observed disconnections in timing and magnitude of *E. coli* contamination

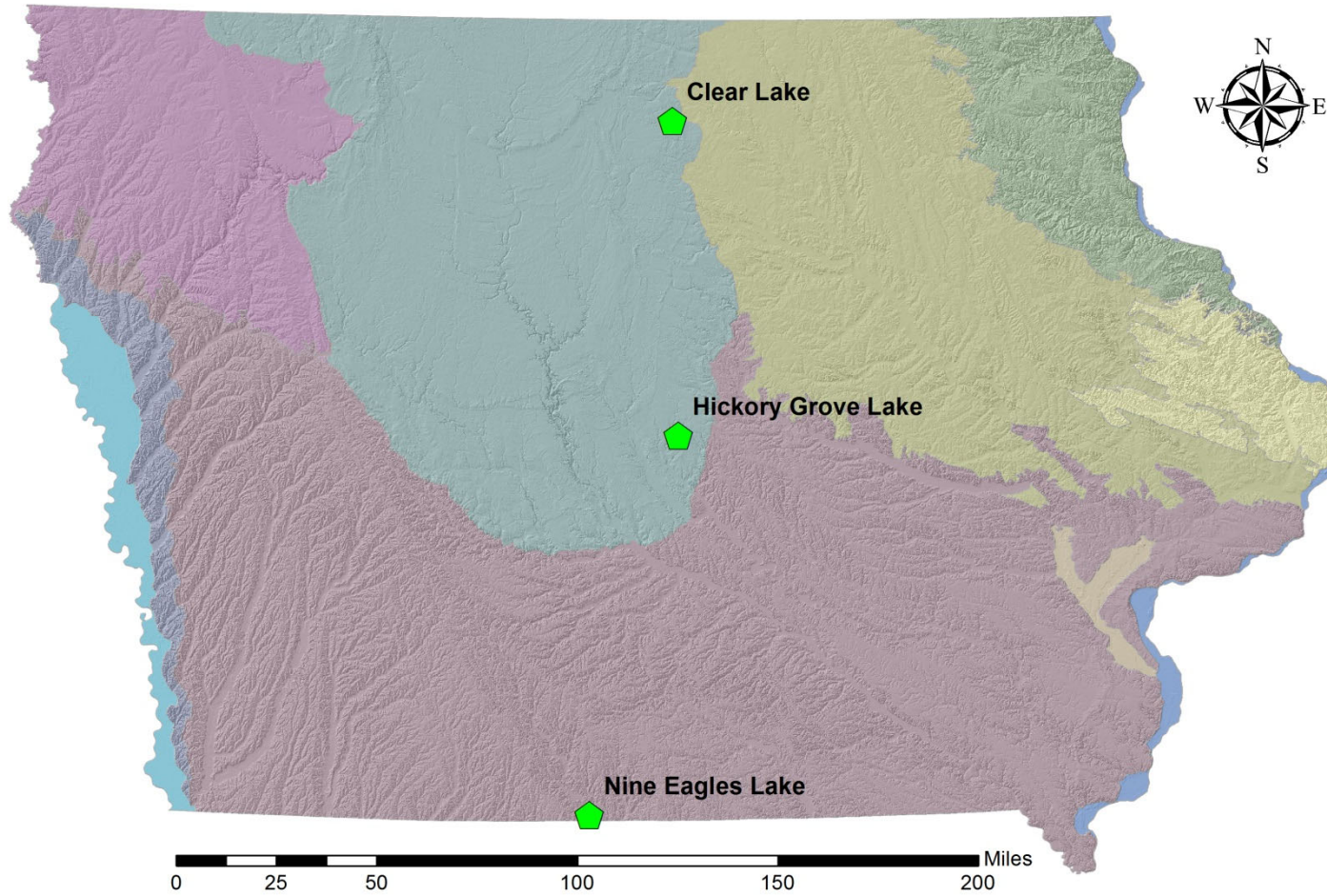


Goals/Design

- Gradient near to far shore in the lake water?
- Gradient near to far shore in the beach sand?
- Differences between swimming zone and open lake?
- Associations between sand and water *E. coli* concentrations?

