

Agenda

Environmental Protection Commission

Tuesday, March 19, 2024

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

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

Tuesday, March 19, 2024

10:00 AM – EPC Business Meeting

If you are unable to attend the business meeting, comments may be submitted for public record 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.

1	Approval of Agenda	
2	Approval of the Minutes	
3	Monthly Reports	Ed Tormey (Information)
4	Director’s Remarks	Kayla Lyon (Information)
5	Solid Waste Alternatives Program (SWAP)-Contract Recommendation	Tom Anderson (Decision)
6	Contract Amendment with Region XII Council of Governments-EMS Program Auditing Services	Laurie Rasmus (Decision)
7	Clean Water and Drinking Water State Revolving Loan Fund-FY 2024 Intended Use Plan Fourth Quarter Update	Theresa Enright (Decision)
8	Air Quality-Fiscal Year 2025 Draft Budget Review	Wendy Walker (Information)
9	General Discussion	
10	Upcoming Meetings	
	<ul style="list-style-type: none">• Tuesday, April 16, 2024, Wallace Building• May 21-May 22, 2024, Wapello County Field Tour & Business Meeting	

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

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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.

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Iowa Department of Natural Resources
Environmental Protection Commission

Item 5, Page 1 of 2

#5

Decision Item

Contract Amendment #3 to 16ESDWQBKAMEN-0009, Original Contract for the Silver Creek (Clayton County) Watershed Project

Commission approval is requested for a contract amendment with Iowa Department of Agriculture and Land Stewardship, of Des Moines, Iowa.

Amendment #3
Terms: Additional funds for Original Tasks, funding agricultural best management practices (BMPs) for fall 2020 construction
Amendment Amount: \$45,600
Amendment Dates: August 19, 2020 to December 31, 2020
Funding Source(s): EPA Clean Water Act Section 319 grant number 00740423

Amendment Purpose: The Silver Creek (Clayton County) Watershed Project has been active since 2007 and has been successful in its goal of reducing the sediment and nutrient levels of Silver Creek. Upon its completion, this Contract will conclude the Silver Creek Watershed Project and a success story will be jointly published by the EPA and the DNR in the near future. Nutrient reduction work in the Silver Creek Watershed will continue through the expanded Clayton County Water Quality Initiative project conducted by IDALS.

Amendment #3 will increase the funding of the Contract to allow for the final installation of agricultural BMPs in the fall

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Agenda Item Page

**MINUTES OF THE
ENVIRONMENTAL PROTECTION COMMISSION
MEETING**

February 20, 2024

**Video Teleconference
and
Wallace State Office Building**

Approved by the Commission **TBD**

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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 10:05 am on February 20, 2024 via a combination of in-person and video/teleconference attendees.

COMMISSIONERS PRESENT

- Patricia Foley
- Harold Hommes
- Amy Echard
- Rebecca Dostal
- Roger Zylstra
- Lisa Gochenour (virtual)
- Kyle Tobiason
- Mark Stutsman (virtual)

COMMISSIONERS ABSENT

APPROVAL OF AGENDA

<i>Motion was made by Amy Echard to approve the item as presented. Seconded by Patricia Foley.</i>
<i>The Chairperson asked for the Commissioners to approve the agenda by saying aye. There were no nay votes.</i>

APPROVED AS PRESENTED

APPROVAL OF MINUTES

<i>Motion was made by Roger Zylstra to approve the item as presented. Seconded by Rebecca Dostal.</i>
<i>The Chairperson asked for the Commissioners to approve the Minutes of the January 17, 2024 meeting by saying aye. There were no nay votes.</i>

APPROVED AS PRESENTED

MONTHLY REPORTS

- Division Administrator Ed Tormey asked General Counsel Tamara McIntosh to provide an Executive Order 10 (EO10) update. Ms. McIntosh noted that public comment closed on the 2023 EO10 rules and staff are in the process of writing responsive summaries. The 2023 EO10 rules will go in front of the EPC in April, and if approved, will be filed in the Administrative Bulletin and reviewed again by ARRC before being finalized. Ms. McIntosh gave a brief status update of the 2024 EO10 rules.
- Mr. Tormey highlighted that DNR staff are currently working with Iowa communities that are being affected by the drought, and that we are in consistent communication with Iowa Homeland Security and Emergency Management regarding the drought conditions.

INFORMATION

DIRECTOR’S REMARKS

- Director Kayla Lyon thanked the EPC Commissioners and DNR staff for all of their work on EO10 since it became effective in January of 2023.

- Director Lyon also provided an overview of her presentation to the Ag and Natural Resources House Appropriation Committee, in which she highlighted work done in Iowa’s watersheds, DNR’s business assistance program, Pollution Prevention program, field services outreach, and several other environmental program successes.

CONTRACT AMENDMENT WITH IOWA DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP (IDALS)-IOWA LEARNING FARMS

Steve Hopkins requested Commission approval for a contract with IDALS for Iowa Learning Farms, a water quality education and outreach program. Mr. Hopkins stated that the contract includes additional funding to support the new tasks as outlined in the contract amendment.

Public Comments – None

Written Comments – None

<i>Motion was made by Rebecca Dostal to approve the item as presented. Seconded by Patricia Foley.</i>
<i>Amy Echard-aye, Roger Zylstra-aye, Patricia Foley-aye, Lisa Gochenour-aye, Rebecca Dostal-aye, Mark Stutsman-aye, Kyle Tobiason-aye, Harold Hommes-aye. Motion passes.</i>

APPROVED AS PRESENTED

CONTRACT WITH NORTH AND MIDDLE RIVER WATERSHED MANAGEMENT AUTHORITY (WMA)

Kyle Ament requested Commission approval for a contract with North and Middle River WMA to designate Clean Water Act Section 604(b) grant funding to support the creation of a Water Quality and Comprehensive Watershed Management Plan for North and Middle River (HUC8).

Public Comments – None

Written Comments – None

<i>Motion was made by Roger Zylstra to approve the item as amended. Seconded by Amy Echard.</i>
<i>Amy Echard-aye, Roger Zylstra-aye, Patricia Foley-aye, Lisa Gochenour-aye, Rebecca Dostal-aye, Mark Stutsman-aye, Kyle Tobiason-aye, Harold Hommes-aye. Motion passes.</i>

APPROVED AS PRESENTED

CONTRACT WITH MIDDLE RIVER WATERSHED MANAGEMENT AUTHORITY (WMA)

Kyle Ament requested Commission approval for a contract with Middle River WMA to support the creation of a Water Quality and Comprehensive Watershed Management Plan. Mr. Ament stated that implementation of the plan may begin before the end of the contract as many of the projects included are considered shove ready projects.

Public Comments – None

Written Comments – None

<i>Motion was made by Amy Echard to approve the item as amended. Seconded by Patricia Foley.</i>
<i>Amy Echard-aye, Roger Zylstra-aye, Patricia Foley-aye, Lisa Gochenour-aye, Rebecca Dostal-aye, Mark Stutsman-aye, Kyle Tobiason-aye, Harold Hommes-aye. Motion passes.</i>

APPROVED AS PRESENTED

CONTRACT WITH IOWA STATE UNIVERSITY-AMBIENT LAKES MONITORING

Dan Kendall requested Commission approval for a contract with Iowa State University to provide field and analytical support for monitoring on approximately 141 of Iowa’s significant publicly owned lakes and lakes in need of restoration.

Public Comments – None

Written Comments – None

<i>Motion was made by Rebecca Dostal to approve the item as amended. Seconded by Patricia Foley.</i>
<i>Amy Echard-aye, Roger Zylstra-aye, Patricia Foley-aye, Lisa Gochenour-aye, Rebecca Dostal-aye, Mark Stutsman-aye, Kyle Tobiason-aye, Harold Hommes-aye. Motion passes.</i>

APPROVED AS PRESENTED

CONTRACT WITH THE UNIVERSITY OF IOWA STATE HYGIENIC LABORATORY-PFAS ANALYTE SAMPLING AND ANALYSIS

Kathy Lee requested Commission approval for a contract with The University of Iowa State Hygienic Laboratory to provide sample collection and analyses of drinking water samples for PFAS analytes (Tier 5 sampling). Ms. Lee explained that sampling sites are designated in the Iowa PFAS action plan and in Tier 5, there are 125 public water supplies that will be sampled over the next three years. Ms. Lee responded to Commissioner questions on sampling frequency, EPA rules regarding PFAS and the definition of public water supplies in Iowa.

Public Comments – None

Written Comments – None

*Motion was made by Patricia Foley to approve the item as amended. Seconded by Rebecca Dostal.
Amy Echard-aye, Roger Zylstra-aye, Patricia Foley-aye, Lisa Gochenour-aye, Rebecca Dostal-aye, Mark Stutsman-aye, Kyle Tobiason-aye, Harold Hommes-aye. Motion passes.*

APPROVED AS PRESENTED

CONTRACT WITH BURNS & McDONNELL, ENGINEERING COMPANY, INC.-ENVIRONMENTAL MANAGEMENT SYSTEM (EMS)

WEBINARS

Jeff Fiagle requested Commission approval for a contract with Burns & McDonnell, Engineering Company, Inc. to provide a series of EMS webinars over the next two years.

Public Comments – None

Written Comments – None

*Motion was made by Kyle Tobiason to approve the item as amended. Seconded by Amy Echard.
Amy Echard-aye, Roger Zylstra-aye, Patricia Foley-aye, Lisa Gochenour-aye, Rebecca Dostal-aye, Mark Stutsman-aye, Kyle Tobiason-aye, Harold Hommes-aye. Motion passes.*

APPROVED AS PRESENTED

PROGRAMMATIC AGREEMENT-STATE HISTORICAL PRESERVATION OFFICE AND THE DRINKING WATER STATE REVOLVING FUND (DWSRF) AND CLEAN WATER STATE REVOLVING FUND (CWSRF) PROGRAMS

Theresa Enright and Karrie Darnell presented and overview of a developing programmatic agreement between the State Historic Preservation Office and the DWSRF and CWSRF programs. Ms. Enright highlighted the possible outcomes of the programmatic agreement and mentioned that it would be the first of its kind in the nation. Ms. Enright and Ms. Darnell responded to questions regarding the partnerships within the agreement, exclusions listed, and the potential implementation timeline for the agreement.

INFORMATION

REFERRAL TO ATTORNEY GENERAL-DARRYL BANOWETZ

Kelli Book requested that the Commission refer Darryl Banowetz to the Attorney General for an appropriate enforcement action for a manure release from his animal feeding operation that resulted in multiple water quality violations. Mr. Banowetz presented his response to the Commission. Commissioners discussed the information shared in each presentation.

Public Comments – None

Written Comments – None

*Motion was made by Rebecca Dostal to refer Mr. Darryl Banowetz to the Attorney General’s office. Seconded by Roger Zylstra.
Amy Echard-aye, Roger Zylstra-aye, Patricia Foley-aye, Lisa Gochenour-aye, Rebecca Dostal-aye, Mark Stutsman-aye,*

Kyle Tobiason-aye, Harold Hommes-aye. Motion passes.

APPROVED AS PRESENTED

REFERRAL TO ATTORNEY GENERAL-AMY KNAPP D.B.A. KNAPP MOBILE HOME PARK NO. 4

Bradley Adams requested that the Commission refer Amy Knapp to the Attorney General for violations of both Iowa laws and regulations related to wastewater disposal and for violations of an administrative consent order. Ms. Knapp presented her response to the Commission. Commissioners discussed the information shared in each presentation.

Public Comments – None

Written Comments – None

Motion was made by Kyle Tobiason to refer Amy Knapp to the Attorney General’s office. Seconded by Rebecca Dostal.

Amy Echard-aye, Roger Zylstra-aye, Patricia Foley-aye, Lisa Gochenour-aye, Rebecca Dostal-aye, Mark Stutsman-aye, Kyle Tobiason-aye, Harold Hommes-aye. Motion passes.

APPROVED AS PRESENTED

GENERAL DISCUSSION

- None

ADJOURN

Chairperson Hommes adjourned the Environmental Protection Commission meeting at 12:15 pm on February 20, 2024.

ADJOURNED

**Monthly Waiver Report
February 2024**

Item	DNR Reviewer	Facility/City	Program	Subject	Decision	Date	Agency
1	Tara Naber	Iowa Regional Utilities Association	WC - Water Supply Construction	Instead of following disinfection procedures in AWWA C651 for sampling every 1200 feet, collect samples based on calculations, require pigging, chlorine residual monitoring with conditions to re-disinfect or flush, and specific disinfectant.	Approved	1-29-24	24wcv016
2	Jasmine Bootman	Iowa American Water Company	Air Quality Construction Permits	Waiver of Initial Stack Test Requirement.	Approved	1.30.24	24aqw017
3	Karen Kuhn	Transco Railway Products Inc	Air Quality Construction Permits	Waiver of Initial Stack Test Requirement.	Approved	1.31.24	24aqw018
4	Nate Tatar	Thombert, Inc - Brooklyn	Air Quality Construction Permits	Waiver of Initial Stack Test Requirement.	Approved	2.1.24	24aqw019
5	Danjin Zulic	Bayer CropScience LP	Air Quality Construction Permits	Waiver of Initial Stack Test Requirement.	Approved	2.2.24	24aqw020
6	Bill Blum	Sac County Solid Waste Agency	SD	Sac County SWA asks the deficiency of Revenues over Expenditures in its 2023 financial assurance Local Government Guarantee be waived, Sac County's Ending Fund Balance exceeded its Beginning Fund Balance, so the County did not operate at a deficit.	Approved	1.31.24	24sdw021
7	Michael W. Smith	Loess Hills Regional Sanitary Landfill	SD	Request is for approval to accept for direct burial Polynuclear Aromatic Hydrocarbon (PAH) contaminated soils that exceed the limits specified in 567 IAC 109.5(2)"d".	Denied	2.2.24	24sdw022
8	Lucas Tenborg	Cargill Vitamin E -Eddyville	AQ	DNR received a request for a variance from Condition 10(A)(2), General Requirements with Completing Construction within (36) months of issuance of permit 02-A-786-S4.	Approved	2.12.24	24aqw023
9	Nate Tatar	Midwestern Equipment LC	Air Quality Construction Permits	Waiver of Initial Stack Test Requirement.	Approved	2.13.24	24aqw024
10	Danjin Zulic	3M - Ames	Air Quality Construction Permits	Waiver of Initial Stack Test Requirement.	Approved	2.15.24	24aqw025
11	John Curtin	Muscatine Power and Water	Air Quality Construction Permits	Waiver of Initial Stack Test Requirement for facility haul roads and coal conveyor	Approved	2.23.24	24aqw026
12	Michael Hermesen	Mo. Valley Grain, Inc.	Air Quality Construction Permits	Waiver of Initial Stack Test Requirement.	Approved	2.23.24	24aqw027
13	Lucas Tenborg	3M-Knoxville	AQ	variance request from 3M - Knoxville on February 5, 2024 to run a feasibility trial for 54" pad bonding tape on coating line 5N. The trial is to determine if 54" pad bonding tape that is currently running on line 2NB can be used on line 5N.	Approved	2.26.24	24aqw028

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

ITEM**#5****DECISION****TOPIC****Solid Waste Alternatives Program (SWAP) – Contract Recommendation**

DNR received 13 proposals requesting \$2,414,875 in financial assistance during the January 2024 round of funding. Five (5) project proposals are endorsed for funding for a total of \$1,903,494 in SWAP funding assistance.

Of the five project proposals endorsed for funding, one project does not require Commission action. Two projects greater than \$25,000 are presented today for Commission approval. Together, these projects total \$641,535 in a combination of forgivable loans, zero percent loans and three percent loans. These projects are described in the Attachment.

The remaining two projects recommended for funding (recycling center expansion and a new organics composting facility) are undergoing a funding suitability study. The study is intended to help ensure the safety of awarded funds, that the applicant is in a position to repay those funds. Pending favorable outcomes of the funding suitability study, these projects will be presented to the Commission for approval in the next few months.

Funding for the SWAP comes from a portion of the solid waste tonnage fee, assessed on municipal solid waste and construction and demolition waste being landfilled in Iowa.

The review committee consisted of six persons representing the Land Quality Bureau (3), Iowa Society of Solid Waste Operations (1), Iowa Recycling Association (1), and the Iowa Waste Exchange (1).

At this time, the DNR is requesting Commission approval to enter into agreements with:

Goodwill Industries of Central Iowa	Reduction, reuse and recycling equipment expansion	\$590,535
Habitat for Humanity of Council Bluffs	Increase collections of donated goods and expand service area	\$51,000

Tom Anderson, Executive Officer II
Land Quality Bureau
Environmental Services Division
March 19, 2024

SOLID WASTE ALTERNATIVES PROGRAM

Proposal Recommendation

The following provides a description of two projects for which Commission approval is requested.

Goodwill Industries of Central Iowa 5355 NW 86th Street Johnston, Iowa 50131	Forgivable Loan: 0% Loan: 3% Loan: Total Award Amount:	\$ 10,000 \$ 50,000 <u>\$530,535</u> \$590,535
	Cash Match: Total Project Cost:	<u>\$581,845</u> \$1,172,380

Project Title: Reduce Reuse Recycle Program

Contact: Mary Hunter **Phone:** 515-265-5323

Project Type: Best Practices – Reduce, Reuse, Recycle

Applicant: Not for Profit

Description: Goodwill Industries of Central Iowa diverted over 9,000 tons of upcycled materials in the last year with a 2024 goal of 12,800 tons. This project focuses on improving operations efficiency leading to reduced waste and increased reuse and recycling. The project will also lead to increased sales of goods managed by the applicant through their main store, 17 outlet stores and through on-line sales.

Goodwill Industries of Central Iowa is requesting funding assistance for the purchase and installation of equipment to implement a multi-faceted waste reduction, reuse and recycling project.

Requested equipment includes an:

- On-demand box making system. This process responds to the large increase in on-line sales through sustainably reducing overpackaging and reducing fill material. The box making system creates shipping containers (boxes) specific to the dimensions of what is being mailed. The machine measures, cuts, scores, folds, and glues cardboard into a right-sized shipping container. This process reduces cardboard usage, eliminates the need to purchase and inventory multiple sized boxes for shipping goods and reduces air space voids requiring less fill material.
- Void fill system. Working in conjunction with the on-demand box making system, the void fill system automatically fills the minimal air space in right-sized shipping containers for on-line sales. The system shreds and reuses cardboard boxes brought in by customers donating items to Goodwill. Shredded cardboard is used for fill material, displacing the use of non-recyclable plastic packaging.
- Automated Book Processing Line. This system streamlines the process of collecting, sorting, and distributing books. Books are placed on a conveyor and scanned for the international standard book number.

Optical scanners sort the books by subject and books are then priced automatically before being distributed to Goodwill's retail stores. Rare or historical books are removed for sale on-line.

- Clothing carousel. This system will optimize floor space, improve clothing visibility and accessibility and improve inventory management. Currently, clothes are rolled-up and stored in bags impacting their accessibility, integrity and appearance. This system will increase Goodwill's ability to sell and store more clothing and create operating efficiencies in a more consolidated footprint.

Service Area:

Goodwill Industries of Central Iowa service area (22 counties)

Habitat for Humanity of Council Bluffs
1228 South Main St.
Council Bluffs, Iowa 51503

Forgivable Loan: \$10,000
0% Loan: \$41,000
Total Award Amount: \$51,000

Cash Match: \$17,000
Total Project Cost: \$68,000

Project Title: Cargo Van for Increased Collections

Contact: David Klitz **Phone:** 712-328-9476

Project Type: Best Practices – Reuse

Applicant: Not for Profit

Description: The applicant is requesting funding assistance to cost share in the purchase of a cargo van for the collection of donated new and gently used building materials, furniture, home decor items, etc. The van is instrumental in increasing the applicant's service area, the number of weekly collection trips and sales.

Service Area: Council Bluffs and rural areas of Pottawattamie and Mills Counties

Iowa Department of Natural Resources
Environmental Protection Commission

#6

Decision Item

Contract 21ESDLQBLRASMU-002 Amendment #2 to the original contract with Region XII Council of Governments, Inc.

Commission approval is requested for a contract amendment with Region XII Council of Governments, Inc. of Carroll, IA.

Amendment #2 to the original contract Terms:

Amendment Amount: \$37,500.00

Amendment Dates: July 1, 2024 to June 30, 2025

Funding Source(s): G550 (solid waste account of the Groundwater Protection Fund)

Amendment Purpose: The purpose of the Amendment is to continue professional auditing services for the Environmental Management System (EMS) program through FY2025.

Original Contract Purpose: The purpose of the Contract was to secure professional auditing services for the EMS program. Iowa Code chapter 455J establishes criteria for EMS, a voluntary alternative to Solid Waste Comprehensive Planning for designated planning/service areas. In addition to integrated solid waste management, EMS participants actively pursue continuous improvement in six environmental component areas. EMS participants are required to submit an annual report to document compliance with the requirements of Iowa Code section 455J.3. DNR has adopted by rule [Iowa Administrative Code 567-111.6(7)] an external audit process, to be completed by an independent third party, for determining EMS participants' compliance with applicable statute and administrative rules. Region XII Council of Governments, Inc. performs these audit duties.

Original Selection Process Summary: DNR followed the Formal Competitive Bidding process for Professional Services. DNR received proposals from three potential contractors. The Region XII Council of Governments, Inc.'s proposal was selected, having both the highest technical score and lowest cost.

Contract History:

Original Contract Terms: Amount \$70,000.00; Timeframe: July 1, 2021 to June 30, 2023; Purpose: External auditing services for EMS program.

Amendment #1 Terms: Amount: \$37,500.00; Timeframe: July 1, 2023 to June 30, 2024; Purpose: Continuation of external auditing services for EMS program.

Amendment #2 Terms: Amount: \$37,500.00; Timeframe: July 1, 2024 to June 30, 2025; Purpose: Continuation of external auditing services for EMS program.

Laurie Rasmus, Program Planner 3, Land Quality Bureau
Environmental Services Division
March 19, 2024

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

ITEM	<div style="border: 1px solid black; padding: 2px; display: inline-block;">#7</div>	DECISION
TOPIC	Clean Water and Drinking Water State Revolving Loan Fund – FY 2024 Intended Use Plan Fourth 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) Fourth Quarter Update for State Fiscal Year 2024 (July 1, 2023 – June 30, 2024).

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. The SFY 2024 DWSRF IUP contains planned uses of the DWSRF Base Program and also includes planned uses for the Bipartisan Infrastructure Law (BIL) General Supplemental (GS), PFAS/Emerging Contaminants (EC), and Lead Service Line (LSL) Replacement Funds. The SFY 2024 CWSRF IUP contains planned uses of the CWSRF Base Program and also includes planned uses for the BIL PFAS/EC Fund.

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. The written comment period closed on March 4, 2024. One DWSRF project requested to be dropped so it was removed from the IUP PPL presented for approval. No additional written comments were received. A public meeting was held via conference call on February 15, 2024 to highlight changes to the plan and to receive comments. No public comments were received.

Attachment 1 to the CWSRF IUP and DWSRF IUP serves as the project priority list for the SRF Base Program Funds and the BIL GS, PFAS/EC, and LSL Replacement Funds. A summary of the new projects added to the PPLs for the fourth quarter of SFY 2024 are as follows:

(5) CWSRF Planning & Design Loan applications	(totaling \$5,905,000)
(11) CWSRF IUP applications for construction projects	(totaling \$171,609,000)

(13) DWSRF Planning & Design Loan applications	(totaling \$4,458,714)
(11) DWSRF IUP applications for construction projects	(totaling \$50,090,000)

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

Theresa Enright, SRF Coordinator
Department of Natural Resources
March 19, 2024

DRAFT

FY 2024 INTENDED USE PLAN

INVESTING IN IOWA'S WATER



CLEAN WATER STATE REVOLVING FUND

Approved by the Environmental Protection Commission (EPC) on June 20, 2023. Approved by the EPC on September 19, 2023. Approved by the EPC on Dec 19, 2023. **Anticipated approval by the EPC on March 19, 2024.**

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Introduction

Under the authority of Title VI of the Federal Water Pollution Control Act and Iowa Code Sections 455B.291-455B.299, the Clean Water State Revolving Fund (CWSRF) Program finances wastewater treatment, sewer rehabilitation, stormwater quality improvements, and nonpoint source projects.

Since 1989, Iowa's State Revolving Fund (SRF) Programs have provided over **\$4 billion** in financial assistance for water and wastewater infrastructure, agricultural best management practices, and other water quality projects. With the State Fiscal Year (SFY) 2024 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.

A. 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 SRF is incorporating into SFY 2024 IUPs.

- ✓ Plans for implementing funding for the General Supplement and PFAS/Emerging Contaminants funding awarded from the **Infrastructure Investment and Jobs Act (IIJA)**, also known as, **Bipartisan Infrastructure Law (BIL)** are included in this annual release of the IUP.
- ✓ The **Socioeconomic Assessment Tool** used to define a **Disadvantaged Community (DWSRF Program)** and **Affordability Criteria (CWSRF Program)** has been updated with current American Community Survey and state-level employment data. In addition, the assessment criteria were refined to improve desired outcomes and comply with existing federal statute.
- ✓ Additional subsidization in the form of loan principal forgiveness will only be applied to eligible construction costs of projects selected to receive additional subsidization.
- ✓ Borrowers receiving loan forgiveness will only receive one award per project.
- ✓ Program planning continues in SFY 2024 for the **Water Resources Restoration Sponsored Project Program**. Future quarterly updates to the IUP will provide information on the availability of this program.

B. SRF Program Overview

SRF PROGRAM ADMINISTRATION

The unique partnership between the Iowa Department of Natural Resources (DNR), 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, permitting, and regulatory compliance aspects of the program as well as project approval and eligibility
- IFA-Administers the financial aspects of the program including fund management, bonding, loan approval, disbursements, and servicing
- 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

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

INTENDED USE PLANS

The State of Iowa IUP for the CWSRF is prepared annually in accordance with the provisions of Clean Water Act, 40 CFR Part 35 and Iowa Code Sections 455B.291-455B.299 and 567 Iowa Administrative Code (IAC) Chapters 90-93.

The IUP is developed annually in June and updated quarterly in September, December, and March (or more often as needed). This IUP covers activities during the SFY 2024, July 1, 2023 through June 30, 2024.

The IUP identifies the intended use of funds available to the SRF, the program's goals, information on the types of activities to be supported, assurances and specific proposals on the manner by which the State intends to meet the requirements of the Operating Agreement with the U.S. Environmental Protection Agency (EPA), criteria and method for distribution of funds, and the loan rates, terms, and fees for the fiscal year; and includes a ranked listing of projects to be funded.

The IUP and Project Priority List (PPL) are submitted to the EPA as part of the application for a capitalization grant. The IUP and PPL are reviewed and approved quarterly by the Iowa Environmental Protection Commission (EPC)¹. Federal and state law requires, and Iowa welcomes, public participation in the development of the IUP.

METHOD OF AMENDMENT OF THE INTENDED USE PLAN

The Iowa SRF Program will follow this IUP in administering CWSRF funds in SFY 2024. 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 PPL to utilize actual funds available to the CWSRF for SFY 2024 will be considered minor and only affected applicants will be notified. Public notice of amendments will be made if borrowers are added to or removed from the PPL.

PUBLIC REVIEW AND COMMENT

(See Appendix I - Public Review and Comments Received)

The SRF Program accepts new IUP applications quarterly by the first business day in March, June, September, and December². The IUP and PPL are updated and available to the public for review about 60 days after the quarterly IUP application deadline. The IUP is posted on the CWSRF Program webpage of the SRF Program's website (www.iowasrf.com) and public comments are accepted for up to 30 days following the posting.

Public Hearings are scheduled on the third Thursday of the months of May, August, November and February to highlight changes from the previous quarter and to collect public comments. A final draft version of the IUP, including all comments incorporated during the comment period, will be posted as part of the EPC Meeting and Agenda on the EPC webpage on the DNR's website³.

An open forum client contact group meeting will be held on the Thursday prior to each EPC meeting to discuss agenda items. The IUP is approved quarterly by the EPC at regularly scheduled EPC meetings typically held the third Tuesday of the months of June, September, December and March. EPC meetings are open to the public, providing a final opportunity for public comment on the IUP.

All of the opportunities mentioned above are open to the public. Meetings and hearings are announced on the News page of the [SRF website](http://www.iowasrf.com) and agency-managed listservs.

¹ <https://www.iowadnr.gov/About-DNR/Boards-Commissions/Environmental-Protection-EPC>

² Clean Water Program page of <https://www.iowasrf.com>

³ <https://www.iowadnr.gov/About-DNR/Boards-Commissions/Environmental-Protection-EPC>

PROJECT PRIORITY LIST

(See Attachment 1 - CWSRF Project Priority List)

The CWSRF Program management includes a priority list of projects for loan assistance, developed according to DNR rules 567 IAC Chapter 92 (455B). Attachment 1 constitutes the CWSRF PPL and is included as a separate, sortable Excel file. This priority list will be amended quarterly during SFY 2024 and includes projects funded by both CWSRF Base and BIL Funds.

The PPL is a list of projects currently requesting funding from the SRF. This list provides the CWSRF Program with a projection of loan funding assistance needed for applications. Priority order is determined by point source rating criteria defined in 567 IAC Chapter 91 (455B). More information on priority ranking is available in Appendix C - Project Ranking Criteria. Projects are listed on the PPL in ranking order by the IUP year and quarter the application was received. Planning and Design loan applications are not ranked.

Pursuant to Section 606(c) (3) of the Clean Water Act and 40 CFR Part 35, the PPL also includes the following required items: name of the potential borrower; project description; National Pollutant Discharge Elimination System (NPDES) Permit Number (as applicable); SRF project number; projected amount of eligible assistance; and type of assistance. The PPL may also include SRF project number, project ranking, or project status.

