Agenda

Environmental Protection Commission

Tuesday, December 19, 2023

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

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

502 East 9th Street, Des Moines, Iowa 50319

DNR 2 North Conf Room

Tuesday, December 19, 2023
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	Environmental Management System (EMS) Program Fiscal Year 2023 Annual Report	Laurie Rasmus (Information)
6	Contract with HDR Engineering, Inc.-Food Waste Prevention and Management Plan	Laurie Rasmus (Decision)
7	Contract with Iowa Valley Resource Conservation and Development Area-Iowa Underserved Farmer and Farm Community Subaward Program	Steve Konrady (Decision)
8	Contract with Caring Hands Outreach Center, Inc-Iowa Underserved Farmer and Farm Community Subaward Program	Steve Konrady (Decision)
9	Contract with Stantec Consulting Services Inc.-Floodplain Management Des Reference Update	Jonathan Garton (Decision)
10	Clean Water and Drinking Water State Revolving Loan Fund-FY 2024 Intended Use Plan Third Quarter Update	Theresa Enright (Decision)
11	Contract with Environmental Systems Research Institute, Inc.	Kathryne Clark (Decision)
12	Referral to Attorney General-Chad Roche	Bradley Adams (Decision)
13	Referral to Attorney General-Quad County Corn Processors Cooperative	Anne Preziosi (Decision)
14	General Discussion	
15	Upcoming Meetings • Wednesday, January 17, 2024, Wallace Building • Tuesday, February 20, 2024, Wallace Building	

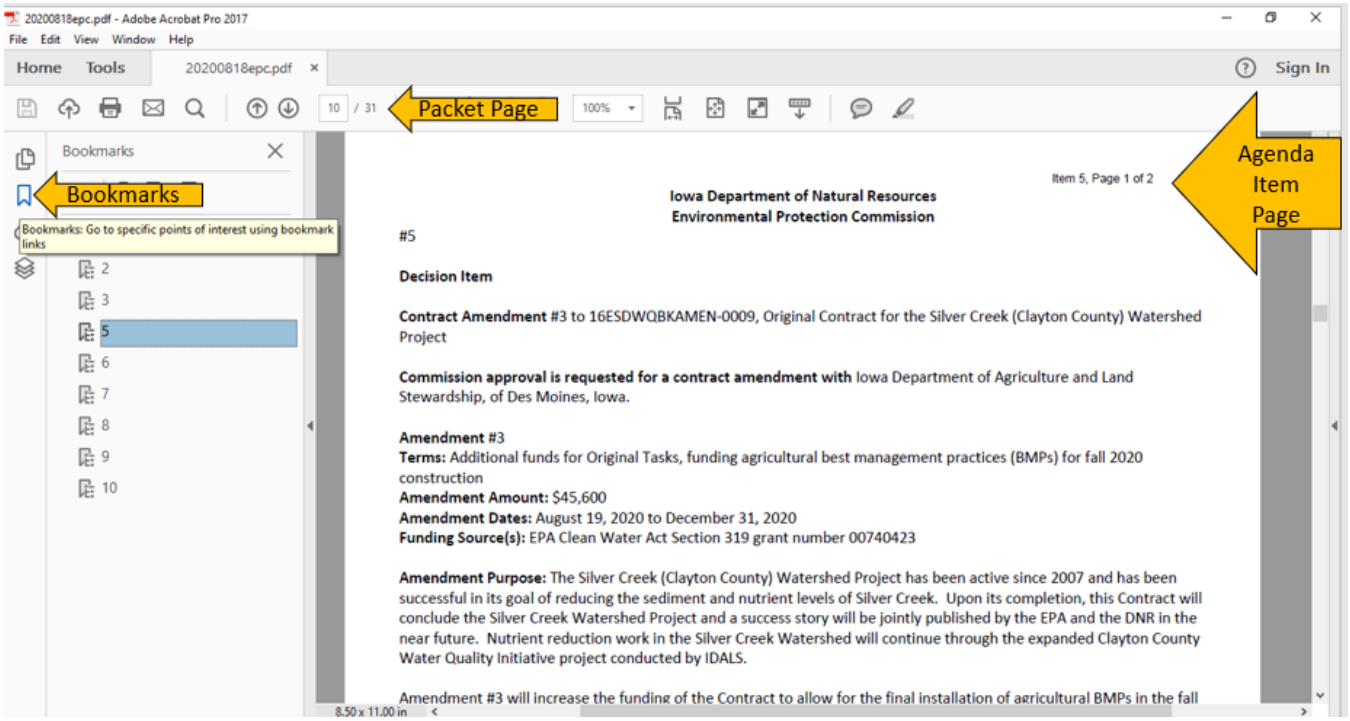
For details on the EPC meeting schedule, visit http://www.iowadnr.gov/About-DNR/Boards-Commissions

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

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

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

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



MINUTES OF THE
ENVIRONMENTAL PROTECTION COMMISSION
MEETING

November 21, 2023

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 10:04 am on November 21, 2023 via a combination of in-person and video/teleconference attendees.

COMMISSIONERS PRESENT

Patricia Foley
Harold Hommes
Mark Stutsman
Amy Echard (virtual)
Rebecca Dostal
Kyle Tobiason

COMMISSIONERS ABSENT

Lisa Gochenour
Roger Zylstra

APPROVAL OF AGENDA

Motion was made by Rebecca Dostal to approve the item as presented. Seconded by Patricia Foley.
The Chairperson asked for the Commissioners to approve the agenda by saying aye. There were no nay votes.

APPROVED AS PRESENTED

APPROVAL OF MINUTES

Motion was made by Patricia Foley to approve the item as presented. Seconded by Kyle Tobiason.
The Chairperson asked for the Commissioners to approve the Minutes of the October 17, 2023 meeting by saying aye. There were no nay votes.

APPROVED AS PRESENTED

MONTHLY REPORTS

- Division Administrator Ed Tormey notified the Commissioners that the DNR will be giving an updated drought presentation at the December meeting and he wished everyone in attendance a Happy Thanksgiving.

INFORMATION

DIRECTOR'S REMARKS

- Deputy Director Alex Moon thanked the DNR employees and Legal staff for all their hard work in preparing the November agenda items, and thanked the Commissioners for their time reviewing the agenda packet.

CONTRACT WITH IOWA DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP (TROUT RUN/SIEWERS SPRING WATERSHED PROJECT)

Miranda Haes requested Commission approval on a contract with IDALS to designate CWA Section 319 funding to a project to carry out the goals of the Trout Run/Siewers Spring Watershed Management Plan.

Public Comments – None

Written Comments – None

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

APPROVED AS PRESENTED

2024 EPC MEETING DATES

Commissioners were requested to approval the proposed 2024 EPC meeting dates. Commissioners requested that the tour dates for May be moved to May 21 and 22.

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-absent, Patricia Foley-aye, Lisa Gochenour-absent, Rebecca Dostal-aye, Mark Stutsman-aye, Kyle Tobiason-aye, Harold Hommes-aye. Motion passes.

APPROVED AS AMENDED

CHAPTER 1 "OPERATION OF ENVIRONMENTAL PROTECTION COMMISSION"-NOTICE OF INTENDED ACTION

Kelli Book requested Commission approval of the Notice of Intended Action for Chapter 1.

Public Comments – Iowa Farm Bureau Representative, Chris Gruenhagen thanked the Department for adding Section 1.8 and the real estate section back into the draft.

Written Comments – None

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

APPROVED AS PRESENTED

CHAPTER 10, "COMPLAINTS, AUDITS, ENFORCEMENT OPTIONS AND ADMINISTRATIVE PENALTIES"-NOTICE OF INTENDED ACTION

Kelli Book requested Commission approval of the Notice of Intended Action for Chapter 10.

Public Comments – None

Written Comments – None

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

APPROVED AS PRESENTED

CHAPTER 11 "TAX CERTIFICATION OF POLLUTION CONTROL OR RECYCLING PROPERTY, "-NOTICE OF INTENDED ACTION

Amie Davidson requested Commission approval of the Notice of Intended Action for Chapter 11.

Public Comments – None

Written Comments – None

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

APPROVED AS PRESENTED

CHAPTER 15, "CROSS-MEDIA ELECTRONIC REPORTING"-NOTICE OF INTENDED ACTION

Jim McGraw requested the Commission to approve the Notice of Intended Action for Chapter 15.

Public Comments – None

Written Comments – None

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

APPROVED AS PRESENTED

CHAPTER 21, "COMPLIANCE, EXCESS EMISSIONS, AND MEASUREMENT OF EMISSIONS,"-NOTICE OF INTENDED ACTION

Christine Paulson requested the Commission to approve the Notice of Intended Action for Chapter 21.

Public Comments – None

Written Comments – None

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

APPROVED AS PRESENTED

CHAPTER 22, "CONTROLLING AIR POLLUTION"-NOTICE OF INTENDED ACTION

Christine Paulson requested the Commission to approve the Notice of Intended Action for Chapter 22.

Public Comments – None

Written Comments – None

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

APPROVED AS PRESENTED

CHAPTER 23, "AIR EMISSION STANDARDS"-NOTICE OF INTENDED ACTION

Christine Paulson requested the Commission to approve the Notice of Intended Action for Chapter 23.

Public Comments – None

Written Comments – None

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

APPROVED AS PRESENTED

CHAPTER 24, "OPERATING PERMITS"-NOTICE OF INTENDED ACTION

Christine Paulson requested the Commission to approve the Notice of Intended Action for Chapter 24.

Public Comments – None

Written Comments – None

Motion was made by Kyle Tobiason to approve the item as presented. Seconded by Patricia Foley.

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

APPROVED AS PRESENTED

CHAPTER 27, "CERTIFICATE OF ACCEPTANCE"-NOTICE OF INTENDED ACTION

Jim McGraw requested the Commission to approve the Notice of Intended Action for Chapter 27.

Public Comments – None

Written Comments – None

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

APPROVED AS PRESENTED

CHAPTER 30, "CERTIFICATE OF ACCEPTANCE"-NOTICE OF INTENDED ACTION

Jim McGraw requested the Commission to approve the Notice of Intended Action for Chapter 30.

Public Comments – None

Written Comments – None

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

APPROVED AS PRESENTED

CHAPTER 31, "CERTIFICATE OF ACCEPTANCE"-NOTICE OF INTENDED ACTION

Christine Paulson requested the Commission to approve the Notice of Intended Action for Chapter 31.

Public Comments – None

Written Comments – None

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

APPROVED AS PRESENTED

CHAPTER 33, "CONSTRUCTION PERMIT REQUIREMENTS FOR MAJOR STATIONARY SOURCES-PREVENTION OF SIGNIFICANT DETERIORATION (PSD)"-NOTICE OF INTENDED ACTION

Christine Paulson requested the Commission to approve the Notice of Intended Action for Chapter 33. Ms. Paulson clarified that among the changes to this rule are changes that would make the rule consistent with legislation passed in 2023, which made it so that Polk and Linn County can no longer be more strict than the Department in their local air quality ordinances.

Public Comments – None

Written Comments – None

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

APPROVED AS PRESENTED

CHAPTER 65, "ANIMAL FEEDING OPERATIONS"-NOTICE OF INTENDED ACTION

Kelli Book requested the Commission to approve the Notice of Intended Action for Chapter 65. Mrs. Book called on Paul Petitti to answer questions regarding the concrete design standards outlined in the rule.

Public Comments –

A representative from Iowa Pork Producers, Ben N., commented in support of the existing rules pertaining to karst terrain. He also mentioned that they would be providing additional public comments during the public comment period.

A representative from the Iowa Farm Bureau, Chris G., commented on concerns regarding the 5 counties that do not have a federally approved floodplain map and would like to see the maps FEMA approved prior to the final adoption of this rule. She also mentioned that they would be providing additional comments during the public comment period.

A representative from the Iowa Cattleman's Association, Cora F., commented in support of the existing rules pertaining to karst terrain and that they would be providing specific feedback during the public comment period.

Written Comments – None

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

APPROVED AS PRESENTED

GENERAL DISCUSSION

- Alicia Plathe briefly discussed 2024 Commission meeting dates.

ADJOURN

Chairperson Hommes adjourned the Environmental Protection Commission meeting at 11:40 am on November 21, 2023.