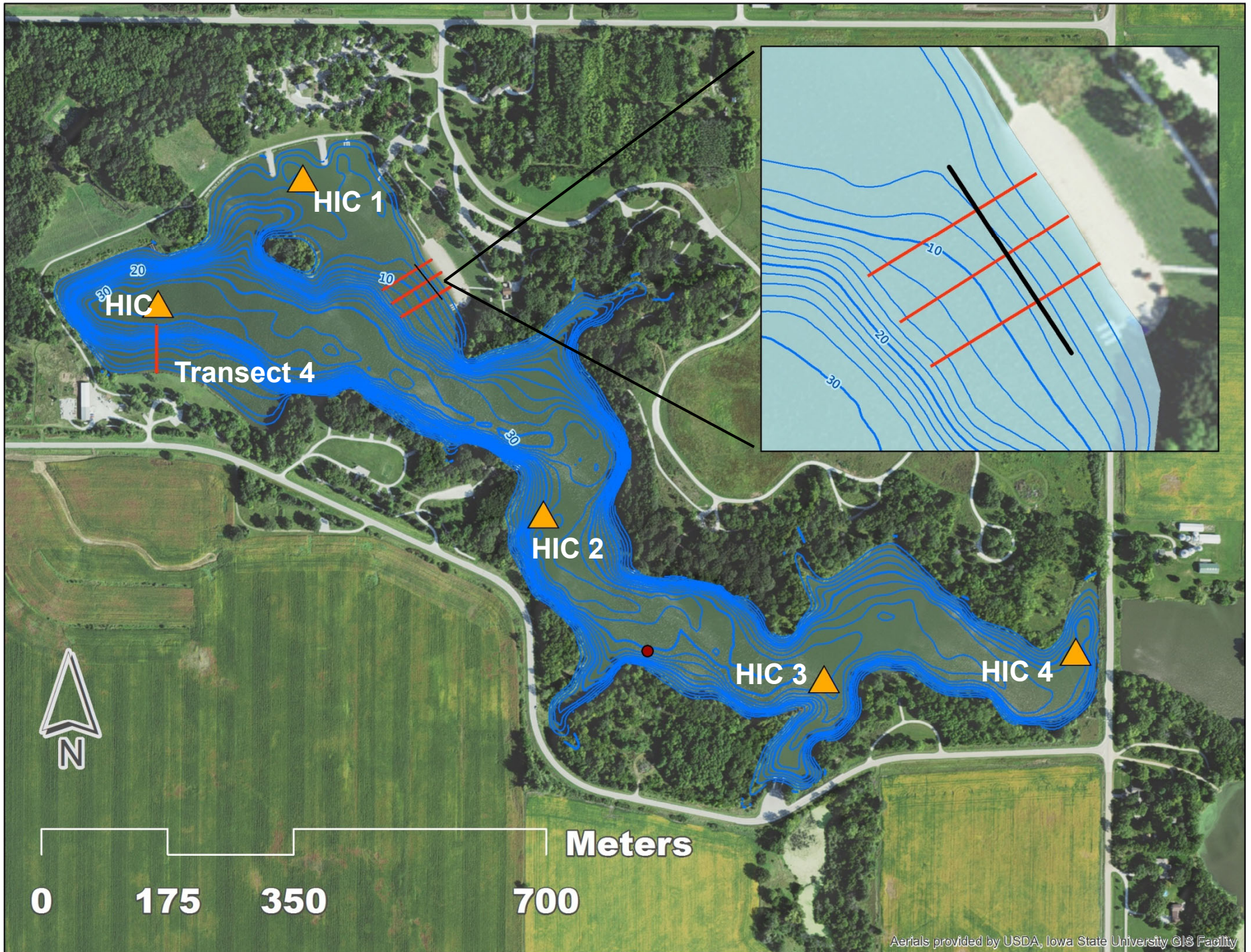


Site Selections

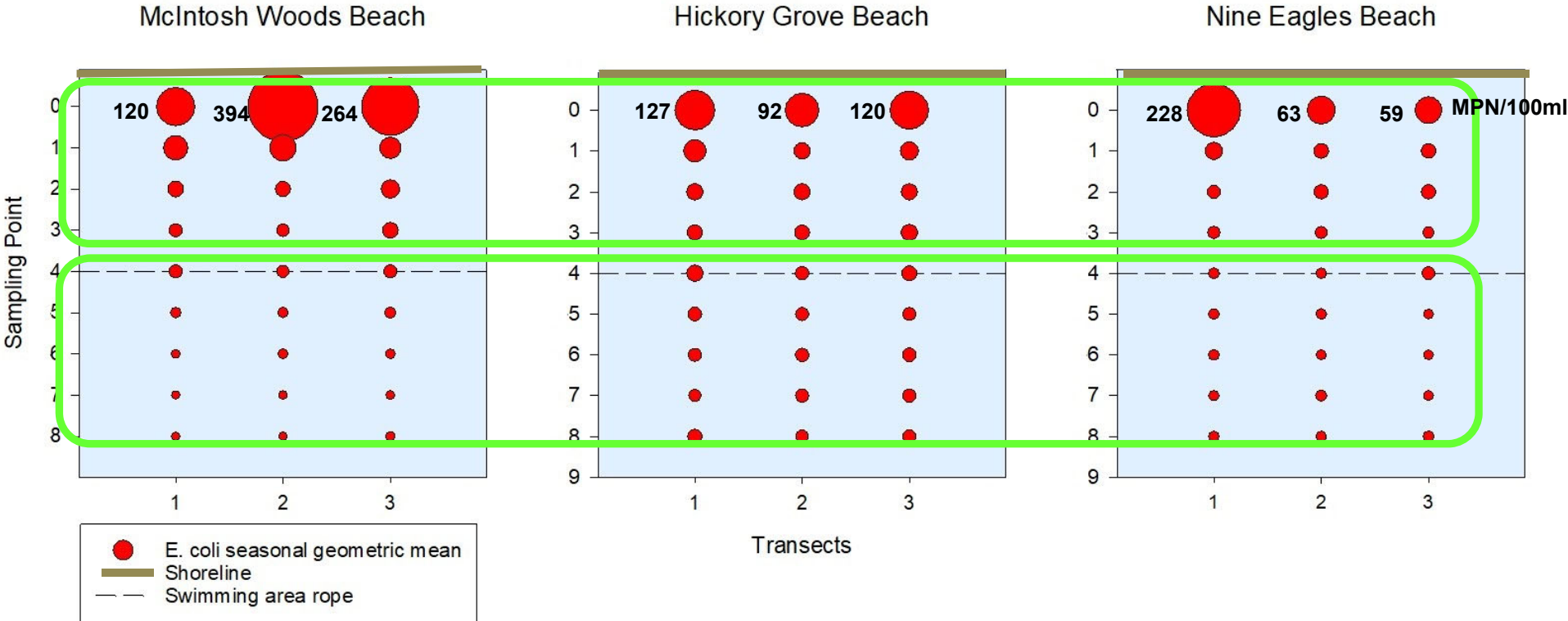


Sample Collection

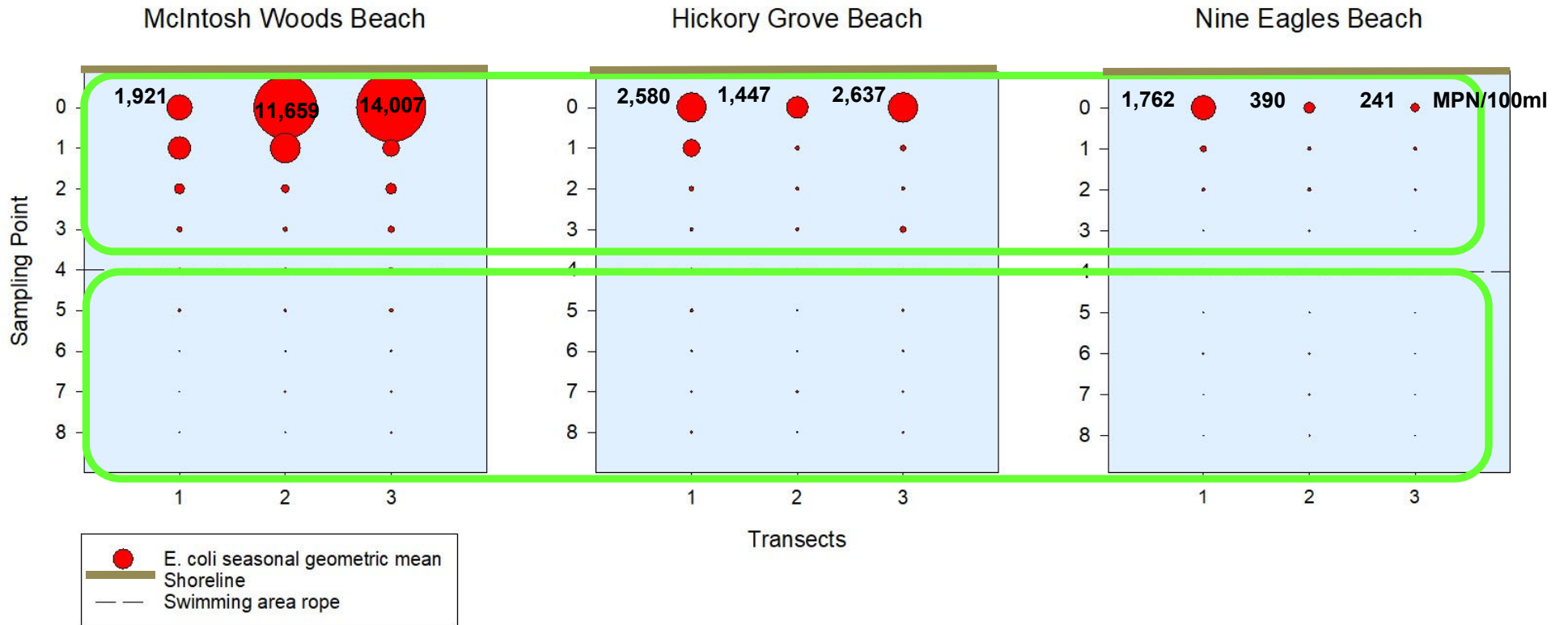




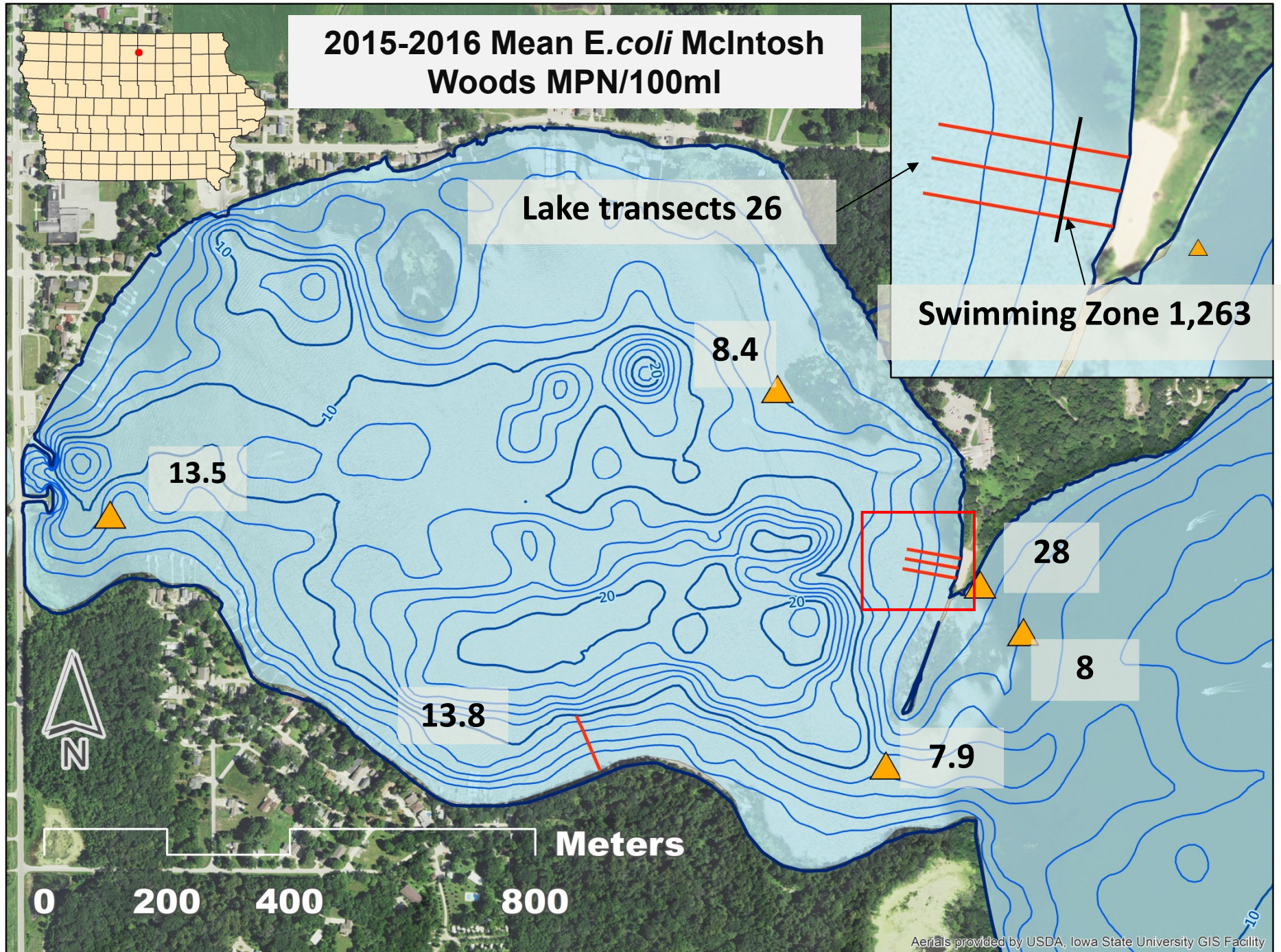
Geometric Mean 2015-2016 MPN/100ml



Geometric Mean from > 235 MPN/100ml Occurrences 2015-2016