Attachment 1 includes the following project categories for funding during SFY 2024:

- **Planning and Design Loans.** These are loan requests that cover planning and engineering costs related to the design of an eligible CWSRF project and the development of a Facility Plan.
- **New Section 212 Treatment Works Projects.** Projects are added to the PPL only after a complete IUP application is received, the project has passed a preliminary review of eligibility, and the project is scored.
- **Unfunded Prior Years' Section 212 Treatment Works Projects.** These are loan requests remaining on the PPL from previous years' IUPs. It is Iowa's intention to make CWSRF loans to these projects during SFY 2024 if they are ready for a binding loan commitment.
- **Segments of Previously Funded Section 212 Treatment Works Projects.** Subsequent segments of a project which have previously received funding priority or assistance will be placed on the PPL and may carry over their original priority point total from the previous year.
- **New General Nonpoint Source Projects including Source Water Protection.** New applications for assistance through a direct loan will be accepted on a quarterly basis and added to the PPL if projects are determined to be eligible for funding and the application is complete.
- **Supplemental Financing.** Supplemental financing provides additional funds for projects listed in previously approved IUPs. These funds will be used to cover cost overruns on previously approved scopes of work and are added to the IUP as they are requested.

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."

If a project on the approved IUP list is not going to proceed or will not be utilizing SRF funds, the applicant should notify the SRF in writing that they wish to withdraw the IUP application from the PPL. For the purpose of program planning, projects on the IUP list (or listed in Appendix H - Funding Recommendations of this IUP) for over three years will be evaluated for removal. A notification will be sent to the SRF applicant that their project may be dropped if adequate progress toward a binding loan commitment is not demonstrated within six months following the notice. If a project is withdrawn or dropped from the PPL, the applicant may reapply when the project is ready to move ahead.

Project Scope. The scope of the project must be outlined in the IUP application and in the facility plan (FP).

Scope Changes. Significant changes in scope may cause delays if additional work is required by the project manager or environmental review specialist. Changes to the scope are allowed prior to loan closing. Once a loan is signed, only minor changes to the scope are allowed and only if the changes do not require additional public bidding, technical or environmental review.

TYPES OF FINANCING

(See Appendix D - Interest Rates, Fees, and Loan Terms)

The Iowa SRF Program provides low-interest financing using one of three financing mechanisms:

- **Direct Loans** - CWSRF funds are used to purchase municipal bond debt, secured by utility system revenues or a general obligation pledge.
- **Loan Participation** - CWSRF funds are used to purchase an existing loan from a lender. These loans are not listed in the PPL but are identified in Appendix H - Funding Recommendations of the CWSRF IUP and are individually reported in the annual report.
- **Linked Deposit** - CWSRF funds are deposited with a participating lender and are used to fund the loan and reduce the interest rate. These loans are not listed in the PPL but are reported by total program usage in the annual report.

Direct Loans for **Planning & Design** are available to public and private borrowers to cover engineering and project development costs such as testing and scoping, preparing facility plans, and project specifications that are directly related to the development of an eligible SRF treatment works or General Nonpoint Source project.

Direct Loans for **Section 212 Treatment Works Projects** are available to Publicly Owned Treatment Works (POTW) to address new construction or improvements to existing wastewater treatment facilities, treatment techniques, transmission lines and collection systems.

Financing for **General Nonpoint Source Projects** is available to public and private borrowers in the form of direct loans, loan participations or linked-deposit loans, depending on the borrower and project type. These loans address stormwater quality, inadequate septic systems, landfill closure, lake restoration, soil erosion control, brownfield cleanup, manure management and more. (SFY 2024 Program Activities to be Supported)

Current interest rates and fees are established in the IUP in Appendix D - Interest Rates, Fees, and Loan Terms

Loan Forgiveness criteria is established in the IUP in Appendix B - Additional Subsidization

CO-FUNDING

While SRF offers low loan rates and additional subsidization to eligible applicants, many of Iowa's communities need additional help from other funding sources. SRF funding can be combined with several other funding sources to make costly infrastructure projects possible. Joint funding that combines SRF loan dollars and funds from other agencies is crucial to making some 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 wastewater needs.

EMERGENCY FUNDING

In May of 2019, a Memorandum of Understanding (MOU) was signed regarding coordination between EPA and the Federal Emergency Management Agency (FEMA). The MOU established a framework for the EPA funded 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 a percentage of the replacement costs for public water and wastewater systems. The SRF can be used to finance the amount not covered by FEMA.

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 may be used to finance the repairs and then be repaid with FEMA money. Emergency loans meeting these conditions may be executed and then reported in the next quarterly IUP update.

APPLICATION PROCESS

New applications for **infrastructure construction projects** will be accepted on a quarterly basis the first working day of the months of March, June, September and December.

Infrastructure Construction Projects: IUP applications can be found on the SRF website⁴, the DNRs Wastewater Construction Permit website⁵, and are submitted to srf-iup@dnr.iowa.gov.

New applications for **Planning & Design** and **General Nonpoint Source Projects** will be accepted on a quarterly basis the first working day of the months of April, July, October and January.

Planning & Design Projects: Applications are available on the SRF website⁶ and are submitted to IFAs SRF Program Staff at waterquality@iowafinance.com.

General Nonpoint Source Projects: IUP applications can be found on the SRF website⁷, and submitted to srf-iup@dnr.iowa.gov.

Linked Deposit Programs: Applications for these programs are accepted on a continuous basis. Application submission instructions vary for each program and are indicated on each program application. Lender applications can be found on the SRF website⁸.

Project applications eligible for SRF funding under the BIL General Supplemental and BIL PFAS/EC Fund will use the CWSRF IUP application and follow the same quarterly IUP application cycle as the CWSRF Base Program. Additional application information may be required for projects applying for BIL Funds. The SRF Program will provide additional application materials for BIL Funds directly to applicants, as applicable, and application materials will be available on the SRF website⁹.

C. SFY 2024 CWSRF Program Goals

SHORT TERM GOALS

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, to assist in the construction of projects with the highest water quality impacts.

Goal: Update internal tracking systems and software to assist with streamlining and improving processes necessary to co-administer the CWSRF Program.

Goal: Update marketing materials and website to better facilitate communication and outreach with customers and to provide them with streamlined resources for program information and materials.

Goal: Assign/reallocate loan forgiveness funds from previous capitalization grants.

Goal: Revise affordability criteria to expand environmental equality and ensure Iowa's SRF Programs are reaching communities most in need of assistance.

Goal: Incorporate the use of Environmental Finance Center's (EFC) technical assistance resources to assist the Iowa SRF Program and disadvantaged community borrowers.

⁴ Clean Water Loan Program page of <https://www.iowasrf.com/>

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

⁶ Planning & Design Loan Program page of <https://www.iowasrf.com/>

⁷ Nonpoint Source Water Quality Programs page, Programs for Communities of <https://www.iowasrf.com/>

⁸ Nonpoint Source Water Quality Programs, Programs for Landowners page of <https://www.iowasrf.com/>

⁹ Bipartisan Infrastructure Law page of <https://www.iowasrf.com/>

Goal: Continue process improvement of the state’s oversight program for American Iron and Steel (AIS) requirements and align the program with Build American, Buy America (BABA) requirements, as needed.

Goal: Complete the process improvement efforts of enhancing Iowa CWSRF’s Nonpoint Source Programs and begin outreach efforts to educate borrowers on NPS funding opportunities.

Goal: Expand marketing and outreach efforts of SRF Nonpoint source programs.

LONG TERM GOALS

Goal: Endeavor to make the SRF Program the first choice for Iowa communities to finance a water infrastructure project.

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

Goal: Maintain mechanisms for funding the ongoing administration of the program that will assist publicly owned treatment works in achieving compliance with public health objectives of the CWA.

Goal: Maintain the long-term financial integrity of the CWSRF Program by managing its assets to realize a rate of return that will sustain the CWSRF Loan Program in perpetuity.

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

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

D. SFY 2024 Program Activities to be Supported

Iowa’s CWSRF Program can fund a wide variety of water quality improvement and protection efforts. In 1987 when the program was established, there were three statutory eligibilities. The CWSRF Program eligibilities have since been expanded by the American Recovery and Reinvestment Act (ARRA) of 2009, the Water Resources Reform and Development Act (WRRDA) of 2014, and the America’s Water Infrastructure Act (AWIA) of 2018 to incorporate twelve eligibilities. These eligibilities allow Iowa SRF to fund a variety of project types. Eligible projects exist under all of the following categories: Centralized Wastewater Treatment, Energy Conservation, Water Conservation, Stormwater, Agricultural Best Management Practices, Decentralized Wastewater Treatment, Resource Extraction, Contaminated Sites, Landfills, Habitat Protection and Restoration, Estuary Protection and Restoration, Silviculture, Desalination, Groundwater Protection and Restoration, Surface Water Protection and Restoration, Planning / Assessment, and Source Water Protection.¹⁰

CWSRF BASE PROGRAM

Allotments for the Federal Fiscal Year (FFY) 2023 EPA Capitalization Grants have been determined and the Iowa SRF Program will apply for and/or receive FFY 2023 CWSRF Base Program Funding during the SFY 2024.

FFY	Funding Source	Allocation Amount*
2023	CWSRF Base Cap Grant	\$10,152,000

*This award amount is anticipated to be received by SFY 2024 but has not been received as of the publication of this DRAFT IUP

¹⁰ <https://www.epa.gov/cwsrf/clean-water-state-revolving-fund-cwsrf-factsheets>

POINT SOURCE ASSISTANCE-CWA 603 (C) 1 - SECTION 212

Eligible Borrowers: Any municipal, interstate, or state agency for the construction of publicly owned, centralized wastewater treatment projects.

Eligible Activities: Eligible projects address primary and secondary treatment, advanced treatment, sewer system repair and replacement, combined sewer operations (CSO) correction, resilience to extreme weather events, security and system consolidation/regionalization.¹¹

Special Conditions: Projects selected as equivalency will comply with the federal requirements described in E. Financial Administration of this IUP.

NONPOINT SOURCE (NPS) ASSISTANCE PROGRAMS

Iowa SRF is committed to funding projects that control NPS pollution. An annual budget is established for each program to ensure that funding is dedicated to these initiatives. During SFY 2024, budgets may be modified in future IUP updates, based on need.

General Nonpoint Source Practices-CWA section 603(c)2-Section 319

Eligible Borrowers: Any public, private or nonprofit entity

Eligible Activities: Eligible projects must implement NPS management programs established under Section 319 of the CWA. Initiatives of water quality improvement or of water quality protection efforts must support Iowa's State Nonpoint Source Management Plan¹² or nine-element watershed-based plan.

Nonpoint Source Assistance Programs	Proposed SFY 2024 Budget
General Nonpoint Source Projects	\$10,000,000

Projects funded as a direct loan under this program are listed in Attachment 1 - CWSRF Project Priority List. Projects funded as loan participation are listed in Appendix H - Funding Recommendations. Nonpoint Source Assistance offered as loan participation is reported by project in the annual report.

Projects that involve purchase of land require separate approval by the EPC¹³ and are listed in Appendix H - Funding Recommendations.

Linked Deposit Programs

Iowa authorizing legislation 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. Iowa SRF contracts with the Iowa Department of Agriculture and Land Stewardship to operate the Local Water Protection, Livestock Water Quality Facilities, and Stormwater Best Management Practices programs through local Soil and Water Conservation Districts.

Onsite Wastewater Systems Assistance Program (OSWAP) provides loans to homeowners to replace inadequate septic systems. New systems must be certified by county sanitarians.

Local Water Protection (LWP) Program addresses soil, sediment, and nutrient control practices on agricultural land.

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.

¹¹ https://www.epa.gov/sites/default/files/2016-07/documents/overview_of_cwsrf_eligibilities_may_2016.pdf

¹² <https://www.iowadnr.gov/environmental-protection/water-quality/watershed-improvement/nonpoint-source-plan>

¹³ Iowa Administrative Code 567 - 93 (455B)

Stormwater Best Management Practices (SWP) offers financing for projects that address storm water quality and are designed to keep pollutants out of waterways.

Nonpoint Source Assistance Programs	Proposed SFY 2024 Budget
Stormwater Best Management Practices	\$1,000,000
Livestock Water Quality Facilities (LWQ) Program	\$5,000,000
Local Water Protection (LWP) Program	\$3,000,000
Onsite Wastewater Systems Assistance Program (OSWAP)	\$1,500,000

The Nonpoint Source Assistance Programs are operated as linked deposits. Therefore, individual loan applicants are not identified in this IUP but loans reported by program use in the annual report.

Sponsored Project Program

The CWSRF Water Resource Restoration Sponsored Project Program 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 Section 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.

The Sponsored Project Program is not accepting new applications as NPS Program planning and process improvements continue in SFY 2024. The CWSRF will continue to fund and support sponsored projects with existing awards but will begin pivoting away from sponsorship funding. SRF anticipates announcing alternative finance opportunities for nonpoint source projects in the next fiscal year. The goal is to provide opportunities to a broader pool of applicants while continuing to focus on the state’s nonpoint source water quality priorities. These opportunities will be published in future Intended Use Plans in 2024. Updates and opportunities will also be communicated to potential borrowers through webinars, workshops and listserv communications.

Program resources are available for current projects on the Water Resource Restoration Sponsored Projects webpage.¹⁴

Loan Amendments. 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.

Scope Change. 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.

Maintenance. 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.

Nonpoint Source Assistance Programs	Proposed SFY 2024 Budget
Sponsored Project Program	TBD

CWSRF BIPARTISAN INFRASTRUCTURE LAW (BIL) PROGRAMS

The Infrastructure Investment and Jobs Act (IIJA), also known as the Bipartisan Infrastructure Law (BIL), provides CWSRF programs with two additional capitalization grants annually through FFY 2026. Allotments for the FFY 2023 EPA

¹⁴ Nonpoint Source Water Quality Programs, Programs for Communities at www.iowasrf.com

capitalization grants have been determined and the Iowa SRF Program will apply for and/or receive FFY 2022 and 2023 BIL Funding during the SFY 2024.

Due to BIL funding requirements, projects financed with BIL PFAS/EC and General Supplemental funding must enter into a loan assistance agreement within one year of becoming eligible for the funds. 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, as funding is available, or may be financed through CWSRF Base Funds.

CWSRF BIL GENERAL SUPPLEMENTAL (GS) FUNDS

Eligible borrowers and eligible activities for BIL GS Funds are the same as the CWSRF Base Program.

Special Conditions. Projects selected as equivalency will comply with the federal requirements described in E. Financial Administration of this IUP and BIL Signage requirements described in Appendix G - Federal Assurances, Certifications and Proposals.

Projects receiving additional subsidization from this fund will also comply with BIL Signage requirements described in Appendix G - Federal Assurances, Certifications and Proposals.

FFY	Funding Source	Allocation Amount*
2023	CWSRF BIL General Supplemental Grant	\$28,210,000

*This award amount is anticipated to be received by SFY 2024 but has not been received as of the publication of this DRAFT IUP

BIL PFAS/EMERGING CONTAMINANTS (EC) FUND

Eligibility. Eligible borrowers and eligible activities are the same as the CWSRF Base Program. For a project or activity to be eligible under this funding source, it must be otherwise eligible under section 603(c) of the CWA and the primary purpose must be to address emerging contaminants.

As defined by EPA, emerging contaminants refer to substances and microorganisms, including manufactured or naturally occurring physical, chemical, biological, radiological, or nuclear materials, which are known or anticipated in the environment, that may pose newly identified or re-emerging risks to human health, aquatic life, or the environment.¹⁵

The main categories of emerging contaminants include but are not limited to:

- Perfluoroalkyl and polyfluoroalkyl substances (PFAS) and other persistent organic pollutants (POPs)
- Biological contaminants and microorganisms
- Some compounds of pharmaceuticals and personal care products (PPCPs)
- Nanomaterial

Special Conditions: Projects being funded with BIL PFAS/EC are all considered equivalency projects and will comply with the federal requirements described in Equivalency of this IUP and BIL Signage requirements described in Appendix G - Federal Assurances, Certifications and Proposals.

FFY	Funding Source	Allocation Amount*
2022	CWSRF BIL PFAS/Emerging Contaminants	\$1,265,000
2023	CWSRF BIL PFAS/Emerging Contaminants	\$2,878,000

*This award amount is anticipated to be received by SFY 2024 but has not been received as of the publication of this DRAFT IUP

The Iowa CWSRF Program reserves the right to request transfer of the unobligated portions of this Cap Grant to the Drinking Water State Revolving Fund (DWSRF) BIL PFAS/EC Fund.

¹⁵ https://www.epa.gov/system/files/documents/2022-03/combined_srf-implementation-memo_final_03.2022.pdf

E. Financial Administration

RATES, FEES AND LOAN TERMS & CONDITIONS

(See Appendix D - Interest Rates, Fees, and Loan Terms)

PROJECT READINESS FOR LOAN APPLICATION

SRF Construction Loan Applications will not be accepted until applicants have met certain program requirements:

1. Construction Permit(s) issued by DNR Project Manager for all project phases to be funded by the SRF loan
2. Environmental Clearance issued by SRF Environmental Review Staff
3. Project Bid and Bid Documents (including signed SRF Front-End Documents) submitted to DNR
4. Opinion of legal counsel certifying compliance with Iowa public bidding laws, to the extent applicable (for projects that award construction contracts after October 1, 2023)
5. SRF Eligibility Letter issued by SRF Project Compliance Specialist

Prior to executing a construction loan, applicants must submit a pro forma financial analysis (completed by a registered municipal advisor) identifying all outstanding parity obligations and demonstrating system revenues can meet loan requirements. Additionally, applicants will need to demonstrate that appropriate action has been taken to implement the recommendations of their Municipal Advisor set forth in the pro-forma cash flow analysis.

AFFORDABILITY CRITERIA

(See Appendix A - Affordability Criteria)

The Clean Water Act requires Iowa to consider income, unemployment data, population trends, and other data determined to be relevant in establishing affordability criteria used to award certain additional subsidy under the SRF program. In SFY 2023, a Socioeconomic Assessment (SA) Tool was developed to include a more comprehensive range of metrics by which communities are evaluated for disadvantaged community (DAC) status.

In SFY 2024, the metrics behind the SA Tool have been refined to improve desired outcomes and comply with existing federal statute while still including social, economic and demographic information that may indicate a lack of access to affordable clean water and safe drinking water. The SA Tool and the metrics are discussed in Appendix A - Affordability Criteria, and they define the affordability criteria that will be used to evaluate the DAC status of a borrower for the purpose of SRF loan forgiveness (LF) eligibility.

ADDITIONAL SUBSIDIZATION

(See Appendix B - Additional Subsidization)

Iowa applies additional subsidization in the form of LF. Appendix B - Additional Subsidization, identifies the available funding and the criteria used to determine projects and borrowers eligible to receive additional subsidization. Criteria for additional subsidization is established for each Cap Grant.

EQUIVALENCY

An *Equivalency Project* is a treatment works project (as defined in Section 212 of the Clean Water Act) that is constructed, in whole or in part, with funds equaling the amount of a federal capitalization grant awarded to a state. The Iowa CWSRF Program must designate a project or group of projects equal to each capitalization grant amount received. This project or projects will have to comply with all federal funding requirements.

Compliance with the following requirements apply to equivalency projects:

- Disadvantaged Business Enterprise¹⁶
- Single Audit Act

¹⁶ <https://www.epa.gov/grants/disadvantaged-business-enterprise-program-under-epa-assistance-agreements-dbe-program>

- Federal Funding Accountability and Transparency Act (FFATA) reporting
- Procurement of A/E services in accordance with the federal Brooks Act (Section 602(b)(14))¹⁷
- EPA signage requirements
- Buy America Build America Act (FFY 2022 and all future capitalization grants)¹⁸
- Federal environmental and socioeconomic crosscutters¹⁹

See Appendix G - Federal Assurances, Certifications and Proposals for program compliance requirements.

Project Selection for Equivalency. The Iowa SRF Program intends to select projects for equivalency that will impose the least amount of administrative or financial burden on a borrower. Iowa SRF has identified a primary borrower, the *Des Moines Wastewater Reclamation Authority (WRA)*, to serve as the subawardee because they regularly borrow funds equivalent to the amount of the federal capitalization grant and they are already meeting the several requirements of FFATA and equivalency reporting. Because it is unknown which projects listed on the PPL will execute loan agreements, alternative borrowers will be identified. The final equivalency loans selected will be listed in the annual report.

CRITERIA AND METHOD FOR DISTRIBUTION OF FUNDS

The cash draw procedure used is the direct loan method. The Iowa CWSRF Program uses its Equity Fund to originate loans. When enough 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, in a manner consistent with state and federal laws. State match bonds are issued along with leveraged bond issues for greater cost effectiveness. State match proceeds are fully disbursed prior to drawing Cap Grant funds. The Cap Grant funds will be drawn at a 100% proportionality ratio. Iowa expects to fully disburse the loan portion of the FFY 2023 CWSRF Base Capitalization Grant, FFY 2023 BIL General Supplemental Fund and FFY 2022 BIL PFAS/EC during the program year.

Allocation of Funds Among Projects. All projects listed in the CWSRF Project Priority List (see Attachment 1) may be funded from the CWSRF subject to available funds and eligibility. All projects scheduled for funding with Iowa's CWSRF will be reviewed for consistency with appropriate plans developed under section 205(j), 208, 303(d), and 603(c) of the Clean Water Act, as amended. Evidence of this review and finding of consistency will be documented in each CWSRF project file.

The following approach was used to develop Iowa's proposed distribution of CWSRF 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 CWSRF assistance; and
5. Development of a disbursement schedule to pay the project costs as incurred.

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.

¹⁷ <https://www.epa.gov/sites/default/files/2021-03/documents/best-practice-guide-for-procuring-services-supplies-equipment.pdf>

¹⁸ <https://www.epa.gov/cwsrf/build-america-buy-america-baba>

¹⁹ <https://www.epa.gov/grants/epa-subaward-cross-cutter-requirements>

All projects listed in the CWSRF PPL may be funded from the CWSRF subject to available funds and eligibility. Information pertinent to each CWSRF project is contained in the attached PPL (Attachment 1).

Priority of Communities and Financial Assistance Needed. The state's priority rating system used to establish priorities for loan assistance are described in Appendix C - Project Ranking Criteria.

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). Iowa will identify projects meeting eligibility criteria during SFY 2024 and will report assignments of these funds in the annual report.

FUNDING SOURCES AND USES

(See Appendix E - Estimated Sources and Uses)

During SFY 2024, the Iowa SRF Program will apply for and/or receive the following capitalization grants and amounts:

FFY	Funding Source	Allocation Amount*
2022	CWSRF BIL PFAS/Emerging Contaminants	\$1,265,000
2023	CWSRF BIL PFAS/Emerging Contaminants	\$2,878,000
2023	CWSRF Base Cap Grant	\$10,152,000
2023	CWSRF BIL General Supplemental Grant	\$28,210,000
2023	CWSRF BIL PFAS/Emerging Contaminants	\$2,878,000

Appendix E - Estimated Sources and Uses illustrates potential sources and uses of funds in the CWSRF for SFY 2024. 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 E - Estimated Sources and Uses will be updated, as needed, to provide an ongoing view of the financial plan for meeting loan requests.

Other uses for CWSRF program funds in SFY 2024 include \$20.5 million reserved for the Nonpoint Source Assistance Programs.

Current and Projected Financial Capacity of the CWSRF. 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 SRF continues receiving Cap Grants and providing at least 20% of the Cap Grant as LF, it is projected that the CWSRF could loan an average of approximately \$200 million per year over the next 10 years, or a total of \$2.0 billion. These figures would increase with an increase in interest rates.

STATE MATCH

(See Appendix F - State Match)

The Iowa SRF Program issues bonds for state match.

BONDS

Iowa's SRF program issues bonds as needed. These bond issues typically include the anticipated state match for the next federal Cap Grants.

SWIFIA

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. A preliminary list of CWSRF and DWSRF 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.

TRANSFERS BETWEEN FUNDS

The Iowa CWSRF reserves the right to transfer 33% of the amount of the Drinking Water capitalization grants from the Water Pollution Control Revolving Fund to the Public Water Supply Loan Fund in the future. The transferred funds will not be federal funds and will come from either bond proceeds, investment earnings, or recycled funds. This would help the DWSRF Program to meet loan demands in the future and should not impact the ability for the CWSRF to fund demand for projects.

PLAN FOR EFFICIENT AND TIMELY USE OF CWSRF FUNDS

The Iowa CWSRF has a robust and sustained demand for loans and it uses federal cap grant funds as expeditiously as possible. After SRF bonds are issued, state match funds are used first, prior to drawing Cap Grant funds. The Cap Grant funds will be drawn at a 100% proportionality ratio. Loan disbursements requests are processed on a weekly basis. In SFY 2023, the program has disbursed an average of approximately \$21.3 million per month (10 months, through April 2023). With a return of \$4.87 for every dollar of federal investment (compared to the national average of \$3.01), Iowa's CWSRF is an efficient and effective delivery mechanism for water infrastructure funding.

OTHER PROGRAM USES

PLAN FOR USE OF ADMINISTRATIVE ACCOUNTS

There are three distinct funding sources for CWSRF administrative expenses:

CWSRF Cap Grant Administrative Set-Aside. A total of 4% of the cumulative amount of federal Cap Grants received may be used for program administration. Iowa will use all 4% of Admin

Loan initiation fees. A 0.5% loan origination fee will be charged on new CWSRF construction 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. Program Income can only be used for the purposes of administering the CWSRF program or for making new loans. Iowa uses the initiation fee receipts for administration of the CWSRF Program.

Loan initiation fees will not be assessed on loans to DAC receiving SRF LF.

Loan servicing fees. An annual servicing fee of 0.25% is charged on the outstanding principal of CWSRF construction loans. The fees are deposited outside of the fund. 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.

Planned Expenses. CWSRF administration expenses 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.

The CWSRF Program intends to use a portion of Non-Program Income funds during SFY 2024 to support DNR staffing to the Field Services Bureau for wastewater compliance activities including inspections, investigations and technical assistance and to support Iowa DNR staffing in the Water Quality Bureau for construction permitting, NPDES permitting, AIS/BABA Site Inspections, and other programmatic staffing needs.

PROGRAM & NON-PROGRAM INCOME USES

Program Income. Program Income collected in SFY 2024 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 2024 for administering the CWSRF Program.

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.

SENIOR ENVIRONMENTAL EMPLOYEE (SEE) SALARY FUNDS DEDUCTED FROM CAPITALIZATION GRANT

The CWSRF Program will not withhold any funding from FFY 2023 CWSRF Base 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 DNR to maintain the CWSRF program and keep up with the increasing CWSRF project technical and administrative workload. 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."

F. 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 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 reserved the right to use 2% of the FFY 2023 Cap Grant. Activities completed with these funds will be described in the annual report.

Appendix A - Affordability Criteria

The affordability criteria established in this IUP after public review and comment will be the criteria used to determine disadvantaged community (DAC) status.²⁰

For SFY 2024, applicants with a Socioeconomic Assessment (SA) score of at least 11 points meet the affordability criteria of the CWSRF Program and are identified as a “Disadvantaged Community” for the Program purposes.

REVISED AFFORDABILITY CRITERIA USED TO DETERMINE DAC STATUS

The CWSRF Program historically focused on income, unemployment data, population trends, and other data to identify borrowers that would experience a significant hardship raising the revenue necessary to finance a wastewater project. In SFY 2023, the Iowa SRF Program began using a **SA Tool** with a broad range of metrics to evaluate a community or service area’s underlying socioeconomic and demographic conditions in an effort to develop a more comprehensive definition of what it means to be a DAC. The SA Tool provides a comprehensive analysis of factors influencing whether a community is disadvantaged and can determine the affordability of wastewater infrastructure projects.

The Iowa CWSRF Program will use the results of the SA Tool, or “Socioeconomic Assessment Score,” to determine the disadvantaged status of a borrower and/or **eligibility to receive SRF loan forgiveness** (also referred to as additional subsidization) or other incentives offered by the CWSRF Program specifically for DAC.

The amount of additional subsidization available to a DAC will be established annually in the IUP.

SA TOOL

In SFY 2023, the metrics (affordability criteria) used in the SA Tool were established using EPA guidance and revised with public input. The SA Tool was revised for SFY 2024 and is part of the annual IUP public review and comment process. It will go into effect upon approval of this IUP by the EPC.

There are two versions of the SA Tool:

- **Service Area-Based** - Metrics results are for an entire community or primary county
 - Applicable to: Municipalities which serve populations within incorporated boundaries
- **Census Tract-Based** - Metrics results are for Census tracts or primary county
 - Applicable to: Homeowner’s Associations (HOA), Sanitary Districts, Rural Water Associations and SRF borrowers for BIL Lead Service Line projects. This tool will be used when the primary purpose of a consolidation/regionalization project is to expand a system’s service area.

Both versions of the SA Tool are available to the public through the [SRF website](#).

The SA Tool assesses 10 datapoints from publicly available sources produced by the Census Bureau of the U.S. Department of Commerce and Iowa Workforce Development. The SA Tool **is updated annually** with the release of new data from these sources. In SFY 2024, the SA Tool will use 2017-2021 data from the American Community Survey and up-to-date employment data from Iowa Workforce Development. Figure 1 below provides a list of the metrics used in the SA Tool.

To use the SA Tool, a borrower will select each community that makes up the utility’s service area, along with the corresponding percent of population served. For each of the metrics evaluated, applicants will be given a score indicating the relative disadvantage to the other communities in the state (see Figure 1 and Figure 2)²¹. A weighted average for each metrics will be calculated and assigned points. Scores for each metric are totaled to produce an overall assessment of the applicant’s underlying social, economic, and demographic profile.

²⁰ IAC 265 Chapter 26.7 - Disadvantaged Community Status

²¹ The only exception is Population Trend. No points for positive or 0% growth, 1 point for negative growth up to -2%, 2 points for more than -2% 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.