ADJOURNED

Monthly Waiver Report
November 2023

Item #	DNR Reviewer	Facility/City	Program	Subject	Decision	Date	Agency
1	****Aron Flickinger; Aaron Brees	Lawson Logging	Bonded Timber Buyer	David Lawson is a bonded timber buyer and has a $25,000 certificate of deposit (CD) that is co-owned with the Department. He is asking for a waiver to get his CD redeemed earlier than the normal 1 year required waiting period due to health reasons.	Approved	10.25.23	23crw224
2	Nate Tatar	City of Ames Resource Recovery Plant	Air Quality Construction	Waiver of Initial Stack Test Requirement.	Approved	10.31.23	23aqw225
3	Karen Kuhn	Hagie Mfg Co	Air Quality Construction	Waiver of Initial Stack Test Requirement.	Approved	10.31.23	23aqw226
4	John Curtin	Loess Hills Sanitary Landfill	Air Quality Construction	Waiver of Initial Stack Test Requirement for a thermal oxidizer and a flare that will be used to control landfill gas emissions.	Approved	11.02.23	23aqw227
5	Brian L. Rath	Adair County Sanitary Landfill	SD	A reduction in the frequency of Volatile Organic Compound sampling from annual to once every five years. Document #107404.	Denied	9.13.23	23sdw228
6	Ben Hucka	Country Creek Estates	NPDES	Country Creek Estates is requesting a reduction of cell depth monitoring from "once per week" to "once every 2 weeks."	Denied	10.27.23	23cpw229
7	Jessica Ragsdale	63881 AKA Silver Top LLC	AFO	Due to disease outbreak facility needs depopulated.Compost is maxed, rendering not an option due to disease and acres near facility are not available to allow 44 swine carcasses per acre.Burial will be in a low risk area and follow setback distances.	Approved	11.8.23	23sdw230
8	Julie Duke	Franklin General Hosptial	AQ	Request for additional time to decommission existing engine due to delays in installing new engine.	Approved	10.31.23	23aqw231
9	Karen Kuhn	Corn Belt Power	Air Quality Construction	Waiver of Initial Stack Test Requirement.	Approved	11.8.23	23aqw232
10	Jasmine Bootman	Gemini Incorporated	Air Quality Construction	Waiver of Initial Stack Test Requirement.	Approved	11.14.23	23aqw233
11	Paul Petitti, Kelli Book, Dan Morse	Rock Bottom Dairy	Animal Feeding Operation	Applicant of a dairy cattle free stall confinement barn requested to use fiberglass rebar in the concrete floor only instead of steel rebar.	Approved	11.15.23	23cpw234
12	Michael Hermsen	Van Diest Supply Company	Air Quality Construction	Waiver of Initial Stack Test Requirement.	Approved	11.14.23	23aqw235
13	Danjin Zulic	Fisher Controls International, Inc	Air Quality Construction	Waiver of Initial Stack Test Requirement.	Approved	11.16.23	23aqw236
14	Anna Seeger	City of Nevada	Water Supply	The waiver is for a reduction in the required annular space for a well casing. Well 5 is being recased to se	Approved	11.20.23	23sdw237
15	Smith	Metro Park East Landfill	SD	MWA is requesting a variance to IAC 567 Chapter 109.10{2)"a" to dispose of Class II sewage sludge on an as-needed basis at the Metro Park East Landfill.	Approved	11.20.23	23sdw238
16							
17				***** Natural Resource Commission			

Iowa Department of Natural Resources
Environmental Protection Commission

ITEM **#5** **INFORMATION**

TOPIC **Environmental Management System (EMS) Program**
Fiscal Year 2023 Annual Report

The DNR Environmental Management System (EMS) FY2023 Annual Report (Report) is being submitted per the requirement of Iowa Code section 455J.7(4) which states, "The department shall prepare an annual report citing the results and costs of the program for submittal to the commission by January 1, 2018, and by January 1 each year thereafter."

The Report documents that DNR implemented the program and provided support and resources for its fourteen EMS-participating agencies. As part of the Report, DNR reviewed the individual annual reports submitted by each participant, describing their active pursuit for continuous improvement in the program's six environmental component areas.

December 19, 2023

Laurie Rasmus, Program Planner
Financial and Business Assistance, Land Quality Bureau
Environmental Services Division

ENVIRONMENTAL MANAGEMENT SYSTEM

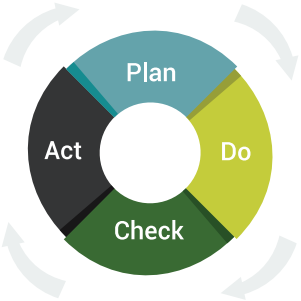
ANNUAL REPORT
FISCAL YEAR 2023

www.iowa.dnr.gov/swems

The Solid Waste Environmental Management System (EMS) program is a continuous improvement program—measuring environmental performance in six program components. Participating solid waste agencies implement a management system throughout their operations and organizations—following a framework of 10 elements.

The EMS program—an approach that rewards environmental stewardship efforts beyond waste reduction—is an alternative to Solid Waste Comprehensive Planning. Fourteen solid waste agencies – serving more than half of Iowa's population—voluntarily participate by pursuing local environmental goals.

FOLLOWING A CYCLE OF CONTINUOUS IMPROVEMENT



ACTIVELY PURSUING 6 PROGRAM COMPONENTS

- Organics Management
- Greenhouse Gas Reduction
- Household Hazardous Materials Collection
- Recycling Services
- Water Quality Improvement
- Environmental Education

IMPLEMENTING A FRAMEWORK OF 10 ELEMENTS

DNR PROGRAM SUPPORT

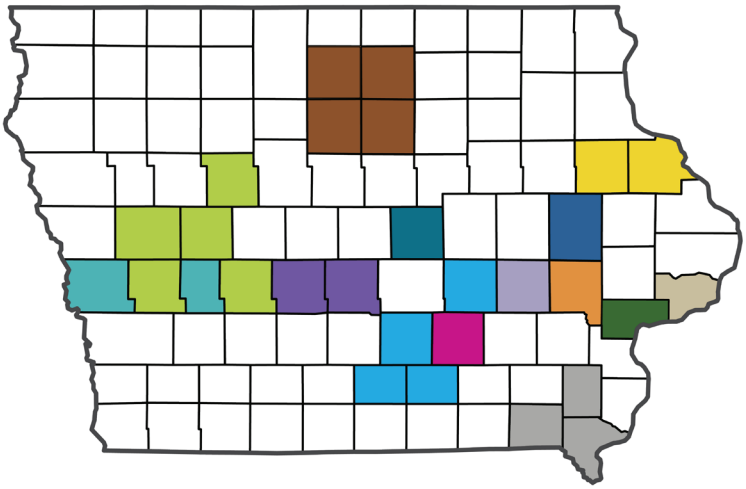
DNR supports program participants with grant opportunities and by providing training workshops, an annual conference, technical assistance and external auditing services.

In FY2023, DNR developed the EMS Program Guide and held a special workshop to introduce this new, 24-page resource that features an overview of the program, guidance for each of the system elements and a summary of best practices. The guide outlines the program's requirements and incentives for those considering applying for EMS designation or are new to the program and is an all-inclusive reference for seasoned staff of designated participating agencies.

FY2023 EMS PROGRAM COSTS

Third-party external auditing	$33,230
Technical assistance and participant training/support	$65,282
Grant awards	$327,339
TOTAL	**$425,851**

ENVIRONMENTAL MANAGEMENT SYSTEM (EMS) PROGRAM PARTICIPANTS



CRLCSWA
Cedar Rapids Linn County Solid Waste Agency

DMASWA
Dubuque Metropolitan Area Solid Waste Agency

GRRWA
Great River Regional Waste Authority

HCLC
Harrison County Landfill Commission

ICLF
Iowa City Landfill and Recycling Center

LNI
Landfill of North Iowa

MCSWMC
Mahaska County Solid Waste Management Commission

MWA
Metro Waste Authority

MCSWMA
Muscatine County Solid Waste Management Agency

REIC
Iowa County Regional Environmental Improvement Commission

SCISWA
South Central Iowa Solid Waste Agency

SWMCMC
Solid Waste Management Commission of Marshall County

WCISWMA
West Central Iowa Solid Waste Management Association

WCSC
Waste Commission of Scott County

PARTICIPANT ACHIEVEMENTS

At a local level, participants work to achieve quantifiable objectives and targets – resulting in environmental improvements within their service areas. DNR provides grant opportunities to assist participants in reaching their environmental goals. Highlighted below are grant projects that were completed during FY2023.

Doubling its drop-off sites and bunker locations for glass recycling, Iowa City Landfill and Recycling Center (ICLF) purchased three roll-off recycling containers, signage and bunker blocks. ICLF painted the containers purple, installed educational signage, and placed the new containers in northern Iowa City, downtown Iowa City and Coralville. The EMS also constructed a bunker, creating a second Iowa City hub where glass from the in-town drop-off containers is accumulated and then loaded-out to a processor for recycling. To promote its new services, staff launched an outreach campaign that included advertising on Iowa Public Radio, distributing informative drink coasters and posting on social media. During the first year of the newly expanded program, ICLF collected and recycled 547 tons of glass—the weight of 1,707,707 glass bottles. DNR's share was $22,087 for this $33,690 project.

ICLF established three new drop-off sites for glass recycling

LNI regularly gives tours of its regional collection center, complete with newly installed LED lighting.

To reduce greenhouse gas emissions from energy usage, Landfill of North Iowa (LNI) replaced a dated lighting system of fluorescent bulbs and ballasts with energy-efficient LED lighting in its regional collection center and operations shop facilities. Compared to baseline data, the project resulted in reducing LNI's energy consumption by 2,380 kWh in the first year after installation. Based on these results, the project will result in avoiding 33.7 metric tons of carbon dioxide over 20 years – the same as the annual electricity usage of 6.6 homes. The environmental benefits of the energy-efficient system were shared with the 775 people who toured LNI's regional collection center during the annual target period. DNR grant assistance covered $13,429 of the project's $17,905 total cost.

Increasing awareness about recycling services throughout the planning area, West Central Iowa Solid Waste Management Association (WCISWMA) completed four activities: produced and placed 5,500 rack cards with county specific recycling information in public areas of Crawford, Guthrie and Shelby counties; produced and distributed 12,500 direct mail postcards in Crawford and Shelby counties that resulted in reducing contamination in recycling by 36%; installed 20 signs on recycling trailers in Crawford County, reducing contamination in recyclable materials by 20% as compared to the previous year; and created and installed 38 color-coded signs at the Carroll County Landfill, decreasing incidences of customer mismanagement of materials by 50% within the facility. DNR provided $10,290 for this $15,460 project.

WCISWMA created and distributed direct mail postcards to educate residents about recycling services.

SCISWA installed rooftop solar arrays on its scale house and education center.

South Central Iowa Solid Waste Agency (SCISWA) installed a solar energy system with rooftop arrays on the scale house and education center building at its landfill facility in Tracy. In the first year of operation, the system produced 19,900 kWh—22% above the electricity needs for the building and equivalent to supplying electricity for 2.7 homes—avoiding 14.1 metric tons of carbon dioxide and nearly $2,000 in utility costs. DNR grant funds supplied $24,999 for this $34,200 project.

Solid Waste Management Commission of Marshall County (SWMCMC) developed and conducted an educational campaign to increase recycling and reduce contamination at their newly established drop-off site at the Marshall County Landfill. The campaign included advertising, distributing flyers in both English and Spanish, and reaching 13,558 households through a direct mailing campaign. SWMCMC's promotional efforts resulted in collecting 20 tons of cardboard, paper, plastic, glass and metal cans in the first full year of adding this convenient drop-off site in the solid waste planning area. DNR grant funds covered $9,045 of this $13,799 project.

SWMCMC produced and distributed flyers in Spanish to promote its recycling services.

WCSC redesigned its electronics recycling center with facility electric upgrades and new equipment, such as this workbench.

Waste Commission of Scott County (WCSC) implemented a LEAN process improvement, identifying facility upgrades and equipment needs to increase processing capacity at its Electronics Recycling Center. WCSC receives unwanted electronics, from small hand-held devices to large screen TVs to vintage turntables, and then refurbishes and sells these items for reuse or demanufactures the items and recycles the materials. In this project, WCSC made facility electrical upgrades and purchased a 42-foot speed-controlled conveyor, two hydraulic Gaylord dumpers, a forklift Gaylord rotator, two electric pallet jacks, weigh forks, two testing/repair workbenches and two downdraft tables. The project resulted in the EMS increasing the number of electronic items processed for reuse—a higher material management method—to 8,798 items, a 22% increase over baseline data. DNR funded $50,222 of this $106,123 project.

SOLID WASTE Environmental Management System

Committed to Continuous Improvement

Iowa Department of Natural Resources
Environmental Protection Commission

#6

Decision Item

Commission approval is requested for a contract with HDR Engineering, Inc., Omaha, Nebraska.

Contract Terms:

Amount: Not to exceed $149,630

Dates: January 1, 2024 – December 31, 2025

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

Funding Source(s): The primary funding source is grant funds from the U.S. Environmental Protection Agency's Solid Waste Infrastructure for Recycling Program. A secondary funding source for up to 11.5% of the total cost is solid waste tonnage fees as allocated from the Groundwater Protection Fund – Iowa Code section 455E.11.

Contract Purpose: The contractor will develop, conduct and prepare a comprehensive, statewide Food Waste Prevention and Management Plan to be a resource for reducing food waste and increasing management of food waste for higher and better uses.

Food waste is the most landfilled material entering Iowa municipal solid waste landfills according to the 2022 Iowa Materials Characterization Study and earlier characterization studies dating back to 1998. Food waste has a negative impact on Iowa's environment and economy by wasting resources at each step of the food supply chain. Landfilled food waste and other organics emit harmful greenhouse gases as the material decomposes in a landfill. Preventing food waste and proper management of food waste will reduce wasting resources and other inputs associated with providing food, lead to a cleaner environment, feed food insecure Iowans, create marketable end products such as compost, and produce energy.

Food waste prevention and food scrap recovery is an important component of the DNR's Sustainable Materials Management (SMM) Vision for Iowa. Stakeholders engaged in the SMM Vision for Iowa process identified the development of a statewide food recovery plan as a priority strategy for preventing and managing food waste within an SMM approach.

Selection Process Summary: The contractor was selected as a result of a formal, competitive bid process for acquiring professional services. Proposals, each consisting of a technical proposal and a cost proposal, were received from four bidders. A review committee of four DNR staff evaluated the technical proposals based on established criteria and assigned scores on a 100-point scale. Then, according to the process' established calculation method, cost proposals were scored on a 30-point scale. One bidder's proposal was rejected since it was not fully signed.

Bidder	Technical Score	Cost Score	Total Score*	Cost Proposal Amount
GBB	63	Rejected	NA	NA
SCS	91	14	104	$324,650
HDR	82	30	112	$149,630
Foth	70	17	87	$258,510

*Due to rounding, total score is +/-1 of sum.

Contract History: None.

Laurie Rasmus, Program Planner, Land Quality Bureau
December 17, 2023

Exhibit A: Statement of Work

Contractor is to develop, conduct and prepare a comprehensive Statewide Food Waste Prevention and Management Plan (Plan) for the State of Iowa. The Plan is intended to be a resource for reducing food waste and increasing management of food waste for higher and better uses.

Work to be undertaken includes estimating food waste generation and related impacts, inventorying and assessing existing Iowa food waste management facilities, identifying type and location of new food waste management infrastructure opportunities, assessing commercial food waste reduction opportunities, assessing end markets for managed food waste, researching food waste prevention and management systems of other states and preparing a statewide food waste prevention and management plan.

The contractor must perform the following Tasks by the Task Milestone Dates set out in the following table.