2015-2016 Mean E.coli McIntosh Woods MPN/100ml



Max Beach *E.coli* McIntosh Woods MPN/100ml



Lake transects 26

Swimming Zone 10,565

<10

10

52

<10

9.6

<10

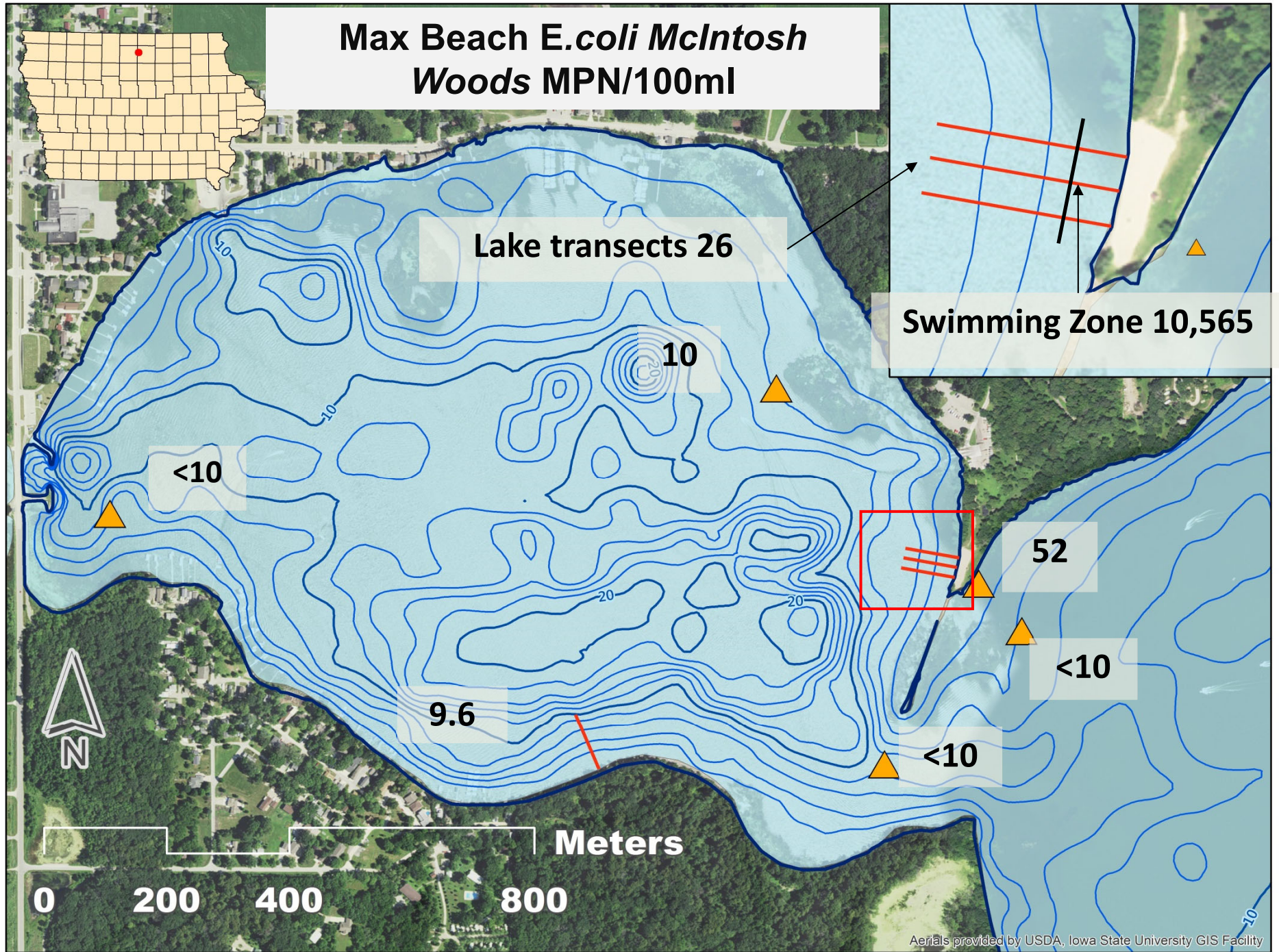
Meters

0

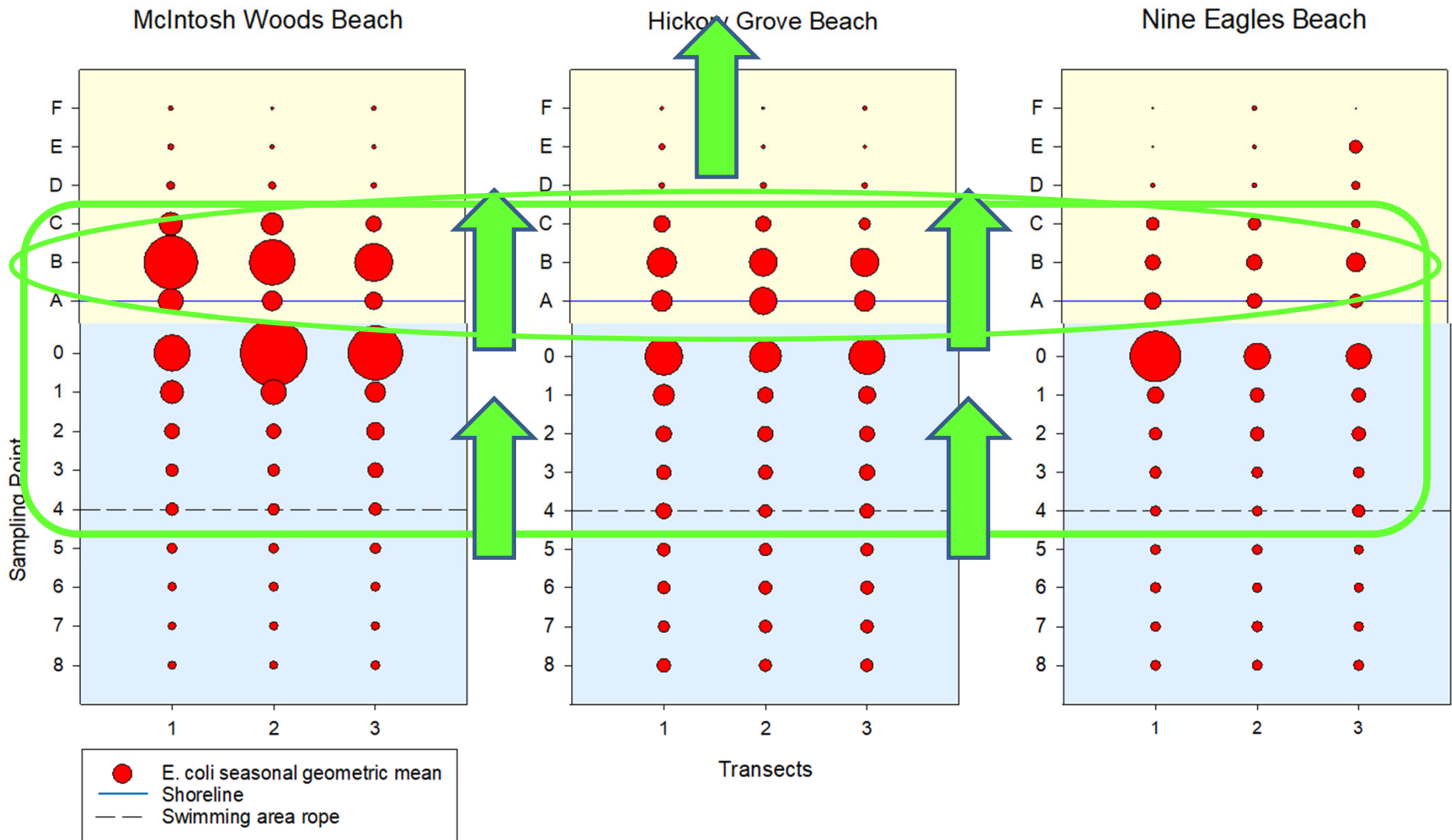