		Points		
		0	1	2
1	Median Household Income	Top 1/3 (Highest MHI)	Middle 1/3	Bottom 1/3 (Lowest MHI)
2	Percent Below Poverty	Bottom 1/3 (Lowest %)	Middle 1/3	Top 1/3 (Highest %)
3	Percent Receiving Public Assistance or Supplemental Nutrition Assistance Program (SNAP)	Bottom 1/3 (Lowest %)	Middle 1/3	Top 1/3 (Highest %)
4	Percent Receiving Supplemental Security Income (SSI)	Bottom 1/3 (Lowest %)	Middle 1/3	Top 1/3 (Highest %)
5	Unemployment Rate (County 12-mo avg.)	Bottom 1/3 (Lowest %)	Middle 1/3	Top 1/3 (Highest %)
6	Percent Not in Labor Force	Bottom 1/3 (Lowest %)	Middle 1/3	Top 1/3 (Highest %)
7	Population Trend Between 2010 and 2020 Census	Positive population growth	Decline up to -2%	Decline of more than -2%
8	Percent with High School Diploma or less	Bottom 1/3 (Lowest %)	Middle 1/3	Top 1/3 (Highest %)
9	Percent of Vacant Homes (excluding 2nd/Vacation dwellings)	Bottom 1/3 (Lowest %)	Middle 1/3	Top 1/3 (Highest %)
10	Percent of Cost Burdened Housing (>= 30% of income spent on owner-occupied and renter-occupied housing)	Bottom 1/3 (Lowest %)	Middle 1/3	Top 1/3 (Highest %)

Figure 1

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

Figure 2

USING THE SA SCORE TO DETERMINE DAC STATUS

The following information applies to CWSRF Base and BIL Capitalization Grant Funds (General Supplemental, PFAS/EC and LSL):

- DAC status for the purposes of the CWSRF Program will be determined by completing the SA worksheet to produce a SA score.
- With 10 total metrics, equally weighted, the maximum number of points will be 20. Communities or service areas with a cumulative score of 11 and up (e.g., falling in the top 1/2 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 1/2 of total cumulative points (e.g., 10 total points or less), will not be considered disadvantaged for SRF Program purposes.

Applicants with a total SA score of at least 11 points meet the CWSRF Program’s definition of DAC

	Point Range	Disadvantaged Community
Low	0-10	No
Moderate	11-15	Yes
High	16-20	Yes

Appendix B - Additional Subsidization

Iowa applies additional subsidization in the form of loan forgiveness (LF). The final amount of LF offered will be based on the eligible construction costs related to the final amount drawn on the loan. LF is applied as principal forgiveness on the date of the final loan disbursement.

Borrowers being offered additional subsidization will be asked to accept the award by signing an offer letter of LF terms and conditions.

Time limits will be established for signing loan commitments in order to apply LF awards.

Maximum time limits may also be established for commencing construction of an eligible project. If construction has not been initiated or a loan commitment has not been signed by the date indicated in the LF terms and conditions award letter, the LF offer may be withdrawn or reassigned to meet grant timeline requirements.

Beginning in SFY 2024, projects that have previously received a Sponsored Project award are not eligible to receive LF for the same qualifying project.

Taxable portions of SRF projects are not eligible for LF.

Applicants who received a DAC determination from DNR prior to September 20, 2022 and are eligible for extended term financing (up to 30 years) at the 20-year interest rate, are not eligible for LF.

Borrowers receiving congressionally directed spending or additional subsidization awards from a previous cap grant will not be eligible to receive subsequent awards from the Iowa SRF program for the same project.

Unless otherwise allowed by the SRF Program, borrowers will only receive one LF award per project (LF awards may consist of more than one funding source).

LOAN FORGIVENESS CRITERIA

The CWSRF Program will comply with additional subsidization requirements of each Cap Grant and will identify recipients of available funds during the fiscal year. Criteria for LF eligibility is established with each Cap Grant (see below). Individual projects may be capped to allow more eligible borrowers to receive subsidization.

FFY 2022 CWSRF BASE CAPITALIZATION GRANT AND BIL GENERAL SUPPLEMENTAL FUND

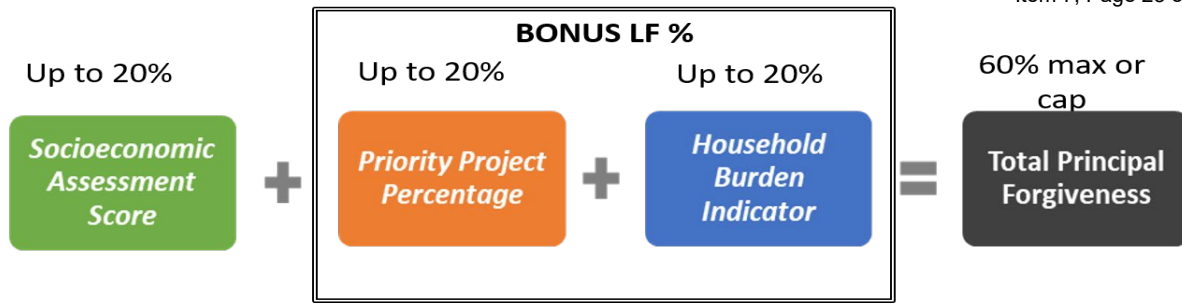
At the conclusion of SFY 2023, there was an estimated unobligated balance of LF of about \$44,000 using these criteria.

FFY 2022	LF Required	LF Obligated	LF Available to Award
CWSRF Base Cap Grant	\$3,132,000	\$3,088,280	\$43,720
CWSRF BIL General Supplemental Fund	\$11,803,120	\$11,803,120	\$0

At the conclusion of each fiscal year, unused portions of LF awards may be combined and reallocated to the next eligible borrower.

FFY 2023 CWSRF BASE CAPITALIZATION GRANT AND BIL GENERAL SUPPLEMENTAL FUND

LF of up to 20% may be offered for eligible construction costs to projects that meet the Iowa SRF's DAC affordability criteria. An additional 20% may be offered to priority projects and/or 20% offered to projects that demonstrate a household user-rate burden, for a **total of 60% LF** of construction costs.



1. Up to 20% LF awarded for Disadvantaged Status (SA score of 11 or higher);

	Point Range	Principal Forgiveness
Low	0-10	0%
Moderate	11-15	15%
High	16-20	20%

2. Up to 20% LF awarded for constructing a priority project; and/or

Priority Projects for FFY 2023 CWSRF Base and BIL General Supplemental Funds	% Loan Forgiveness
Project that Achieve Compliance (Projects that result in meeting increased effluent limits such as advanced treatments for Ammonia, E. Coli, nutrients and other limits; and Combined Sewer Operation (CSO) correction)	20%
Projects that Maintain Compliance (Sewer Collection System Rehab, I&I and Aging Infrastructure)	15%
Project that involve Consolidation/Regionalization (includes unsewered communities)	10%

3. Up to 20% LF awarded based in the Household Financial Burden Indicator (see Determining Household Financial Burden Indicator).

Burden	Principal Forgiveness
Low	0%
Moderate-Low	5%
Moderate	10%
Moderate-High	15%
High	20%

LF eligibility will be evaluated at the time of SRF loan application (see Project Readiness for Loan Application) and will be based on the current SA Tool in effect at the time the loan application is approved by the IFA.

Awards will be assigned on a first ready, first served basis to projects that have executed an SRF loan commitment until all funding is obligated. Projects will be funded from the top socioeconomic score down and in priority project ranking order with consideration given to readiness to proceed. In the event of a tie, the project with the highest priority points (based on Appendix C - Project Ranking Criteria) will receive LF.

Funding for individual projects is **capped at \$2 million per project** and LF will be applied only to eligible construction costs. The CWSRF Program reserves the right to withdraw or modify the individual project cap.

FFY 2023	LF Required	LF Obligated	LF Available to Award
CWSRF Base Cap Grant	\$2,030,400	\$0	\$2,030,400*
CWSRF BIL General Supplemental Fund	\$13,822,900	\$0	\$13,822,900*

*This award amount is anticipated to be received by SFY 2024 but has not been received as of the publication of this DRAFT IUP.

At the conclusion of each fiscal year, unused portions of LF awards may be combined and reallocated to the next eligible borrower.

FFY 2022 BIL PFAS/EMERGING CONTAMINANTS FUND

LF of up to 100% may be issued to any applicant addressing PFAS or an emerging contaminant (EC) meeting the criteria described in SFY 2024 Program Activities to be Supported.

LF will be awarded on a first ready, first served basis while funds are available.

FFY 2022	LF Required	LF Obligated	LF Available to Award
CWSRF PFAS/EC	\$1,265,000*	\$1,265,000**	\$0

As of the publication of this DRAFT IUP:

*This award amount is anticipated to be received by SFY 2024 but has not been received

**Obligation pending acceptance of LF terms and conditions

FFY 2023 BIL PFAS/EMERGING CONTAMINANTS FUND

LF of up to 100% may be issued to any applicant addressing PFAS or an emerging contaminant (EC) meeting the criteria described in SFY 2024 Program Activities to be Supported.

LF will be awarded on a first ready, first served basis while funds are available.

FFY 2023	LF Required	LF Obligated	LF Available to Award
CWSRF PFAS/EC	\$2,878,000*	\$1,800,000**	\$1,078,000

As of the publication of this DRAFT IUP:

*This award amount is anticipated to be received by SFY 2024 but has not been received

**Obligation pending acceptance of LF terms and conditions

DETERMINING HOUSEHOLD FINANCIAL BURDEN INDICATOR

The Household Financial Burden Indicator is an assessment of a household's ability to afford the proposed project. The Assessment is made up of two components²²:

- **New Residential Monthly Water or Sewer Bill at 4,000 gallons/mo:** The projected residential water or sewer bill (including the proposed project and any known LF from the other two categories) for a residential user, normalized to 4,000 gallons of usage.
- **Poverty Prevalence Indicator:** The percentage of community households at or below 200% of the Federal Poverty Level

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

The resulting Household Financial Burden Indicator matrix corresponds to the resulting category of unaffordability as shown below:

²² 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*		
		Low <= 32.0%	Mid 32.0 - 41.0%	High > 41.0%
New Monthly Sewer Bill at 4,000 gal/month	High > \$44	Moderate-High	Moderate-High	High
	Mid \$30 - \$44	Moderate-Low	Moderate	Moderate-High
	Low <= \$30	Low	Moderate-Low	Moderate-High

* Poverty Prevalence is measured by the percentage of people in the community living at or below 200% of the federal poverty level.

The amount of LF attributed to the Household Financial Burden may be different from grant to grant and will be indicated in the LF criteria for each Cap Grant.

Appendix C - Project Ranking Criteria

Projects are added to the PPL to be funded based on the rules for the CWSRF Program in 567 IAC Chapter 91. Projects will be funded as they become ready to proceed to construction.

The criteria for scoring and ranking CWSRF projects use an integrated approach which allows comparison of Section 212 POTW (publicly owned wastewater treatment works) projects as well as Nonpoint Source (NPS) pollution control projects 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 the demand for CWSRF loans exceeds supply of funds. In the event that available funds are limited, funding shall be offered to the projects with highest rank on the PPL, subject to the project's readiness to proceed, and shall proceed from the highest project downward, subject to availability of funds.

PROJECT PRIORITY LIST RANKING CRITERIA

Planning and Design projects are not ranked. Construction projects are ranked based on the DNR's scoring system, described in 567 IAC Chapter 91. 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 ranking will be done at the time the IUP is prepared and will not be updated during the year.

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 follow.

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.

PROJECT PRIORITY LIST SCORING CRITERIA

Eligible CWSRF projects (treatment works and nonpoint source projects) will be scored in accordance with the scoring system described in 567 IAC Chapter 91.

The CWSRF project scoring system assigns points to projects in each of the following scoring criteria:

- A. Use and classification of receiving waters
- B. Water quality of the receiving waters
- C. Protection of groundwater resources
- D. Project type
- E. Project Purpose

All projects will be listed in descending order on the published PPL according to the number of total priority points assigned each project. The tie breaker category (described in 567 IAC Chapter 91) will be used when necessary.

Appendix D - Interest Rates, Fees, and Loan Terms

TYPES AND TERMS OF FINANCING

PLANNING AND DESIGN LOANS

Planning and Design (P&D) Loans provide affordable financial assistance for costs incurred in the planning and design phase of SRF-eligible proposed wastewater, stormwater, or drinking water project. Eligible costs include, but are not limited to, engineering fees, archaeological surveys, environmental studies, fees related to project plan preparation and submission, and other costs related to project plan preparation.

P&D Loans have no interest or payments due for up to three years while the project is designed, no minimum or maximum loan amounts, and no initiation or servicing fees. However, borrowers will still need to engage their Bond Counsel to authorize and issue the debt. P&D Loans will be rolled into an SRF Construction Loan or may be repaid when other permanent financing is committed.

SRF CONSTRUCTION LOANS

SRF Construction Loans provide eligible entities with low-cost financing for a variety of wastewater and drinking water infrastructure projects. SRF Construction Loans are offered for up to 30 years, with below-market interest rates, low fees, and favorable terms. On a case-by-case basis, the SRF program may require additional loan covenants (such as a debt service reserve fund).

Standard Term Construction Loans are offered for up to 20 years. Qualifying projects may request extended term financing for up to 30 years (not to exceed the average useful life of the project).

INTEREST RATES

Clean Water and Drinking Water State Revolving Fund Programs are charged with providing communities with a low-cost, long-term, perpetual funding source to construct the infrastructure and implement practices that will deliver safe drinking water to citizens and treat water pollution for a healthy environment.

To carry out this mandate, Iowa's State Revolving Fund Loan Programs utilizes Base Interest Rates for Tax-Exempt and Taxable Standard Term loans (up to 20-year terms) that are re-calculated and published on the first business day each January, April, July, and October (the "Effective Date").

Current SRF loan interest rates are published on the SRF website, <https://iowasrf.com/loan-interest-rates/>.

STANDARD TERM LOANS (UP TO 20 YEARS)

The Base Interest Rate for tax-exempt loans will be calculated by taking 75 percent of the average daily Bloomberg BVAL General Obligation Municipal AAA 20-year yield ("BVAL") for the calendar month immediately preceding the Effective Date, subject to a "floor" of 1.50% (e.g., the Base Interest Rate will not go lower than 1.50%). For example, the Base Interest Rate effective January 1 will be calculated using the average 20-year BVAL yield for the month of December.

The Base Interest Rate for the taxable portions of SRF projects will be calculated by taking 75 percent of the average Bloomberg BVAL Taxable General Obligation Municipal AAA 20-year yield for the calendar month immediately preceding the Effective Date.

About BVAL

BVAL use real-time trades and contributed sources to signal movement in the municipal market as it is happening. Iowa SRF has chosen BVAL's AAA Municipal Curves as the benchmark indices because they are widely used, objective, transparent, and publicly available through the [Municipal Securities Rulemaking Board](#) to anyone who wishes to track the market independently.

EXTENDED TERM LOANS (21-30 YEARS)

Extended term loans of up to 30 years are available for qualifying projects. The interest rate for projects that qualify and wish to close a loan with extended term financing will be:

Loan Term*	Interest Rate
21-30 years	Base Interest Rate + 1.00%

** Not to exceed the qualifying average useful life of the project*

SPECIAL PURPOSE FUND LOANS

The interest rate for the loaned portion of lead service line projects is 0%. Loan servicing fees will still apply (see Fees section below).

INTEREST RATE LOCK

Applicants will receive a financing offer from Iowa Finance Authority that includes an interest rate lock for 90 days²³ on the later of (1) the date a complete bid package is received (as determined by DNR staff), or (2) the date of final environmental review clearance. The applicant should then work with their Bond Counsel, Municipal Advisor, and other members of the financing team to complete the loan issuance process (e.g., submit SRF Construction Loan Application, hold public hearing and authorize debt, complete proforma financial analysis, pass rate ordinance if required, etc.). Should the Program's loan interest rates fall prior to signing a loan agreement, the applicant will automatically receive the more favorable rate at loan closing, given they are still within the 90-day rate lock period.

FEES

LOAN INITIATION FEES

A 0.50% loan origination fee will be charged on new SRF Construction Loans, not to exceed \$100,000. Since Iowa's loan initiation fees are capitalized, the fee income is considered program income and may only be used for the purposes of administering the SRF Program or for making new loans.

Initiation fees will not be assessed on either P&D Loans or Construction Loans to borrowers that have received a loan forgiveness award (due to a Socioeconomic Assessment score that meets the Program's affordability criteria as a disadvantaged community).

LOAN SERVICING FEES

An annual loan servicing fee equal to 0.25% of the outstanding loan balance is charged on SRF Construction Loans. Payment of the loan servicing fee is made semiannually 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 Other Program Uses in this IUP.

²³ Actual interest lock period may extend beyond 90 days to align with loan closing dates or account for state holidays.

Appendix E - Estimated Sources and Uses²⁴

Clean Water SRF - State Fiscal Year 2024

SOURCES OF FUNDS

FFY 2022 Federal Capitalization Grants	
BIL Emerging Contaminants	\$1,265,000
FFY 2023 Federal Capitalization Grants	
Base Program	\$10,152,000
BIL Supplemental	\$28,210,000
BIL Emerging Contaminants	\$2,878,000
Estimated Loan Repayments (P&I)	\$113,000,000
Estimated Fee Income	\$5,718,000
Funds Available in Equity and Program Accounts	\$170,755,000
Estimated Investment Earnings on Funds	\$2,166,000
Estimated Bond Proceeds:	
Leveraged/Reimbursement	\$210,000,000
State Match	\$1,500,000
TOTAL SOURCES	\$545,644,000

ANTICIPATED USES OF FUNDS

Administration	\$5,108,000
Project Funding	
Disbursements to Existing Loan Commitments ²⁵	\$227,927,000
Disbursements to Future Loan Commitments:	
Planning & Design Requests from IUP ²⁶	\$6,354,000
Additional CWSRF Project Requests ²⁷	\$123,719,000
Debt Service:	
Principal Payments on Outstanding Revenue Bonds	\$52,090,000
Interest Payments on Outstanding Revenue Bonds	\$60,056,000
Retained Equity	\$70,390,000
TOTAL USES	\$545,644,000

NET SOURCES (USES)

\$0

²⁴ All amounts are as of May 2, 2023, and are rounded to the nearest \$1,000.

²⁵ Undisbursed CWSRF loan commitments: \$303,902,406 at 75% disbursement rate.

²⁶ Planning & Design requests per CW IUP: \$12,707,054 at 50% disbursement rate.

²⁷ Additional projects from IUP up to total budgeted disbursements for SFY 2024, plus 25% of total budgeted new loan commitments for SFY 2024.

Appendix F - State Match

Clean Water SRF FFY 2021

<u>Sources of State Match</u>	
Surplus State Match from Prior Year(s)	\$197,400
State Match Bonds Issued in Feb 2020	\$10,000,000
Total CW State Match Available	\$10,197,400
<u>Application of State Match</u>	
FFY21 Base Cap Grant	\$21,505,000
State Match Required (%)	x 20%
State Match Required (\$)	\$4,301,000
Total CW State Match Required	\$4,301,000
State Match Surplus (Deficit)	\$5,896,400
FFY 2022	
<u>Sources of State Match</u>	
Surplus State Match from Prior Year(s)	\$5,896,400
State Match Bonds Issued in May 2022	\$3,000,000
Total CW State Match Available	\$8,896,400
<u>Application of State Match</u>	
FFY22 Base Cap Grant	\$15,660,000
State Match Required (%)	x 20%
State Match Required (\$)	\$3,132,000
FFY22 Supplemental Cap Grant	\$24,088,000
State Match Required (%)	x 10%
State Match Required (\$)	\$2,408,800
Total CW State Match Required	\$5,540,800
State Match Surplus (Deficit)	\$3,355,600
FFY 2023	
<u>Sources of State Match</u>	
Surplus State Match from Prior Year(s)	\$3,355,600
State Match Bonds Issued in June 2023	\$1,500,000
Total CW State Match Available	\$4,855,600
<u>Application of State Match</u>	
FFY23 Base Cap Grant	\$10,152,000
State Match Required (%)	x 20%
State Match Required (\$)	\$2,030,400
FFY23 Supplemental Cap Grant	\$28,210,000
State Match Required (%)	x 10%
State Match Required (\$)	\$2,821,000
Total CW State Match Required	\$4,851,400
State Match Surplus (Deficit)	\$4,200

Appendix G - Federal Assurances, Certifications and Proposals

Iowa will provide the necessary assurances and certifications according to the Operating Agreement between the State of Iowa and the EPA, the grant terms and conditions, and the proposals listed within this Appendix.

SPECIFIC PROPOSALS AND CERTIFICATIONS

PROGRAM BENEFITS REPORTING

The Iowa CWSRF Program plans to enter data into the EPA reporting database for the Office of Water State Revolving Funds (OWSRF) not less than quarterly and enter data into the National Information Management System (NIMS) annually.

SIGNAGE

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.

Projects receiving additional subsidization, or are funded as equivalency projects from Infrastructure Investment and Jobs Act (IIJA) or Bipartisan Infrastructure Law (BIL) funds will follow the OMB²⁸ and EPA Signage Guidance²⁹ for those funds, as summarized below:

The BIL signage term and condition requires a physical sign displaying the official Building a Better America emblem and EPA logo be placed at construction sites for BIL-funded projects. The sign must be placed in an easily visible location that can be directly linked to the work taking place and must be maintained in good condition throughout the construction period. This requirement applies only to the following projects:

- Construction projects identified as “equivalency projects” for BIL general supplemental capitalization grants;
- Construction projects that receive additional subsidization (grants or forgivable loans) made available by BIL general supplemental capitalization grants

COST EFFECTIVENESS ANALYSIS

To comply with EPA guidance on cost and effectiveness requirements under Section 602(b)(13) of the Clean Water Act, Iowa will require applicants to submit a self-certification form indicating compliance with this requirement.

GREEN PROJECT RESERVE

Congressional Appropriations require 10% of CWSRF Cap Grant amounts be used to fund projects that qualify under the EPA’s Green Project Reserve (GPR), if such applications are submitted. GPR projects address green infrastructure, water and energy efficiency, and/or other environmentally innovative activities. Iowa’s Nonpoint Source Programs, including the Sponsored Project Program, finance several projects annually which meet this criterion. During SFY 2024, the SRF Program will identify recipients that comply with green project reserve requirements for the FFY 2022 and FFY 2023 Cap Grant allocations. The specific projects identified as GPR will be listed in the annual report.

	Iowa Allocation	GPR Required (10%)
FFY 2022 Capitalization Grant	\$15,660,000	\$1,566,000
FFY 2022 BIL General Supp Grant	\$24,088,000	\$2,408,800
FFY 2022 BIL PFAS/EC	\$1,265,000	\$126,500
FFY 2023 Capitalization Grant	\$10,152,000	\$1,015,200
FFY 2023 BIL General Supp Grant	\$28,210,000	\$2,821,000
FFY 2023 BIL PFAS/EC	\$2,878,000	\$287,800

²⁸ Guidelines and design specifications for using the official Building A Better America emblem and corresponding logomark available at <https://www.whitehouse.gov/wp-content/uploads/2022/08/Building-A-Better-America-BrandGuide.pdf>

²⁹ Compliance guidelines for sign specifications provided by the EPA Office of Public Affairs (OPA) are available at <https://www.epa.gov/grants/epa-logo-seal-specifications-signage-producedepa-assistance-agreement-recipients>

ADDITIONAL SUBSIDIZATION

CWSRF Base Program funding, provided through the Consolidated Appropriations Act, includes two different additional subsidization authorities (Congressional and Clean Water Act). Additional subsidy authority also exists under the Bipartisan Infrastructure Law. Iowa has established criteria in Appendix B - Additional Subsidization to comply with these authorities and will document recipients of these funds in the annual report.

AMERICAN IRON AND STEEL

CWSRF assistance recipients are required to use iron and steel products produced in the United States for projects for constructing, altering, maintaining, or repairing public water systems³⁰. Iowa CWSRF Program proposes oversight of this requirement to be conducted by verification of bid documents, selective review of product certification documentation, and on-site inspections and/or desk reviews. SRF staff will provide technical assistance to help applicants determine eligibility for the exemptions and waivers provided for in the Act and EPA guidance. All recipients will be required to sign a self-certification of compliance at completion of the project.

Forms and guidance for compliance will be provided to SRF borrowers and/or made available on the [SRF website](#).

BUILD AMERICAN, BUY AMERICA (BABA) ACT

On November 15, 2021, President Joseph R. Biden Jr. signed into law the Infrastructure Investment and Jobs Act ("IIJA"), Pub. L. No. 117-58, which includes the Build America, Buy America Act ("the Act") that strengthens the Made in America Laws.³¹ Infrastructure projects funded by federal financial assistance must ensure that the ***iron, steel, manufactured products, and construction materials*** used in the project are produced in the United States.³²

Since not all funds available through the Iowa CWSRF Program are considered federal financial assistance, SRF will provide information to those applicants required to comply with necessary documentation and inspection procedures. Iowa proposes oversight of this requirement to be conducted by verification of bid documents, selective review of product certification documentation, and on-site inspections and/or desk reviews. SRF staff will provide technical assistance to help applicants determine eligibility for the exemptions and waivers provided for in the Act and EPA guidance³³. All recipients will be required to sign a self-certification of compliance at completion of the project.

Forms and guidance for compliance will be provided to SRF borrowers and/or made available on the [SRF website](#).

ENVIRONMENTAL REVIEW

Projects receiving assistance from the CWSRF must conduct environmental reviews of the potential environmental and historical impacts of projects and associated activities. To reduce costs and barriers to participating in the SRF loan program, Iowa SRF Environmental Review staff will conduct NEPA-like environmental review services on behalf of CWSRF applicants in accordance with the federal assurances below.

DAVIS-BACON

The Davis Bacon Act requires that all contractors and subcontractors performing construction, alteration and repair (including painting and decorating) work under federal contracts in excess of \$2,000 pay their laborers and mechanics not less than the prevailing wage and fringe benefits for the geographic location.³⁴ Iowa proposes oversight of this requirement to be conducted by verification of bid documents and wage determinations, and will require applicants to submit a self-certification form at completion of the project indicating compliance with this requirement.

³⁰ <https://www.epa.gov/cwsrf/state-revolving-fund-american-iron-and-steel-ais-requirement>

³¹ Build America, Buy America Act, P.L. 117-58, Secs 70911 - 70917

³² <https://www.epa.gov/cwsrf/build-america-buy-america-baba>

³³ <https://www.epa.gov/system/files/documents/2022-11/OW-BABA-Implementation-Procedures-Final-November-2022.pdf>

³⁴ <https://www.epa.gov/grants/interim-davis-bacon-act-guidance>

FEDERAL ASSURANCES

Instrumentality of the State. See language in current Operating Agreement.

Binding Commitments. The State will enter into binding commitments with recipients to provide assistance in accordance with the requirements of the Clean Water Act (CWA), in an amount equal to 120 percent of the amount of each grant payment, within one year after receipt of such grant payment.

Expeditious and Timely Expenditure. All monies in the fund will be committed and expended in an expeditious and timely manner.

State Laws and Procedures. The state will commit or expend each quarterly capitalization grant payment in accordance with laws and procedures applicable to the commitment or expenditure of revenues of the State.

State Accounting and Auditing Procedures. In carrying out the fiscal control and auditing requirements of the CWA, the state will report to EPA in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Government Accounting Standards Board.

Assistance Recipient Accounting and Auditing Procedures. The state will require as a condition of making a loan or providing other assistance from the fund that the recipient of such assistance provide an annual audit of project accounts in accordance with GAAP. A copy of the loan agreement can be reviewed on the [SRF website](#).

Annual Reports. As required, the state agrees to report to EPA on the actual use of funds and how the state has met the goals and objectives for the previous fiscal year as identified in that year's IUP.

Environmental Review. The State will assure compliance through the procedures described in State Rules and 40 CFR 35.3140, in effect at the time of execution of this agreement, and any future amendments which are reviewed and approved by EPA. A NEPA-like (40 CFR Part 6) review will be completed for all CWSRF Treatment works projects as defined by Section 212 of the CWA. A NEPA-like review will be conducted for any CWSRF project receiving assistance.

Types of Financial Assistance. The State certifies that only the types of assistance authorized under Section 603 of the CWA, as amended, and the State's enabling legislation, will be awarded.

PROCESS (APPLICATION/PAYMENT/DISBURSEMENT)

Application. Properly executed, completed grant applications with supporting documentation meeting 2 CFR Part 200 requirements will be submitted to the Regional Administrator at least 90 days prior to the target grant award date. The State and EPA agree to negotiate promptly, cooperatively, and in good faith to clarify or resolve questions which may arise during the 60-day application review time period.

Grant Payments. After the award of a capitalization grant, the state will begin receiving quarterly grant payments according to the schedule in the grant award. The quarterly payments, up to the full amount of the grant, must be made in no more than eight quarters following grant award or 12 quarters after funds are allotted.

Cash Draws/Disbursements. Cash draws will be made as costs are incurred. Disbursements will be made from state monies first, then federal monies.

Annual Report, Review and Audit. State will follow requirements in 40 CFR 35.3165.

Corrective Action. State will follow requirements addressed in 40 CFR 35.3170.

Disputes. Dispute provisions of 2 CFR Part 1500 Subpart E shall be used for disputes involving EPA disapproval of an application or a capitalization grant, as well as disputes arising under a capitalization grant including suspension or termination of grant assistance.

Records, Retention and Access. Records will be retained according to 2 CFR 200.333. Federal access to records will be according to 2 CFR 200.336a. The State will establish and maintain program and project files as required to:

1. Document compliance with the CWA, other federal regulations, and any general and special grant conditions;
2. Produce the required report;
3. Document technical and financial review and project decisions;
4. Support audits; and
5. Provide effective and efficient program management.

Congressional and Public Inquiries. Responses to Congressional and public inquiries will be made by State and coordinated with EPA as necessary. A copy of the inquiry and response will be sent to EPA for all Congressional inquiries. Although State will address project-level and most program inquiries. If EPA is responsible for any program inquiries, the State will provide background information in a timely manner and EPA will provide a copy of inquiry and response in a timely manner.

Appendix H - Funding Recommendations

SFY 2024 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 Applied

GENERAL NONPOINT SOURCE ASSISTANCE PROJECTS FOR APPROVAL OF LAND PURCHASE

Iowa Code Sections 455B.291 and 455B.295 set forth the conditions by which land acquisition is eligible under this Nonpoint Source Assistance Program. Per 567 IAC 93.7(5), costs for the purchase of land are not eligible costs unless specifically approved by the EPC.

Applicant	Project Description (Proposed watershed, land use, transfer of ownership)	Acres	Purchase Price

Appendix I - Public Review and Comments Received

A public meeting to allow input to Iowa's SFY 2023 IUP and PPL was held June 8, 2023, 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 June 16, 2023.

No written comments were received.