Deliverables	**Task Milestone Date**
Task 1: Kick-off Meeting, Work Session Meetings **Description:** Contractor shall schedule and host a kick-off meeting with DNR staff to discuss project goals and objectives, work plan, etc. The kick-off meeting may be held in-person or virtually. Contractor shall schedule and host work session meetings, initially monthly and as mutually agreed, to discuss project goals and objectives, tasks completed and tasks scheduled for the next month. Work session meetings may be held in-person and/or virtually. Meeting agendas shall be provided one week in advance of meeting dates and meeting summaries shall be provided to the DNR project manager within one week after meetings held.	Kick-off meeting within 2 weeks of contract being fully signed and then on-going through the end of the contract
Task 2: Inventory and assessment of existing Iowa organics/food waste management facilities, including existing infrastructure for food waste prevention. **Description**: Inventory and assessments are to include materials accepted; requirements for accepted materials, tip fees, capacity, end markets, etc.	No later than June 1, 2024
Task 3: Survey waste water treatment plants (WWTP) **Description:** Survey WWTP facilities capable of accepting food waste. Assess interest in and barriers to co-digestion of food waste and biosolids. Assess infrastructure needs to begin accepting food waste for co-digestion.	No later than June 1, 2024
Task 4: Food Waste Measurement and Impacts **Description:** Measure and estimate food waste generation from the residential, commercial, industrial and institutional sectors. Assess associated environmental, economic and social impacts.	No later than Sept. 1, 2024
Task 5: Food Waste Density Map, Gap Analysis and Cost/Benefit Analysis **Description**: Create a statewide food waste density map identifying food waste generation. Conduct a gap analysis of Iowa food recovery systems. Provide a cost/benefit analysis for investing in recommended infrastructure designed to close identified gaps.	No later than Sept. 1, 2024
Task 6: On-site Management of Food Waste **Description:** Assess development of industrial, commercial and institutional on-site food waste management opportunities, including, but not limited to composting, modular AD units, donations, etc.	No later than Dec. 1, 2024
Task 7: End Product Markets **Description:** Assess existing end markets and opportunities to expand end markets for finished compost, digestate and recovered digester gas.	No later than Dec. 1, 2024
Task 8: Research other state organics food waste management systems. **Description**: Provide a detailed summary of food waste management, processing, regulations and incentive systems in other representative states. Note: It is the preference of the DNR that this task be completed early in the performance period.	No later than May 1, 2024

Task 9: Develop Framework – Data Collection **Description:** Develop a framework, including an enhanced data collection method, for minimizing food waste and increasing food waste management leading to marketable end products, donations and landfill diversion.	No later than April 1, 2025
Task 10: Kitchen Food Waste Prevention **Description:** Assess impactful food waste prevention techniques available for commercial and institutional kitchens with consideration given to ease of implementation and barriers to implementation.	No later than April 1, 2025
Task 11: Final Report and Presentation **Description**: Provide a comprehensive final report detailing actions taken, methodology and assumptions made to accomplish the above tasks. Provide implementable, recommended alternatives leading to a food waste management system for the State of Iowa. Conduct one Department selected virtual/in-person stakeholder presentation of final deliverables.	No later than Oct. 1, 2025

Exhibit B: Budget

Task	**Amount of compensation allotted to Task**	**Invoice Due No Later Than**
Task 1: Kick-off Meeting, Work Session Meetings	$7,280.00	Contractor must invoice DNR on a monthly basis.
Task 2: Inventory and assessment of existing Iowa organics/food waste management facilities, including existing infrastructure for food waste prevention	$19,680.00	
Task 3: Survey waste water treatment plants (WWTP)	$21,300.00	
Task 4: Food Waste Measurement and Impacts	$8,150.00	
Task 5: Food Waste Density Map, Gap Analysis and Cost/Benefit Analysis	$34,210.00	
Task 6: On-site Management of Food Waste	$5,280.00	
Task 7: End Product Markets	$4,840.00	
Task 8: Research other state organics food waste management systems	$6,320.00	
Task 9: Develop Framework – Data Collection	$15,140.00	
Task 10: Kitchen Food Waste Prevention	$5,290.00	
Task 11: Final Report and Presentation	$22,140.00	
Total	Not to exceed $149,630.00	

Iowa Department of Natural Resources
Environmental Protection Commission

#7

Decision Item

Commission approval is requested for a contract with Iowa Valley Resource Conservation and Development Area (Iowa Valley RC&D), an Iowa River watershed nonprofit.

Contract Terms:

Amount: Not to exceed $249,838
Dates: January 1, 2024 to June 30, 2027
Funding Source(s): US Environmental Protection Agency, Gulf of Mexico Division (EPA, GMD) Farmer to Farmer Grant to DNR for the Iowa Underserved Farmer and Farm Community Subaward Program

Contract Purpose: The DNR was chosen as one of four primary partners for the GMD's Historically Underserved Farmer to Farmer Grant program in 2022. Information summarizing that grant and the award process was presented during the September EPC meeting. Two of the contracts presented in September were identified by the commissioners as those that needed more details before continuing with approval. To best provide that information, the presenter agreed to re-present at a future meeting and increase the amount of information available specific to the two subawards in question, as well as bringing in a subject matter expert from the IDALS Division of Soil Conservation and Water Quality Urban Conservation program.

Contract History: A grant application solicitation was announced in March of 2023. An interagency review team consisting of Iowa Finance Authority, IDALS, and DNR representatives previously reviewed the applications and found that all Contracts presented to date met the stated intent and requirements of the EPA grant. Seven applications were approved by EPC in September of 2023 and those contracts have been executed. Iowa Valley RC&D has a documented history of working with federal, state, and local grant funding to accomplish projects within the realm of water quality and education and outreach. In addition, they were challenged by the application solicitation to develop strong partnerships. The partners have additional grant project experience and will provide support to the applicants in implementing successful programs.

Lead Entity: Iowa Valley RC&D – Amana – Iowa County – Iowa River Watershed ($15,000 cash match and in-kind)
Primary Local Partner Entity #1: Johnson County
Primary Local Partner Entity #2: IDALS Urban Conservation

Contract Summary: This contract seeks to improve stormwater function of the Johnson County Historic Poor Farm, a historic site near Iowa City that had been used from 1855-1960 as a working farm for impoverished and mentally ill residents. Modern uses of the fertile farmlands on the property include providing low-rent farm and garden plots to residents of Johnson County. Current farmers of this land include refugees and immigrants that use the site to grow culturally appropriate food crops not easily found in Iowa's markets and grocery stores. With funding from this contract, the RC&D will develop a stormwater capture and rainwater harvesting system to support rainwater retention and reuse as irrigation on-site and demonstrate the system to visitors.

The RC&D will also work with IDALS Urban Conservation and the Caring Hands Outreach Center, Inc. to develop a stormwater capture and reuse chapter for the Iowa Stormwater Management Manual (ISWMM) that will benefit all Iowans. The stormwater capture system at the farm will serve as a demonstration for Iowa communities interested in community gardens or similar building-adjacent urban food systems. Field days and other demonstrations will be conducted alongside the implementation project to spread the word about this new practice.

Contractor Proposal:
Iowa Valley RC&D proposes a three-year project to establish an urban agriculture rainwater harvesting demonstration and education program to build the resiliency of urban farms in Iowa. The demonstration will serve as an example for

developers, consultants and jurisdictions to inform new ordinances, policies and projects in Iowa. The farm is a nexus of new beginning farmers from a diverse pool of aspiring and established growers interested in starting their own farm businesses. The presence of several existing vegetable farm programs and operations at the farm provides a unique opportunity to demonstrate rainwater harvesting systems to growers at all stages of development. This will reveal the possibilities of rainwater harvesting to build the capacity and resiliency of urban farms. This is important for those operations who are aspiring or beginning farmers as they start their new farm businesses.

The rainwater harvesting demonstration system will harvest rainwater from the newly constructed Cultivation Station building that is the home for Iowa Valley RC&D's Grow Johnson County Program and Iowa City's Compassion's Global Food Project. The Cultivation Station has a packshed for Grow Johnson County's 6-acre vegetable operation, tool storage for Global Food Project's gardeners and an education room for both programs to host classes and workshops for apprentices and aspiring farmers and gardeners. The harvested rainwater will also serve the Grow Johnson County's 30'x96' greenhouse and the garden plots of the Global Food Project. The farm is particularly well-suited to serve as a demonstration site for urban agriculture rainwater harvesting because it features several demonstrations of conservation strategies such as a bioswale, permeable grass parking, 23 acres of prairie reestablishment, wetland, timber stand improvement and edible landscaping. The site includes multiple sustainable farming initiatives applicable to urban growers and the community embodies diverse perspectives all in one location.

Outcomes:

- Increased sustainability through large-scale stormwater capture and reuse irrigation for farmers participating in Johnson County programs including the Land Access Program, Global Food Project, and Grow Johnson County
- Reduction of impervious surface runoff from new and existing buildings at the Johnson County Poor Farm which is in the Clear Creek and Rapid Creek Watersheds - both watersheds were part of previous implementation projects and are part of current Watershed Management Authority work in the region
- Educate tenant farmers, local developers and city planners, visitors, and a network of stormwater professionals and developers on large-scale stormwater capture and reuse systems

Output Tracking:

- Gallons of stormwater reclaimed, stormwater runoff volume reduction, nutrient load reductions
- Captured water quality tracking metrics (for food crop irrigation use)
- Educational and demonstration contacts including local clients, visitors, and stormwater professional and developer workshops

Timeline and Tasks:

- Winter 2024: Consultant/designer to develop a ~15,000 gallon rainwater harvesting system
- Spring 2024: Install the rainwater harvesting, filtering, and irrigation systems, begin water quality monitoring
- Fall 2024: Develop demonstration materials including ISWMM updates with partners
- Spring 2025: Begin demonstration/education campaign with farmer tenants, partner visitors, community leaders

Project Budget

Task 1. Develop Implementation and Education Plan	Not to exceed $76,644
Task 2. Stormwater Reuse Catchment System	Not to exceed $100,000
Task 3. Education and Outreach	Not to exceed $48,194
Task 4. Final Report (10% contract completion retainer)	Not to exceed $25,000
Total amount of DNR contribution	**Not to exceed $249,838**

Steve Konrady, Western Iowa Basin Coordinator, Water Quality Bureau
Environmental Services Division
December 19, 2023

Iowa Department of Natural Resources
Environmental Protection Commission

#8

Decision Item

Commission approval is requested for a contract with Caring Hands Outreach Center, Inc. (Caring Hands), a nonprofit food pantry/community organization in Altoona.

Contract Terms:

Amount: Not to exceed $250,000.
Dates: January 1, 2024 to June 30, 2027
Funding Source(s): US Environmental Protection Agency, Gulf of Mexico Division (EPA, GMD) Farmer to Farmer Grant to DNR for the Iowa Underserved Farmer and Farm Community Subaward Program

Contract Purpose: The DNR was chosen as one of four primary partners for the GMD's Historically Underserved Farmer to Farmer Grant program in 2022. Information summarizing that grant and the award process was presented during the September EPC meeting. Two of the contracts presented in September were identified by the commissioners as those that needed more details before continuing with approval. To best provide that information, the presenter agreed to re-present at a future meeting and increase the amount of information available specific to the two subawards in question, as well as bringing in a subject matter expert from the IDALS Division of Soil Conservation and Water Quality Urban Conservation program.

Contract History: A grant application solicitation was announced in March of 2023. An interagency review team consisting of Iowa Finance Authority, IDALS, and DNR representatives previously reviewed the applications and found that all Contracts presented to date met the stated intent and requirements of the EPA grant. Seven applications were approved by EPC in September of 2023 and those contracts have been executed. Caring Hands has a documented history of working with federal, state, and local grant funding to accomplish projects within the realm of water quality and education and outreach. In addition, they were challenged by the application solicitation to develop strong partnerships. The partners have additional grant project experience and will provide support to the applicants in implementing successful programs.

Lead Entity: Caring Hands – Altoona – Polk County – Fourmile Creek Watershed (Des Moines River) (in-kind match)
Primary Local Partner Entity #1: Polk County Soil and Water Conservation District (SWCD)
Primary Local Partner Entity #2: IDALS Urban Conservation

Contract Summary: Caring Hands provides community support and outreach to disadvantaged and differently-abled community members across the Des Moines Metro Area by providing food pantry services for the east part of Polk County and the community of Altoona. Healthy, fresh food is often the most difficult to provide to the underserved communities supported by food pantries. To alleviate this problem, Caring Hands developed an onsite garden facility at their Altoona location. The gardens are worked by a combination of Caring Hands staff and volunteers. Caring Hands seeks to expand the scale of their garden operation and improve irrigation systems on-site. In addition, Caring Hands manages 5 acres of property within the Little Fourmile Creek watershed, which directly drains to the small tributary that runs through Greenway and Lions Parks in the City of Altoona. Caring Hands seeks to mitigate soil and nutrient loss from this property.

The contract provides funding for a project to develop a comprehensive conservation site plan for the 5 acre property, managing stormwater on-site before reaching the nearby tributaries. Currently, roughly 46% of the lot is considered impervious surfaces that convey untreated stormwater directly to the Altoona storm drain network. Additionally, they will develop a stormwater capture system to provide water quality-monitored irrigation water for their garden crops between rainstorms. In a cross-subaward partnership with Iowa Valley RC&D, the irrigation system development will be documented and formatted into a new Iowa Stormwater Management Manual (ISWMM) chapter for stormwater recapture/reuse systems that will have a statewide benefit. The sustainable site plan developed by this contract will also

be a model for other urban conservation efforts and any implementation work done on-site towards the sustainable site plan goals will be utilized as a demonstration site for IDALS Urban Conservation and Polk County SWCD.

Contractor Proposal:
In 2022, the first test garden on the 5-acre property produced over 2,000 pounds of food that was distributed to Caring Hands food pantry shoppers. In the first quarter of 2023 the pantry has provided food for 1,359 individuals across 536 households. This is over double the number from 2022 and the need is growing. Partnering with Polk County SWCD, rain gardens were installed to manage runoff from the parking lots at another Caring Hands location. A new demonstration site with a comprehensive sustainability site plan is proposed for the 5-acre property to effectively treat stormwater runoff and reclaim and reuse stormwater for irrigation. The captured water would be treated to comply with Food Safety Modernization Act standards and then used to irrigate gardens, grasses, and trees, offering greater sustainability and drought resilience along with input cost reduction benefits. The water catchment system will consist of an in-ground cistern, filtration system, (sand/biological/UV) and irrigation system.