200

400

800

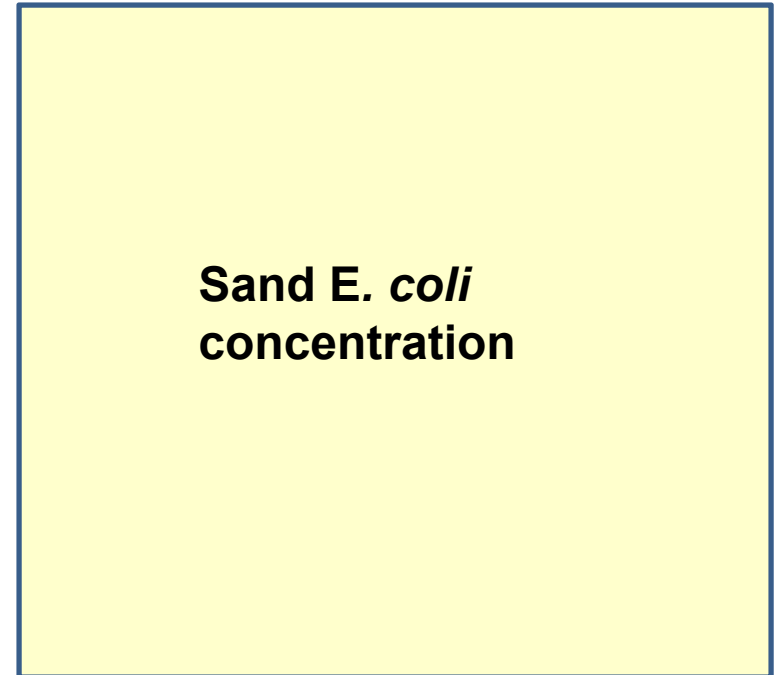


Beach Sand & Water Relationships



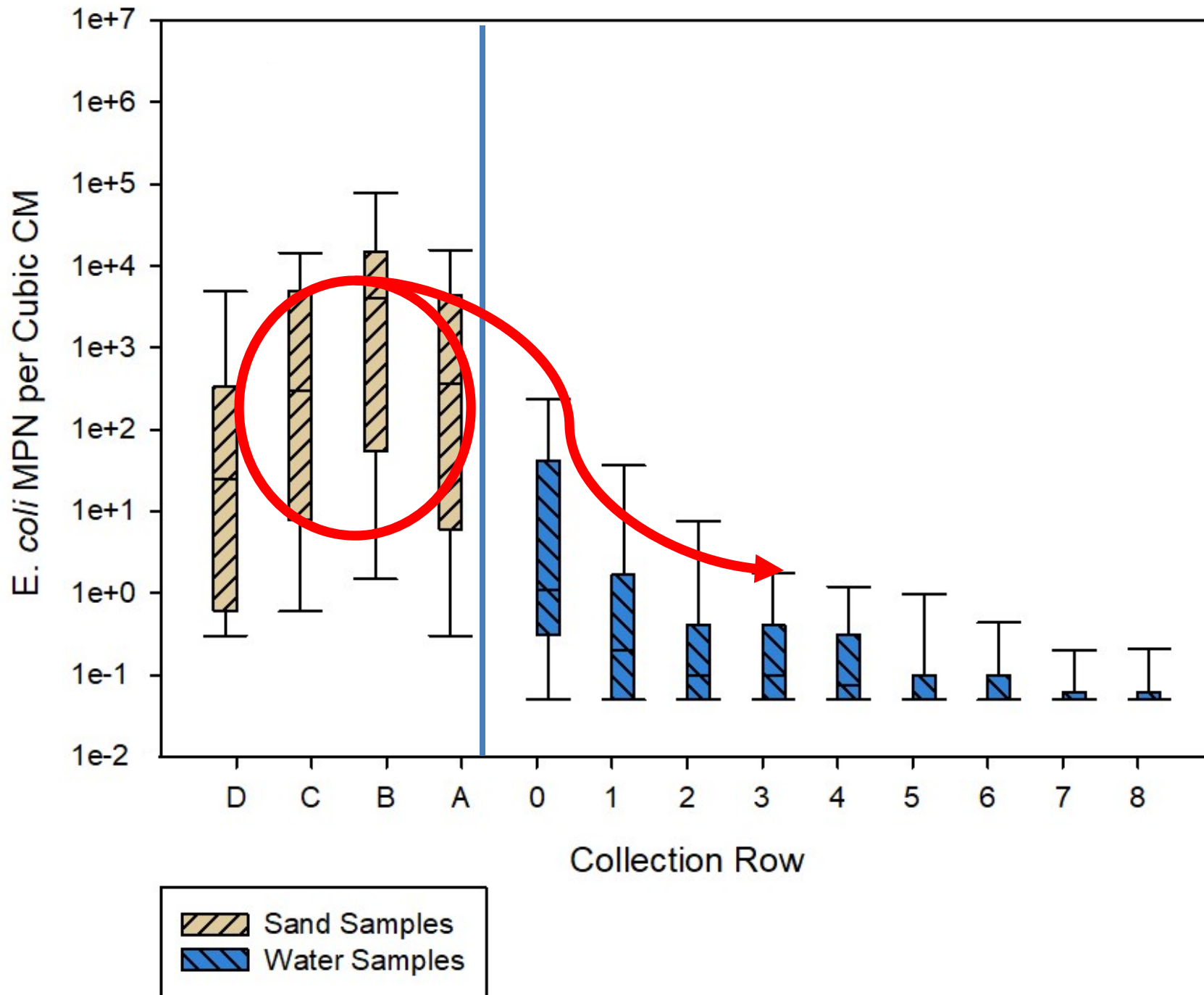
Beach Sand & Water Relationships

- Reporting concentrations
- Comparison
 - Cubic CM sand = 1 ml H₂O
- Averaged 500 to over 1,300 times higher in sand