A public meeting to allow input to Iowa's SFY 2023 IUP and PPL was held Aug. 17, 2023, 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 Aug. 24, 2023.

A written comment was received by the Iowa Finance Authority to clarify the interest rate lock process. The comments were incorporated into Appendix D on page 24 of this IUP.

A public meeting to allow input to Iowa's SFY 2023 IUP and PPL was held Nov. 16, 2023, 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 will be accepted until Nov. 22, 2023.

No written comments were received.

A public meeting to allow input to Iowa's SFY 2023 IUP and PPL will be held Feb. 15, 2024, 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 will be accepted until March 4, 2024.

No written comments were received.

Attachment 1 - CWSRF Project Priority List

This is a separate, sortable Excel File

Project Name	NPDES No.	CWSRF No.	Project Description	IUP Yr	Quarter	Priority Points	Project Status	Current Funding Request	Most Recent Loan	Total Loan Amount To Date	Remaining Amount on IUP	Funding Source	
												Base BIL GS	BIL PFAS/EC
Solon	N/A	PD-CW-24-57	New WWTF and trunk sewer	2024	4	P&D	P	\$ 3,000,000				x	
Mason City	N/A	PD-CW-24-56	WWTF upgrades for nutrient removal	2024	4	P&D	P	\$ 1,525,000				x	
Osceola	N/A	PD-CW-24-70	Effluent wastewater reuse treatment, pumps, and pipeline	2024	4	P&D	P	\$ 1,000,000				x	
Chelsea	N/A	PD-CW-24-55	WWTF improvements for ammonia removal	2024	4	P&D	P	\$ 200,000				x	
Mason City	N/A	PD-CW-24-71	Lift station and Force Main work	2024	4	P&D	P	\$ 180,000				x	
Muscatine	S2022-036A	CS192113501	West Hill Area Sanitary and Storm Sewer Separation Phase 6D & 6E	2024	4	255	P	\$ 14,064,000				x	
Malvern	S2023-0301A	CS192113601	Wastewater Lagoon Effluent UV Disinfection Malvern, Iowa	2024	4	224	P	\$ 370,000				x	
Rock Rapids	W2022-0424A	CS192114001	Wastewater Treatment Facility Improvements	2024	4	222	P	\$ 24,723,000				x	
Decorah	W2022-0364A	CS192113201	Decorah Wastewater Plant Improvements	2024	4	200	P	\$ 4,925,000				x	
Manly	W2024-0086A	CS192113301	Sanitary Sewer Collection System I/I Reduction - Phase 1	2024	4	199	P	\$ 711,000				x	
Oxford Junction	W2024-0116A	CS192113401	Oxford Junction Synthetic Lagoon Liner Replacement	2024	4	192	P	\$ 480,000				x	
Iowa City	S2023-0308A	CS192113801	Digester Complex Rehabilitation	2024	4	182	P	\$ 30,457,000				x	
WRA (Property Acquisition)	W2024-0201A	CS192114101	Property Acquisition	2024	4	180	P	\$ 8,000,000				x	
Underwood	W2021-0431A	CS192113701	Wastewater Treatment Facility Improvements	2024	4	167	P	\$ 4,162,000				x	
WRA	Not Provided	CS192113101	WRA New Common Trunk and Joint Trunk Sewer Improvements	2024	4	150	P	\$ 82,241,000				x	
Eldora	S2024-0169A	CS192113901	WWTP System Upgrade	2024	4	145	P	\$ 1,476,000				x	
Schaller	N/A	PD-CW-24-43	New WWTP	2024	3	P&D	P	\$ 610,000	1/26/2024	\$ 610,000	\$ -	x	
Terrace Hill Sanitary District	N/A	PD-CW-24-40	Design of New Three Celled Controlled Discharge Lagoon	2024	3	P&D	L	\$ 380,000	1/5/2024	\$ 380,000	\$ -	x	
Underwood	N/A	PD-CW-24-41	Upgrade to LEMNA wastewater treatment system	2024	3	P&D	L	\$ 319,000	12/29/2023	\$ 319,000	\$ -	x	
Mountour	N/A	PD-CW-24-15	Wastewater Treatment Improvements	2024	3	P&D	L	\$ 203,000	08/04/23	\$ 203,000	\$ -	x	
Fort Dodge	N/A	PD-CW-24-51	Supplemental to WWTP Facility Plan P&D	2024	3	P&D	P	\$ 103,000				x	
Oxford Junction	N/A	PD-CW-24-50	Lagoon lining project	2024	3	P&D	L	\$ 92,500	12/29/2023	\$ 92,500	\$ -	x	
Greenfield Plaza-Hills of Coventry Sanitary District	N/A	PD-CW-24-42	Sanitary sewer improvement- lift stations	2024	3	P&D	L	\$ 92,000	1/12/2024	\$ 92,000	\$ -	x	
Emmetsburg	S2021-0226B	CS1921124 01	Wastewater Treatment Facility Improvements	2024	3	264	P	\$ 30,000,000				x	
Bonaparte	S2024-011A	CS1921123 01	Bonaparte Sanitary Sewer Lining Phase 1	2024	3	255	P	\$ 451,000				x	
Danville	W2020-0216A	CS1921121 01	Wastewater Treatment Facility Improvements	2024	3	224	P	\$ 6,603,000				x	
Creston	W2023-0400A	CS1921126 01	Wastewater Treatment Facility Improvements - Nutrient Reduction	2024	3	224	P	\$ 5,503,000				x	
Goose Lake	W2022-0114A	CS1921122 01	WWTF Improvements	2024	3	224	P	\$ 2,342,000				x	
Sioux City	W2022-0376A	CS1921120 01	Wastewater Treatment Plant Facility Plan Improvements	2024	3	190	P	\$ 486,510,000				x	
Greenfield Plaza-Hills of Coventry Sanitary District (WRA)	W2024-0068A	CS1921127 01	Sanitary Sewer System Improvements	2024	3	160	P	\$ 1,603,000				x	
Bettendorf	W2023-0370A	CS1921128 01	Spencer Creek Lift Station Improvements	2024	3	155	P	\$ 10,352,000				x	
Greenfield	W2023-0194A	CS1921126 01	Phase 2 Collection System Improvements	2024	3	139	P	\$ 2,110,500				x	
Radcliffe	2024-0018A	CS1921125 01	Sanitary Sewer Collection System Improvements	2024	3	139	P	\$ 987,000				x	
Lansing	W2024-0107A	CS1921129 01	Platt, 4th & North Utility Improvements	2024	3	134	P	\$ 850,000				x	
Sioux City	N/A	PD-CW-24-21	Improvements to Renew WWTP	2024	2	P&D	L	\$ 24,090,000	9/29/23	\$ 24,090,000	\$ -	x	
WRA	N/A	PD-CW-24-22	Connect City of Grimes	2024	2	P&D	L	\$ 2,450,000	12/15/23	\$ 2,450,000	\$ -	x	
Lime Springs	N/A	PD-CW-24-30	New Activated Sludge WWTF	2024	2	P&D	L	\$ 1,220,000	9/22/23	\$ 1,220,000	\$ -	x	
Luana	N/A	PD-CW-24-20	Wastewater Treatment Facility Upgrade	2024	2	P&D	L	\$ 514,000	10/20/23	\$ 514,000	\$ -	x	
Boone	N/A	PD-CW-24-23	Wastewater Treatment Improvements	2024	2	P&D	L	\$ 350,000	9/29/23	\$ 350,000	\$ -	x	
Grand Junction	N/A	PD-CW-24-19	Wastewater Treatment Improvements	2024	2	P&D	L	\$ 320,000	9/29/23	\$ 320,000	\$ -	x	
Bonaparte	N/A	PD-CW-24-17	Phase 1 of Collection System Improvements	2024	2	P&D	L	\$ 130,000	9/29/23	\$ 130,000	\$ -	x	
Bode	N/A	PD-CW-24-16	Wastewater Treatment Improvements	2024	2	P&D	L	\$ 79,000	9/29/23	\$ 79,000	\$ -	x	
Chelsea	W2021-0294A	CS1921119 01	New WWTP for ammonia and bacteria	2024	2	274	P	\$ 2,311,000				x	

Project Name	NPDES No.	CWSRF No.	Project Description	IUP Yr	Quarter	Priority Points	Project Status	Current Funding Request	Most Recent Loan	Total Loan Amount To Date	Remaining Amount on IUP	Funding Source	
												Base BIL GS	BIL PFAS/EC
Algona	W2021-0462A	CS1921116 01	WWTF Nutrient Reduction Upgrade	2024	2	257	P	\$ 19,707,000				x	
Anamosa	W2023-0224A	CS1921117 01	Wastewater Treatment Plant - Nutrient removal	2024	2	257	P	\$ 2,222,000				x	
Forest City	S2022-0266A	CS1921078 01	WWTP Nutrient Improvements	2024	2	234	P	\$ 20,260,000				x	
Ames	W2023-0016A	CS1921109 01	WPCF Nutrient Reduction Project	2024	2	229	P	\$ 52,070,000				x	
Waterloo	W2023-0164A	CS1921114 01	CIPP Lining	2024	2	162	P	\$ 2,500,000				x	
Grand Junction	2023-0351A	CS1921111 01	WWTP - new flow meters and valves	2024	2	160	P	\$ 694,000				x	
Peosta	W2023-0401A	CS1921112 01	New Kapp Court Lift Station	2024	2	160	P	\$ 600,000				x	
George	52023-0357A	CS1921115 01	Sanitary Sewer Rehabilitation	2024	2	152	P	\$ 903,000				x	
State Center	W2019-0322A	CS1921113 01	Wastewater Treatment Improvements - New 2045 gpm main lift station	2024	2	139	P	\$ 1,592,000				x	
Bode	W2023-0292A	CS1921110 01	Phase 1 Sanitary Sewer Collection Rehab	2024	2	129	P	\$ 845,000				x	
Templeton	W2023-0405A	CS1921118 01	Sanitary Sewer Rehabilitation	2024	2	129	P	\$ 337,000				x	
Montour	S2021-0288A	CS1921105 01	Montour Wastewater Treatment Facility 2023 Upgrades	2024	1	345	P	\$ 2,231,000				x	
Holstein	W2020-0435A	CS1921104 01	Holstein Wastewater System Improvements	2024	1	314	P	\$ 6,399,000				x	
Schaller	W2023-0028A	CS1921106 01	Schaller WWTP Facility Plan	2024	1	297	P	\$ 4,417,000				x	
Oxford	W2021-0339A	CS1921101 01	Upgrade Sludge Treatment Process	2024	1	292	P	\$ 2,402,000				x	
Cincinnati	S2014-0275	CS1921099 01	Wastewater Treatment Facility Improvements	2024	1	274	P	\$ 990,000				x	
Waterloo	W2023-0245A	CS1921107 01	Replace Lift Station and Force Main	2024	1	152	P	\$ 3,692,000				x	
Lime Springs	W2023-0150	CS1921102 01	2024 Street & Utility Improvements Project	2024	1	129	P	\$ 5,507,000				x	
Birmingham	W2023-0175A	CS1921100 01	Proposed Sanitary Sewer Improvements - Phase 1	2024	1	129	P	\$ 417,000				x	
Swisher	W2023-0242A	CS1921103 01	2022 Sanitary Sewer Project	2024	1	119	P	\$ 4,231,000				x	
Allerton	N/A	PD-CW-23-56	Improvements to South Wastewater Treatment Plant	2023	4	P&D	P	\$ 545,000				x	
Cass County Environmental Control Agency	N/A	GNS 23-03	Cass County Landfill Closure	2023	4	GNS	L	\$ 1,363,000	9/15/23	\$ 1,363,000	\$ -	x	
Webster City	S2017-0216A	CS1921085 01	Wastewater Treatment Facility Improvements	2023	4	314	P	\$ 77,001,000				x	
Muscatine	S2022-0036A	CS1921092 01	West Hill Area Sanitary and Storm Sewer Separation Phase 6C	2023	4	240	P	\$ 6,680,000				x	
Cedar Rapids	W2023-0283A	CS1921108 01	Cedar Rapids WPCF PFAS Source and Treatability Study	2023	4	182	C	\$ 3,065,000					x
WRA	W2022-0186A	CS1921093 01	WRF Effluent Pumping Improvements	2023	4	180	P	\$ 46,080,000				x	
Waterloo	S2017-0342A	CS1921096 01	Final Clarifier No. 3 Rehabilitation	2023	4	172	L	\$ 1,054,000	12/22/23	\$ 1,014,000	\$ -	x	
WRA	S2019-0363A	CS1921094 01	WRA Sewer Lining Phase 3	2023	4	160	P	\$ 16,735,000				x	
Cumming	W2023-0198A	CS1921098 01	Sanitary Sewer Collection System Improvements	2023	4	160	P	\$ 4,226,000				x	
Sumner	W2022-0460A	CS1921097 01	Sumner Wastewater Upgrades 2023	2023	4	139	P	\$ 3,075,000				x	
Coralville	N/A	PD-CW-23-39	P&D For New Force Main	2023	3	P&D	L	\$ 193,000	9/29/23	\$ 193,000	\$ -	x	
Oskalooza	W2022-0004A	CS1921088 01	Wastewater Treatment Facility Improvements	2023	3	327	P	\$ 74,420,000				x	
Treynor	S2018-0251A	CS1921091 01	Wastewater Treatment Facility Upgrades	2023	3	314	L	\$ 5,021,000	10/20/23	\$ 5,021,000	\$ -	x	
Swea City	W2020-0123A	CS1921087 01	Wastewater System Improvements	2023	3	264	P	\$ 4,593,000				x	
Laurel	S2015-0037A	CS1921073 01	Wastewater Treatment Facility Improvements	2023	3	264	P	\$ 2,094,000				x	
Crescent	W2022-0175A	CS1921081 01	Wastewater Facility Improvements	2023	3	229	P	\$ 4,038,000				x	
Coralville	W2023-0059A	CS1921086 01	Oakdale Boulevard Force Main	2023	3	152	P	\$ 2,094,000				x	
Oelwein	W2023-0069A	CS1921090 01	Reed Bed Expansion and EQ Liner Replacement	2023	3	149	L	\$ 1,138,000	12/22/23	\$ 1,138,000	\$ -	x	
Ely	W2023-0019A	CS1921083 01	Sanitary Sewer Rehabilitation: Phase 1	2023	3	129	P	\$ 1,122,000				x	
Eagle Grove	S2022-0384A	CS1921089 01	Highway 17 Lift Station & Collection System Improvements	2023	3	129	P	\$ 525,537				x	
Dubuque	N/A	PD-CW-23-14	P&D for Lift Station and Force Main Improvements	2023	2	P&D	P	\$ 1,000,000				x	
Dubuque	N/A	PD-CW-23-15	P&D for Sanitary Sewer Improvements	2023	2	P&D	P	\$ 430,000				x	
Ely	N/A	PD-CW-23-16	P&D for Sanitary Mains Rehabilitation	2023	2	P&D	P	\$ 184,420				x	
Johnston	N/A	GNS23-02	Channel Stabilization Projects	2023	2	GNS	L	\$ 1,300,000	12/15/23	\$ 1,196,000	\$ 104,000.00	x	
Akron	W2021-0303A	CS1921074 01	Wastewater Treatment Facility Improvements	2023	2	305	P	\$ 1,716,000				x	
Story City	S2018-0488A	CS1921082 01	Phase 2 and 3 WWTF Improvements	2023	2	265	P	\$ 10,926,873				x	
Cedar Rapids	S2021-0411A	CS1921069 01	WPC Solids Improvements (Contract 2)	2023	2	182	P	\$ 250,000,000				x	
Eagle Grove	W2022-0328A	CS1921072 01	Wastewater Improvements 2022	2023	2	174	L	\$ 5,715,000	5/5/23	\$ 3,798,000	\$ 1,917,000.00	x	
McGregor	S2022-0425A	CS1921075 01	WWTP Influent Screen	2023	2	149	P	\$ 578,000				x	
Dubuque	S2022-0402A	CS1921080 01	Eagle Street and Althausen Street Water & Sewer Replacement	2023	2	139	P	\$ 393,000				x	
Farley	W2022-0268A	CS1921077 01	3rd Avenue SW Water & Sewer Improvements	2023	2	129	P	\$ 2,528,000				x	

Project Name	NPDES No.	CWSRF No.	Project Description	IUP Yr	Quarter	Priority Points	Project Status	Current Funding Request	Most Recent Loan	Total Loan Amount To Date	Remaining Amount on IUP	Funding Source	
												Base BIL GS	BIL PFAS/EC
Ladora	S20217-0239A	CS1921076 01	Wastewater Improvements Phase II - Ladora Main Lift Station Replacement 2023	2023	2	129	P	\$ 999,000				x	
Dedham	N/A	PD-CW-23-06	P&D for Lagoon Improvements	2023	1	P&D	P	\$ 326,500				x	
Mingo	W2021-0260A	CS1921012 01	Wastewater Treatment Plant Improvements	2023	1	250	P	\$ 1,685,000				x	
Cherokee	W2021-0209A	CS1921057 01	WRF Nutrient Reduction Improvements	2023	1	234	P	\$ 7,088,000				x	
Fostoria	W2022-0235A	CS1921066-01	2022 Sanitary Sewer Rehabilitation	2023	1	160	L	\$ 615,000	8/11/23	\$ 615,000	\$ -	x	
Hospers	W2022-0263A	CS1921067 01	2nd Ave Paving & Utility Improvements	2023	1	152	L	\$ 1,288,000	8/11/23	\$ 1,288,000	\$ -	x	
Ionia	W2022-0184A	CS1921068 01	Wastewater Improvements	2023	1	149	P	\$ 663,300				x	
Dubuque	W2022-0320A	CS1921070 01	Auburn-Custer Sanitary Sewer Reconstruction	2023	1	139	P	\$ 439,000				x	
Coralville	W2022-0310	CS1921071 01	Central Trunk Sewer	2023	1	127	L	\$ 6,200,000	9/8/23	\$ 2,651,000	\$ 3,549,000.00	x	
Milo	W2021-0111A	CS1921054 01	Wastewater Treatment Facility Improvements	2022	4	272	L	\$ 4,762,000	3/31/2023	\$ 4,762,000	\$ -	x	
Earlham	W2020-0448A	CS1921055 01	Earlham Lagoon Upgrades	2022	4	264	L	\$ 6,241,000	12/9/2022	\$ 4,875,000	\$ 1,366,000.00	x	
Primghar	W2021-0194A	CS1921051 01	WWTF Improvements	2022	4	224	L	\$ 7,045,000	12/8/2023	\$ 7,045,000	\$ -	x	
Winfield	W2017-0391A	CS1921053 01	Wastewater Treatment Plant Improvements	2022	4	222	L	\$ 5,098,000	5/26/2023	\$ 4,000,000	\$ 1,098,000.00	x	
Muscatine	S2022-0036A	CS1921056 01	West Hill Area Sewer Separation Project - Phase 6A and 6B	2022	4	200	L	\$ 8,000,000	8/11/2023	\$ 8,000,000	\$ -	x	
Elgin	W2022-0105A	CS1921059 01	WWTP Liner Replacement	2022	4	180	L	\$ 336,000	12/15/2023	\$ 336,000	\$ -	x	
Whittemore	W2021-0455A	CS1921050 01	Sanitary Sewer Collection System I/I Reduction - Phase 1A	2022	4	154	L	\$ 565,000	7/28/2023	\$ 565,000	\$ -	x	
Johnston	W2022-0196A	CS1921062 01	NW Area Sanitary Sewer Extension	2022	4	135	L	\$ 17,620,735	11/10/23	\$ 8,015,000	\$ 9,605,735.00	x	
Defiance	N/A	PD-CW-22-47	P&D for WWTF Improvements	2022	3	P&D	P	\$ 185,000				x	
Lake City	W2019-0385A	CS1921042 01	Phase 2 & 3 Lake City WWTF Improvements - Lift Station & Treatment Facility	2022	3	254	P	\$ 8,234,000				x	
Allison	S2020-0003A	CS1921039 01	WWTF Improvements	2022	3	249	L	\$ 3,256,000	10/13/2023	\$ 3,256,000	\$ -	x	
Winterset	S2020-0429A	CS1921038 01	WWTF Improvements	2022	3	219	P	\$ 18,898,000				x	
Riceville	W2020-0317A	CS1921046 01	WWTF Improvements	2022	3	219	P	\$ 3,412,096				x	
Dubuque	W2022-0094A	CS1921049 01	Granger Creek Sanitary Sewer Improvements	2022	3	180	P	\$ 3,065,552				x	
Monona	W2022-0061A	CS1921045 01	Central Service Area Wastewater Collection System Rehabilitation	2022	3	145	L	\$ 212,000	10/27/2023	\$ 212,000	\$ -	x	
Stockport	S2021-0167A	CS1921047 01	Sewer System Rehab	2022	3	139	P	\$ 332,000				x	
Lake City	N/A	PD-CW-22-24	P&D for Flow Monitoring, Lift Station and WWTF Improvements	2022	2	P&D	P	\$ 579,500				x	
Morning Sun	W2019-0130A	CS1921036 01	WWTP Improvements	2022	2	250	P	\$ 1,972,500				x	
Saint Ansgar	W2020-0420A	CS1921035 01	WWTF UV Disinfection	2022	2	239	L	\$ 376,000	11/3/2023	\$ 331,000	\$ 45,000.00	x	
WRA	W2020-0400A	CS1921032 01	WRF Phosphorus Recovery Facility	2022	2	205	P	\$ 30,000,000				x	
WRA	W2021-0366A	CS1921033 01	Southern Tier Interceptor Phase 10, Segments 23-24	2022	2	165	L	\$ 14,181,000	12/16/2022	\$ 3,600,000	\$ 10,581,000.00	x	
Dubuque	W2021-0394A	CS1921034 01	Old Mill Rd. Lift Station and Force Main	2022	2	154	P	\$ 25,467,000				x	
Nashua	W2021-0293A	CS1921027 01	Greeley Street Water & Sanitary Improvements	2022	2	139	P	\$ 164,000				x	
Lytton	W2021-0424A	CS1921025 01	Sanitary Sewer Force Main Replacement	2022	2	134	P	\$ 479,000				x	
WRA	N/A	PD-CW-22-11	P&D for Improvements to Southern Tier, Phase 10, Segments 10-23	2022	1	P&D	P	\$ 403,000				x	
Dubuque	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	GNS	P	\$ 11,658,000				x	
Frederika	W2020-0141A	CS1921013 01	I&I Repares & Adding Capacity to CDL	2022	1	254	P	\$ 1,667,000				x	
Leland	W2020-0011A	CS1921016 01	2-Cell Aerated Lagoon, SAGR & UV	2022	1	237	P	\$ 1,349,000				x	
Fort Madison	W2021-0203A	CS1921017 01	10th Street Combined Sewer Separation	2022	1	224	P	\$ 4,463,000				x	
Terrace Hill	S2020-0079A	CS1921019 01	New Pumping Station to Connect to City of Hampton	2022	1	194	P	\$ 2,008,600				x	
Humeston	W2020-0141A	CS1921014 01	Sludge Removal, New Lagoon Aeration System, and UV to Meet New Permit Limits	2022	1	175	P	\$ 1,303,000				x	
Coralville	N/A	PD-CW-21-61	P&D for Clear Creek Stream Restoration	2021	4	P&D	P	\$ 694,400				x	
Crescent	N/A	PD-CW-21-48	P&D for Wastewater System Upgrades	2021	4	P&D	P	\$ 450,000				x	
Saint Ansgar	N/A	PD-CW-21-72	P&D for Sanitary Sewer Trunline Construction	2021	4	P&D	P	\$ 64,400				x	
Saint Ansgar	N/A	PD-CW-21-71	P&D for UV Disinfection Construction	2021	4	P&D	P	\$ 32,000				x	
Marengo	W2017-0244A	CS1921008 01	Wastewater Facility Improvements-UV and discharge to larger stream	2021	4	249	P	\$ 5,863,000				x	
Ridgeway	W2019-0244A	CS1920991 01	SAGR & UV	2021	4	245	L	\$ 2,483,000	9/29/23	\$ 2,483,000	\$ -	x	
Savage	S2016-0156A	CS1921004 01	Wastewater Treatment Improvements-SAGR and UV	2021	4	245	L	\$ 1,465,000	9/8/23	\$ 1,465,000	\$ -	x	

Project Name	NPDES No.	CWSRF No.	Project Description	IUP Yr	Quarter	Priority Points	Project Status	Current Funding Request	Most Recent Loan	Total Loan Amount To Date	Remaining Amount on IUP	Funding Source	
												Base BIL GS	BIL PFAS/EC
Festina	W2018-0288A	CS1921002 01	Wastewater Treatment Facility Improvements-SAGR and UV	2021	4	235	L	\$ 571,000	12/22/23	\$ 571,000	\$ -	x	
Lake City	W2019-0385A	CS1920986 01	Phase 1 Wastewater Treatment Facility Improvements - Flow Monitoring	2021	4	144	P	\$ 163,000				x	
Saint Ansgar	W2020-0421A	CS1921003 01	Sanitary Sewer Trunkline	2021	4	135	L	\$ 331,000	11/3/23	\$ 331,000	\$ -	x	
Maquoketa	W2020-0203A	CS1920988 01	BNR Addition to Existing Plant	2021	3	275	L	\$ 14,384,000	4/14/23	\$ 10,384,000	\$ 4,000,000.00	x	
Traer	W2018-0376A	CS1920999 01	Sewer Rehab, UV and Relocation of Outfall	2021	3	259	L	\$ 1,773,000	10/27/23	\$ 1,773,000	\$ -	x	
Dougherty	S2017-0251A	CS1920993 01	Low Pressure Collection System with 3-Cell Lagoon	2021	3	232	L	\$ 1,401,000	8/11/23	\$ 1,401,000	\$ -	x	
Mount Ayr	W2020-0412A	CS1920984 01	WW System Improvements	2021	2	195	P	\$ 412,000				x	
Anamosa	W2020-0202A	CS1920985 01	WWTP Flow Equalization Basin	2021	2	155	P	\$ 4,475,000				x	
Dyersville	W2020-0384A	CS1920980 01	Westlinden Lift Station	2021	2	150	P	\$ 2,764,000				x	
Lovilia	N/A	PD-CW-21-04	P&D for construction of WW TX facility	2021	1	P&D	P	\$ 154,000				x	
Ottumwa	2019-0263A	CS1920972 01	Blake's Branch Sewer Separation Phase 8, Divisio 2, 3A, 3B, 3C, 3D	2021	1	205	P	\$ 40,000,000				x	
McGregor	W2020-0140A	CS1920974 01	Main Street Utility Upgrades and Front Street Lift Station	2021	1	162	L	\$ 4,934,000	12/8/23	\$ 3,851,000	\$ 1,083,000.00	x	
Wayland	S2017-0271A	CS1920968 01	Sewer Rehab & Lagoon Upgrade	2021	1	154	L	\$ 1,000,000	9/4/20	\$ 683,000	\$ 317,000.00	x	
Vinton	W2018-0031A	CS1920969 01	WWTP Upgrades	2021	1	145	R	\$ 14,289,000				x	
Dickinson County	N/A	GNS 20-03	Francis Sites Wetland Project	2020	4	GNS	R	\$ 500,000				x	
WRA	S2020-0142A	CS1921955 01	Segment 2 - WRA Ingersoll Run Outlet Sewer in Des Moines	2020	4	197	L	\$ 26,934,000	12/16/2022	\$ 26,400,000	\$ 534,000.00	x	
Toledo	2020-0162A	CS1920957 01	Sanitary Sewer Improvements	2020	4	154	P	\$ 633,000				x	
Rickardsville	2020-0158A	CS1920956 01	Sanitary Sewer Collection System Improvements 2020	2020	4	114	R	\$ 1,032,000				x	
Nevada	W3029-0233A	CS1920945 01	Wastewater Treatment Facility Improvements	2020	3	234	L	\$ 58,318,000	12/15/23	\$ 38,338,000	\$ -	x	
Pomeroy	W2020-0084A	CS1920951 01	Sanitary Sewer System Improvements	2020	3	134	P	\$ 1,980,000				x	
Runnels	S2017-0330A	CS1920943 01	Wastewater Treatment Facility Expansion	2020	2	282	L	\$ 3,557,000	11/3/2023	\$ 3,057,000	\$ 500,000.00	x	
WRA	2019-0363A	CS1920934 01	WRA Sewer Lining	2020	2	170	L	\$ 23,000,000	12/16/23	\$ 23,000,000	\$ -	x	
Waterloo	2019-0352A	CS1920935 01	New Titus lift station and force main	2020	2	140	P	\$ 5,170,000				x	
Solon	2019-0293A	CS1920942 01	North Trunk Sewer	2020	2	119	P	\$ 1,247,000				x	
Glidden	2016-0396	CS1920929 01	Wastewater Treatment Plant Improvements	2020	1	224	L	\$ 3,980,000	3/5/2021	\$ 2,900,000	\$ -	x	
Peosta	S2016-0180	CS1920912 01	New mechanical plant, activated sludge, nutrient removal, disinfection, sludge handling	2019	4	264	L	\$ 8,184,000	10/6/23	\$ 7,053,000	\$ -	x	
Sumner	0970001	CS1920916 01	Sewer relocation and new pumping station	2019	4	149	P	\$ 998,000				x	
Lake Mills	S2017-0385	CS1920894 01	WWTF Improvements (SAGR)	2019	2	277	P	\$ 1,799,000				x	
Osceola	S2016-0112	CS1920878 01	Construction of new activated sludge treatment plant, addition of UV disinfection, cogeneration of power from methane digester	2019	1	277	L	\$ 53,000,000	8/20/21	\$ 28,000,000	\$ 25,000,000.00	x	
Waterloo	S2018-0100	CS1920884 01	new gate wells and sanitary sewer	2019	1	185	L	\$ 8,247,000	8/25/23	\$ 8,247,000	\$ -	x	
Sioux City	S2016-0389	CS1920813 01	Improve various treatment plant equipment to renew initial capacity, improve performance, improve reliability and generate biogas.	2017	2	217	L	\$ 31,983,398	11/13/20	\$ 16,928,000	\$ 15,055,398.00	x	
Algona	S2016-0239	PD-CW-17-04	Rehabilitation and reconstruction of the sanitary sewer collection system	2017	1	P&D	P	\$ 130,000				x	
Oelwein	N/A	PD-CW-16-40	Installation of new sanitary sewer	2016	4	P&D	P	\$ 33,500				x	
Ames	S2013-0327	CS1920741 02	Address Infiltration and inflow into the City's sanitary sewer system utilizing a variety of rehabilitation techniques.	2016	4	145	L	\$ 19,421,625	8/18/23	\$ 14,578,000	\$ 4,843,625.00	x	
Mapleton	S2015-0440	PD-CW-16-30	Wastewater Treatment Improvements to comply with ammonia nitrogen limits, maintainn TSS limits, and meet new NPDES standards	2016	3	P&D	P	\$ 225,000				x	
La Porte City	S2009-0187	CS1920620 01	Wastewater treatment plant improvements	2012	3	220	L	\$ 12,712,000	9/22/23	\$ 12,712,000	\$ -	x	
								\$ 1,983,362,935		\$ 298,278,500			

Project Status	Abbreviations
Contingent -- C	BIL GS= Bipartisan Infrastructure Law General Supplemental Fund
Dropped -- D	CWSRF No = Clean Water State Revolving Fund Project Number
Loan Signed -- L	NPDES No = National Pollutant Discharge Elimination System Permit Number
Planning Stage -- P	IUP YR = Intended Use Plan Year

Project Name	NPDES No.	CWSRF No.	Project Description	IUP Yr	Quarter	Priority Points	Project Status	Current Funding Request	Most Recent Loan	Total Loan Amount To Date	Remaining Amount on IUP	Funding Source	
												Base BIL GS	BIL PFAS/EC
	Ready for Loan -- R		P&D = Planning and Design Loan PFAS/EC - PFAS Emerging Contaminates										

DRAFT

FY 2024 INTENDED USE PLAN

INVESTING IN IOWA'S WATER



DRINKING WATER STATE REVOLVING FUND

Approved by the Environmental Protection Commission (EPC) on June 20, 2023. Approved by EPC on September 19, 2023. Approved by the EPC on December 19, 2023. **Anticipated approval by the EPC on March 19, 2024.**

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Introduction

Under the authority of Section 1452 of the Safe Drinking Water Act, the Drinking Water State Revolving Fund (DWSRF) Program 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.