Another component of the site plan will be to improve the existing stormwater detention area through increased infiltration and bioretention basin installations. These enhancements will also improve pollinator habitat and establish native plants. This will allow a currently low-lying area to have improved functionality, and retain more upland space for future garden expansion, including a planned orchard. In conclusion, managing stormwater and runoff on the site of Caring Hands through water harvesting and bioretention best practices will provide a signature demonstration space in Altoona, reduce the use of potable water for irrigation, allow the facility to productively grow produce, and reduce the impact of runoff in the Fourmile Creek Watershed.

Outcomes:
- Reduced need for city water for irrigation and increased sustainability
- Stormwater runoff volume and nutrient reduction - Fourmile Creek Watershed
- Improved greenspaces with functional pollinator and native habitat gardens
- Increased healthy food production while maintaining low cost to operate and low environmental impact

Output Tracking:
- Gallons of stormwater reclaimed, stormwater runoff volume reduction, nutrient load reductions
- Crop yield weights, total sales
- Native landscaping, bioretention, or other stormwater practices installed at the site
- Volunteer hours, staff hours (in-kind)

Timeline and Tasks:
- Winter 2024: hire a civil engineer and/or architect to help formulate a comprehensive site plan
- Spring 2024: Install the water catchment, filtering, and irrigation systems
- Fall 2024: Develop demonstration materials including ISWMM updates with partners
- Spring 2025: Begin demonstration/education campaign with clients, volunteers, visitors

Project Budget

Task 1. Comprehensive Site Plan	Not to exceed $25,000
Task 2. Stormwater Reuse Catchment System	Not to exceed $150,000
Task 3. Education and Outreach	Not to exceed $50,000
Task 4. Final Report (10% contract completion retainer)	Not to exceed $25,000
Total amount of DNR contribution	**Not to exceed $250,000**

Steve Konrady, Western Iowa Basin Coordinator, Water Quality Bureau
Environmental Services Division
December 19, 2023

Iowa Department of Natural Resources
Environmental Protection Commission

ITEM | **#9** | **DECISION**

Floodplain Management Desk Reference Update Contract with Stantec Consulting Services Inc
Contract 24ESDLQBGART-0001

Recommendation:
Commission approval is requested for a service contract with Stantec Consulting Services Inc. (Stantec)

Contract Terms:

Amount: Not to exceed $155,866.00
Dates: December 20, 2023 to June 30, 2025.
Funding Source(s): This contract will be funded through the FEMA Community Assistance Program – State Support Services Element (CAP-SSSE) Grant
Statutory Authority: 11 IAC 118

Contract Background: Under the FEMA CAP-SSSE grant, the DNR has received discretionary funding that it proposed to FEMA to use for updating our floodplain management manual and its associated ready reference and workshop PowerPoint slide that were last updated in 2014. These references and training materials are a valuable resource for our over 700 communities that participate in the National Flood Insurance Program.

Contract Purpose:
The contract will update the DNR's 2014 Floodplain Management Desk Reference and its companion document - the Ready Reference. The Ready Reference is a condensed version of the Desk Reference designed for providing quick answers to common questions. Both documents contain out-of-date information and graphics due to changes in floodplain management at both the state and federal levels. The contract work will also include updates to the workshop presentation materials used for training local officials on the documents above. This workshop typically consists of a 4-hour presentation in person or virtually reviewing all of the topics contained in the Desk Reference using Microsoft PowerPoint.

Contractor Selection Process:
An RFP was advertised from August 23 to November 10, 2023. One responsive proposal was received. Stantec's proposal met the requirements and is a reasonable fee for the work involved. The DNR has a history of contracting with Stantec for our floodplain mapping program and working with us on updating training materials. Based on responsiveness to the RFP, cost proposal, and reputation; it is recommended to proceed with a contract with Stantec.

Contract History:
This is a new contract with Stantec for the update of these materials. Last year, Stantec was granted a contract for this same program to develop training materials for local floodplain officials on specific topics. This contract was completed satisfactorily.

Abbreviated Scope of Work Task Descriptions:

Task details located in Section 5 State of Work in contract 24ESDLQBGART-0001

1) **Update of the Iowa Floodplain Management Desk Reference**

Description: The current Desk Reference is a 445-page document that informs Iowa's local floodplain management officials of how to comply with both FEMA floodplain management rules and Iowa's floodplain permitting administrative rules. Compliance is required for the community to participate in the National Flood Insurance Program. Community participation and compliance is required for any homeowner or business to purchase federal flood insurance. This manual was last updated in 2014 and

now contains some information that is not longer up to date and has out of date references and graphics.

2) **Update of the Iowa Floodplain Management "Ready Reference"**

Description: The Ready Reference is a 57-page condensed version of the Desk Reference designed for providing quick answers to common questions. As stated in Task 1, the reference was last updated in 2014 and needs to be updated.

3) **Update of Workshop presentation materials to match the updated Desk Reference**

Description: Updates are required to the workshop presentation materials used for training local officials on the documents above. This workshop typically consists of a 4-hour presentation in person or virtually reviewing all of the topics contained in the Desk Reference using Microsoft PowerPoint. This work will include bringing the presentation materials (Microsoft PowerPoint and handouts) up to date with the updates in tasks 1 and 2. The workshop presentation also needs to be updated for virtual delivery to provide a better learning experience for attendees such as suggested polling questions or other audience engagement techniques, while still following along with the Desk Reference.

Budget Item	
Task 1: Desk Reference Update	**$110,052.00**
Task 2: Ready Reference Update	**$20,652.00**
Task 3: Workshop Update	**$25,162.00**
Total	**$155,866.00**

Jonathan Garton
Floodplain and Dam Safety Section Supervisor
Land Quality Bureau, Environmental Services Division

Iowa Department of Natural Resources
Environmental Protection Commission

ITEM **#10** **DECISION**

TOPIC **Clean Water and Drinking Water State Revolving Loan Fund – FY 2024 Intended Use Plan Third Quarter Update**

Commission approval is requested for the Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) Intended Use Plans (IUP) Third Quarter Update for State Fiscal Year 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 November 22, 2023 and no additional written comments were received. A public meeting was held via conference call on November 16 and 17, 2023 to highlight changes to the plan and to receive comments. No public comments 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 third quarter of SFY 2024 are as follows:

(11) CWSRF Planning & Design Loan applications	(totaling $2,937,350)
(11) CWSRF IUP applications for construction projects	(totaling $547,311,500)
(10) DWSRF Planning & Design Loan applications	(totaling $4,397,473)
(10) DWSRF IUP applications for construction projects	(totaling $54,081,000)

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

Theresa Enright, SRF Coordinator
Department of Natural Resources
December 19, 2023

DRAFT

FY 2024 INTENDED USE PLAN

INVESTING IN IOWA'S WATER

SRF
IOWA
STATE
REVOLVING FUND
PARTNERSHIP WITH THE IOWA FINANCE AUTHORITY
AND THE IOWA DEPARTMENT OF NATURAL RESOURCES

CLEAN WATER STATE REVOLVING FUND

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

Table of Contents

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 statue.
- ✓ 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 December[2]. 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 website[3].

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 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 website[4], the DNRs Wastewater Construction Permit website[5], 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 website[6] and are submitted to IFAs SRF Program Staff at waterquality@iowafinance.com.

General Nonpoint Source Projects: IUP applications can be found on the SRF website[7], 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 website[8].

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 website[9].

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 (EFC) resources to assist the Iowa SRF Program and disadvantaged community borrowers.

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[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 Plan[12] 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 EPC[13] 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.

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[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 Enterprise[16]
- 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 crosscutters[19]

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.

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

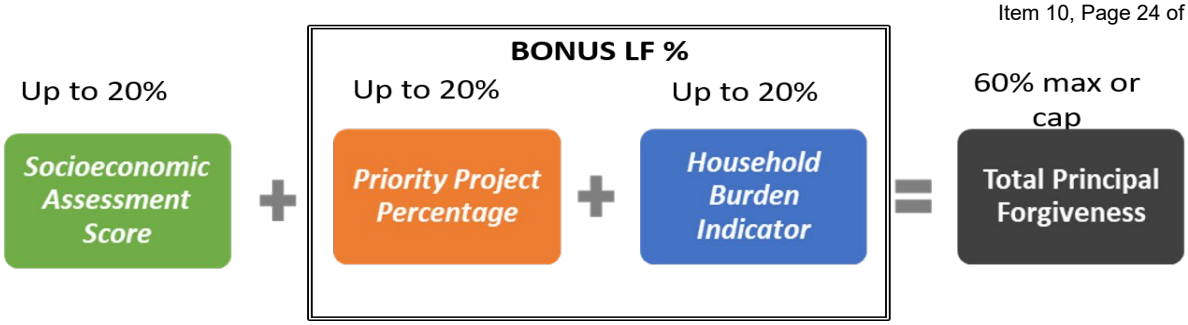
At the conclusion of SFY 2023, there was an estimated unobligated balance of LF of about $44,000 using these criteria.

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

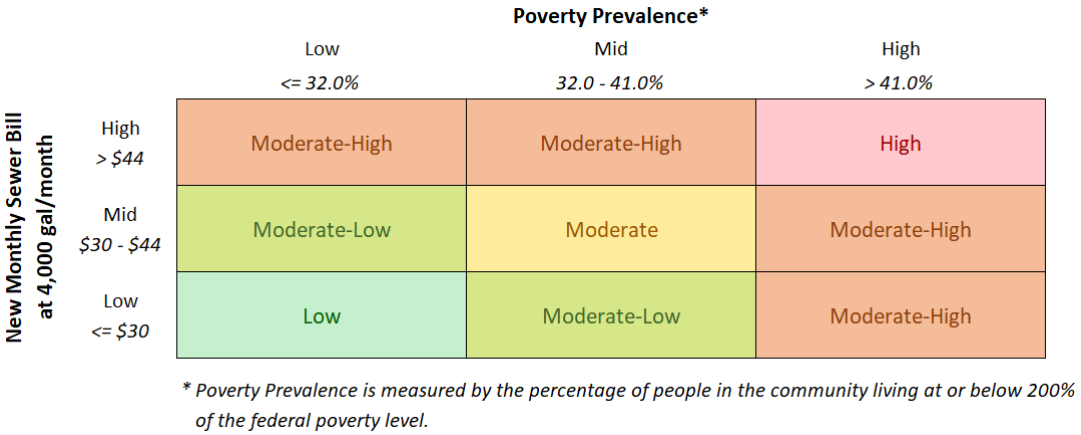
The Household Financial Burden Indicator is an assessment of a household's ability to afford the proposed project. The Assessment is made up of two components[22]:

- **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 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 days[23] 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 Uses[24]

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		
Sources of State Match		
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**
Application of State Match		
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		
Sources of State Match		
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**
Application of State Match		
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		
Sources of State Match		
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**
Application of State Match		
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 OMB[28] and EPA Signage Guidance[29] 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 systems[30]. Iowa CWSRF Program proposes oversite 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 oversite 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[33]. 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 oversite 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.

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[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.

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 will be 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.