- Max difference
 - Sand 86,500 time higher

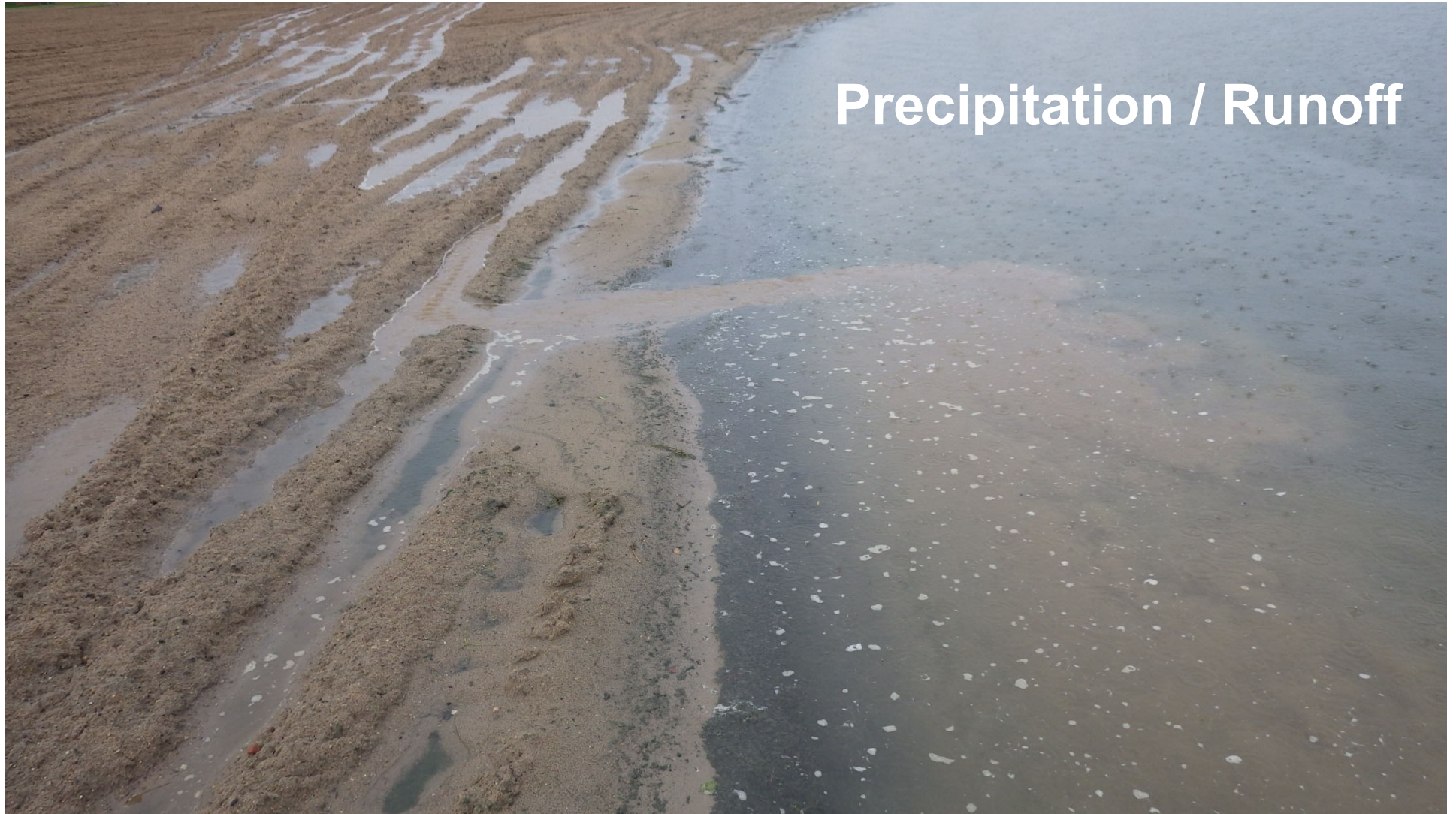


water *E. coli* concentration





Delivery Mechanisms



Precipitation / Runoff

Delivery Mechanisms

Onshore waves / wind
Frequent in literature



Delivery Mechanisms



Current Utilization/Implementation

- Developed a statewide TMDL
 - Model load capacity of swimming zone
 - Estimate reductions
 - Document can be updated to add beach systems as datasets and models are developed
 - 12 systems in various stages of development
- 319 beach grant program
 - Developed a grant program to administer money to beach systems that have gone through TMDL development
 - Project funding will focus on infrastructure upgrades and management tools
 - Working with parks leadership to align granting opportunities with planned infrastructure upgrades