Since 1989, Iowa's State Revolving Fund (SRF) Programs have provided over **\$4 billion** in financial assistance for water and wastewater infrastructure, agricultural best management practices, and other water quality projects. With the State Fiscal Year (SFY) 2024 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.

A. 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 SRF is incorporating into SFY 2024 IUPs.

- ✓ Plans for implementing funding for the General Supplemental, Lead Service Line, and PFAS/Emerging Contaminants funding awarded from the **Infrastructure Investment and Jobs Act (IIJA)**, also known as, **Bipartisan Infrastructure Law (BIL)** are included in this annual release of the IUP.
- ✓ The **Socioeconomic Assessment Tool** used to define a **Disadvantaged Community** (DWSRF Program) and **Affordability Criteria** (CWSRF Program) has been updated with current American Community Survey and state-level employment data. In addition, the assessment criteria were refined to improve desired outcomes and comply with existing federal statute.
- ✓ Additional subsidization in the form of loan principal forgiveness will only be applied to eligible construction costs of projects selected to receive additional subsidization.
- ✓ Borrowers receiving loan forgiveness will only receive one award per project.

B. SRF Program Overview

SRF PROGRAM ADMINISTRATION

The unique partnership between the Iowa Department of Natural Resources (DNR) and the Iowa Finance Authority (IFA) 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, permitting, and regulatory compliance aspects of the program as well as project approval and eligibility
- IFA-Administers the financial aspects of the program including fund management, bonding, loan approval, disbursements, and servicing

INTENDED USE PLANS

The State of Iowa IUP for the DWSRF is prepared annually in accordance with the provisions of section 1452 of the Safe Drinking Water Act, 40 CFR Part 35 and Iowa Code Sections 455B.291-455B.299 and 567 Iowa Administrative Code (IAC) Chapter 44.

The IUP is developed annually in June and updated quarterly in September, December, and March (or more often as needed). This IUP covers activities during the SFY 2024, July 1, 2023 through June 30, 2024.

The IUP identifies the intended use of funds available to the SRF, the program's goals, information on the types of activities to be supported, assurances and specific proposals on the manner by which the State intends to meet the requirements of the Operating Agreement with the U.S. Environmental Protection Agency (EPA), criteria and method for distribution of funds, and the loan rates, terms, and fees for the fiscal year; and includes a ranked listing of projects to be funded.

The IUP and Project Priority List (PPL) are submitted to the EPA as part of the application for a capitalization grant. The IUP and PPL are reviewed and approved quarterly by the Iowa Environmental Protection Commission (EPC)¹. Federal and state law requires, and Iowa welcomes, public participation in the development of the IUP.

METHOD OF AMENDMENT OF THE INTENDED USE PLAN

The Iowa SRF Program will follow this IUP in administering DWSRF funds in SFY 2024. 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 PPL to utilize actual funds available to the DWSRF for SFY 2024 will be considered minor and only affected applicants will be notified. Public notice of amendments will be made if borrowers are added to or removed from the PPL.

PUBLIC REVIEW AND COMMENTS

(See Appendix H - Public Review and Comments Received)

The SRF Program accepts new IUP applications quarterly by the first business day in March, June, September, and December². The IUP and PPL are updated and available to the public for review about 60 days after the quarterly IUP application deadline. The IUP is posted on the DWSRF Program webpage of the SRF Program's website (www.iowasrf.com) and public comments are accepted for up to 30 days following the posting.

Public Hearings are scheduled on the third Thursday of the months of May, August, November and February to highlight changes from the previous quarter and to collect public comments. A final draft version of the IUP, including all comments incorporated during the comment period, will be posted as part of the EPC Meeting and Agenda on the EPC webpage on the DNR's website³.

An open forum client contact group meeting will be held on the Thursday prior to each EPC meeting to discuss agenda items. The IUP is approved quarterly by the EPC at regularly scheduled EPC meetings typically held the third Tuesday of the months of June, September, December and March. EPC meetings are open to the public, providing a final opportunity for public comment on the IUP.

All of the opportunities mentioned above are open to the public. Meetings and hearings are announced through Media Center webpage of the [SRF website](http://www.iowasrf.com) and agency-managed listservs.

PROJECT PRIORITY LIST (PPL)

(See Attachment 1 - DWSRF Project Priority List)

The DWSRF Program management includes a PPL for loan assistance, developed according to DNR rules 567 IAC Chapter 44 (455B). Attachment 1 - DWSRF Project Priority List, constitutes the DWSRF PPL and is included as a separate, sortable Excel file. This PPL will be amended quarterly during SFY 2024 and includes projects funded by both DWSRF Base and BIL Funds.

The PPL is a list of projects currently requesting funding from the SRF. This list provides the DWSRF Program with a projection of loan funding assistance needed for applications. Priority order is determined by point source rating criteria defined in 567 IAC Chapter 44 (455B). More information on priority ranking is available in Appendix C - Project Ranking Criteria. Projects are listed on the PPL in ranking order by the IUP year and quarter the application was received. Planning and Design loan applications are not ranked.

Pursuant to Section 1452 of the Safe Drinking Water Act and 40 CFR Part 35, the PPL also includes the following required items: name of the public water system, project description, the population of the system's service area, the priority assigned to the project, projected amount of eligible assistance, and type of assistance. The PPL may also include the SRF project number and project status.

¹ <https://www.iowadnr.gov/About-DNR/Boards-Commissions/Environmental-Protection-EPC>

² Drinking Water Program page of <https://www.iowasrf.com/>

³ <https://www.iowadnr.gov/About-DNR/Boards-Commissions/Environmental-Protection-EPC>

Attachment 1 - DWSRF Project Priority List includes the following project categories for funding during SFY 2024:

- **Planning and Design Loans.** These are loan requests that cover planning and engineering costs related to the design of an eligible DWSRF project and the development of a Preliminary Engineering Report.
- **New Infrastructure Projects.** Projects are added to the PPL only after a complete IUP application is received, the project has passed a preliminary review of eligibility, and the project is scored.
- **Unfunded Prior Years' Infrastructure Projects.** These are loan requests remaining on the PPL from previous years' IUPs. It is Iowa's intention to make DWSRF loans to these projects during SFY 2024 if they are ready for a binding loan commitment.
- **Segments of Previously Funded Infrastructure Projects.** Subsequent segments of a project which have previously received funding priority or assistance will be placed on the PPL and may carry over their original priority point total from the previous year.
- **Supplemental Financing.** Supplemental financing provides additional funds for projects listed in previously approved IUPs. These funds will be used to cover cost overruns on previously approved scopes of work and are added to the IUP as they are requested.

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." PFAS and Lead Service Line projects will be identified as "C - contingency status" until all funding criteria have been met (see SFY 2024 Program Activities to be Supported).

If a project on the approved IUP list is not going to proceed or will not be utilizing SRF funds, the applicant should notify the SRF in writing that they wish to withdraw the IUP application from the PPL. For the purpose of program planning, projects on the IUP list for over three years will be evaluated for removal. A notification will be sent to the SRF applicant that their project may be dropped if adequate progress toward a binding loan commitment is not demonstrated within six months following the notice. If a project is withdrawn or dropped from the PPL, the applicant may reapply when the project is ready to move ahead.

Project Scope. The scope of the project must be outlined in the IUP application and in the preliminary engineering report (PER).

Scope Changes. Significant changes in scope may cause delays if additional work is required by the project manager or environmental review specialist. Changes to the scope are allowed prior to loan closing. Once a loan is signed, only minor changes to the scope are allowed and only if the changes do not require additional public bidding, technical or environmental review.

TYPES OF FINANCING

(See Appendix D - Interest Rates, Fees and Loan Terms)

The Iowa SRF Program provides low-interest financing using one of three financing mechanisms:

Direct Loans - DWSRF funds are used to purchase municipal bond debt, secured by utility system revenues or a general obligation pledge.

Current interest rates and fees are established in the IUP in Appendix D - Interest Rates, Fees and Loan Terms.

Loan Forgiveness criteria is established in the IUP in Appendix B - Additional Subsidization.

CO-FUNDING

While SRF offers low loan rates and additional subsidization to eligible applicants, many of Iowa's communities need additional help from other funding sources. SRF funding can be combined with several other funding sources to make costly infrastructure projects possible. Joint funding that combines SRF loan dollars and funds from other agencies is crucial to making some drinking water 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 drinking water needs.

EMERGENCY FUNDING

In May of 2019, a Memorandum of Understanding (MOU) was signed regarding coordination between EPA and the Federal Emergency Management Agency (FEMA). The MOU established a framework for the EPA funded 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 a percentage of the replacement costs for public water and wastewater systems. The SRF can be used to finance the amount not covered by FEMA.

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 may be used to finance the repairs and then be repaid with FEMA money. Emergency loans meeting these conditions may be executed and then reported in the next quarterly IUP update.

APPLICATION PROCESS

New applications for **Planning & Design** will be accepted on a quarterly basis the first working day of the months of April, July, October and January.

Planning & Design Projects: Applications are available on the SRF website⁴ and are submitted to IFAs SRF Program Staff at waterquality@iowafinance.com.

New applications for **infrastructure construction projects** will be accepted on a quarterly basis the first working day of the months of March, June, September and December.

Infrastructure Construction Projects: IUP applications can be found on the SRF website⁵ and the DNR's Drinking Water SRF website⁶, and are submitted to srf-iup@dnr.iowa.gov.

Project applications eligible for SRF funding under the BIL General Supplemental, BIL Lead Service Line, and BIL PFAS/EC Fund will use the DWSRF IUP application and follow the same quarterly IUP application cycle as the DWSRF Base Program. Additional application information may be required for projects applying for BIL Funds. The SRF Program will provide additional application materials for BIL Funds directly to applicants, as applicable, and application materials will be available on the SRF website⁷.

C. SFY 2024 DWSRF Program Goals

SHORT TERM GOALS

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, to assist in the construction of projects with the highest water quality impacts.

Goal: Update internal tracking systems and software to assist with streamlining and improving processes necessary to co-administer the DWSRF Program.

Goal: Update marketing materials and website to better facilitate communication and outreach with customers and to provide them with streamlined resources for program information and materials.

⁴ Planning & Design Loan Program page of <https://www.iowasrf.com/>

⁵ Drinking Water Loan Program page of <https://www.iowasrf.com/>

⁶ <https://www.iowadnr.gov/Environmental-Protection/Water-Quality/Water-Supply-Engineering/State-Revolving-Loan-Fund>

⁷ Bipartisan Infrastructure Law page of <https://www.iowasrf.com/>

Goal: Assign/reallocate loan forgiveness funds from previous capitalization grants.

Goal: Revise affordability criteria to expand environmental equality and ensure Iowa's SRF Programs are reaching communities most in need of assistance.

Goal: Incorporate the use of Environmental Finance Center's (EFC) Technical Assistance (TA) resources to assist the Iowa SRF Program and disadvantaged community borrowers.

Goal: Continue process improvement of the state's oversight program for American Iron and Steel (AIS) requirements and align the program with Build American, Buy America (BABA) requirements, as needed.

LONG TERM GOALS

Goal: Endeavor to make the SRF Program the first choice for Iowa communities to finance a water infrastructure project.

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

Goal: Maintain mechanisms for funding the on-going administration of the program that will assist public water systems in achieving compliance with public health objectives of the Safe Drinking Water Act (SDWA).

Goal: Maintain the long-term financial integrity of the DWSRF Program by managing its assets to realize a rate of return that will sustain the DWSRF Loan Program in perpetuity.

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

D. SFY 2024 Program Activities to be Supported

The principal objective of the DWSRF is to facilitate compliance with national primary drinking water regulations or otherwise significantly advance the public health protection objectives of the SDWA. State SRF Programs are required to give priority for the use of DWSRF project funds to:

- Address the most serious risks to human health
- Ensure compliance with the requirements of the SDWA
- Assist systems most in need on a per household basis according to state affordability criteria

States also have the option to take up to 31% of their capitalization grant for set-asides. Set-asides can fund state programs, technical assistance and training for water utilities, and other activities that support achieving the public health protection objectives of the SDWA.⁸ 2024 Set-Aside Uses provides further details on Iowa's intended use of set-aside funds during SFY 2024.

DWSRF BASE PROGRAM

Allotments for the Federal Fiscal Year (FFY) 2023 EPA Capitalization Grants (Cap Grants) have been determined and the Iowa SRF Program will apply for and/or receive FFY 2023 DWSRF Base Program Funding during the SFY 2024.

FFY	Funding Source	Allocation Amount*
2023	DWSRF Base Cap Grant	\$7,424,000

*This award amount is anticipated to be received by SFY 2024 but has not been received as of the publication of this DRAFT IUP

WATER INFRASTRUCTURE PROJECTS

Eligible Borrowers: publicly and privately-owned community water systems and nonprofit non-community water systems are eligible for funding under the DWSRF program.

⁸ <https://www.epa.gov/dwsrf/drinking-water-state-revolving-fund-eligibility-handbook>

Eligible Activities: Eligible projects include the installation, upgrade, or replacement of treatment facilities, finished water storage facilities, transmission and distribution systems, and water system consolidation/regionalization.⁹ Eligibility guidelines are available in the DWSRF Eligibility Handbook.¹⁰

Special Conditions: Projects selected as equivalency will comply with the federal requirements described in E. Financial Administration of this IUP.

DWSRF BIPARTISAN INFRASTRUCTURE LAW (BIL) PROGRAMS

The Infrastructure Investment and Jobs Act (IIJA), also known as the Bipartisan Infrastructure Law (BIL), provides DWSRF programs with three additional capitalization grants annually through FFY 2026. Allotments for the FFY 2023 EPA capitalization grants have been determined and the Iowa SRF Program will apply for and/or receive FFY 2022 and 2023 BIL Funding during the SFY 2024.

Due to BIL funding requirements, projects being financed with BIL PFAS/EC and General Supplemental funding must enter into a loan assistance agreement within one year of becoming eligible for the funds. BIL Lead Service Line Replacement projects must enter into a loan assistance agreement within 2 years of becoming eligible for the funds. . The DWSRF staff may bypass projects that have not signed a loan obligation within these time limits. If an eligible project is bypassed, the applicant may be reconsidered when the project is ready to move ahead, as funding is available, or may be financed through DWSRF Base Funds.

DWSRF BIL GENERAL SUPPLEMENTAL (GS) FUNDS

Eligible borrowers and eligible activities for BIL GS Funds are the same as the DWSRF Base Program.

Special Conditions: Projects selected as equivalency will comply with the federal requirements described in E. Financial Administration of this IUP and BIL Signage requirements described in Appendix G - Federal Assurances, Certifications and Proposals.

Projects receiving additional subsidization from this fund will also comply with BIL Signage requirements described in Appendix G - Federal Assurances, Certifications and Proposals.

FFY	Funding Source	Allocation Amount*
2023	DWSRF BIL General Supplemental Grant	\$31,656,000

*This award amount is anticipated to be received by SFY 2024 but has not been received as of the publication of this DRAFT IUP

DWSRF PFAS/EMERGING CONTAMINANTS (EC) FUND

Eligible Borrowers. Both publicly and privately-owned community water systems and nonprofit non-community water systems are eligible for funding under the DWSRF program. At least 25% of the funds will be awarded to disadvantaged communities or public water systems serving fewer than 25,000 people.

Eligibility Activities. For a project or activity to be eligible under this funding source, it must be otherwise DWSRF eligible, and the primary purpose must be to address emerging contaminants in drinking water. Any contaminant on EPA's Contaminant Candidate Lists 1-5 are eligible, however, priority for funding will be given to projects addressing perfluoroalkyl and polyfluoroalkyl substances and health advisories.

Special Conditions: Projects being funded with BIL PFAS/EC are all considered equivalency projects and will comply with the federal requirements described in E. Financial Administration of this IUP and BIL Signage requirements described in Appendix G - Federal Assurances, Certifications and Proposals.

⁹ <https://www.epa.gov/dwsrf/dwsrf-program-overview-epa-816-f-18-001>

¹⁰ <https://www.epa.gov/dwsrf/drinking-water-state-revolving-fund-eligibility-handbook>

FFY	Funding Source	Allocation Amount*
2022	DWSRF BIL PFAS/Emerging Contaminants	\$11,969,000
2023	DWSRF BIL PFAS/Emerging Contaminants	\$11,487,000

*This award amount is anticipated to be received by SFY 2024 but has not been received as of the publication of this DRAFT IUP

The Iowa DWSRF Program reserves the right to request transfer of the unobligated portions of this Cap Grant to the Clean Water State Revolving Fund (CWSRF) BIL PFAS/EC Fund.

DWSRF BIL LEAD SERVICE LINE (LSL) REPLACEMENT FUND

Eligible Borrowers. Both publicly and privately-owned community water supply systems and nonprofit non-community water systems are eligible for funding under the DWSRF program. Lead service lines can be system-owned or customer-owned.

BIL LSL funding will be offered to borrowers as a combination of additional subsidization (loan forgiveness) and loans. Special loan interest rates and terms may be offered for LSL projects (see Appendix D - Interest Rates, Fees and Loan Terms). Loan forgiveness eligibility for LSL projects will evaluate the disadvantaged status of individual addresses. The Service Area Based Socioeconomic Assessment Tool will be used to determine disadvantaged census tracts. Addresses must be located within a census tract that scores between 11-20 to be considered disadvantaged and to be eligible for loan forgiveness. See Appendix A - Disadvantaged Communities (DAC) and Appendix B - Additional Subsidization for more information.

Eligible Activities. For a project or activity to be eligible under this funding source, it must be otherwise DWSRF eligible, and the primary purpose must be a LSL replacement project or associated activity directly connected to the identification, planning, design, and replacement of LSLs. LSL Replacement includes:

- Either LSL or galvanized service lines that are or were ever located downstream of LSL
- The entire LSL, including private portion (but not interior plumbing)
- Standalone or connected lead goosenecks, pigtails and connectors

Application Process. In order to be listed on the Project Priority List, Intended Use Plans applications must include, at minimum:

- An overall project description, including a proposed timeline for the replacement work can reasonably be replaced in 2-3 years
- The location of LSL to be replaced, listed by specific addresses
- Budget estimate

Projects will be given a “**C-contingency**” status on the PPL until they have met all funding criteria described below.

Funding Criteria

An approved **LSL Replacement Project Plan** is required to receive BIL LSL funding. Although a Preliminary Engineering Report (PER) is acceptable, the Project Plan for LSL Replacement does not need to be covered by an engineer’s completed Iowa certification block with stamp, signature, and date. If a PER is submitted, it will need to include the same information needed in an **LSL Replacement Project Plan**.

Requirements for Project Plans for LSL Replacement can be found on the BIL Program Information page of the SRF website¹¹ or the DNR’s DWSRF webpage.¹²

After a DNR Water Supply Engineering project manager has reviewed and ensured the plan is complete, an approval letter will be issued. Funding commitments **for the BIL LSL Fund** and **loan forgiveness obligations** will be issued to applicants only after the LSL Project Plan is approved. Funds will be disbursed on a first ready, first served basis.

¹¹ <https://www.iowasrf.com>

¹² <https://www.iowadnr.gov/Environmental-Protection/Water-Quality/Water-Supply-Engineering/State-Revolving-Loan-Fund>

Environmental Review (ER). **Construction activities cannot begin at any address until that address has received an ER clearance.** Each address on the LSL replacement project list will be cleared through the ER process. LSL projects listed on the PPL will begin working with an SRF Environmental Review Specialist to complete the ER Checklist and submit additional information and maps, as needed, per project. ER clearances may “group” like-addresses together based on historical or architectural significance and multiple ER clearances may be issued for each project application.

Special Conditions. Projects being funded with BIL LSL are all considered equivalency projects and will comply with the federal requirements described in E. Financial Administration of this IUP and BIL Signage requirements described in Appendix G - Federal Assurances, Certifications and Proposals.

Projects may be required to include specific contractual language in their bid packages regarding monitoring and construction guidelines when conducting LSL replacements on an identified historic place.

FFY	Funding Source	Allocation Amount*
2022	DWSRF BIL Lead Service Line Replacement	\$44,913,000
2023	DWSRF BIL Lead Service Line Replacement	\$29,319,000

*This award amount is anticipated to be received by SFY 2024 but has not been received as of the publication of this DRAFT IUP

E. Financial Administration

RATES, FEES AND LOAN TERMS & CONDITIONS

(See Appendix D - Interest Rates, Fees and Loan Terms)

PROJECT READINESS FOR LOAN APPLICATION

SRF Construction Loan Applications will not be accepted until applicants have met certain program requirements:

1. Construction Permit(s) issued by DNR Project Manager for all project phases to be funded by the SRF loan
2. Environmental Clearance issued by SRF Environmental Review Staff
3. Project Bid and Bid Documents (including signed SRF Front-End Documents) submitted to DNR
4. Opinion of legal counsel certifying compliance with Iowa public bidding laws, to the extent applicable (for projects that award construction contracts after October 1, 2023)
5. SRF Eligibility Letter issued by SRF Project Compliance Specialist

Prior to executing a construction loan, applicants must submit a pro forma financial analysis (completed by a registered municipal advisor) identifying all outstanding parity obligations and demonstrating system revenues can meet loan requirements. Additionally, applicants will need to demonstrate that appropriate action has been taken to implement the recommendations of their Municipal Advisor set forth in the pro-forma cash flow analysis.

DISADVANTAGED COMMUNITIES

(See Appendix A - Disadvantaged Communities (DAC))

The Safe Drinking Water Act defines disadvantaged communities as the entire service area of a public water system that meets affordability criteria established by the State after public review and comment. In SFY 2023, a Socioeconomic Assessment (SA) Tool was developed to include a more comprehensive range of metrics by which communities are evaluated for disadvantaged community (DAC) status.

In SFY 2024, the metrics behind the SA Tool have been refined to improve desired outcomes and comply with existing federal statute but still include social, economic and demographic information that may indicate a lack of access to affordable clean water and safe drinking water. The SA Tool and the metrics are discussed in Appendix A - Disadvantaged Communities (DAC), and they define the affordability criteria that will be used to evaluate the DAC status of a borrower for the purpose of SRF loan forgiveness (LF) eligibility.

ADDITIONAL SUBSIDIZATION

(See Appendix B - Additional Subsidization)

Iowa applies additional subsidization in the form of LF. Appendix B - Additional Subsidization, identifies the available funding and the criteria used to determine projects and borrowers eligible to receive additional subsidization. Criteria for additional subsidization is established for each Cap Grant.

EQUIVALENCY

An *Equivalency Project* is a treatment works project that is constructed, in whole or in part, with funds equaling the amount of a federal capitalization grant awarded to a state. The Iowa DWSRF Program must designate a project or group of projects equal to each capitalization grant amount received. This project or projects will have to comply with all federal funding requirements.

Compliance with the following requirements apply to equivalency projects:

- Disadvantaged Business Enterprise¹³
- Single Audit Act
- Federal Funding Accountability and Transparency Act (FFATA) reporting
- EPA signage requirements
- Buy America Build America Act (FFY 2022 and all future capitalization grants)¹⁴
- Federal environmental and socioeconomic cross-cutters¹⁵

See Appendix G - Federal Assurances, Certifications and Proposals for program compliance requirements.

Project Selection for Equivalency. The Iowa SRF Program intends to select projects for equivalency that will impose the least amount of administrative or financial burden on a borrower. During SFY 2024, Iowa SRF will identify borrowers to serve as the subawardee(s) that already meet the several requirements of FFATA and equivalency reporting. Because it is unknown which projects listed on the PPL will execute loan agreements, no specific borrowers have been determined as of the publication of this IUP. The final equivalency loans selected will be listed in the annual report.

CRITERIA AND METHOD FOR DISTRIBUTION OF FUNDS

The cash draw procedure used is the direct loan method. The Iowa DWSRF Program uses its Equity Fund to originate loans. When enough loans have been made, the DWSRF 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, in a manner consistent with state and federal laws. State match bonds are issued along with leveraged bond issues for greater cost effectiveness. State match proceeds are fully disbursed prior to drawing Cap Grant funds. The Cap Grant funds will be drawn at a 100% proportionality ratio. Iowa expects to fully disburse the loan portion of the FFY2023 DWSRF Base Capitalization Grant, FFY2023 BIL General Supplemental Fund, the FFY2022 BIL LSL Fund and FFY 2022 BIL PFAS/EC during the program year.

Allocation of Funds Among Projects. All projects listed in the DWSRF PPL (see Attachment 1 - DWSRF Project Priority List) may be funded from the DWSRF subject to available funds and eligibility.

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.

¹³ <https://www.epa.gov/grants/disadvantaged-business-enterprise-program-under-epa-assistance-agreements-dbe-program>

¹⁴ <https://www.epa.gov/cwsrf/build-america-buy-america-baba>

¹⁵ <https://www.epa.gov/grants/epa-subaward-cross-cutter-requirements>

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 DWSRF funds were identified.
3. The DWSRF 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.

All projects listed in the DWSRF PPL may be funded from the DWSRF subject to available funds and eligibility. Information pertinent to each DWSRF project is contained in the attached PPL (see Attachment 1 - DWSRF Project Priority List).

Priority of Communities and Financial Assistance Needed. The state's priority rating system used to establish priorities for loan assistance is described in Appendix C - Project Ranking Criteria.

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). Iowa will identify projects meeting eligibility criteria during SFY 2024 and will report assignments of these funds in the annual report.

FUNDING SOURCES AND USES

(See Appendix E - Sources and Uses)

During SFY 2024, the Iowa SRF Program will apply for and/or receive the following capitalization grants and amounts:

FFY	Funding Source	Allocation Amount*
2022	DWSRF BIL PFAS/Emerging Contaminants	\$11,969,000
2022	DWSRF BIL Lead Service Line Replacement	\$44,913,000
2023	DWSRF Base Cap Grant	\$7,424,000
2023	DWSRF BIL General Supplemental Grant	\$31,656,000
2023	DWSRF BIL PFAS/Emerging Contaminants	\$11,487,000
2023	DWSRF BIL Lead Service Line Replacement	\$29,319,000

Appendix E - Sources and Uses illustrates potential sources and uses of funds in the DWSRF for SFY 2024. 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 E - Sources and Uses will be updated, as needed, to provide an ongoing view of the financial plan for meeting loan requests.

Current and Projected Financial Capacity of the DWSRF. The leveraging capacity of the DWSRF is robust due to the maturity of the fund and the current loan portfolio. SRF staff has analyzed the future financial capacity of the DWSRF considering the discussion over water quality standards and other future drinking water needs. Assuming that Iowa SRF continues receiving Cap Grants, and providing at least 26% of the Cap Grant as LF, it is estimated that the DWSRF could loan an average of approximately \$100 million per year over the next 10 years, or a total of \$1.0 billion. These figures would increase with an increase in interest rates.

STATE MATCH

(See Appendix F - State Match)

The Iowa SRF Program issues bonds for state match.

BONDS

Iowa's SRF program issues bonds as needed. These bond issues typically include the anticipated state match for the next federal Cap Grants.

SWIFIA

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. A preliminary list of CWSRF and DWSRF 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.

TRANSFERS BETWEEN FUNDS

The Iowa DWSRF reserves the right to transfer 33% of the amount of the Drinking Water capitalization grants from the Water Pollution Control Revolving Fund to the Public Water Supply Loan Fund in the future. The transferred funds will not be federal funds and will come from either bond proceeds, investment earnings, or recycled funds. This would help the DWSRF Program to meet loan demands in the future and should not impact the ability for the CWSRF to fund demand for projects.

PLAN FOR EFFICIENT AND TIMELY USE OF DWSRF FUNDS

The Iowa DWSRF has a robust and sustained demand for loans and it uses federal cap grant funds as expeditiously as possible. After SRF bonds are issued, state match funds are spent first. When Cap Grants are awarded, the state match funds are drawn down at 100% and disbursed before program funds based on guidance from the EPA. Loan disbursements requests are processed on a weekly basis. In SFY 2023, the program has disbursed an average of approximately \$5.7million per month (10 months, through April 2023). With a return of \$3.09 for every dollar of federal investment (compared to the national average of \$2.19), Iowa's DWSRF is an efficient and effective delivery mechanism for water infrastructure funding.