Attachment 1 - CWSRF Project Priority List

This is a separate, sortable Excel File

												Funding Source	
Project Name	NPDES No.	CWSRF No.	Project Description	IUP Yr	Quarter	Priority Points	Project Status	Current Funding Request	Date Loan Signed	Loan Amount	Remaining Amount on IUP	Base BIL GS	BIL PFAS/EC
Dubuque	3126001	PD-CW-24-36	3 sanitary sewer replacement projects (Perry and Bradley force main & Abbot/Cottage and Knob Hill inflow/infiltration)	2024	3	P&D	P	$ 68,450				x	
Dubuque	3126001	PD-CW-24-37	Kerper Boulevard Lift Station	2024	3	P&D	P	$ 459,000				x	
Dubuque	3126001	PD-CW-24-38	Sanitary Asset Management Master Plan	2024	3	P&D	P	$ 560,000				x	
Dubuque	3126001	PD-CW-24-39	Harvard street sewer line replacement and Hempsted street sewer line replacement	2024	3	P&D	P	$ 33,000				x	
Fort Dodge	9433003	PD-CW-24-51	Supplemental to WWTP Facility Plan P&D	2024	3	P&D	P	$ 103,000				x	
Greenfield Plaza-Hills of Coventry Sanitary District	TBD	PD-CW-24-42	Sanitary sewer improvement-lift stations	2024	3	P&D	P	$ 92,000				x	
Mountour	8666001	PD-CW-24-15	Wastewater Treatment Improvements	2024	3	P&D	P	$ 220,000				x	
Oxford Junction	1361001	PD-CW-24-50	Lagoon lining project	2024	3	P&D	P	$ 92,500				x	
Schaller	8156001	PD-CW-24-43	New WWTP	2024	3	P&D	P	$ 610,000				x	
Terrace Hill Sanitary District	TBD	PD-CW-24-40	Design of New Three Celled Controlled Discharge Lagoon	2024	3	P&D	P	$ 380,000				x	
Underwood	7869001	PD-CW-24-41	Upgrade to LEMNA wastewater treatment system	2024	3	P&D	P	$ 319,400				x	
Emmetsburg	7428002	CS1921124 01	Wastewater Treatment Facility Improvements	2024	3	264	P	$ 30,000,000				x	
Bonaparte	8914001	CS1921123 01	Bonaparte Sanitary Sewer Lining Phase 1	2024	3	255	P	$ 451,000				x	
Creston	8816001	CS1921126 01	Wastewater Treatment Facility Improvements - Nutrient Reduction	2024	3	224	P	$ 5,503,000				x	
Danville	2915001	CS1921121 01	Wastewater Treatment Facility Improvements	2024	3	224	P	$ 6,603,000				x	
Goose Lake	2339001	CS1921122 01	WWTF Improvements	2024	3	224	P	$ 2,342,000				x	
Sioux City	9778001	CS1921120 01	Wastewater Treatment Plant Facility Plan Improvements	2024	3	190	P	$ 486,510,000				x	
Greenfield Plaza-Hills of Coventry Sanitary District (WRA)	No	CS1921127 01	Sanitary Sewer System Improvements	2024	3	160	P	$ 1,603,000				x	
Bettendorf	8209001	CS1921128 01	Spencer Creek Lift Station Improvements	2024	3	155	P	$ 10,352,000				x	
Greenfield	1401001	CS1921126 01	Phase 2 Collection System Improvements	2024	3	139	P	$ 2,110,500				x	
Radcliffe	4283001	CS1921125 01	Sanitary Sewer Collection System Improvements	2024	3	139	P	$ 987,000				x	
Lansing	345001	CS1921129 01	Platt, 4th & North Utility Improvements	2024	3	134	P	$ 850,000				x	
Bode	4609001	PD-CW-24-16	Wastewater Treatment Improvements	2024	2	P&D	L	$ 79,000	9/29/23	$ 79,000	$ -	x	
Bonaparte	TBD	PD-CW-24-17	Phase 1 of Collection System Improvements	2024	2	P&D	L	$ 130,000	9/29/23	$ 130,000	$ -	x	
Boone	819001	PD-CW-24-23	Wastewater Treatment Improvements	2024	2	P&D	L	$ 350,000	9/29/23	$ 350,000	$ -	x	
Grand Junction	TBD	PD-CW-24-19	Wastewater Treatment Improvements	2024	2	P&D	L	$ 320,000	9/29/23	$ 320,000	$ -	x	
Lime Springs	4535001	PD-CW-24-30	New Activated Sludge WWTF	2024	2	P&D	L	$ 1,220,000	9/22/23	$ 1,220,000	$ -	x	
Luana	2254001	PD-CW-24-20	Wastewater Treatment Facility Upgrade	2024	2	P&D	L	$ 514,000	10/20/23	$ 514,000	$ -	x	
Sioux City	9778001	PD-CW-24-21	Improvements to Renew WWTP	2024	2	P&D	L	$ 24,090,000	9/29/23	$ 24,090,000	$ -	x	
WRA	7727001	PD-CW-24-22	Connect City of Grimes	2024	2	P&D	P	$ 2,450,000				x	
Chelsea	8609001	CS1921119 01	New WWTP for ammonia and bacteria	2024	2	274	P	$ 2,311,000				x	
Algona	5502001	CS1921116 01	WWTF Nutrient Reduction Upgrade	2024	2	257	P	$ 19,707,000				x	
Anamosa	5307001	CS1921117 01	Wastewater Treatment Plant - Nutrient removal	2024	2	257	P	$ 2,222,000				x	

Project Name	NPDES No.	CWSRF No.	Project Description	IUP Yr	Quarter	Priority Points	Project Status	Current Funding Request	Date Loan Signed	Loan Amount	Remaining Amount on IUP	Funding Source	
												Base BIL GS	BIL PFAS/EC
Forest City	9525001	CS1921078 01	WWTP Nutrient Improvements	2024	2	234	P	$ 20,260,000				x	
Ames (WPCF Nutrient Reduction)	8503001	CS1921109 01	WPCF Nutrient Reduction Project	2024	2	229	P	$ 52,070,000				x	
Waterloo	790001	CS1921114 01	CIPP Lining	2024	2	162	P	$ 2,500,000				x	
Grand Junction	3730001	CS1921111 01	WWTP - new flow meters and valves	2024	2	160	P	$ 694,000				x	
Peosta	3150000	CS1921112 01	New Kapp Court Lift Station	2024	2	160	P	$ 600,000				x	
George	6028001	CS1921115 01	Sanitary Sewer Rehabilitation	2024	2	152	P	$ 903,000				x	
State Center	6484001	CS1921113 01	Wastewater Treatment Improvements - New 2045 gpm main lift station	2024	2	139	P	$ 1,592,000				x	
Bode	4609001	CS1921110 01	Phase 1 Sanitary Sewer Collection Rehab	2024	2	129	P	$ 845,000				x	
Templeton	1479001	CS1921118 01	Sanitary Sewer Rehabilitation	2024	2	129	P	$ 337,000				x	
Montour	8666001	CS1921105 01	Montour Wastewater Treatment Facility 2023 Upgrades	2024	1	345	P	$ 2,231,000				x	
Holstein	4721001	CS1921104 01	Holstein Wastewater System Improvements	2024	1	314	P	$ 6,399,000				x	
Schaller	8156001	CS1921106 01	Schaller WWTP Facility Plan	2024	1	297	P	$ 4,417,000				x	
Oxford	5260001	CS1921101 01	Upgrade Sludge Treatment Process	2024	1	292	P	$ 2,402,000				x	
Cincinnati	410001	CS1921099 01	Wastewater Treatment Facility Improvements	2024	1	274	P	$ 990,000				x	
Waterloo	790001	CS1921107 01	Replace Lift Station and Force Main	2024	1	152	P	$ 3,692,000				x	
Birmingham	8909001	CS1921100 01	Proposed Sanitary Sewer Improvements - Phase 1	2024	1	129	P	$ 417,000				x	
Lime Springs	IA4535001	CS1921102 01	2024 Street & Utility Improvements Project	2024	1	129	P	$ 5,507,000				x	
Swisher	5285001	CS1921103 01	2022 Sanitary Sewer Project	2024	1	119	P	$ 4,593,000				x	
Allerton	9303002	PD-CW-23-56	Improvements to South Wastewater Treatment Plant	2023	4	P&D	P	$ 545,000				x	
Cass County Environmental Control Agency	58255645	GNS 23-03	Cass County Landfill Closure	2023	4	GNS	L	$ 1,363,000	9/15/23	$ 1,363,000	$ -	x	
Webster City	4063001	CS1921085 01	Wastewater Treatment Facility Improvements	2023	4	314	P	$ 77,001,000				x	
Muscatine	7048001	CS1921092 01	West Hill Area Sanitary and Storm Sewer Separation Phase 6C	2023	4	240	P	$ 6,680,000				x	
Cedar Rapids	5715001	CS1921108 01	Cedar Rapids WPCF PFAS Source and Treatability Study	2023	4	182	P	$ 3,065,000					x
WRA	7048001	CS1921093 01	WRF Effluent Pumping Improvements	2023	4	180	P	$ 46,080,000				x	
Waterloo	790001	CS1921096 01	Final Clarifier No. 3 Rehabilitation	2023	4	172	R	$ 1,014,000				x	
Cumming	9123001	CS1921098 01	Sanitary Sewer Collection System Improvements	2023	4	160	P	$ 4,226,000				x	
WRA	7048001	CS1921094 01	WRA Sewer Lining Phase 3	2023	4	160	P	$ 16,735,000				x	
Sumner	970001	CS1921097 01	Sumner Wastewater Upgrades 2023	2023	4	139	P	$ 3,075,000				x	
Coralville	5208001	PD-CW-23-39	P&D For New Force Main	2023	3	P&D	L	$ 193,000	9/29/23	$ 193,000	$ -	x	
Oskaloosa	6273001	CS1921088 01	Wastewater Treatment Facility Improvements	2023	3	327	P	$ 74,420,000				x	
Treynor	7866002	CS1921091 01	Wastewater Treatment Facility Upgrades	2023	3	314	L	$ 5,021,000	10/20/23	$ 3,521,000	$ -	x	
Treynor	7866002	CS1921091 01	Wastewater Treatment Facility Upgrades	2023	3	314	L		10/20/23	$ 1,500,000	$ -	x	
Laurel	6452001	CS1921073 01	Wastewater Treatment Facility Improvements	2023	3	264	P	$ 2,094,000				x	
Swea City	5584001	CS1921087 01	Wastewater System Improvements	2023	3	264	P	$ 4,593,000				x	
Crescent	7822001	CS1921081 01	Wastewater Facility Improvements	2023	3	229	P	$ 4,038,000				x	
Coralville	5208001	CS1921086 01	Oakdale Boulevard Force Main	2023	3	152	P	$ 2,094,000				x	
Oelwein	3353001	CS1921090 01	Reed Bed Expansion and EQ Liner Replacement	2023	3	149	P	$ 1,138,000				x	

												Funding Source	
Project Name	**NPDES No.**	**CWSRF No.**	**Project Description**	**IUP Yr**	**Quarter**	**Priority Points**	**Project Status**	**Current Funding Request**	**Date Loan Signed**	**Loan Amount**	**Remaining Amount on IUP**	**Base BIL GS**	**BIL PFAS/EC**
Eagle Grove	9926001	CS1921089 01	Highway 17 Lift Station & Collection System Improvements	2023	3	129	P	$ 525,537				x	
Ely	5728001	CS1921083 01	Sanitary Sewer Rehabilitation: Phase 1	2023	3	129	P	$ 1,122,000				x	
Dubuque	3126001	PD-CW-23-15	P&D for Sanitary Sewer Improvements	2023	2	P&D	P	$ 430,000				x	
Dubuque	3126001	PD-CW-23-14	P&D for Lift Station and Force Main Improvements	2023	2	P&D	P	$ 1,000,000				x	
Ely	5728001	PD-CW-23-16	P&D for Sanitayr Mains Rehabilitation	2023	2	P&D	P	$ 184,420				x	
Johnston	N/A	GNS23-02	Channel Stabilization Projects	2023	2	GNS	P	$ 1,300,000				x	
Akron	7509001	CS1921074 01	Wastewater Treatment Facility Improvements	2023	2	305	P	$ 1,716,000				x	
Story City	8584001	CS1921082 01	Phase 2 and 3 WWTF Improvements	2023	2	265	P	$ 10,926,873				x	
Cedar Rapids	5715001	CS1921069-01	WPC Solids Improvements (Contract 2)	2023	2	182	P	$ 250,000,000				x	
Eagle Grove	9926001	CS1921072 01	Wastewater Improvements 2022	2023	2	174	L	$ 5,715,000	5/5/23	$ 3,798,000	$ 1,917,000	x	
McGregor	2258001	CS1921075 01	WWTP Influent Screen	2023	2	149	P	$ 578,000				x	
Dubuque	3126001	CS1921080 01	Eagle Street and Althauser Street Water & Sewer Replacement	2023	2	139	P	$ 393,000				x	
Farley	3135001	CS1921077 01	3rd Avenue SW Water & Sewer Improvements	2023	2	129	P	$ 2,528,000				x	
Ladora	484001	CS1921076 01	Wastewater Improvements Phase II - Ladora Main Lift Station Replacement 2023	2023	2	129	P	$ 999,000				x	
Dedham	1433001	PD-CW-23-06	P&D for Lagoon Improvements	2023	1	P&D	P	$ 326,500				x	
Mingo	5052001	CS1921012 01	Wastewater Treatment Plant Improvements	2023	1	250	P	$ 1,685,000				x	
Cherokee	1811002	CS1921057 01	WRF Nutrient Reduction Improvements	2023	1	234	P	$ 7,088,000				x	
Fostoria	2122001	CS1921066-01	2022 Sanitary Sewer Rehabilitation	2023	1	160	L	$ 615,000	8/11/23	$ 615,000	$ -	x	
Hospers	8439001	CS1921067 01	2nd Ave Paving & Utility Improvements	2023	1	152	L	$ 1,288,000	8/11/23	$ 644,000	$ -	x	
Hospers	8439001	CS1921067 01	2nd Ave Paving & Utility Improvements	2023	1	152	L		8/11/23	$ 644,000	$ -	x	
Ionia	1946001	CS1921068 01	Wastewater Improvements	2023	1	149	P	$ 663,300				x	
Dubuque	3126001	CS1921070 01	Auburn-Custer Sanitary Sewer Reconstruction	2023	1	139	P	$ 439,000				x	
Coralville	5208001	CS1921071 01	Central Trunk Sewer	2023	1	127	L	$ 6,200,000	9/8/23	$ 2,651,000	$ 3,549,000	x	
Milo	9155001	CS1921054 01	Wastewater Treatment Facility Improvements	2022	4	272	L	$ 4,762,000	3/31/2023	$ 975,000	$ -	x	
Milo	9155001	CS1921054 01	Wastewater Treatment Facility Improvements	2022	4	272	L		9/1/2023	$ 3,787,000	$ -	x	
Earlham	6115001	CS1921055 01	Earlham Lagoon Upgrades	2022	4	264	L	$ 6,241,000	12/9/2022	$ 2,475,000	$ 1,366,000	x	
Earlham	6115001	CS1921055 01	Earlham Lagoon Upgrades	2022	4	264	L		7/14/2023	$ 2,400,000	$ -	x	
Primghar	7155001	CS1921051 01	WWTF Improvements	2022	4	224	R	$ 6,173,000				x	
Winfield	4493001	CS1921053 01	Wastewater Treatment Plant Improvements	2022	4	222	L	$ 5,098,000	5/26/2023	$ 4,000,000	$ 1,098,000	x	
Muscatine	7048001	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	3338001	CS1921059 01	WWTP Liner Replacement	2022	4	180	R	$ 336,000				x	
Whittemore	5595001	CS1921050 01	Sanitary Sewer Collection System I/I Reduction - Phase 1A	2022	4	154	L	$ 565,000	7/28/2023	$ 565,000	$ -	x	
Johnston	7740002	CS1921062 01	NW Area Sanitary Sewer Extension	2022	4	135	R	$ 17,620,735				x	
Defiance	8315001	PD-CW-22-47	P&D for WWTF Improvements	2022	3	P&D	P	$ 185,000				x	
Lake City	1345003	CS1921042 01	Phase 2 & 3 Lake City WWTF Improvements - Lift Station & Treatment Facility	2022	3	254	P	$ 8,234,000				x	
Allison	1203001	CS1921039 01	WWTF Improvements	2022	3	249	L	$ 3,256,000	10/13/2023	$ 3,256,000	$ -	x	
Riceville	6670001	CS1921046 01	WWTF Improvements	2022	3	219	P	$ 3,412,096				x	
Winterset	6171001	CS1921038 01	WWTF Improvements	2022	3	219	P	$ 18,898,000				x	