Supplemental Pathogen Assessment

Goals:

1. Evaluate “large volume” sampling method
2. Build capacity for use of qPCR-based analytical methods
3. Assess occurrence of pathogens in selected beach waters
4. Evaluate the relationship between an indicator (*E. coli*) and pathogens

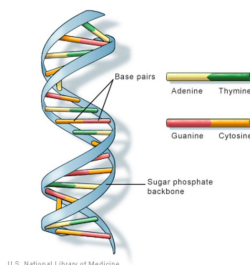
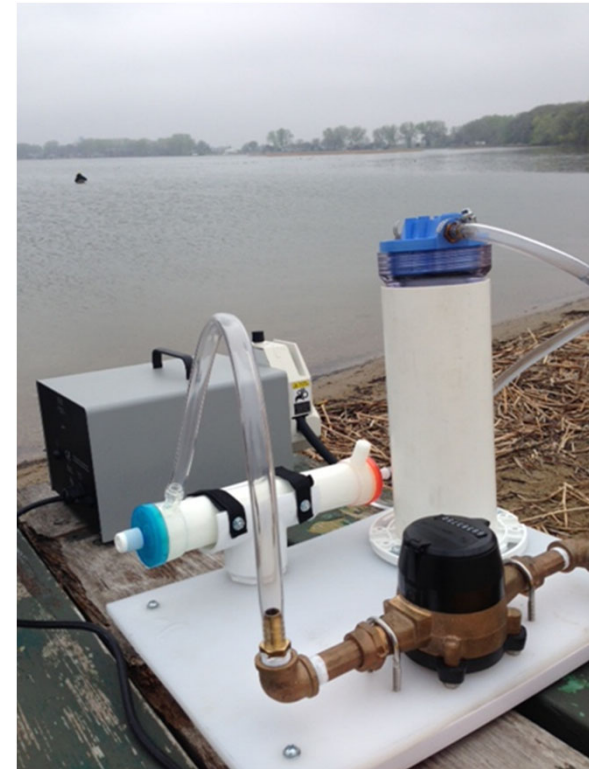


Table 1: Specific InvA gene primers

Primer	Sequence
InvA/F	'5-CAC CGT GCT GCT TTC TCT ACT TAA CA-3'
InvA/R	'5-TTA TAT TGT TTT TAT AAC ATT CAC TGA C-3'

F: Forward primer, R: Reverse primer

Targeted 17 genetic sequences unique to human, animal, and plant pathogens – detected 4

Microorganism
Adenovirus group A
Adenovirus group B
Adenovirus groups C, D, F
Avian influenza (birds)
Bovine polyomavirus (cattle)
<i>Campylobacter jejuni</i>
Enterohemorrhagic <i>E. coli</i> (<i>eae</i> gene)
Enterohemorrhagic <i>E. coli</i> (<i>stx1</i> gene)
Enterohemorrhagic <i>E. coli</i> (<i>stx2</i> gene)
Enterovirus
GI Norovirus
GII Norovirus
Hepatitis E virus (swine)
Human polyomavirus
Pepper mild mottle virus (waste indicator?)
<i>Salmonella</i> (<i>invA</i> gene)
<i>Salmonella</i> (<i>ttr</i> gene)

- Adenoviruses can cause respiratory (C), eye (D), and gastrointestinal (F) infections in humans
- Avian influenza – caused 2015 outbreak in poultry in Iowa
- GII Noroviruses – highly contagious, causes vomiting and diarrhea in humans
- Pepper Mild Mottle Virus – possible indicator of human waste, but not a human pathogen

Results by location

Beach/Lake	Year(s)	N	Positive Detections	Det. Freq.	Microorganisms
Beeds Lake	2016	3	0	0%	
Big Creek State Park	2016	13	0	0%	
Hickory Grove	2016	14	2	14%	Adenovirus C,D,F
McIntosh Woods Beach - Clear Lake	2016	14	5	36%	Avian Influenza A, PMMV, GII Norovirus, Adenovirus C,D,F
Brushy Creek Lake	2016/17	8	0	0%	
Lake Ahquabi	2017	4	0	0%	
Lake Keomah	2017	4	0	0%	
Nine Eagles Lake	2017	1	0	0%	
Prairie Rose Lake	2017	5	0	0%	
Emerson Bay - West Okoboji	2017	3	1	33%	Pepper Mild Mottle Virus
Lake Macbride	2017	5	3	60%	Pepper Mild Mottle Virus
TOTAL		74	11	15%	

Summary

- 11 of 74 samples (15%) positive for viral material (no bacterial pathogens)
- 12 of 74 samples (16%) exceeded 235 MPN/100ml in swimming area
- 4 samples with high *E. coli* (>235 cfu/100ml) had virus detections (34%)
- 7 samples with low *E. coli* (<235 MPN/100ml) had virus detections (11%)

Questions