OTHER PROGRAM USES

PLAN FOR USE OF ADMINISTRATIVE ACCOUNTS

There are three distinct funding sources for DWSRF administrative expenses:

DWSRF Cap Grant Administrative Set-Aside. A total of 4% of the cumulative amount of federal Cap Grants received may be used for program administration. Planned expenses are discussed in F. 2024 Set-Aside Uses

Loan initiation fees. A 0.5% loan origination fee is charged on new DWSRF construction 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. Program Income can only be used for the purposes of administering the DWSRF program or for making new loans. Iowa uses the initiation fee receipts for administration of the DWSRF Program.

Loan initiation fees will not be assessed on loans to DAC receiving SRF LF.

Loan servicing fees. An annual servicing fee of 0.25% is charged on the outstanding principal of DWSRF construction loans. The fees are deposited outside of the fund. 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 purposes. Iowa uses servicing fees collected while 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 Section 1452.

PROGRAM & NON-PROGRAM INCOME USES

Program Income. A portion of these funds will be used in SFY 2024 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 2024 to fund some of the activities completed under the State Program Management set-aside. A portion of these funds may be used in SFY 2024 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.

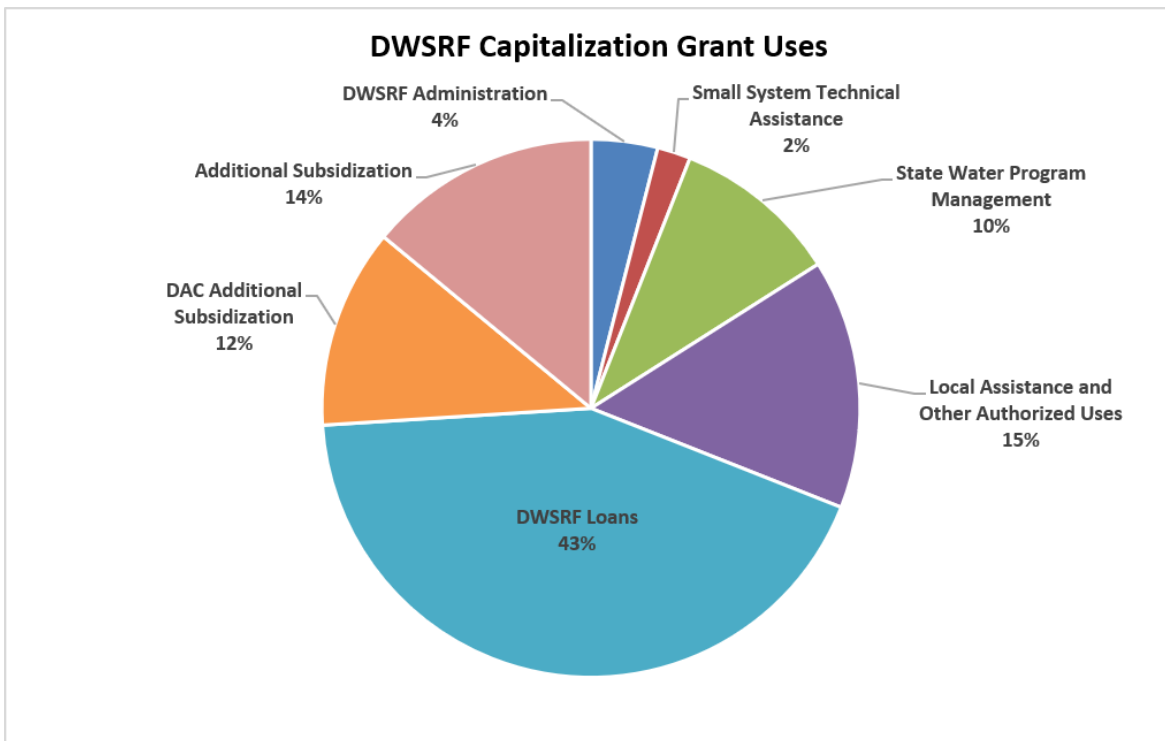
SENIOR ENVIRONMENTAL EMPLOYEE (SEE) SALARY FUNDS DEDUCTED FROM CAPITALIZATION GRANT

The DWSRF Program will not withhold any funding from FFY 2023 DWSRF Base Cap Grant application for the SEE Program but may seek to fill positions under this program during SFY 2024. These positions are filled by EPA Region 7 and assigned to the DNR's Drinking Water Engineering section to provide technical and administrative assistance to the DWSRF projects and program. The SEE enrollees help provide staffing at DNR to maintain the DWSRF program and keep up with the increasing DWSRF 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."

F. 2024 Set-Aside Uses

States are allowed to take or reserve set-aside amounts from each federal Cap Grant for a number of activities that enhance the technical, financial, and managerial capacity of public water systems and protect sources of drinking water. The use of the set-asides as well as the loan program is intended to carry out Iowa's goal of ensuring that the drinking water received by 92% of the population served by community water systems meets all applicable health-based drinking water standards through approaches including effective treatment and source water protection.

The amounts are subject to approval by EPA of program workplans. The DNR is following the SFY 2023 workplan and will switch to the SFY 2024 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 EPA.

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.

PLANNED EXPENSES

Iowa intends to take the total amount authorized for each set-aside from the BIL General Supplemental Cap Grant and reserve authorized amounts from each of the DWSRF Base Program, BIL PFAS/EC Funds and BIL LSL Replacement Funds. Unused commitments are reserved for use in future years as necessary.

DWSRF Program Administration Set-Aside (4%). Iowa intends to use this set-aside including loan administrative fees to pay the costs of administering the DWSRF Base and BIL GS and PFAS/EC Funds 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
- AIS/BABA site inspections
- Database development and implementation
- Program marketing and coordination
- Drinking Water Infrastructure Needs Survey

Small System Technical Assistance Set-Aside (2%). 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 PWS, 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.

Additional tasks may be added to the SFY 2024 Set-Aside Workplan to support initiatives specific to Perfluoroalkyl and Polyfluoroalkyl Substances (PFAS) and/or LSL replacements.

State Program Support Set-Aside (10%). The primary uses of this set-aside are to assist with the administration of the Public Water Supply Supervision (PWSS) program, to review engineering documents for non-DWSRF construction projects, 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 PWSs, as required by the Safe Drinking Water Act.

Additional tasks may be added to the SFY 2024 Set-Aside Workplan to support initiatives specific to PFAS/EC and/or LSL replacements.

Other Authorized Activities Set-Aside (15%). 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 PWSs, 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 noncommunity PWSs
- System-specific capacity development assistance by contractor, including promotion of asset management planning

Additional tasks may be added to the SFY 2024 Set-Aside Workplan to support initiatives specific to PFAS/EC and/or LSL replacements.

Funds are also budgeted for SWP activities including the following:

- Coordination and administration of the SWP 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 PWSs
- Technical assistance for well siting
- Maintenance of the Source Water Mapper and Tracker online database

Appendix A - Disadvantaged Communities (DAC)

The affordability criteria established in this IUP after public review and comment will be the criteria used to determine DAC status.¹⁶

For SFY 2024, applicants with a Socioeconomic Assessment (SA) score of at least 11 points meet the affordability criteria of the DWSRF Program and are identified as a “Disadvantaged Community” for the Program purposes.

REVISED AFFORDABILITY CRITERIA USED TO DETERMINE DAC STATUS

The DWSRF Program 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 SFY 2023, the Iowa SRF Program began using a **SA Tool** with a broad range of metrics to evaluate a community or service area’s underlying socioeconomic and demographic condition, in an effort to develop a more comprehensive definition of what it means to be DAC. This SA Tool provides a comprehensive analysis of factors that typically determine whether a community or service area is disadvantaged and can determine the affordability of water infrastructure projects.

The Iowa DWSRF Program will use the results of the SA Tool, or “Socioeconomic Assessment Score” to determine the disadvantaged status of a borrower and/or **eligibility to receive SRF loan forgiveness** (also referred to as additional subsidization) or other incentives offered by the DWSRF Program specifically for DAC.

The amount of additional subsidization available to a DAC will be established annually in the IUP.

SA TOOL

In SFY 2023, the metrics used in the SA Tool were established using EPA guidance and revised with public input. The SA Tool was revised for SFY 2024 and is part of the annual IUP public review and comment process. It will go into effect upon approval of this IUP by the EPC.

There are two versions of the SA Tool:

- **Service Area-Based** - Metrics results are for an entire community or primary county
 - Applicable to: Municipalities which serve populations within incorporated boundaries
- **Census Tract-Based** - Metrics results are for Census tracts or primary county
 - Applicable to: Homeowner’s Associations (HOA), Sanitary Districts, Rural Water Associations and SRF borrowers for BIL LSL projects. This tool will be used when the primary purpose of a consolidation/regionalization project is to expand a system’s service area.

Both versions of the SA Tool are available to the public through the [SRF website](#).

The SA Tool assesses 10 datapoints from publicly available sources produced by the Census Bureau of the U.S. Department of Commerce and Iowa Workforce Development. The SA Tool **is updated annually** with the release of new data from these sources. In SFY 2024, the SA Tool will use 2017-2021 data from the American Community Survey and up-to-date employment data from Iowa Workforce Development. Figure 1 below provides a list of the metrics used in the SA Tool.

To use the SA Tool, a borrower will select each community that makes up the utility’s service area, along with the corresponding percent of population served. For each of the metrics evaluated, applicants will be given a score indicating the relative disadvantage to the other communities in the state (see Figure 1 and Figure 2)¹⁷. A weighted average for each metrics will be calculated and assigned points. Scores for each metric are totaled to produce an overall assessment of the applicant’s underlying social, economic, and demographic profile.

¹⁶ 40 CFR 35.3505 Definitions and IAC 265 Chapter 26.7 - Disadvantaged Community Status

¹⁷ The only exception is Population Trend. No points for positive or 0% growth, 1 point for negative growth up to -2%, 2 points for more than -2% 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.

		Points		
		0	1	2
1	Median Household Income	Top 1/3 (Highest MHI)	Middle 1/3	Bottom 1/3 (Lowest MHI)
2	Percent Below Poverty	Bottom 1/3 (Lowest %)	Middle 1/3	Top 1/3 (Highest %)
3	Percent Receiving Public Assistance or Supplemental Nutrition Assistance Program (SNAP)	Bottom 1/3 (Lowest %)	Middle 1/3	Top 1/3 (Highest %)
4	Percent Receiving Supplemental Security Income (SSI)	Bottom 1/3 (Lowest %)	Middle 1/3	Top 1/3 (Highest %)
5	Unemployment Rate (County 12-mo avg.)	Bottom 1/3 (Lowest %)	Middle 1/3	Top 1/3 (Highest %)
6	Percent Not in Labor Force	Bottom 1/3 (Lowest %)	Middle 1/3	Top 1/3 (Highest %)
7	Population Trend Between 2010 and 2020 Census	Positive population growth	Decline up to -2%	Decline of more than -2%
8	Percent with High School Diploma or less	Bottom 1/3 (Lowest %)	Middle 1/3	Top 1/3 (Highest %)
9	Percent of Vacant Homes (excluding 2nd/Vacation dwellings)	Bottom 1/3 (Lowest %)	Middle 1/3	Top 1/3 (Highest %)
10	Percent of Cost Burdened Housing (>= 30% of income spent on owner-occupied and renter-occupied housing)	Bottom 1/3 (Lowest %)	Middle 1/3	Top 1/3 (Highest %)

Figure 1

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

Figure 2

USING THE SA SCORE TO DETERMINE DAC STATUS

The following information applies to DWSRF Base and BIL Capitalization Grant Funds (General Supplemental, PFAS/EC and LSL):

- DAC status for the purposes of the DWSRF Program will be determined by completing the SA worksheet to produce a SA score.
- With 10 total metrics, equally weighted, the maximum number of points will be 20. Communities or service areas with a cumulative score of 11 and up (e.g., falling in the top 1/2 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 1/2 of total cumulative points (e.g., 10 total points or less), will not be considered disadvantaged for SRF Program purposes.

Applicants with a total SA score of at least 11 points meet the DWSRF Program’s definition of DAC.

	Point Range	Disadvantaged Community
Low	0-10	No
Moderate	11-15	Yes
High	16-20	Yes

Appendix B - Additional Subsidization

Iowa applies additional subsidization in the form of loan forgiveness (LF). The final amount of LF offered will be based on the eligible construction costs related to the final amount drawn on the loan. LF is applied as principal forgiveness on the date of the final loan disbursement.

Borrowers being offered additional subsidization will be asked to accept the award by signing an offer letter of LF terms and conditions.

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

Maximum time limits may also be established for commencing construction of an eligible project. If construction has not been initiated or a loan commitment has not been signed by the date indicated in the LF terms and conditions award letter, the LF offer may be withdrawn or reassigned to meet grant timeline requirements.

Taxable portions of SRF projects are not eligible for LF.

Applicants who received a DAC determination from DNR prior to September 20, 2022 and are eligible for extended term financing (up to 30 years) at the 20-year interest rate, are not eligible for LF.

Borrowers receiving congressionally directed spending or additional subsidization awards from a previous cap grant will not be eligible to receive subsequent awards from the Iowa SRF program for the same project.

Unless otherwise allowed by the SRF Program, borrowers will only receive one LF award per project (LF awards may consist of more than one funding source).

LOAN FORGIVENESS CRITERIA

The DWSRF Program will comply with additional subsidization requirements of each Cap Grant and will identify recipients of available funds during the fiscal year. 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.

FFY 2022 DWSRF BASE CAPITALIZATION GRANT AND BIL GENERAL SUPPLEMENTAL FUND

At the conclusion of SFY 2023, there was an estimated unobligated balance of LF over \$15 million using these criteria.

For the remainder of the unobligated FFY 2022 Base and BIL GS LF funds, the DWSRF Program, upon approval of this IUP, will conduct a “look-back” at all loans executed between July 1, 2022 and June 30, 2023. If a borrower meets the current DAC status requirements for SFY 2024, regardless of project type, the loan will be eligible for LF consideration. All qualifying project loans executed during this time period will be ranked highest to lowest by SA score and will be awarded LF in order of the date the loan was executed, until all funding is obligated. In the event of a tie, the project with the highest priority points (based on Appendix C - Project Ranking Criteria) will receive LF.

Funding for individual projects is **capped at \$2 million per project** and LF will be applied only to eligible construction costs. The DWSRF Program reserves the right to withdraw or modify the individual project cap.

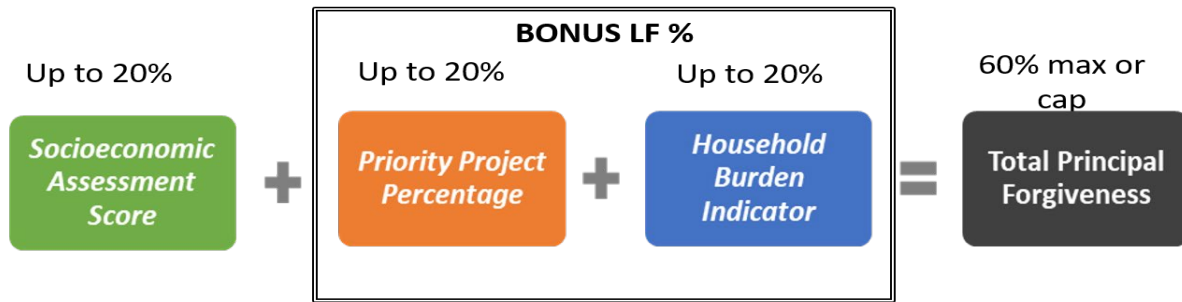
FFY 2022	LF Required	LF Obligated	LF Available to Award
DWSRF Base Cap Grant	\$2,886,260	\$1,514,400*	\$1,371,860
DWSRF BIL General Supplemental Fund	\$13,966,960	\$0	\$13,966,960

*This amount is estimated as of the publication of this DRAFT IUP.

If LF funding still remains unobligated using these modified criteria, the balance of LF will be added to the FFY 2023 LF amounts and will become available to projects that execute a loan after July 1, 2023.

FFY 2023 DWSRF BASE CAPITALIZATION GRANT AND BIL GENERAL SUPPLEMENTAL FUND

LF of up to 20% may be offered for eligible construction costs to projects that meet the Iowa SRF’s DAC. An additional 20% may be offered to priority projects and/or 20% offered to projects that demonstrate a household user-rate burden, for a **total of 60% LF** of construction costs.



1. Up to 20% LF awarded for Disadvantaged Status (SA score of 11 or higher);

	Point Range	Principal Forgiveness
Low	0-10	0%
Moderate	11-15	15%
High	16-20	20%

2. Up to 20% LF awarded for constructing a priority project; and/or

Priority Projects for FFY 2023 DWSRF Base and BIL General Supplemental Funds	% Loan Forgiveness
Non-Compliance Issues (SDWA, Maximum Contaminant Levels (MCL) Violations, Identified Significant Deficiencies)	20%
Consolidation/Regionalization *	15%
Resiliency Projects (flood/drought, redundancy and cyber security)	10%
New Public Water System (PWS) for communities served by private wells	10%

* This priority is intended for SRF-eligible applicants who are fully or partially consolidating or regionalizing with another system. The primary purpose of the consolidation or regionalization project must be for system A to obtain drinking water that more reliably meets SDWA requirements or to address technical, managerial, and/or financial issues within system A through consolidation or regionalization with system B. Consolidation or regionalization projects are eligible for this loan forgiveness even if there is no violation or compliance issue for system A. ***The socioeconomic assessment score for system A shall be used to determine the disadvantaged status and the corresponding level of loan forgiveness eligibility.*** The project cannot be primarily focused on expansion of system B's service area and must provide a public health benefit to those served by system A. When a consolidation project also includes expansion of system B, the costs related to connecting system A to system B are the only components eligible to receive loan forgiveness.

3. Up to 20% LF awarded based in the Household Financial Burden Indicator (see Determining Household Financial Burden Indicator section).

Burden	Principal Forgiveness
Low	0%
Moderate-Low	5%
Moderate	10%
Moderate-High	15%
High	20%

LF eligibility will be evaluated at the time of SRF loan application (see E. Financial Administration) and will be based on the current SA tool in effect at the time the loan application is approved by the IFA.

Awards will be assigned on a first ready, first served basis to projects that have executed an SRF loan commitment until all funding is obligated. Projects will be funded from the top socioeconomic score down with consideration given to readiness to proceed. In the event of a tie, the project with the highest priority points (based on Appendix C - Project Ranking Criteria) will receive LF.

Funding for individual projects is **capped at \$2 million per project** and LF will be applied only to eligible construction costs. The DWSRF Program reserves the right to withdraw or modify the individual project cap.

FFY 2023	LF Required	LF Obligated	LF Available to Award
DWSRF Base Cap Grant	\$1,930,240	\$0	\$1,930,240*
DWSRF BIL General Supplemental Fund	\$15,511,440	\$0	\$15,511,440*

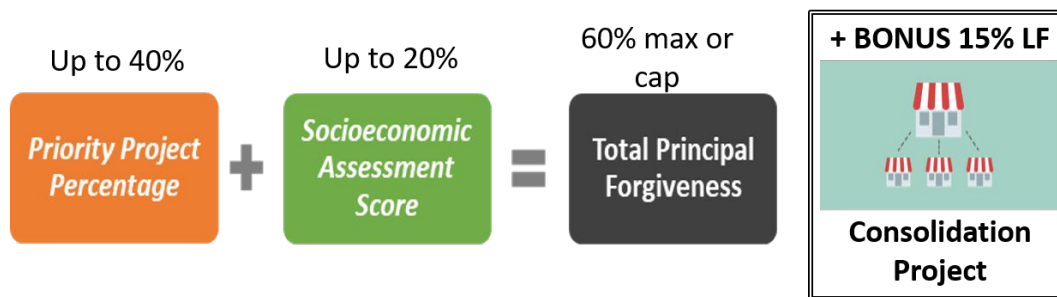
*This is based on an award amount that is anticipated to be received by SFY 2024 but has not been received as of the publication of this DRAFT IUP.

At the conclusion of each fiscal year, unused portions of LF awards may be combined and reallocated to the next eligible borrower meeting the criteria established above.

FFY 2022 AND FFY 2023 BIL PFAS/EMERGING CONTAMINANTS (EC) FUND

LF may be issued to any applicant addressing PFAS or an emerging contaminant meeting the criteria described in the IUP D. SFY 2024 Program Activities to be Supported.

LF of up to 40% may be offered for eligible construction costs to projects that meet the contaminant and detection level priorities. An additional 20% may be offered to eligible projects that meet the Iowa SRF’s disadvantaged community definition, for a **total of 60%** of construction costs. Consolidation projects will be offered an additional 15% LF, for a **total of 75%** of construction costs.



1. Up to 40% LF awarded for constructing a priority project;

Emerging Contaminant	Detection Level (ppt) ¹	Loan Forgiveness %	
		Finish Water	Raw Water
PFAS	PFOA ≥ 4.0	40%	30%
	PFOS ≥ 4.0		
	Gen X ≥ 10		
	PFBS ≥ 2,000		
Health Advisories (HA) on EPA’s Contaminant Candidate Lists 1-5 (Non-PFAS)	≥ HA level	40%	30%
	≥ 50% of HA level	20%	N/A

2. Up to 20% LF awarded for Disadvantaged Status (SA score of 11 or higher);

	Point Range	Principal Forgiveness
Low	0-10	0%
Moderate	11-15	15%
High	16-20	20%

3. An additional 15% LF will be awarded if the project is a consolidation/regionalization project.

This priority is intended for SRF-eligible applicants who are fully or partially consolidating or regionalizing with another system. The primary purpose of the consolidation or regionalization project must be for system A to obtain drinking water that more reliably meets SDWA requirements or to address technical, managerial, and/or financial issues within system A through consolidation or regionalization with system B. Consolidation or regionalization projects are eligible for this loan forgiveness even if there is no violation or compliance issue for system A. ***The socioeconomic assessment score for system A shall be used to determine the disadvantaged status and the corresponding level of loan forgiveness eligibility.*** The project cannot be primarily focused on expansion of system B's service area and must provide a public health benefit to those served by system A. When a consolidation project also includes expansion of system B, the costs related to connecting system A to system B are the only components eligible to receive loan forgiveness.

Funding for individual projects is **capped at \$2 million per project** and LF will be applied only to eligible construction costs. The DWSRF Program reserves the right to withdraw or modify the individual project cap.

BIL Fund	LF Required	LF Obligated	LF Available to Award
2022 DWSRF PFAS/EC	\$11,969,000	\$0	\$11,969,000*
2023 DWSRF PFAS/EC	\$11,487,000	\$0	\$11,487,000*

*This award amount is anticipated to be received by SFY 2024 but has not been received as of the publication of this DRAFT IUP.

LF will be awarded on a first ready, first served basis while funds are available.

FFY 2022 AND FFY 2023 BIL LEAD SERVICE LINE REPLACEMENT FUND

LF of **49%** may be offered **to any applicant** for eligible construction costs necessary to replace the privately owned portions of lead service lines in **qualifying DAC census tracts** within their service area. Qualifying census tracts are determined by the Census Tract-Based SA Tool (see Appendix A - Disadvantaged Communities (DAC)). Eligible project costs and project readiness are described in the IUP in section D. SFY 2024 Program Activities to be Supported.

Costs related to replacement of system-owned lead service lines, and lead service line replacements completed in census tract areas that do not meet the DAC criteria are not eligible for LF. Special interest rates or other incentives may be offered for costs not eligible for LF (see Appendix D - Interest Rates, Fees and Loan Terms).

LF will not be **obligated** to projects until the "contingency status" is removed (see B. SRF Program Overview) and DNR engineering staff have approved the applicant's Lead Service Line Replacement Project Plan (project readiness is described in the IUP in section D. SFY 2024 Program Activities to be Supported).

FFY Fund	LF Required	LF Obligated	LF Available to Award
2022 DWSRF BIL LSL	\$22,007,370	\$0	\$22,007,370*
2023 DWSRF BIL LSL	\$14,366,310	\$0	\$14,366,310*

*This is based on an award amount that is anticipated to be received by SFY 2024 but has not been received as of the publication of this DRAFT IUP

DETERMINING HOUSEHOLD FINANCIAL BURDEN INDICATOR

The Household Financial Burden Indicator is an assessment of a household's ability to afford the proposed project. The Assessment is made up of two components¹⁸:

- **New Residential Monthly Water or Sewer Bill at 4,000 gallons/mo.:** The projected residential water or sewer bill (including the proposed project and any known LF from the other two categories) for a residential user, normalized to 4,000 gallons of usage.
- **Poverty Prevalence Indicator:** The percentage of community households at or below 200% of the Federal Poverty Level

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

The resulting Household Financial Burden Indicator matrix corresponds to the resulting category of unaffordability as shown below:

		Poverty Prevalence*		
		Low <= 32.0%	Mid 32.0 - 41.0%	High > 41.0%
New Monthly Water Bill at 4,000 gal/month	High > \$42	Moderate-High	Moderate-High	High
	Mid \$30 - \$42	Moderate-Low	Moderate	Moderate-High
	Low <= \$30	Low	Moderate-Low	Moderate-High

* Poverty Prevalence is measured by the percentage of people in the community living at or below 200% of the federal poverty level.

The amount of LF attributed to the Household Financial Burden may be different from grant to grant and will be indicated in the LF criteria for each Cap Grant.

¹⁸ 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

Appendix C - Project Ranking Criteria

Projects are added to the PPL to be funded based on the 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. Methods for determining the population served are described in 567 IAC Chapter 44.

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 DWSRF loans exceeds supply of funds. In the event that available funds are limited, funding shall be offered to the projects with highest rank on the PPL, subject to the project's readiness to proceed, and shall proceed from the highest project downward, subject to availability of funds.

PROJECT PRIORITY LIST RANKING CRITERIA

Planning and Design projects are not ranked. Construction projects are ranked based on the DNR's scoring system, described in 567 IAC Chapter 44. All projects shall be listed in descending order on the published PPL according to the number of total priority points assigned each project.

When two or more projects have the same priority point total:

1. The project sponsored by a system in the process of consolidation shall receive the higher priority;
2. A private system in the process of forming and becoming a PWS shall have the next highest priority (if the system is determined by U.S. EPA regulations or guidance to be eligible for DWSRF funding);
3. The entity with the smallest served population shall receive the next highest priority.

Lead Service Line Replacement projects on the PPL will be given a **contingency** status until all fundable criteria described in section D. SFY 2024 Program Activities to be Supported of this IUP have been met.

PROJECT PRIORITY LIST SCORING CRITERIA

Eligible public drinking water supply projects will be scored in accordance with the scoring system contained in Chapter 44 of the IAC.

The DWSRF Project Scoring System assigns points to projects in each of the following scoring criteria:

- A. Human Health Risk-related Criteria (maximum of 60 points)
- B. Infrastructure and Engineering-related Improvement Criteria (maximum of 35 points)
- C. Affordability Criteria (maximum of 10 points)
- D. Special Category Improvements (maximum of 15 points)
- E. DNR Adjustment Factor for Population

Projects involving a multiyear, phased effort may carry over their original priority point total from the previous year's application, provided that the project owner reapplies at each stage.

Appendix D - Interest Rates, Fees and Loan Terms

TYPES AND TERMS OF FINANCING

PLANNING AND DESIGN LOANS

Planning and Design (P&D) Loans provide affordable financial assistance for costs incurred in the planning and design phase of SRF-eligible proposed wastewater, stormwater, or drinking water project. Eligible costs include, but are not limited to, engineering fees, archaeological surveys, environmental studies, fees related to project plan preparation and submission, and other costs related to project plan preparation.

P&D Loans have no interest or payments due for up to three years while the project is designed, no minimum or maximum loan amounts, and no initiation or servicing fees. However, borrowers will still need to engage their Bond Counsel to authorize and issue the debt. P&D Loans will be rolled into an SRF Construction Loan or may be repaid when other permanent financing is committed.

SRF CONSTRUCTION LOANS

SRF Construction Loans provide eligible entities with low-cost financing for a variety of wastewater and drinking water infrastructure projects. SRF Construction Loans are offered for up to 30 years, with below-market interest rates, low fees, and favorable terms. On a case-by-case basis, the SRF program may require additional loan covenants (such as a debt service reserve fund).

Standard Term Construction Loans are offered for up to 20 years. Qualifying projects may request extended term financing for up to 30 years (not to exceed the average useful life of the project).

INTEREST RATES

Clean Water and Drinking Water State Revolving Fund Programs are charged with providing communities with a low-cost, long-term, perpetual funding source to construct the infrastructure and implement practices that will deliver safe drinking water to citizens and treat water pollution for a healthy environment.

To carry out this mandate, Iowa's State Revolving Fund Loan Programs utilizes Base Interest Rates for Tax-Exempt and Taxable Standard Term loans (up to 20-year terms) that are re-calculated and published on the first business day each January, April, July, and October (the "Effective Date").

Current SRF loan interest rates are published on the SRF website, <https://iowasrf.com/loan-interest-rates/>.

STANDARD TERM LOANS (UP TO 20 YEARS)

The Base Interest Rate for tax-exempt loans will be calculated by taking 75 percent of the average daily Bloomberg BVAL General Obligation Municipal AAA 20-year yield ("BVAL") for the calendar month immediately preceding the Effective Date, subject to a "floor" of 1.50% (e.g., the Base Interest Rate will not go lower than 1.50%). For example, the Base Interest Rate effective January 1 will be calculated using the average 20-year BVAL yield for the month of December.

The Base Interest Rate for the taxable portions of SRF projects will be calculated by taking 75 percent of the average Bloomberg BVAL Taxable General Obligation Municipal AAA 20-year yield for the calendar month immediately preceding the Effective Date.

About BVAL

BVAL use real-time trades and contributed sources to signal movement in the municipal market as it is happening. Iowa SRF has chosen BVAL's AAA Municipal Curves as the benchmark indices because they are widely used, objective, transparent, and publicly available through the [Municipal Securities Rulemaking Board](#) to anyone who wishes to track the market independently.