												Funding Source	
Project Name	NPDES No.	CWSRF No.	Project Description	IUP Yr	Quarter	Priority Points	Project Status	Current Funding Request	Date Loan Signed	Loan Amount	Remaining Amount on IUP	Base BIL GS	BIL PFAS/EC
Dubuque	3126001	CS1921049 01	Granger Creek Sanitary Sewer Improvements	2022	3	180	P	$ 3,065,552				x	
Monona	02264001	CS1921045 01	Central Service Area Wastewater Collection System Rehabilitation	2022	3	145	R	$ 212,000				x	
Stockport	0061603	CS1921047 01	Sewer System Rehab	2022	3	139	P	$ 332,000				x	
Lake City	1345003	PD-CW-22-24	P&D for Flow Monitoring, Lift Station and WWTF Improvements	2022	2	P&D	P	$ 579,500				x	
Morning Sun	5857001	CS1921036 01	WWTP Improvements	2022	2	250	P	$ 1,972,500				x	
Saint Ansgar	6673001	CS1921035 01	WWTF UV Disinfection	2022	2	239	P	$ 376,000				x	
WRA	7727001	CS1921032 01	WRF Phosphorus Recovery Facility	2022	2	205	P	$ 30,000,000				x	
WRA	7727001	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	x	
Dubuque	3126001	CS1921034 01	Old Mill Rd. Lift Station and Force Main	2022	2	154	P	$ 25,467,000				x	
Nashua	1967001	CS1921027 01	Greeley Street Water & Sanitary Improvements	2022	2	139	P	$ 164,000				x	
Lytton	9133001	CS1921025 01	Sanitary Sewer Force Main Replacement	2022	2	134	P	$ 479,000				x	
WRA	7727001	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	NA	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	$ 2,600,000				x	
Monticello	5343001	CS1921009 01	New Activated Sludge Plan with Nurtient Removal	2022	1	260	P	$ 14,497,000				x	
Frederika	922001	CS1921013 01	I&I Repares & Adding Capacity to CDL	2022	1	254	P	$ 2,153,000				x	
Leland	9549001	CS1921016 01	2-Cell Aerated Lagoon, SAGR & UV	2022	1	237	P	$ 1,349,000				x	
Fort Madison	5625001	CS1921017 01	10th Street Combined Sewer Separation	2022	1	224	P	$ 4,463,000				x	
Terrace Hill	3500900	CS1921019 01	New Pumping Station to Connect to City of Hampton	2022	1	194	P	$ 2,008,600				x	
Humeston	9348001	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	
Montpelier	N/A	PD-CW-21-68	P&D for Updates to Existing Wastewater Treatment Facility	2021	4	P&D	P	$ 100,000				x	
Saint Ansgar	N/A	PD-CW-21-71	P&D for UV Disinfection Construction	2021	4	P&D	P	$ 32,000				x	
Saint Ansgar	N/A	PD-CW-21-72	P&D for Sanitary Sewer Trunline Construction	2021	4	P&D	P	$ 64,400				x	
Marengo	4843001	CS1921008 01	Wastewater Facility Improvements-UV and discharge to larger stream	2021	4	249	P	$ 5,863,000				x	
Ridgeway	9680001	CS1920991 01	SAGR & UV	2021	4	245	L	$ 2,483,000	9/29/23	$ 2,483,000	$ -	x	
Savage	9400900	CS1921004 01	Wastewater Treatment Improvements-SAGR and UV	2021	4	245	L	$ 1,465,000	9/8/23	$ 1,465,000	$ -	x	
Festina	9600302	CS1921002 01	Wastewater Treatment Facility Improvements-SAGR and UV	2021	4	235	P	$ 571,000				x	
Lake City	1345003	CS1920986 01	Phase 1 Wastewater Treatment Facility Improvements - Flow Monitoring	2021	4	144	P	$ 163,000				x	
St. Ansgar	6673001	CS1921003 01	Sanitary Sewer Trunkline	2021	4	135	R	$ 331,000				x	

Project Name	NPDES No.	CWSRF No.	Project Description	IUP Yr	Quarter	Priority Points	Project Status	Current Funding Request	Date Loan Signed	Loan Amount	Remaining Amount on IUP	Funding Source	
												Base BIL GS	BIL PFAS/EC
Maquoketa	4950001	CS1920988 01	BNR Addition to Existing Plant	2021	3	275	L	$ 14,384,000	4/14/23	$ 10,384,000	$ 4,000,000	x	
Traer	8681001	CS1920999 01	Sewer Rehab, UV and Relocation of Outfall	2021	3	259	L	$ 1,805,000	12/9/22	$ 877,000	$ 928,000	x	
Traer	8681001	CS1920999 01	Sewer Rehab, UV and Relocation of Outfall	2021	3	259	R	$ 896,000				x	
Dougherty	1722001	CS1920993 01	Low Pressure Collection System with 3-Cell Lagoon	2021	3	232	L	$ 1,401,000	12/9/22	$ 924,000	$ -	x	
Dougherty	1722001	CS1920993 01	Low Pressure Collection System with 3-Cell Lagoon	2021	3	232	L		8/11/23	$ 477,000	$ -	x	
Mount Ayr	805501	CS1920984 01	WW System Improvements	2021	2	195	P	$ 412,000				x	
Anamosa	5307001	CS1920985 01	WWTP Flow Equalization Basin	2021	2	155	P	$ 4,475,000				x	
Dyersville	313001	CS1920980 01	Westlinden Lift Station	2021	2	150	P	$ 2,764,000				x	
Lovilia	6858001	PD-CW-21-04	P&D for construction of WW TX facility	2021	1	P&D	P	$ 154,000				x	
Ottumwa	58611	CS1920972 01	Blake's Branch Sewer Separation Phase 8, Divisio 2, 3A, 3B, 3C, 3D	2021	1	205	P	$ 40,000,000				x	
McGregor	2258001	CS1920974 01	Main Street Utility Upgrades and Front Street Lift Station	2021	1	162	L	$ 4,934,000	4/8/22	$ 2,101,000	$ 2,833,000	x	
Wayland	4490001	CS1920968 01	Sewer Rehab & Lagoon Upgrade	2021	1	154	L	$ 1,000,000	9/4/20	$ 683,000	$ 317,000	x	
Vinton	688001	CS1920969 01	WWTP Upgrades	2021	1	145	P	$ 7,393,000				x	
Dickinson County	N/A	GNS 20-03	Francis Sites Wetland Project	2020	4	N/A	R	$ 500,000				x	
Toledo	8676001	CS1920957 01	Sanitary Sewer Improvements	2020	4	154	P	$ 633,000				x	
Rickardsville	3175001	CS1920956 01	Sanitary Sewer Collection System Improvements 2020	2020	4	114	R	$ 1,032,000				x	
Nevada	8562001	CS1920945 01	Wastewater Treatment Facility Improvements	2020	3	234	L	$ 58,318,000	1/29/21	$ 1,360,000	$ 16,120,000	x	
Nevada	8562001	CS1920945 01	Wastewater Treatment Facility Improvements	2020	3	234	L		4/30/21	$ 10,000,000	$ -	x	
Nevada	8562001	CS1920945 01	Wastewater Treatment Facility Improvements	2020	3	234	L		1/28/22	$ 10,000,000	$ -	x	
Nevada	8562001	CS1920945 01	Wastewater Treatment Facility Improvements	2020	3	234	L		9/30/22	$ 20,838,000	$ -	x	
Pomeroy	1363001	CS1920951 01	Sanitary Sewer System Improvements	2020	3	134	P	$ 1,980,000				x	
Runnels	7774001	CS1920943 01	Wastewater Treatment Facility Expansion	2020	2	282	P	$ 3,557,000				x	
WRA	7727001	CS1920934 01	WRA Sewer Lining	2020	2	170	L	$ 43,441,125	12/20/19	$ 12,000,000	$ 20,441,125	x	
WRA	7727001	CS1920934 01	WRA Sewer Lining	2020	2	170	L		12/16/22	$ 11,000,000	$ -	x	
Waterloo (Titus Lift Station and Force Main)	0790001	CS1920935 01	New Titus lift station and force main	2020	2	140	P	$ 5,170,000				x	
Solon	5282001	CS1920942 01	North Trunk Sewer	2020	2	119	P	$ 1,247,000				x	
Glidden	1438001	CS1920929 01 (g1)	Wastewater Treatment Plant Improvements	2020	1	224	L	$ 3,980,000	3/5/2021	$ 2,900,000	$ 1,080,000	x	
Peosta	3150000	1920912 01	New mechanical plant, activated sludge, nutrient removal, disinfection, sludge handling	2019	4	264	L	$ 8,184,000	10/9/20	$ 8,184,000	$ -	x	
Peosta	3150000	1920912 01	New mechanical plant, activated sludge, nutrient removal, disinfection, sludge handling	2019	4	264	L	$ 553,000	10/6/23	$ 553,000	$ -	x	
Sumner	0970001	CS1920916 01	Sewer relocation and new pumping sstation	2019	4	149	P	$ 998,000				x	
Ottumwa	9083001	PD-CW-19-29	Construction of new separate sanitary sewer throughout Blake's Branch Basin	2019	2	P&D	P	$ 3,900,000				x	
Lake Mills	9545001	CS1920894 01	WWTF Improvements (SAGR)	2019	2	277	P	$ 1,799,000				x	
Osceola	2038002	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	x	
Waterloo (Sanitary Gatewell Repairs	0790001	CS1920884 01	new gate wells and sanitary sewer	2019	1	185	L	$ 8,247,000	5/13/22	$ 4,202,000	$ -	x	

Project Name	NPDES No.	CWSRF No.	Project Description	IUP Yr	Quarter	Priority Points	Project Status	Current Funding Request	Date Loan Signed	Loan Amount	Remaining Amount on IUP	Funding Source: Base BIL GS	Funding Source: BIL PFAS/EC
Waterloo (Sanitary Gatewell Repairs	0790001	CS1920884 01	new gate wells and sanitary sewer	2019	1	185	L		8/25/23	$ 4,045,000	$ -	x	
Sioux City	9778001	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	$ 6,928,000	$ 15,055,398	x	
Sioux City	9778001	CS1920813 01	Improve various treatment plant equipment to renew initial capacity, improve performance, improve reliability and generate biogas.	2017	2	217	L		11/13/20	$ 10,000,000	$ -	x	
Algona	5502001	PD-CW-17-04	Rehabilitation and reconstruction of the sanitary sewer collection system	2017	1	P&D	P	$ 130,000				x	
Oelwein	3353001	PD-CW-16-40	Installation of new sanitary sewer	2016	4	P&D	P	$ 33,500				x	
Ames	8503001	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	1/27/23	$ 4,071,000	$ 4,843,625	x	
Ames	8503001	CS1920741 02	Address Infiltration and inflow into the City's sanitary sewer system utilizing a variety of rehabilitation techniques.	2016	4	145	L		1/27/23	$ 8,357,000	$ -	x	
Ames	8503001	CS1920741 02	Address Infiltration and inflow into the City's sanitary sewer system utilizing a variety of rehabilitation techniques.	2016	4	145	L		8/18/23	$ 2,150,000	$ -	x	
Mapleton	6727001	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	0743001	CS1920620 01	Wastewater treatment plant improvements	2012	3	220	L	$ 12,712,000	9/22/23	$ 12,712,000	$ -	x	
								$ 1,804,453,910		$ 247,384,000			

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 Noumber
Planning Stage -- P	IUP YR = Intended Use Plan Year
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

SRF
IOWA
STATE
REVOLVING FUND
PARTNERSHIP WITH THE IOWA FINANCE AUTHORITY
AND THE IOWA DEPARTMENT OF NATURAL RESOURCES

DRINKING WATER STATE REVOLVING FUND

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

Table of Contents

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 statue.
- ✓ 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 December[2]. 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 website[3].

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 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 website[4] 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 website[5] and the DNR's Drinking Water SRF website[6], 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 website[7].

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 (EFC) 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 website[11] 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 Enterprise[13]
- 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-cutters[15]

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.

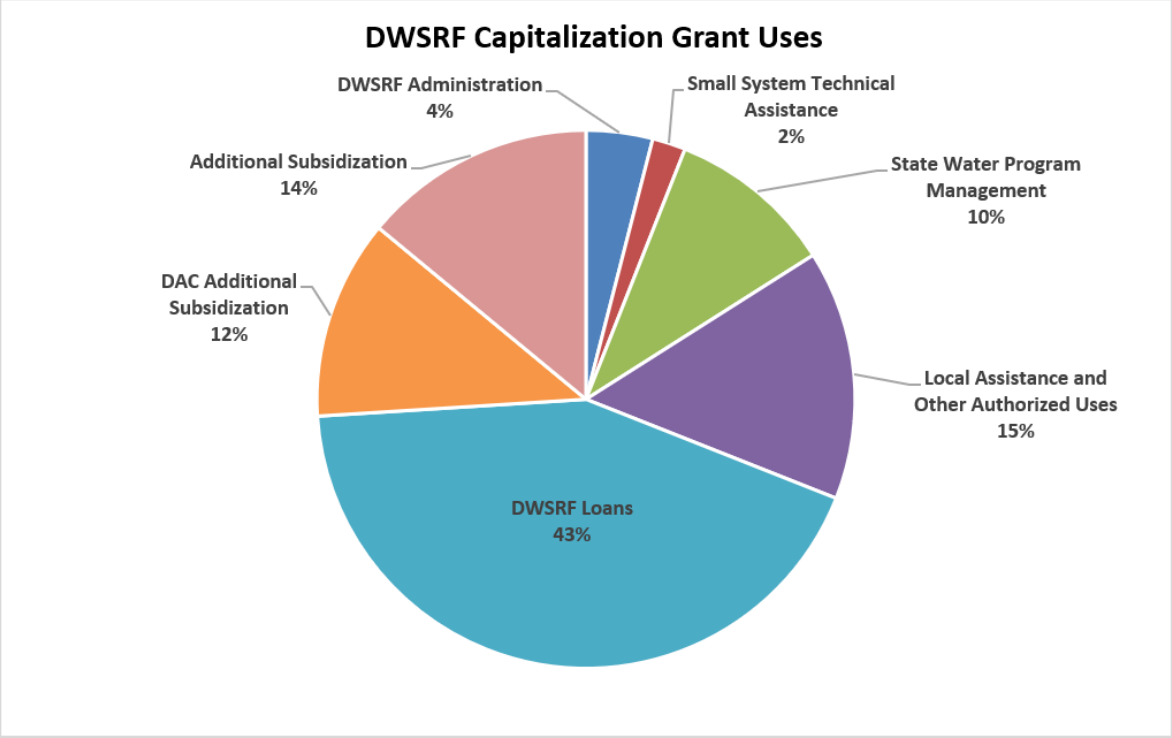
SENIOR ENVIRONMENTAL EMPLOYEE (SEE) SALARY FUNDS DEDUCTED FROM CAPITALIZATION GRANT

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.