EXTENDED TERM LOANS (21-30 YEARS)

Extended term loans of up to 30 years are available for qualifying projects. The interest rate for projects that qualify and wish to close a loan with extended term financing will be:

Loan Term*	Interest Rate
21-30 years	Base Interest Rate + 1.00%

** Not to exceed the qualifying average useful life of the project*

SPECIAL PURPOSE FUND LOANS

The interest rate for the loaned portion of lead service line projects is 0%. Loan servicing fees will still apply (see Fees section below).

INTEREST RATE LOCK

Applicants will receive a financing offer from Iowa Finance Authority that includes an interest rate lock for 90 days¹⁹ on the later of (1) the date a complete bid package is received (as determined by DNR staff), or (2) the date of final environmental review clearance. The applicant should then work with their Bond Counsel, Municipal Advisor, and other members of the financing team to complete the loan issuance process (e.g., submit SRF Construction Loan Application, hold public hearing and authorize debt, complete proforma financial analysis, pass rate ordinance if required, etc.). Should the Program's loan interest rates fall prior to signing a loan agreement, the applicant will automatically receive the more favorable rate at loan closing, given they are still within the 90-day rate lock period.

FEES

LOAN INITIATION FEES

A 0.50% loan origination fee will be charged on new SRF Construction Loans, not to exceed \$100,000. Since Iowa's loan initiation fees are capitalized, the fee income is considered program income and may only be used for the purposes of administering the SRF Program or for making new loans.

Initiation fees will not be assessed on either P&D Loans or Construction Loans to borrowers that have received a loan forgiveness award (due to a Socioeconomic Assessment score that meets the Program's affordability criteria as a disadvantaged community).

LOAN SERVICING FEES

An annual loan servicing fee equal to 0.25% of the outstanding loan balance is charged on SRF Construction Loans. Payment of the loan servicing fee is made semiannually 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 [Other Program Uses](#) in this IUP.

¹⁹ Actual interest lock period may extend beyond 90 days to align with loan closing dates or account for state holidays.

Appendix E - Sources and Uses²⁰

Drinking Water SRF - State Fiscal Year 2024

SOURCES OF FUNDS

FFY 2022 Federal Capitalization Grants	
BIL Supplemental ²¹	\$8,693,000
BIL Emerging Contaminants	\$11,945,000
BIL Lead Service Line Replacement	\$44,794,000
FFY 2023 Federal Capitalization Grants	
Base Program	\$7,424,000
BIL Supplemental	\$31,656,000
BIL Emerging Contaminants	\$11,487,000
BIL Lead Service Line Replacement	\$29,319,000
Estimated Loan Repayments (P&I)	\$42,250,000
Estimated Fee Income	\$1,638,000
Funds Available in Equity and Program Accounts	\$185,297,000
Estimated Investment Earnings on Funds	\$3,986,000
Estimated Bond Proceeds:	
Leveraged/Reimbursement	\$15,000,000
State Match	\$0
TOTAL SOURCES	\$393,489,000

ANTICIPATED USES OF FUNDS

Set-Asides from Prior Capitalization Grant(s)	\$3,188,000
Set-Asides from FFY 2023 Capitalization Grants	\$6,791,000
Project Funding	
Disbursements to Existing Loan Commitments ²²	\$56,241,000
Disbursements to Future Loan Commitments:	
Planning & Design Loan Requests from IUP ²³	\$8,429,000
Additional DWSRF Project Requests ²⁴	\$75,000,000
Debt Service:	
Principal Payments on Outstanding Revenue Bonds	\$25,105,000
Interest Payments on Outstanding Revenue Bonds	\$15,194,000
Retained Equity	\$203,541,000
TOTAL USES	\$393,489,000

NET SOURCES (USES)

\$0

²⁰ All amounts are as of May 2, 2023, and are rounded to the nearest \$1,000.

²¹ Undrawn amount.

²² Undisbursed DWSRF loan commitments: \$74,987,526 at 75% disbursement rate.

²³ Planning & Design requests per DW IUP: \$16,857,607 at 50% disbursement rate.

²⁴ Additional 50% of total budgeted new loan commitments for SFY 2024.

Appendix F - State Match

Drinking Water SRF

FFY 2021

<u>Sources of State Match</u>		
Surplus State Match from Prior Year(s)		\$192,900
State Match Bonds Issued in Feb 2020		\$8,000,000
Total DW State Match Available		\$8,192,900
<u>Application of State Match</u>		
FFY21 Base Cap Grant*	\$17,587,000	
State Match Required (%)	x 20%	
State Match Required (\$)		\$3,517,400
Total DW State Match Required		\$3,517,400
State Match Surplus (Deficit)		\$4,675,500

FFY 2022

<u>Sources of State Match</u>		
Surplus State Match from Prior Year(s)		\$4,675,500
State Match Bonds Issued in May 2022		\$5,700,000
Total DW State Match Available		\$10,375,500
<u>Application of State Match</u>		
FFY22 Base Cap Grant	\$11,101,000	
State Match Required (%)	x 20%	
State Match Required (\$)		\$2,220,200
FFY22 Supplemental Cap Grant	\$28,504,000	
State Match Required (%)	x 10%	
State Match Required (\$)		\$2,850,400
Total DW State Match Required		\$5,070,600
State Match Surplus (Deficit)		\$5,304,900

FFY 2023

<u>Sources of State Match</u>		
Surplus State Match from Prior Year(s)		\$5,304,900
Total DW State Match Available		\$5,304,900
<u>Application of State Match</u>		
FFY23 Base Cap Grant	\$7,424,000	
State Match Required (%)	x 20%	
State Match Required (\$)		\$1,484,800
FFY23 Supplemental Cap Grant	\$31,656,000	
State Match Required (%)	x 10%	
State Match Required (\$)		\$3,165,600
Total DW State Match Required		\$4,650,400
State Match Surplus (Deficit)		\$654,500

Appendix G - Federal Assurances, Certifications and Proposals

Iowa will provide the necessary assurances and certifications according to the Operating Agreement between the State of Iowa and the EPA, the grant terms and conditions, and the proposals listed within this Appendix.

SPECIFIC PROPOSALS AND CERTIFICATIONS

PROGRAM BENEFITS REPORTING

The Iowa DWSRF Program plans to enter data into the EPA reporting database for the Office of Water State Revolving Funds (OWSRF) not less than quarterly and enter data into the National Information Management System (NIMS) annually.

SIGNAGE

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.

Projects receiving additional subsidization, or are funded as equivalency projects from Infrastructure Investment and Jobs Act (IIJA) or Bipartisan Infrastructure Law (BIL) funds will follow the OMB²⁵ and EPA Signage Guidance²⁶ for those funds, as summarized below:

The BIL signage term and condition requires a physical sign displaying the official Building a Better America emblem and EPA logo be placed at construction sites for BIL-funded projects. The sign must be placed in an easily visible location that can be directly linked to the work taking place and must be maintained in good condition throughout the construction period. This requirement applies only to the following projects:

- Construction projects identified as “equivalency projects” for BIL general supplemental capitalization grants;
- Construction projects that receive additional subsidization (grants or forgivable loans) made available by BIL general supplemental capitalization grants

VIABILITY ASSESSMENT

The SDWA requires states to ensure public water supply systems can provide safe drinking water to their public at a reasonable cost for the foreseeable future. Iowa has chosen to use a Self-Assessment Manual as a tool for water supplies to appraise their technical, managerial, and financial capability. SRF applicants will be required to submit a viability self-assessment for approval.

GREEN PROJECT RESERVE

Congressional Appropriations require 10% of DWSRF Cap Grant amounts be used to fund projects that qualify under the EPA’s Green Project Reserve (GPR), if such applications are submitted. GPR projects address green infrastructure, water and energy efficiency, and/or other environmentally innovative activities. During SFY 2024, the SRF Program will identify recipients that comply with green project reserve requirements for the FFY 2022 and FFY 2023 Cap Grant allocations. The specific projects identified as GPR will be listed in the annual report.

	Iowa Allocation	GPR Required (10%)
FFY 2022 Base Capitalization Grant	\$11,101,000	\$1,110,100
FFY 2022 BIL General Supp Grant	\$28,504,000	\$2,850,400
FFY 2022 BIL PFAS/EC	\$11,969,000	\$1,196,900
FFY 2022 BIL Lead Service Line	\$44,913,000	\$4,491,300
FFY 2023 Base Capitalization Grant	\$7,424,000	\$742,400

²⁵ Guidelines and design specifications for using the official Building A Better America emblem and corresponding logomark available at <https://www.whitehouse.gov/wp-content/uploads/2022/08/Building-A-Better-America-BrandGuide.pdf>

²⁶ Compliance guidelines for sign specifications provided by the EPA Office of Public Affairs (OPA) are available at <https://www.epa.gov/grants/epa-logo-seal-specifications-signage-producedepa-assistance-agreement-recipients>

	Iowa Allocation	GPR Required (10%)
FFY 2023 BIL General Supp Grant	\$31,656,000	\$3,165,600
FFY 2023 BIL PFAS/EC	\$11,487,000	\$1,148,700
FFY 2022 BIL Lead Service Line	\$29,319,000	\$2,931,900

ADDITIONAL SUBSIDIZATION

DWSRF Base Program funding, provided through the Consolidated Appropriations Act, includes two different additional subsidization authorities (Congressional and Safe Drinking Water Act Disadvantaged Communities). Additional subsidy authority also exists under the Bipartisan Infrastructure Law. Iowa has established criteria in Appendix B - Additional Subsidization to comply with these authorities and will document recipients of these funds in the annual report.

AMERICAN IRON AND STEEL

DWSRF assistance recipients are required to use iron and steel products produced in the United States for projects for constructing, altering, maintaining, or repairing public water systems²⁷. Iowa DWSRF Program proposes oversight of this requirement to be conducted by verification of bid documents, selective review of product certification documentation, and on-site inspections and/or desk reviews. SRF staff will provide technical assistance to help applicants determine eligibility for the exemptions and waivers provided for in the Act and EPA guidance. All recipients will be required to sign a self-certification of compliance at completion of the project.

Forms and guidance for compliance will be provided to SRF borrowers and/or made available on the [SRF website](#).

BUILD AMERICAN, BUY AMERICA (BABA) ACT

On November 15, 2021, President Joseph R. Biden Jr. signed into law the Infrastructure Investment and Jobs Act ("IIJA"), Pub. L. No. 117-58, which includes the Build America, Buy America Act ("the Act") that strengthens the Made in America Laws.²⁸ Infrastructure projects funded by federal financial assistance must ensure that the ***iron, steel, manufactured products, and construction materials*** used in the project are produced in the United States.²⁹

Since not all funds available through the Iowa DWSRF Program are considered federal financial assistance, SRF will provide information to those applicants required to comply with necessary documentation and inspection procedures. Iowa proposes oversight of this requirement to be conducted by verification of bid documents, selective review of product certification documentation, and on-site inspections and/or desk reviews. SRF staff will provide technical assistance to help applicants determine eligibility for the exemptions and waivers provided for in the Act and EPA guidance³⁰. All recipients will be required to sign a self-certification of compliance at completion of the project.

Forms and guidance for compliance will be provided to SRF borrowers and/or made available on the [SRF website](#).

ENVIRONMENTAL REVIEW

Projects receiving assistance from the DWSRF must conduct environmental reviews of the potential environmental impacts of projects and associated activities. To reduce costs and barriers to participating in the SRF loan program, Iowa SRF Environmental Review staff will conduct NEPA-like environmental review services on behalf of DWSRF applicants in accordance with the federal assurances below.

DAVIS-BACON

The Davis Bacon Act requires that all contractors and subcontractors performing construction, alteration and repair (including painting and decorating) work under federal contracts in excess of \$2,000 pay their laborers and mechanics not less than the prevailing wage and fringe benefits for the geographic location.³¹ Iowa proposes oversight of this

²⁷ <https://www.epa.gov/cwsrf/state-revolving-fund-american-iron-and-steel-ais-requirement>

²⁸ Build America, Buy America Act, P.L. 117-58, Secs 70911 - 70917

²⁹ <https://www.epa.gov/cwsrf/build-america-buy-america-baba>

³⁰ <https://www.epa.gov/system/files/documents/2022-11/OW-BABA-Implementation-Procedures-Final-November-2022.pdf>

³¹ <https://www.epa.gov/grants/interim-davis-bacon-act-guidance>

requirement to be conducted by verification of bid documents and wage determinations, and will require applicants to submit a self-certification form at completion of the project indicating compliance with this requirement.

FEDERAL ASSURANCES

Instrumentality of the State. See language in current Operating Agreement.

Binding Commitments. The State will enter into binding commitments with recipients to provide assistance in accordance with the requirements of the Safe Drinking Water Act (SDWA), in an amount equal to 120 percent of the amount of each grant payment, within one year after receipt of such grant payment. DWSRF binding commitments include set-aside funds.

Expeditious and Timely Expenditure. All monies in the fund will be committed and expended in an expeditious and timely manner.

State Laws and Procedures. The state will commit or expend each quarterly capitalization grant payment in accordance with laws and procedures applicable to the commitment or expenditure of revenues of the State.

State Accounting and Auditing Procedures. In carrying out the fiscal control and auditing requirements of the SDWA, the state will report to EPA in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Government Accounting Standards Board.

Assistance Recipient Accounting and Auditing Procedures. The state will require as a condition of making a loan or providing other assistance from the fund that the recipient of such assistance provide an annual audit of project accounts in accordance with GAAP. A copy of the loan agreement can be reviewed on the [SRF website](#).

Annual/Biennial Reports. As required, the state agrees to report to EPA on the actual use of funds and how the state has met the goals and objectives for the previous fiscal year as identified in that year's IUP.

Environmental Review. The State will assure compliance through the procedures described in State Rules and 40 CFR 35.3580, in effect at the time of execution of this agreement, and any future amendments which are reviewed and approved by EPA. A NEPA-like review will be conducted for any DWSRF project receiving assistance.

Types of Financial Assistance. The State certifies that only the types of assistance authorized under Section 1452 of the SDWA, as amended, and the State's enabling legislation, will be awarded.

PROCESS (APPLICATION/PAYMENT/DISBURSEMENT)

Application. Properly executed, completed grant applications with supporting documentation meeting 2 CFR Part 200 requirements will be submitted to the Regional Administrator at least 90 days prior to the target grant award date. The State and EPA agree to negotiate promptly, cooperatively, and in good faith to clarify or resolve questions which may arise during the 60-day application review time period.

Grant Payments. After the award of a capitalization grant, the state will begin receiving quarterly grant payments according to the schedule in the grant award. The quarterly payments, up to the full amount of the grant, must be made in no more than 8 quarters following grant award or 12 quarters after funds are allotted.

Cash Draws/Disbursements. Cash draws will be made as costs are incurred. Disbursements will be made from state monies first, then federal monies.

Annual Report, Review and Audit. State will follow requirements in 40 CFR 35.3570.

Corrective Action. State will follow requirements addressed in 40 CFR 35.3585.

Disputes. Dispute provisions of 2 CFR Part 1500 Subpart E shall be used for disputes involving EPA disapproval of an application or a capitalization grant, as well as disputes arising under a capitalization grant including suspension or termination of grant assistance.

Records, Retention and Access. Records will be retained according to 2 CFR 200.333. Federal access to records will be according to 2 CFR 200.336a. The State will establish and maintain program and project files as required to:

1. Document compliance with Safe Drinking Water Act (SDWA), other federal regulations, and any general and special grant conditions;
2. Produce the required report;
3. Document technical and financial review and project decisions;
4. Support audits; and
5. Provide effective and efficient program management.

Congressional and Public Inquiries. Responses to Congressional and public inquiries will be made by State and coordinated with EPA as necessary. A copy of the inquiry and response will be sent to EPA for all Congressional inquiries. Although State will address project-level and most program inquiries. If EPA is responsible for any program inquiries, the State will provide background information in a timely manner and EPA will provide a copy of inquiry and response in a timely manner.

Appendix H - Public Review and Comments Received

A public meeting to allow input to Iowa's SFY 2023 IUP and PPL was held June 8, 2023, 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 June 16, 2023. Necessary changes were identified during the comment period and were incorporated into this document.

No public comments were received

A public meeting to allow input to Iowa's SFY 2023 IUP and PPL was held Aug. 17, 2023, 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 Aug. 24, 2023.

A written comment was received by the Iowa Finance Authority to clarify the interest rate lock process. The comments were incorporated into Appendix D on page 24 of this IUP.

A public meeting to allow input to Iowa's SFY 2023 IUP and PPL was held Nov. 16 and Nov. 17, 2023, 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 Nov. 22, 2023.

No public comments were received

A public meeting to allow input to Iowa's SFY 2023 IUP and PPL will be held Feb. 15, 2024, 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 will be accepted until March 4, 2024.

SRF received a written request from Cedar Rapids to drop their #FS-57-23-DWSRF-078 Drinking Water PFAS Source and Treatability Study project. The project was removed from the IUP Project Priority List during the public review period and is not included in the PPL for EPC approval. No additional public comments were received.

Attachment 1 - DWSRF Project Priority List

This is a separate, sortable Excel File

Project Name	DWSRF No.	Project Description	IUP Yr	Qtr	Priority Points	Pop	Project Status	Current Funding Request	Most Recent Loan	Total Loan Amount To Date	Remaining Amount on IUP	Funding Source		
												Base BIL GS	PFAS/EC	LSL
Osceola Water Works	PD-DW-24-69	Water treatment facility improvements	2024	4	P&D	5415	P	\$ 700,000.00				x		
Kingsley	PD-DW-24-65	Construction of 2 new wells and Fe & MN treatment plant for these wells	2024	4	P&D	1396	P	\$ 533,000.00				x		
Randolph	PD-DW-2467	New well, treatment plant rehab, new elevated storage tank, water main replacement, and new flow meters	2024	4	P&D	189	P	\$ 528,000.00				x		
Correctionville	PD-DW-24-63	New well (#3), new water treatment plant, water meters, and water tower mixer	2024	4	P&D	766	P	\$ 508,000.00				x		
Urbana	PD-DW-24-60	Ground storage tank and booster station	2024	4	P&D	1554	P	\$ 425,000.00				x		
Churdan	PD-DW-24-62	Water main and water tower replacement	2024	4	P&D	365	P	\$ 296,000.00				x		
Goodell	PD-DW-24-64	New distribution system and water plant and well rehab	2024	4	P&D	140	P	\$ 284,000.00				x		
Russell	PD-DW-24-68	Distribution system improvements	2024	4	P&D	472	P	\$ 273,000.00				x		
Woolstock	PD-DW-24-66	Rehabilitation or construction of a new water treatment plant	2024	4	P&D	144	P	\$ 250,000.00				x		
Long Grove	PD-DW-24-58	Water Treatment Plant Construction	2024	4	P&D	838	P	\$ 239,638.00				x		
Boone	PD-DW-24-61	Rehab of 2 MG ground storage reservoir	2024	4	P&D	12460	P	\$ 200,000.00				x		
New Albin	PD-DW-24-59	Well and well house	2024	4	P&D	432	P	\$ 200,000.00				x		
Meservey	PD-DW-24-53	New well and distribution improvements	2024	4	P&D	222	P	\$ 22,076.00				x		
Correctionville	FS-97-24-DWSRF-046	Water System Improvements	2024	4	55	766	P	\$ 5,210,000.00				x		
Randolph	FS-36-24-DWSRF-044	Water Source, Treatment, Storage and Distribution System	2024	4	55	189	P	\$ 3,960,000.00				x		
New Albin	FS-03-24-DWSRF-042	Well #2 Improvements	2024	4	55	500	P	\$ 700,000.00				x		
Urbana	FS-06-24-DWSRF-045	2025 Water System Improvements	2024	4	45	1590	P	\$ 3,388,000.00				x		
Oakland	FS-78-24-DWSRF-047	2023 Water Supply Wells	2024	4	45	1711	P	\$ 2,531,000.00				x		
Creston (LSL)	FS-88-24-DWSRF-041	Water Distribution System Improvements	2024	4	40	7536	C	\$ 6,000,000.00				x		x
Coralville	FS-52-24-DWSRF-049	Well 16 Improvements	2024	4	35	21630	P	\$ 3,050,000.00				x		
Eldora	FS-42-24-DWSRF-051	SCADA Upgrade	2024	4	35	2700	P	\$ 263,000.00				x		
Prairie City	FS-50-24-DWSRF-050	Phase 2 Water Main Replacement	2024	4	30	1700	P	\$ 924,000.00				x		
Council Bluffs	FS-78-24-DWSRF-048	CBWW Narrows WTP High Service Pump Station	2024	4	25	63000	P	\$ 22,494,000.00				x		
Muscatine Power & Water (LSL)	FS-70-24-DWSRF-052	Lead Service Line Replacement	2024	4	20	23474	C	\$ 1,570,000.00				x		x
Greenfield Municipal Utilities	PD-DW-24-44	Treatment System Improvements	2024	3	P&D	2160	L	\$ 1,400,000.00	1/26/2024	\$ 1,400,000.00	\$ -	x		
Johnston	PD-DW-24-33	Water Main Improvement for NW Saylorville Annexation	2024	3	P&D	24195	P	\$ 1,160,000.00	11/10/2023	\$ 1,160,000.00	\$ -	x		
Hinton	PD-DW-24-48	WTP upgrades and new well	2024	3	P&D	946	L	\$ 680,000.00	1/5/2024	\$ 680,000.00	\$ -	x		
Essex	PD-DW-24-47	New water main, elevated storage tank, and filter media replacement	2024	3	P&D	740	L	\$ 307,000.00	1/5/2024	\$ 307,000.00	\$ -	x		
Knoxville	PD-DW-24-34	Replacing Well #2 and Recasing Well #3	2024	3	P&D	14945	P	\$ 230,000.00				x		
Tabor	PD-DW-24-45	Automatic control and maintenance system and water main replacement	2024	3	P&D	456	L	\$ 172,500.00	12/22/2023	\$ 172,000.00	\$ -	x		
Tiffin	PD-DW-24-35	Pilot of Reverse Osmosis System	2024	3	P&D	5282	L	\$ 143,774.00	1/5/2024	\$ 143,774.00	\$ -	x		
Elk Horn	PD-DW-24-46	Water system improvements	2024	3	P&D	320	P	\$ 142,200.00				x		
Fort Dodge	PD-DW-24-52	Supplemental to Future Needs PER P&D	2024	3	P&D	25206	P	\$ 92,000.00				x		
Yale	PD-DW-24-49	Water treatment plant improvements	2024	3	P&D	267	P	\$ 70,000.00				x		
La Motte	FS-49-24-DWSRF-030	Proposed Municipal Well #3	2024	3	55	237	P	\$ 1,573,000.00				x		
Greenfield Municipal Utilities	FS-01-24-DWSRF-036	Water Treatment Plant Improvements	2024	3	45	2062	P	\$ 20,000,000.00				x		
Knoxville	FS-63-24-DWSRF-032	Deep Well No 2 and 3 Evaluation	2024	3	45	8480	P	\$ 5,701,000.00				x		
Keokuk	FS-56-24-DWSRF-034	2023 System Improvements	2024	3	40	9900	P	\$ 10,497,000.00				x		
Lansing	FS-03-24-DWSRF-039	Platt, 4th & North St Utility Improvement	2024	3	40	968	P	\$ 660,000.00				x		
Marble Rock	FS-34-24-DWSRF-031	Water System Improvements Project	2024	3	40	271	P	\$ 604,000.00				x		
West Point	FS-56-24-DWSRF-033	2023 Water Main Improvements	2024	3	40	921	P	\$ 528,000.00				x		
Norwalk	FS-91-24-DWSRF-038	Norwalk Central Water Tower	2024	3	35	12799	P	\$ 6,380,000.00				x		
Grinnell (LSL)	FS-79-24-DWSRF-037	Lead Service Line Replacement Program	2024	3	30	9564	C	\$ 1,002,000.00				x		x

Project Name	DWSRF No.	Project Description	IUP Yr	Qtr	Priority Points	Pop	Project Status	Current Funding Request	Most Recent Loan	Total Loan Amount To Date	Remaining Amount on IUP	Funding Source			
												Base BIL GS	PFAS/EC	LSL	
Kingsley	FS-75-24-DWSRF-040	Water System Improvements	2024	3	25	1396	P	\$ 7,136,000.00					x		
Van Meter	PD-DW-24-28	New Membrane Treatment Plant	2024	2	P&D	1500	L	\$ 600,000.00	9/29/2023	\$ 600,000.00	\$ -	x			
Lime Springs	PD-DW-24-31	Storage Improvements	2024	2	P&D	473	L	\$ 510,000.00	9/22/2023	\$ 510,000.00	\$ -	x			
Prairie City	PD-DW-24-27	Water Main Improvements	2024	2	P&D	1700	L	\$ 374,000.00	10/27/2023	\$ 374,000.00	\$ -	x			
Montezuma Municipal Water Works	PD-DW-24-32	New Jordan Well & Plant Upgrades	2024	2	P&D	1442	L	\$ 210,000.00	11/3/2023	\$ 210,000.00	\$ -	x			
Boone	PD-DW-24-18	Water Treatment Facility Improvements	2024	2	P&D	12460	L	\$ 140,000.00	9/29/2023	\$ 140,000.00	\$ -	x			
Le Grand	PD-DW-24-26	Water Main Replacement	2024	2	P&D	905	L	\$ 121,000.00	10/27/2023	\$ 121,000.00	\$ -	x			
West Branch	PD-DW-24-29	Water Line/ Main Replacement	2024	2	P&D	2509	L	\$ 54,700.00	9/29/2023	\$ 54,700.00	\$ -	x			
Central City (PFAS)	FS-57-24-DWSRF-027	New Well (PFAS)	2024	2	80	1264	C	\$ 2,085,000.00				x	x		
Tama (PFAS)	FS-86-24-DWSRF-014	Water Treatment Plant Improvements (PFAS)	2024	2	55	2745	C	\$ 3,941,000.00				x	x		
Meservey	FS-17-24-DWSRF-017	Phase 1 Water Supply System Improvements Project	2024	2	55	222	P	\$ 548,000.00				x			
Wellman	FS-92-24-DWSRF-012	Water System Improvements: Distribution & Supply	2024	2	45	1524	P	\$ 5,776,000.00				x			
Ellsworth	FS-40-24-DWSRF-025	Elevated Tower Improvements	2024	2	45	508	P	\$ 3,123,000.00				x			
Fairfax	FS-57-24-DWSRF-020	Production Well #4	2024	2	45	2828	P	\$ 809,000.00				x			
Le Grand	FS-64-24-DWSRF-026	2023 Water Distribution Improvements	2024	2	40	905	P	\$ 1,026,000.00				x			
West Des Moines Water Works	FS-77-24-DWSRF-016	88th Street Aquifer Storage and Recovery (ASR) Well Design	2024	2	35	68723	P	\$ 12,110,000.00				x			
Des Moines Water Works	FS-77-24-DWSRF-021	2023 Aquifer Storage and Recovery (ASR) Well	2024	2	35	600000	P	\$ 10,703,000.00				x			
Newton	FS-50-24-DWSRF-015	Newton Jordan Well	2024	2	35	16391	P	\$ 6,392,000.00				x			
West Branch	FS-16-24-DWSRF-022	Phase -2 East Side Water Main Replacement	2024	2	30	2509	P	\$ 1,439,000.00				x			
Greene	FS-12-24-DWSRF-018	2024 Water System Improvements Project	2024	2	30	990	P	\$ 694,000.00				x			
Madrid	FS-08-24-DWSRF-028	Well #10 Access Road Phase 2	2024	2	30	2802	P	\$ 129,000.00				x			
Cedar Rapids - 2024 Project (LSL)	FS-57-24-DWSRF-024	2024 Lead Service Line Replacement Project	2024	2	20	141063	C	\$ 5,548,000.00				x		x	
Iowa Lakes Regional Rural Water	FS-30-24-DWSRF-013	Orleans Expansion Project	2024	2	20	15000	P	\$ 3,802,000.00				x			
Cedar Rapids - F Ave NW & 13th St NW (LSL)	FS-57-24-DWSRF-023	LSL F Ave NW and 13th St NW Water Service Line Transfers	2024	2	20	141063	C	\$ 241,000.00				x		x	
Des Moines Water Works	PD-DW-24-06	Saylorville Plant Expansion	2024	1	P&D	600000	L	\$ 10,599,673.00	7/14/2023	\$ 10,599,673.00	\$ -	x			
Council Bluffs	PD-DW-24-08	New High Service Pump Station at Narrows WTP	2024	1	P&D	63000	L	\$ 1,503,400.00	7/14/2023	\$ 1,503,400.00	\$ -	x			
Clarence	PD-DW-24-14	Distribution System Improvements	2024	1	P&D	975	L	\$ 130,000.00	9/1/2023	\$ 130,000.00	\$ -	x			
Grinnell	FS-79-24-DWSRF-006	Water System Improvements	2024	1	90	9564	P	\$ 35,000,000.00				x			
Rock Valley (PFAS)	FS-84-24-DWSRF-001	Water System Study Phase II - System Improvements	2024	1	55	3730	C	\$ 726,000.00				x	x		
Breda	FS-14-24-DWSRF-002	Well No. 6	2024	1	45	508	P	\$ 1,027,000.00				x			
Des Moines Water Works	FS-77-24-DWSRF-005	Saylorville Water Treatment Plant (SWTP) Capacity Expansion - Raw Water Supply & Treatment	2024	1	30	600000	P	\$ 150,750,000.00				x			
Fort Dodge	FS-94-24-DWSRF-007	Water Main Replacement	2024	1	30	24912	P	\$ 11,217,000.00				x			
Des Moines Water Works (LSL)	FS-77-24-DWSRF-008	Lead Service Line Replacement Phase 1 Project	2024	1	20	600000	C	\$ 12,070,000.00				x		x	
Council Bluffs (LSL)	FS-78-24-DWSRF-009	Lead Service Line Replacement	2024	1	20	62799	C	\$ 2,525,000.00				x		x	
Iowa American Water - Quad Cities (LSL)	FS-82-24-DWSRF-004	2023 Quad Cities System Lead Service Line Replacement	2024	1	20	137200	C	\$ 2,518,000.00				x		x	
Dubuque (Phase 2 LSL)	FS-31-24-DWSRF-010	Lead Service Line Replacement Phase 2	2024	1	20	58983	C	\$ 2,000,000.00				x		x	
Dubuque (Phase 3 LSL)	FS-31-24-DWSRF-011	Lead Service Line Replacement Phase 3	2024	1	20	58983	C	\$ 1,907,000.00				x		x	
Iowa American Water - Clinton (LSL)	FS-23-24-DWSRF-003	2023 Clinton Water System Lead Service Line Replacement	2024	1	20	26700	C	\$ 920,000.00				x		x	
Alta	PD-DW-24-09	New Water Treatment Plant	2024	1	P&D	2087	L	\$ 1,154,000.00	7/7/2023	\$ 1,154,000.00	\$ -	x			
Newton	PD-DW-24-02	New Jordan Supply Well and Transmission	2024	1	P&D	16391	L	\$ 800,000.00	7/7/2023	\$ 800,000.00	\$ -	x			
Breda	PD-DW-24-07	New Well and Generator	2024	1	P&D	508	L	\$ 139,000.00	7/7/2023	\$ 139,000.00	\$ -	x			
Schaller	PD-DW-23-52	Water System Improvements	2023	4	P&D	729	P	\$ 614,000.00				x			
Burlington (PFAS)	FS-29-23-DWSRF-085	Water Supply and Treatment Improvements	2023	4	60	23713	C	\$ 3,499,000.00				x	x		
Burlington (PFAS)	FS-29-23-DWSRF-084	New Jordan Wells Project	2023	4	45	23713	C	\$ 16,356,000.00				x	x		