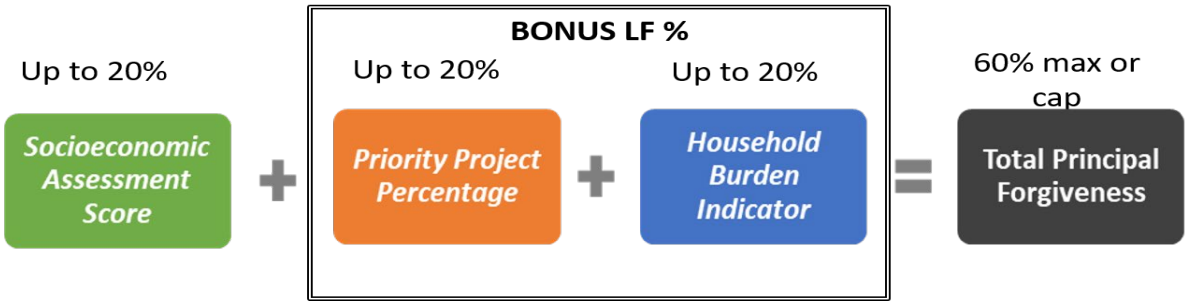
FFY 2022	LF Required	LF Obligated	LF Available to Award
DWSRF Base Cap Grant	$2,886,260	$1,514,400*	$1,371,860
DWSRF BIL General Supplemental Fund	$13,966,960	$0	$13,966,960

*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*

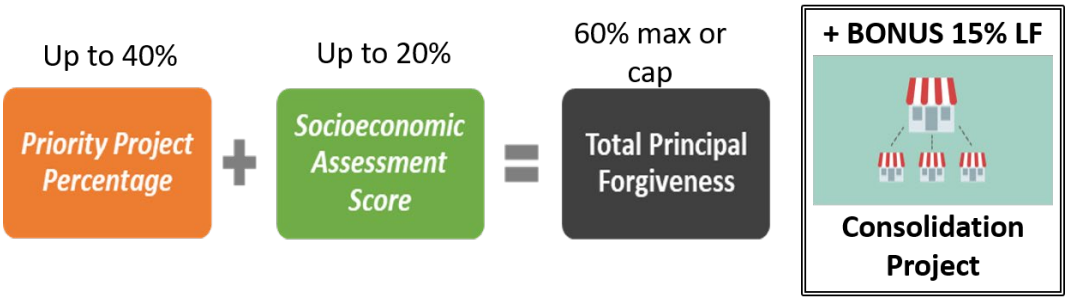
*This is based on an award amount that is anticipated to be received by SFY 2024 but has not been received as of the publication of this DRAFT IUP.

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 components[18]:

- **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:

New Monthly Water Bill at 4,000 gal/month	Poverty Prevalence* Low <= 32.0%	Mid 32.0 - 41.0%	High > 41.0%
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 days[19] 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 Uses[20]

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		
Sources of State Match		
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**
Application of State Match		
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		
Sources of State Match		
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**
Application of State Match		
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		
Sources of State Match		
Surplus State Match from Prior Year(s)		$5,304,900
Total DW State Match Available		**$5,304,900**
Application of State Match		
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 OMB[25] and EPA Signage Guidance[26] 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 systems[27]. 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 guidance[30]. 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.

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 will be 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.

Attachment 1 - DWSRF Project Priority List

This is a separate, sortable Excel File

												Funding Source		
Project Name	DWSRF No.	Project Description	IUP Yr	Qtr	Priority Points	Population	Project Status	Current Funding Request	Date Loan Signed	Loan Amount	Remaining Amount on IUP	Base BIL GS	PFAS/EC	LSL
Greenfield Municipal Utilities	PD-DW-24-44	Treatment System Improvements	2024	3	P&D	2160	P	$ 1,400,000.00				x		
Tabor	PD-DW-24-45	Automatic control and maintenance system and water main replacement	2024	3	P&D	456	P	$ 172,500.00				x		
Elk Horn	PD-DW-24-46	Water system improvements	2024	3	P&D	320	P	$ 142,200.00				x		
Essex	PD-DW-24-47	New water main, elevated storage tank, and filter media replacement	2024	3	P&D	740	P	$ 307,000.00				x		
Hinton	PD-DW-24-48	WTP upgrades and new well	2024	3	P&D	946	P	$ 680,000.00				x		
Yale	PD-DW-24-49	Water treatment plant improvements	2024	3	P&D	267	P	$ 70,000.00				x		
Fort Dodge	PD-DW-24-52	Supplemental to Future Needs PER P&D	2024	3	P&D	25206	P	$ 92,000.00				x		
Tiffin	PD-DW-24-35	Pilot of Reverse Osmosis System	2024	3	P&D	5282	P	$ 143,773.49				x		
Knoxville	PD-DW-24-34	Replacing Well #2 and Recasing Well #3	2024	3	P&D	14945	P	$ 230,000.00				x		
Johnston	PD-DW-24-33	Water Main Improvement for NW Saylorville Annexation	2024	3	P&D	24195	P	$ 1,160,000.00				x		
La Motte	FS-49-24-DWSRF-030	Proposed Municipal Well #3	2024	3	55	237	P	$ 1,573,000.00				x		
Knoxville Water Works	FS-63-24-DWSRF-032	Deep Well No 2 and 3 Evaluation	2024	3	45	8480	P	$ 5,701,000.00				x		
Greenfield Municipal Utilities	FS-01-24-DWSRF-036	Water Treatment Plant Improvements	2024	3	45	2062	P	$ 20,000,000.00				x		
Marble Rock	FS-34-24-DWSRF-031	Water System Improvements Project	2024	3	40	271	P	$ 604,000.00				x		
West Point Municipal Water System	FS-56-24-DWSRF-033	2023 Water Main Improvements	2024	3	40	921	P	$ 528,000.00				x		
Keokuk Municipal Water Works	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		
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	P	$ 1,002,000.00				x		
Kingsley	FS-75-24-DWSRF-040	Water System Improvements	2024	3	25	1396	P	$ 7,136,000.00				x		
Boone	PD-DW-24-18	Water Treament Facility Improvements	2024	2	P&D	12460	L	$ 140,000.00	9/29/23	$ 140,000.00	$ -	x		
Le Grand	PD-DW-24-26	Water Main Replacement	2024	2	P&D	905	P	$ 121,000.00				x		
Prairie City	PD-DW-24-27	Water Main Improvements	2024	2	P&D	1700	P	$ 374,000.00				x		
Van Meter	PD-DW-24-28	New Membrane Treatment Plant	2024	2	P&D	1500	L	$ 600,000.00	9/29/23	$ 600,000.00	$ -	x		
West Branch	PD-DW-24-29	Water Line/ Main Replacement	2024	2	P&D	2509	L	$ 54,700.00	9/29/23	$ 54,700.00	$ -	x		
Lime Springs	PD-DW-24-31	Storage Improvements	2024	2	P&D	473	L	$ 510,000.00	9/22/23	$ 510,000.00	$ -	x		
Central City (PFAS/EC)	FS-57-24-DWSRF-027	New Well	2024	2	80	1264	C	$ 2,085,000.00				x	x	
Tama (PFAS/EC)	FS-86-24-DWSRF-014	Water Treatment Plant Improvements	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		
Fairfax	FS-57-24-DWSRF-020	Production Well #4	2024	2	45	2828	P	$ 809,000.00				x		
Van Meter	FS-25-24-DWSRF-019	New Shallow Well & Water Main	2024	2	45	1650	P	$ 1,500,000.00				x		
Ellsworth	FS-40-24-DWSRF-025	Elevated Tower Improvements	2024	2	45	508	P	$ 3,123,000.00				x		
Le Grand	FS-64-24-DWSRF-026	2023 Water Distribution Improvements	2024	2	40	905	P	$ 1,026,000.00				x		
Newton	FS-50-24-DWSRF-015	Newton Jordan Well	2024	2	35	16391	P	$ 6,392,000.00				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		

												Funding Source		
Project Name	DWSRF No.	Project Description	IUP Yr	Qtr	Priority Points	Population	Project Status	Current Funding Request	Date Loan Signed	Loan Amount	Remaining Amount on IUP	Base BIL GS	PFAS/EC	LSL
Des Moines Water Works	FS-77-24-DWSRF-021	2023 Aquifer Storage and Recovery (ASR) Well	2024	2	35	160000	P	$ 10,703,000.00				x		
Greene	FS-12-24-DWSRF-018	2024 Water System Improvements Project	2024	2	30	990	P	$ 694,000.00				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		
Madrid	FS-08-24-DWSRF-028	Well #10 Access Road	2024	2	30	2802	P	$ 129,000.00				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	F Ave NW and 13th St NW Water Service Line Transfers	2024	2	20	141063	C	$ 241,000.00						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
Clarence	PD-DW-24-14	Distribution System Improvements	2024	1	P&D	975	L	$ 130,000.00	9/1/23	$ 130,000.00	$ -	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	7/14/23	$ 1,503,400.00	$ -	x		
Des Moinesw Water Works	PD-DW-24-06	Saylorville Plant Expansion	2024	1	P&D	600000	L	$ 10,599,673.00	7/14/23	$ 10,599,673.00	$ -	x		
Grinnell	FS-79-24-DWSRF-006	Water System Improvements	2024	1	90	9564	P	$ 35,000,000.00				x		
Rock Valley (PFAS/EC)	FS-84-24-DWSRF-001	Water System Study Phase II - System Improvements	2024	1	55	3730	P/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		
Fort Dodge	FS-94-24-DWSRF-007	Water Main Replacement	2024	1	30	24912	P	$ 11,217,000.00				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		
Dubuque (Phase 3 LSL)	FS-31-24-DWSRF-011	Lead Service Line Replacement Phase 3	2024	1	20	58983	C	$ 12,794,000.00						x
Dubuque (Phase 2 LSL)	FS-31-24-DWSRF-010	Lead Service Line Replacement Phase 2	2024	1	20	58983	C	$ 11,848,000.00						x
Council Bluffs (LSL)	FS-78-24-DWSRF-009	Lead Service Line Replacement	2024	1	20	62799	C	$ 2,525,000.00						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
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
Iowa American Water - Clinton (LSL)	FS-23-24-DWSRF-003	2023 Clinton Water System Lead Service Line Replacement	2024	1	20	87	C	$ 920,000.00						x
Schaller	PD-DW-23-52	Water System Improvements	2023	4	P&D	729	P	$ 614,000.00				x		
Burlington (PFAS/EC)	FS-29-23-DWSRF-085	Water Supply and Treatment Improvements	2023	4	60	23713	C	$ 3,499,000.00				x	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		
Schaller	FS-81-23-DWSRF-082	Water System Improvements	2023	4	45	729	P	$ 4,841,000.00				x		
Polk City	FS-77-23-DWSRF-077	1.5 MG Elevated Storage Tank	2023	4	45	5899	P	$ 7,582,000.00				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		
Burlington (PFAS/EC)	FS-29-23-DWSRF-084	New Jordan Wells Project	2023	4	45	23713	C	$ 16,356,000.00				x	x	
Madrid	FS-08-23-DWSRF-076	Water Transmission Main (Phase 1)	2023	4	40	2802	P	$ 1,932,000.00				x		
Madrid	FS-08-23-DWSRF-076	#10 Access Road (Phase 2)	2023	4	40	2802	P	$ 129,000.00				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		
Ainsworth	FS-92-23-DWSRF-069	Water Main Replacement	2023	4	40	511	P	$ 490,000.00				x		
Palmer	FS-76-23-DWSRF-074	Water System Improvement	2023	4	35	138	P	$ 615,000.00				x		
Marshalltown	FS-64-23-DWSRF-079	New 6 MGD RO Membrane Process Train	2023	4	35	27591	P	$ 36,254,000.00				x		
Cedar Rapids (PFAS)	FS-57-23-DWSRF-078	Drinking Water PFAS Source and Treatability Study	2023	4	35	150000	P	$ 2,513,000.00				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	10/20/23	$ 901,000.00	$ -	x		
Burlington (LSL)	FS-29-23-DWSRF-086	Lead Service Line Replacement	2023	4	30	23713	C	$ 788,000.00						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				x		
Dubuque	FS-31-23-DWSRF-080	Supervisory Control and Data Acquisition (SCADA) Upgrade	2023	4	15	58983	P	$ 2,170,000.00				x		