Project Name	DWSRF No.	Project Description	IUP Yr	Qtr	Priority Points	Pop	Project Status	Current Funding Request	Most Recent Loan	Total Loan Amount To Date	Remaining Amount on IUP	Funding Source			
												Base BIL GS	PFAS/EC	LSL	
Polk City	FS-77-23-DWSRF-077	1.5 MG Elevated Storage Tank	2023	4	45	5899	P	\$ 7,582,000.00					x		
Schaller	FS-81-23-DWSRF-082	Water System Improvements	2023	4	45	729	P	\$ 4,841,000.00					x		
Storm Lake	FS-11-23-DWSRF-070	City of Storm Lake Well No. 22	2023	4	45	12478	P	\$ 2,361,000.00					x		
Lake City	FS-13-23-DWSRF-068	Well No. 6 and Well No. 7	2023	4	45	1992	P	\$ 1,750,000.00					x		
Lime Springs	FS-45-23-DWSRF-083	2024 Street and Utility Improvements Project	2023	4	40	473	P	\$ 5,507,000.00					x		
Granger	FS-25-23-DWSRF-072	New Water Tower	2023	4	40	1700	P	\$ 4,187,000.00					x		
Madrid	FS-08-23-DWSRF-076	Water Transmission Main (Phase 1)	2023	4	40	2802	P	\$ 1,932,000.00					x		
Ainsworth	FS-92-23-DWSRF-069	Water Main Replacement	2023	4	40	511	P	\$ 490,000.00					x		
Marshalltown	FS-64-23-DWSRF-079	New 6 MGD RO Membrane Process Train	2023	4	35	27591	P	\$ 36,254,000.00					x		
Palmer	FS-76-23-DWSRF-074	Water System Improvement	2023	4	35	138	P	\$ 615,000.00					x		
Mahaska Rural Water	FS-62-23-DWSRF-073	Transmission Main Improvements - Eddyville Connection	2023	4	30	10100	P	\$ 2,376,000.00					x		
Durant	FS-16-23-DWSRF-081	2nd Street Water Main	2023	4	30	90	L	\$ 901,000.00	10/20/2023	\$ 901,000.00	\$ -		x		
Burlington (LSL)	FS-29-23-DWSRF-086	Lead Service Line Replacement	2023	4	30	23713	C	\$ 788,000.00					x		x
Emmetsburg	FS-74-23-DWSRF-071	Water Treatment Improvements	2023	4	25	3706	P	\$ 10,215,000.00					x		
Des Moines Water Works	FS-77-23-DWSRF-075	Saylorville Water Treatment Plant (SWTP) Capacity Expansion - Transmission Improvements	2023	4	20	600000	P	\$ 24,267,000.00	10/14/2022	\$ 1,110,000.00			x		
Dubuque	FS-31-23-DWSRF-080	Supervisory Control and Data Acquisition (SCADA) Upgrade	2023	4	15	58983	P	\$ 2,170,000.00					x		
Hinton	FS-75-23-DWSRF-034	Water Treatment Plant Improvements and Expansion	2023	3	60	947	P	\$ 7,286,000.00					x		
Storm Lake	FS-11-23-DWSRF-030	Elevated Water Tank	2023	3	45	12478	P	\$ 7,937,000.00					x		
Central City	FS-57-23-DWSRF-025	New Elevated Storage Tank	2023	3	45	1264	P	\$ 4,179,000.00					x		
Hampton	FS-35-23-DWSRF-033	Water System Improvements	2023	3	45	4350	L	\$ 2,350,000.00	11/2/2023	\$ 2,350,000.00	\$ -		x		
Thompson	FS-95-23-DWSRF-020	Water Main Replacement	2023	3	40	502	P	\$ 451,000.00					x		
Rudd	FS-34-23-DWSRF-031	Water System Improvements Phase II Water Tower Rehab	2023	3	40	369	P	\$ 419,000.00					x		
Iowa American Water - Quad Cities	FS-82-23-DWSRF-026	Quad Cities Elevated Storage Tank and Booster Station	2023	3	35	52807	P	\$ 8,362,000.00					x		
Terril	FS-30-23-DWSRF-066	Water Treatment Equipment Replacement	2023	3	35	334	P	\$ 1,206,000.00					x		
Clarence	FS-16-23-DWSRF-022	7th Ave Water Main	2023	3	30	1039	P	\$ 2,392,000.00					x		
Ely	FS-57-23-DWSRF-019	Water main Replacement	2023	3	30	2328	P	\$ 1,728,000.00					x		
Hiawatha	FS-57-23-DWSRF-023	Replacement of mains on Robins Rd	2023	3	30	7935	P	\$ 1,665,000.00					x		
Corwith	FS-41-23-DWSRF-021	Water Main Replacement	2023	3	30	266	R	\$ 340,000.00					x		
Osceola County RWS	FS-72-23-DWSRF-032	North Phase WTP Expansion	2023	3	25	5415	L	\$ 2,249,000.00	12/29/2023	\$ 2,249,000.00	\$ -		x		
Johnston	FS-77-23-DWSRF-029	New Water Main Project (2 Mains- NW 78th Ave and NW Beaver Drive)	2023	3	20	24195	P	\$ 21,536,000.00					x		
Grimes	FS-77-23-DWSRF-024	Distribution and Storage Improvements	2023	3	20	15392	L	\$ 11,616,000.00	11/3/2023	\$ 8,543,000.00	\$ 3,073,000.00		x		
Ankeny	FS-77-23-DWSRF-028	NW Irvindale Elevated Storage Tank	2023	3	20	70287	L	\$ 11,103,000.00	12/22/2023	\$ 11,103,000.00	\$ -		x		
Carter Lake	PD-DW-23-23	P&D for Water Line & Pipe Replacement	2023	2	P&D	3791	P	\$ 725,000.00					x		
Ely	PD-DW-23-18	P&D for Construction of New Drinking Water Treatment Facility	2023	2	P&D	2328	P	\$ 582,420.00					x		
Ely	PD-DW-23-19	P&D for Water Main System Rehabilitation	2023	2	P&D	2328	P	\$ 184,420.00					x		
Carter Lake	FS-78-23-DWSRF-018	Water System Improvements	2023	2	55	3791	P	\$ 9,267,000.00					x		
Montezuma Municipal Water Works	FS-79-23-DWSRF-017	New Jordan Well Construction	2023	2	55	1442	P	\$ 2,734,000.00					x		
Bondurant Municipal Water Supply	FS-77-23-DWSRF-011	Elevated Storage Tank New Construction	2023	2	45	7500	L	\$ 7,750,000.00	7/21/2023	\$ 7,750,000.00	\$ -		x		
Oskalooza	FS-62-23-DWSRF-014	Transmission Main Replacement	2023	2	30	11558	P	\$ 4,555,000.00					x		
Algona	FS-55-23-DWSRF-016	Water System Improvements	2023	2	30	2731	L	\$ 859,000.00	12/15/2023	\$ 859,000.00	\$ -		x		
Milford Municipal Utilities	FS-30-23-DWSRF-010	New Water Treatment Facility Construction	2023	2	25	3629	L	\$ 30,686,000.00	12/29/2023	\$ 30,686,000.00	\$ -		x		
Dubuque (Phase 1 LSL)	FS-31-23-DWSRF-012	Lead Service Line Replacement Phase 1	2023	2	20	58983	C	\$ 1,941,000.00					x		x
Dubuque	FS-31-23-DWSRF-013	Eagle Street and Althausser Street Water & Sewer Replacement	2023	2	20	58983	P	\$ 505,000.00					x		
Mallard	FS-74-23-DWSRF-003	Water System Improvements - Connection Fee Only	2023	1	70	277	P	\$ 1,740,000.00					x		
Rock Rapids	FS-60-23-DWSRF-006	Lewis & Clark Service Connection Phase 3	2023	1	60	2611	P	\$ 1,507,500.00					x		
Remsen	FS-75-23-DWSRF-005	New R/O Treatment Plant	2023	1	55	1678	L	\$ 8,993,000.00	12/15/2023	\$ 8,993,000.00	\$ -		x		

Project Name	DWSRF No.	Project Description	IUP Yr	Qtr	Priority Points	Pop	Project Status	Current Funding Request	Most Recent Loan	Total Loan Amount To Date	Remaining Amount on IUP	Funding Source			
												Base BIL GS	PFAS/EC	LSL	
Yale	FS-39-23-DWSRF-008	New Well	2023	1	40	267	P	\$ 400,000.00					x		
Spillville	FS-96-23-DWSRF-007	New Booster Station and Ground Storage Reservoir	2023	1	30	385	P	\$ 1,781,000.00					x		
Mount Vernon	FS-57-23-DWSRF-004	Water Meter Replacement	2023	1	30	4527	P	\$ 905,000.00					x		
Auburn	FS-81-23-DWSRF-001	Water Treatment Plant Filter Replacement	2023	1	25	315	R	\$ 150,000.00					x		
Ankeny	PD-DW-22-57	P&D for Construction of Water Main Transmission	2022	4	P&D	67887	P	\$ 174,600.00					x		
Hedrick	FS-54-22-DWSRF-026	Water Distribution System Improvements	2022	4	110	764	P	\$ 682,000.00					x		
Birmingham	FS-89-22-DWSRF-039	New Elevated Storage Tank	2022	4	70	425	P	\$ 900,000.00					x		
Dedham	FS-14-22-DWSRF-032	Water System Improvements	2022	4	60	224	P	\$ 1,000,000.00					x		
Westfield	FS-75-22-DWSRF-035	Construction of New Well and Water Treatment Plant	2022	4	55	130	P	\$ 2,185,000.00					x		
Orange City	FS-84-22-DWSRF-037	Construction of New Elevated Tank, New Ground Storage, New Well and Well Pipe	2022	4	50	6297	P	\$ 5,278,000.00					x		
Protivin	FS-45-22-DWSRF-029	Water System Improvements	2022	4	50	269	P	\$ 304,000.00					x		
Wahpeton	FS-30-22-DWSRF-031	Water System Improvements	2022	4	45	344	P	\$ 12,695,000.00					x		
Casey	FS-39-22-DWSRF-034	Water Distribution System Improvements	2022	4	40	387	P	\$ 305,420.00					x		
West Central IA RWA	FS-14-22-DWSRF-036	Construction of New Water Treatment Plant, Booster Station and Ground Storage	2022	4	30	18838	P	\$ 12,600,000.00					x		
Pocahontas	FS-76-22-DWSRF-038	Water System Improvements	2022	4	25	6267	P	\$ 2,825,000.00					x		
Manson	FS-13-22-DWSRF-023	Connection from Manson to Fort Dodge Municipal Water System	2022	3	45	1690	P	\$ 7,068,000.00					x		
Dubuque	FS-31-22-DWSRF-025	2022 Water System Improvements	2022	3	35	58983	P	\$ 15,565,000.00					x		
Plover	FS-76-22-DWSRF-017	New Well for Arsenic Mitigation in Raw Water	2022	2	95	77	P	\$ 108,000.00					x		
Guttenberg	FS-22-22-DWSRF-013	Water Supply, Distribution and Storage Facilities Improvements	2022	2	40	1057	P	\$ 765,000.00					x		
Mitchellville	FS-77-22-DWSRF-015	Water Distribution System Improvements	2022	2	30	2254	L	\$ 2,655,000.00	10/6/2023	\$ 2,655,000.00	\$ -		x		
Nashua	FS-19-22-DWSRF-016	Greeley Street Water & Sanitary Improvements	2022	2	30	1663	P	\$ 259,000.00					x		
Titonka	PD-DW-22-16	P&D for Existing Treatment System Improvements	2022	1	P&D	486	P	\$ 200,000.00					x		
Lanesboro	FS-14-22-DWSRF-008	Water System Improvements	2022	1	70	121	L	\$ 621,000.00	9/29/2023	\$ 621,000.00	\$ -		x		
Fontanelle	FS-01-22-DWSRF-006	Water System Improvements	2022	1	35	223	P	\$ 1,499,000.00					x		
Neola	PD-DW-21-56	P&D for Water Distribution System Replacement	2021	4	P&D	842	P	\$ 371,094.00					x		
Essex	PD-DW-21-53	P&D for Drinking Water System Upgrades	2021	4	P&D	798	P	\$ 30,000.00					x		
Guthrie Center	FS-99-21-DWSRF-022	Water Main Replacement	2021	4	40	1569	P	\$ 1,454,000.00					x		
Glidden	PD-DW-21-38	P&D for New Well & Watermain	2021	3	P&D	1146	P	\$ 150,000.00					x		
Elkhart	FS-77-21-DWSRF-018	Water Treatment Facility Expansion	2021	3	45	683	L	\$ 5,676,000.00	10/13/2023	\$ 5,676,000.00	\$ -		x		
Tama	FS-82-21-DWSRF-014	Water System Improvements	2021	3	25	2877	P	\$ 1,373,000.00					x		
Dyersville	FS-31-21-DWSRF-007	6th Avenue Water Main Replacement	2021	2	40	4058	P	\$ 415,000.00					x		
Ames (PFAS)	FS-85-21-DWSRF-009	North River Valley Well field & Pipeline	2021	2	35	58965	C	\$ 12,161,000.00	6/28/2023	\$ 12,161,000.00	\$ -		x	x	
Atkins	FS-06-21-DWSRF-001	Water Distribution Improvements	2021	1	40	1670	P	\$ 4,398,000.00					x		
Waukee	FS-25-21-DWSRF-004	ASR Well	2021	1	35	17945	R	\$ 3,567,750.00					x		
Dayton	FS-94-20-DWSRF-031	Municipal Water Well Reconstruction and Water Main Repair	2020	4	55	837	P	\$ 685,000.00					x		
Melvin	FS-72-20-DWSRF-033	Storage Tank Rehabilitation	2020	4	55	201	P	\$ 422,100.00					x		
Westgate	FS-33-20-DWSRF-024	Connection to IRJA	2020	4	45	211	P	\$ 2,703,000.00					x		
Plainfield	PD-DW-20-33	Water Main Installation	2020	3	P&D	436	P	\$ 40,000.00					x		
MacBride Pointe	FS-52-20-DWSRF-019	Water Supply Improvements	2020	3	60	100	P	\$ 178,000.00					x		
Eagle Grove	FS-99-20-DWSRF-018	Water Distribution System Improvements	2020	3	40	3583	R	\$ 503,000.00					x		
Jamaica	FS-39-20-DWSRF-017	Water System Improvements	2020	3	35	224	L	\$ 2,818,000.00	8/26/2022	\$ 1,785,000.00	\$ 1,033,000.00		x		
Park View	FS-82-20-DWSRF-006	WTP #2 Improvements	2020	2	45	2389	L	\$ 2,509,000.00	7/10/2020	\$ 1,670,000.00	\$ 839,000.00		x		
Somers	FS-13-19-DWSRF-028	Municipal Water Filtration Improvements	2019	4	35	113	P	\$ 355,000.00					x		

Project Name	DWSRF No.	Project Description	IUP Yr	Qtr	Priority Points	Pop	Project Status	Current Funding Request	Most Recent Loan	Total Loan Amount To Date	Remaining Amount on IUP	Funding Source		
												Base BIL GS	PFAS/EC	LSL
Bellevue	PD-DW-19-15	Construction of 2700 sf Radium Treatment Facility	2019	2	P&D	2191	P	\$ 285,000.00				x		
Albion	PD-DW-19-13	Construction of new water main connecting to Marshalltown Water Works	2019	2	P&D	505	P	\$ 55,000.00				x		
Iowa Lakes Regional Water	FS-21-18-DWSRF-019	Addition of solar panels at six booster stations and water towers to reduce operational cost and improve resiliency	2018	4	15	14600	P	\$ 260,000.00				x		
Vail	PD-DW-18-30	Plan for new water source and water treatment options	2018	3	P&D	436	P	\$ 50,000.00				x		
Cleghorn	FS-18-18-DWSRF-006	Replace aging water tower, install water mains to tower, add emergency generator at water treatment plant	2018	2	45	247	L	\$ 757,000.00	3/8/2019	\$ 557,000.00	\$ 200,000.00	x		
Rathbun Regional Water (RRWA)	FS-04-17-DWSRF-010	Replacement of of aging water meters with a new advanced/smart metering system.	2017	2	15	28215	R	\$ 2,902,945.00	1/26/2024	\$ 2,903,000.00	\$ -	x		
Farmington	FS-89-16-DWSRF-006	Water meter replacement	2016	2	40	664	L	\$ 590,000.00	7/17/2020	\$ 473,000.00	\$ 117,000.00	x		
Ruthven	FS-74-15-DWSRF-006	New well to replace Well #1, aerolator rehab, control panel replacement, water main replacement to improve pressure and add new valves and hydrants; treatment	2015	2	55	779	L	\$ 1,435,000.00	8/5/2022	\$ 701,000.00	\$ 734,000.00	x		
								\$ 809,011,210.00		\$ 123,944,547.00				

Project Status	Abbreviations
Contingent -- C	BIL GS= Bipartisan Infrastructure Law General Supplemental Fund
Dropped -- D	CAP = Federal Capitalization Grant
Loan Signed -- L	IUP YR = Intended Use Plan Year
Planning Stage -- P	LSL = Lead Service Line
Ready for Loan -- R	P&D = Planning and Design Loan
	PFAS/EC - PFAS Emerging Contaminates
	QTR = State Fiscal Year Quarter

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

ITEM**#8****INFORMATION****TOPIC****Air Quality – Fiscal Year 2025 Draft Budget Review**

This item is presented to the Commission for information and details the Fiscal Year (FY) 2025 draft budget to support the Air Quality Bureau's (Bureau) services and activities including projected fee revenues and state and federal funds.

The Bureau administers five fee programs. The Title V Fund (Iowa Code § 455B.133B) receives revenue from the air emissions fees and the operating permit application fees. These fees fund requirements from Title V of the federal Clean Air Act. The Air Quality Fund (Iowa Code § 455B.133C) receives revenue from the major and minor source construction permit fees and asbestos notifications.

Major sources of air pollution pay air emissions fees, operating permit application fees, and major source construction permit fees. Major facilities include electric utilities, food and grain processors, manufacturing operations and natural gas pipelines. Minor sources of air pollution pay minor source construction permit fees. Minor sources include country grain elevators, asphalt paving plants, concrete batch plants, and small manufacturing operations. Facilities pay asbestos notification fees when they demolish or renovate a building subject to federal emissions standards to prevent the release of asbestos.

Budget Process & Stakeholder Input

Each March the Department presents the Bureau's draft budget and calculated estimate of the total fee revenues for the upcoming fiscal year. Fee revenue is computed to produce total revenues sufficient to pay for the reasonable direct and indirect costs of implementing and administering each respective air quality program area, and is summarized in the attachment. The calculated estimates of total revenues for each fee account do not exceed the limits established in statute for these programs. Actual fees collected vary annually depending on the number of applications and notifications received, the complexity of projects submitted, and the total emissions reported for the prior year.

The Bureau discussed budgets and fees for the air program at a stakeholder fee advisory group meeting on January 3, 2024. The draft FY 2025 budget was presented to the advisory groups and comments were requested through February 16th. No comments were received.

FY 2025 Draft Budget

The Department is proposing to maintain all fees at current levels. Personnel expenses include an estimated increase of 3.5% and a Department indirect rate of 13%. The Department's indirect rate is calculated per state and federal requirements. Where possible, other expenses reflect prior year or anticipated expenses.

Status quo amounts are used for most budgetary items. The Bureau is implementing another year of zero percent (0%) increases on the State Hygienic Laboratory (SHL), Iowa Waste Reduction Center, and the Linn and Polk County Local Program agreements. These agreements will go before the Commission for approval at the June meeting.

The SHL and air monitoring equipment expenses are listed in the Title V Emissions Fee table and State & Federal Funds and Grants table below. The combined FY 2024 budget for this line item in both tables is \$2,097,000. The combined amount for the draft FY 2025 budget for this line item in both tables is \$2,075,000, a reduction of \$22,000. The changes reflect the reduction of one-time federal grants and the needs of the program. Information on additional federal monitoring funds is not available at this time and is therefore not included in the draft FY 2025 budget.

The Bureau anticipates to continue to receive the additional \$396,000 in the Department's General Funds and \$150,000 from the Groundwater Fund – Solid Waste Account. The methodology used to calculate revenue estimates that will be received in FY 2025 for each fee account follows. Revenue remaining in any account at the end of the fiscal year is carried forward in that account for future year expenses.

Title V Emissions Fee

Approximately half of the Bureau is funded by the Title V emissions fee. The Bureau has drafted a budget of \$6,444,000 for the direct and indirect expenses for implementing Title V program activities (excluding application review and permit issuance). Major source related core activities include: ambient air monitoring; emissions inventory collection and review; rule, budget, and state implementation plan development; small business assistance; data management and secretarial support; and compliance assistance, field inspections, and enforcement.

The Title V emissions fee rate for FY 2025 of \$70 per ton of air pollution emitted is calculated using anticipated calendar year 2023 emissions to produce an estimated fee revenue of \$5,390,000, which is less than the statutory cap of \$8,250,000 per year. Total account revenue for FY 2025 is estimated at \$7,755,000, including prior year carry forward and interest.

The FY 2024 budget ending balance is listed as \$1,947,000 while the draft FY 2025 budget reflects a balance forward of \$2,455,000. The difference reflects the anticipated savings of \$508,000 in FY 2024.

Title V Emissions Fee	FY 2024 Budget	Draft FY 2025 Budget	Difference 2025-2024
FTE	27.5	27.5	0.00
Personnel	\$3,506,000	\$3,639,000	
Local Programs	\$1,274,000	\$1,274,000	
SHL & Air Monitoring Equipment	\$995,000	\$1,103,000	
IWRC Small Business Assistance	\$230,000	\$230,000	
Misc. Office Expenses	\$214,000	\$198,000	
Total Expenses	\$6,219,000	\$6,444,000	\$225,000
Revenue Summary			
Balance forward	\$2,403,000	\$2,455,000	
Fund interest	\$15,000	\$50,000	
Title V fees (rounded)	\$5,748,000	\$5,390,000	
<i>annual tons (est)</i>	<i>82,121</i>	<i>77,000</i>	
<i>\$/ton</i>	<i>\$70</i>	<i>\$70</i>	
Total Revenue	\$8,166,000	\$7,755,000	-\$411,000
Revenues - Expenses	\$1,947,000	\$1,311,000	

Title V Operating Permit Application Fee

Operating permits are intended to ensure equipment continues to perform as designed, to protect ambient air quality. Operating permits for subject facilities in Linn and Polk counties are reviewed by these local programs and issued by DNR. The Bureau has drafted a budget of \$1,072,000 for the direct and indirect expenses for Title V permit application review and permit issuance. The hourly fee is calculated to produce an estimated fee revenue of \$946,000, which is less than the statutory cap of \$1,250,000 per year. Total account revenue is estimated at \$1,224,000, including prior year carry forward.

Title V Operating Permit Application Fee	FY 2024 Budget	Draft FY 2025 Budget	Difference 2025-2024
FTE	7.25	7.25	0.00
Personnel	\$816,000	\$848,000	
Local Programs	\$188,000	\$188,000	
Misc. Office Expenses	\$36,000	\$36,000	
Total Expenses	\$1,040,000	\$1,072,000	\$32,000
Revenue Summary			
Carry forward	\$430,000	\$278,000	
Local Program Fee - Pass Through	\$188,000	\$188,000	
Fees	\$700,000	\$758,000	
Total Revenue	\$1,318,000	\$1,224,000	-\$94,000
Revenue - Expenses	\$278,000	\$152,000	

Major Source Construction Permit Application Fees

The major source construction permit application program provides for the review and approval of all pre-construction air permit applications at major sources. For Prevention of Significant Deterioration (PSD) permit applications at a major source located in Linn County, Linn County reviews the permit application and DNR issues the final permit.

The Bureau has budgeted \$1,056,000 for major source construction permit application processing expenses from this account, consistent with projected workload estimates for the Bureau and Linn County. The hourly fees are calculated to produce an estimated revenue of \$922,000, which is less than the statutory cap of \$1,500,000 per year. Total account revenue is estimated at \$1,108,000, including prior year carry forward.

The FY 2024 budget ending balance is listed as \$368,000 while the draft FY 2025 budget reflects a balance forward of \$186,000. The difference reflects the reduced amount of billable revenue in the program in FY 2024 due to vacancies and the shift in demand between the major and minor construction permitting activities.

Major Source Construction Permit Application Fee	FY 2024 Budget	Draft FY 2025 Budget	Difference 2025-2024
FTE	7.00	7.00	0.00
Personnel	\$968,000	\$1,005,000	
Local Programs	\$21,000	\$21,000	
Misc. Office Expenses	\$30,000	\$30,000	
Total Expenses	\$1,019,000	\$1,056,000	\$37,000
Revenue Summary			
Carry forward	\$266,000	\$186,000	
Local Program pass through	\$21,000	\$21,000	
Fees & Interest	\$1,100,000	\$901,000	
Total Revenue	\$1,387,000	\$1,108,000	-\$279,000
Revenues – Expenses	\$368,000	\$52,000	

Minor Source Construction Permit Application Fee

The minor source construction permit application program provides for the review and approval of all pre-construction air permit applications at non-major sources. The Bureau has budgeted \$1,123,000 for minor source construction permit application processing expenses. The minor source construction permit application fee revenues are calculated to produce an estimated revenue of \$150,000, which is less than the statutory cap of \$250,000 per year. In addition to the fee, the bureau budgets to match the fee contribution with state and federal funds (EPA Performance Partnership Grant (PPG)) of \$960,000.

Minor Source Construction Permit Application Fee	FY 2024 Budget	Draft FY 2025 Budget	Difference 2025-2024
FTE	8.5	8.5	0.00
Fee: Personnel	\$147,000	\$153,000	
Fee: Misc. Expenses	\$10,000	\$10,000	
PPG: Personnel & Misc. Expenses	\$945,000	\$960,000	
Total Expenses	\$1,102,000	\$1,123,000	\$21,000
Revenue Summary			
Balance Forward & Interest	\$53,000	\$71,000	
General Funds (GF)/Federal 105 Funds (PPG)	\$600,000	\$600,000	
Additional GF Funds	\$345,000	\$360,000	
Fees	\$175,000	\$150,000	
Total Revenue	\$1,173,000	\$1,181,000	\$8,000
Revenue – Expenses	\$71,000	\$58,000	

Asbestos Notification Fee

Under the Asbestos NESHAP Program, inspections are conducted of building renovations, demolitions, and training fires subject to federal emissions standards for the prevention of asbestos releases. The Bureau has budgeted \$311,000 for asbestos program expenses to accommodate outreach, education,

and support activities. The fees collected based on the number of notifications received are estimated to produce a revenue of \$183,000, which is less than the statutory cap of \$450,000 per year.

Asbestos NESHAP Program	FY 2024 Budget	Draft FY 2025 Budget	Difference 2025-2024
FTE	2.50	2.50	0.00
Personnel	\$272,000	\$283,000	
Misc. Office Expenses	\$26,000	\$28,000	
Total Expenses	\$298,000	\$311,000	\$13,000
Revenue Summary			
Carry forward	\$84,000	\$126,000	
Solid Waste revenues	\$150,000	\$150,000	
Asbestos notification fees & interest	\$190,000	\$183,000	
Revenue (rounded)	\$424,000	\$459,000	\$35,000
Revenue – Expenses	\$126,000	\$148,000	

State & Federal Funds and Grants (Not Including those allocated to either the Minor source Construction Permitting Program or the Asbestos Program.)

State and federal funds also fund ambient air monitoring, emissions inventory collection and review, compliance assistance and field inspections, and rule, budget, and state implementation plan development.

State & Federal Funds and Grants (with some exceptions)	FY 2024 Budget	Draft FY 2025 Budget	Difference 2025-2024
FTE	8.5	8.5	0.00
Personnel	\$1,021,000	\$1,032,000	
Local Programs	\$325,000	\$325,000	
SHL & Air Monitoring Equipment	\$1,102,000	\$972,000	
Misc. Office Expenses	\$81,000	\$81,000	
Total Expenses	\$2,529,000	\$2,406,000	-\$123,000
Revenue Summary			
General Funds	\$704,000	\$704,000	
Federal 105 Funds	\$745,000	\$744,000	
Additional GF	\$51,000	\$36,000	
State Environment First Funds	\$425,000	\$425,000	
Federal 103 Funds	\$604,000	\$497,000	
Total	\$2,529,000	\$2,406,000	-\$123,000
Revenue-Expenses	\$0	\$0	

Next Steps

The draft budget will be available for informal public comment until the May Commission meeting. A fee not adjusted by the Commission would remain in effect as previously established. The final budget submitted for entry in the state accounting system will be updated based on public input and any refinements to the final expenses and revenues.

Wendy Walker, Environmental Specialist Senior
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Environment Services Division

Memo date: February 26, 2024