												Funding Source		
Project Name	DWSRF No.	Project Description	IUP Yr	Qtr	Priority Points	Population	Project Status	Current Funding Request	Date Loan Signed	Loan Amount	Remaining Amount on IUP	Base BIL GS	PFAS/EC	LSL
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		
Hampton	FS-35-23-DWSRF-033	Water System Improvements	2023	3	45	4350	P	$ 2,350,000.00				x		
Central City	FS-57-23-DWSRF-025	New Elevated Storage Tank	2023	3	45	1264	P	$ 4,179,000.00				x		
Rudd	FS-34-23-DWSRF-031	Water System Improvements Phase II - Water Tower Rehab	2023	3	40	369	P	$ 419,000.00				x		
Thompson	FS-95-23-DWSRF-020	Water Main Replacement	2023	3	40	502	P	$ 451,000.00				x		
Terril	FS-30-23-DWSRF-066	Water Treatment Equipment Replacement	2023	3	35	334	P	$ 1,206,000.00				x		
Iowa American Water - Quad Cities	FS-82-23-DWSRF-026	Elevated Storage Tank and Booster Station	2023	3	35	52807	P	$ 8,362,000.00				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		
Clarence	FS-16-23-DWSRF-022	7th Ave Water Main	2023	3	30	1039	P	$ 2,392,000.00				x		
Corwith	FS-41-23-DWSRF-021	Water Main Replacement	2023	3	30	266	P	$ 340,000.00				x		
Osceola County Rural Water System	FS-72-23-DWSRF-032	North Phase WTP Expansion	2023	3	25	5415	R	$ 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	P	$ 11,616,000.00				x		
Ankeny	FS-77-23-DWSRF-028	NW Irvinedale Elevated Storage Tank	2023	3	20	70287	P	$ 11,840,000.00				x		
Ely	PD-DW-23-19	P&D for Water Main System Rehabiliation	2023	2	P&D	2328	P	$ 184,420.00				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		
Carter Lake	PD-DW-23-23	P&D for Water Line & Pipe Replacement	2023	2	P&D	3791	P	$ 725,000.00				x		
Montezuma Municipal Water Works	FS-79-23-DWSRF-017	New Jordan Well Construction	2023	2	55	1442	P	$ 2,734,000.00				x		
Carter Lake	FS-78-23-DWSRF-018	Water System Improvements	2023	2	55	3791	P	$ 9,267,000.00				x		
Bondurant Municipal Water Supply	FS-77-23-DWSRF-011	Elevated Storage Tank New Construction	2023	2	45	7500	L	$ 7,750,000.00	7/21/23	$ 7,750,000.00	$ -	x		
Oskaloosa Municipal Water Department	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	P	$ 859,000.00				x		
Milford Municipal Utilities	FS-30-23-DWSRF-010	New Water Treatment Facility Construction	2023	2	25	3629	P	$ 21,106,500.00				x		
Dubuque (Phase 1 LSL)	FS-31-23-DWSRF-012	Lead Service Line Replacement Phase 1	2023	2	20	58983	C	$ 9,209,000.00						x
Dubuque	FS-31-23-DWSRF-013	Eagle Street and Althauser 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	P	$ 8,993,000.00				x		
Yale	FS-39-23-DWSRF-008	New Well	2023	1	40	267	P	$ 400,000.00				x		
Mount Vernon	FS-57-23-DWSRF-004	Water Meter Replacement	2023	1	30	4527	P	$ 905,000.00				x		
Spillville	FS-96-23-DWSRF-007	New Booster Station and Ground Storage Reservoir	2023	1	30	385	P	$ 1,781,000.00				x		
Auburn	FS-81-23-DWSRF-001	Water Treatment Plant Filter Replacement	2023	1	25	315	P	$ 150,000.00				x		
Ankeny	PD-DW-22-57	P&D for Construction of Water Main Transmission	2022	4	P&D	N/A	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	6267	P	$ 5,278,000.00				x		
Protivin	FS-45-22-DWSRF-029	Water System Improvements	2022	4	50	269	P	$ 304,000.00				x		

												Funding Source		
Project Name	DWSRF No.	Project Description	IUP Yr	Qtr	Priority Points	Population	Project Status	Current Funding Request	Date Loan Signed	Loan Amount	Remaining Amount on IUP	Base BIL GS	PFAS/EC	LSL
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 Systemt	2022	3	45	1690	P	$ 7,068,000.00				x		
Dubuque	FS-31-22-DWSRF-025	2022 Water System Improvements	2022	3	35	1830	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		
Nashua	FS-19-22-DWSRF-016	Greeley Street Water & Sanitary Improvements	2022	2	30	1663	P	$ 259,000.00				x		
Mitchellville	FS-77-22-DWSRF-015	Water Distribution System Improvements	2022	2	30	2254	L	$ 2,655,000.00	10/6/23	$ 2,655,000.00	$ -	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	9/29/23	$ 621,000.00	$ -	x		
Fontanelle	FS-01-22-DWSRF-006	Water System Improvements	2022	1	35	223	P	$ 1,499,000.00				x		
Essex	PD-DW-21-53	P&D for Drinking Water System Upgrades	2021	4	P&D	798	P	$ 30,000.00				x		
Neola	PD-DW-21-56	P&D for Water Distribution System Replacement	2021	4	P&D	842	P	$ 371,094.00				x		
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	12/3/21	$ 376,000.00	$ -	x		
Elkhart	FS-77-21-DWSRF-018	Water Treatment Facility Expansion	2021	3	45	683	L		10/13/23	$ 5,300,000.00	$ -	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/EC)	FS-85-21-DWSRF-009	North River Valley Well field & Pipeline	2021	2	35	58965	L/C	$ 12,161,000.00	6/28/23	$ 12,161,000.00	$ -	x	x	
Ames	FS-85-21-DWSRF-010	Water Treatment Plant Demolition	2021	2	15	58965	L	$ -	8/26/22	$ 3,500,000.00	$ -	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		
Melvin	FS-72-20-DWSRF-033	Storage Tank Rehabilitation	2020	4	55	201	P	$ 422,100.00				x		
Dayton	FS-94-20-DWSRF-031	Municipal Water Well Reconstruction and Water Main Repair	2020	4	55	837	P	$ 685,000.00				x		
Westgate	FS-33-20-DWSRF-024	Connection to IRUA	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 Point Third Master Maintenance Association	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 (1)	Water System Improvements	2020	3	35	224	L	$ 2,818,000.00	8/26/22	$ 1,785,000.00	$ 1,033,000	x		
Park View Water & Sanitary District	FS-82-20-DWSRF-006	WTP #2 Improvements	2020	2	45	2389	L	$ 2,509,000.00	7/10/20	$ 1,670,000.00	$ 839,000	x		
Somers	FS-13-19-DWSRF-028	Municipal Water Filtration Improvements	2019	4	35	113	P	$ 355,000.00				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		
Bellevue	PD-DW-19-15	Construction of 2700 sf Radium Treatment Facility	2019	2	P&D	2191	P	$ 285,000.00				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		

Project Name	DWSRF No.	Project Description	IUP Yr	Qtr	Priority Points	Population	Project Status	Current Funding Request	Date Loan Signed	Loan Amount	Remaining Amount on IUP	Funding Source		
												Base BIL GS	PFAS/EC	LSL
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	3/8/19	$ 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				x		
Farmington	FS-89-16-DWSRF-006 (2)	Water meter replacement	2016	2	40	664	R	$ 117,000.00				x		
								$ 773,553,995.49		$ 50,813,773.00				

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

#23ESDLQBAClar-0001

Decision Item #11

Commission approval is requested for a contract with Environmental Systems Research Institute, Inc. ("Esri"), of Redlands, CA.

Contract Terms:

Amount: Not to exceed $500,000
Dates: February 9, 2024 to February 9, 2027.

Funding Source(s): Multiple state and federal funding sources which are determined by DNR program supervisors annually depending on their budgets. The following is a list of the funding sources utilized in 2022:

Air Contaminant Source Fund
Animal Agricultural Compliance
Brownfields (Federal)
Environment First
Fish & Wildlife Trust Fund
FWTF, RIIF, MFT, GWPF, REAP, ATV/Snowmobile Reg Fees
G82 Floodplain Management Program
General Fund
Groundwater Protection Fund
NPDES Permit Fund
State Revolving Fund

Contract Purpose: This contract is for the purposes of providing annual software maintenance (described in Attachment A) for the ESRI software products purchased by DNR.

The DNR is heavily reliant upon Geographic Information System (GIS) software to provide support for decision making, data analysis and direct support to our customers. The software is utilized in nearly every environmental and conservation and recreation program at the Department. Environmental programs use the software to inform water quality processes, assess watershed projects, understand the distribution of pollutants to water, air and land, and delimit floodplain boundaries, among many other uses. Server-based GIS software is used to create the mapping components added to electronic applications/databases used by many DNR environmental programs.

Software maintenance is required to keep software up-to-date functionally and to maintain software security. Technical support from Esri is used many times a year by GIS staff to assist in solving technical problems that arise as State of Iowa technical systems change. They also help to provide solutions to the evolving needs of GIS users.

Selection Process Summary: Esri GIS software maintenance is a sole source product. Sole source approval was obtained on August 11, 2023.

Kathryne Clark, GIS Section Supervisor, Land Quality Bureau
Environmental Services Division
December 19, 2023

Attachment A
Esri Software Maintenance Components

Technical support
New version software
Hot fixes
Patches
Software updates
Self-Paced E-Learning
Beta programs
Esri User Conference registration

Attachment B
Pricing

LITIGATION REPORT

Prepared by: Bradley Adams
Date: 12/19/2023

I. Summary

The Department of Natural Resources (DNR) seeks referral of Chad Roche to the Iowa Attorney General's Office for violations of Iowa's solid waste regulations.

Mr. Roche has stockpiled an estimated 95,000 tires on his property in Northwood, Iowa. DNR was made aware of the stockpile in March of 2022. Despite numerous attempts to coach Mr. Roche into compliance without enforcement, and despite DNR's issuance of an Administrative Order (Order) in January 2023 directing Mr. Roche to properly dispose of the tires and to cease the unlawful hauling of waste tires, Mr. Roche remains in violation of Iowa law and rules regarding solid waste and proper tire disposal.

Therefore, the DNR is requesting that this matter be referred to Attorney General's office.

II. Alleged Violators

Chad Roche
4828 Finch Ave.
Northwood, Iowa 50459.

III. Description of Facility

Mr. Roche recently purchased an acreage located at 4828 Finch Ave, Northwood, IA, 50459, which is a residential class property in Worth County. Mr. Roche previously rented this property and has hauled and accumulated an estimated 95,000 passenger tire equivalents (PTEs) on this property.

IV. Alleged Violations

A. FACTS

Mr. Roche has stockpiled an estimated 95,000 tires on his property at 4828 Finch Ave., Northwood Iowa. During a meeting with DNR Field Office 2 (FO2) in April 2022, Mr. Roche stated it was his intent to repurpose the used tires, that he obtained a tire shredder in the spring of 2021 but had not used it, and that he was unaware of state laws and regulations regarding the proper disposal of used tires. Staff informed Mr. Roche that he was in violation of 567 Iowa Administrative

Code Chapters 116 and 117. After a discussion on how to get into compliance, Mr. Roche verbally agreed to properly dispose of 500 tires a month until he was complying with storage limits. It was also agreed that Mr. Roche's first receipt would be due to FO2 by June 1, 2022.

On April 15, 2022, a Notice of Violation (NOV) was issued to Mr. Roche for illegal waste tire storage and hauling. The NOV stated that failure to remove and properly dispose of the tires would result in an enforcement referral to DNR's Legal Services Bureau with a recommendation for a financial penalty.

On June 7, 2022, Mr. Roche indicated that he had been taking cars to the shredder and would throw five tires in with those cars, and thought maybe 200 tires had been removed so far. No receipt for tire disposal was received after this conversation.

On July 14, 2022, FO2 staff reached out to Mr. Roche asking if they could meet with him at the property and check out progress. Mr. Roche indicated his grandmother had COVID and he had been exposed and asked for a later follow up. On July 25, 2022, staff again reached out to Mr. Roche to meet at the property for follow-up. He indicated he was sick and would let FO 2 know when he would be able to meet. On August 11, 2022, the parties agreed to a meeting date of Wednesday, August 17, 2022, to review compliance status. Subsequently, Mr. Roche stated he would be unable to participate on the 17th.

On August 17, 2022, FO2 staff traveled to rural Worth County and viewed the property via the bean field next to the property. Staff determined that no progress had been made. On August 22, 2022, FO2 staff met with Mr. Roche at the property. Mr. Roche had notes on how many tires he had removed from the property. There was a dump-trailer in the driveway intended for scrap metal that he indicated he could throw 10 tires into before the scrap yard would reject his load. Mr. Roche also had a trailer loaded up with tires on it that he indicated he would be taking to Liberty Tire Recycling in Savage, Minnesota on August 24, 2022. As of August 29, 2022, staff had not received any receipts from Mr. Roche.

On September 15, 2022, DNR received a receipt for tire disposal from Liberty Tire Recycling showing the removal of approximately 5 tons of tires. In October, 2022, the DNR offered a settlement agreement to Mr. Roche. Despite initial communication between DNR and Mr. Roche, Mr. Roche failed to respond to the settlement request or to comply with Iowa law. In January of 2023, DNR issued the Order to Mr. Roche requiring him to remove and properly dispose of waste tires, cease the transportation of waste tires without a permit, and to pay an administrative penalty of $10,000. Mr. Roche has not made any payments towards this penalty to date.

On April 12, 2023, DNR received information from a business in Lake Mills, IA that Mr. Roche had offered to take their tires for $4/tire and when the business refused, he tried to bargain down to $3/tire. On May 11, 2023, DNR contacted Mr. Roche and he indicated he would be talking to lawyers, not the field office staff. On May 19, 2023, DNR staff drove around the site to verify that Mr. Roche had not made progress on tire removal.

B. APPLICABLE LAW

1. Iowa Code section 455B.307 prohibits a private entity from engaging in or allowing the disposal of solid waste at any place other than a DNR approved sanitary disposal site, unless the entity has been granted a solid waste disposal permit by the DNR.

2. Iowa Code Chapter 455D regulates recycling of materials that would otherwise be solid waste. Iowa Code section 455D.4A addresses the requirements a facility must meet to establish that the facility is legitimately recycling material.

3. Iowa Code section 455D.4A(3) authorizes the DNR to determine that materials which are not legitimately recycled be categorized as solid waste.

4. Iowa Code section 455D.23 authorizes the DNR to require material that is not legitimately recycled to be properly disposed of.

5. Iowa Code section 455B.304 provides that the Environmental Protection Commission (Commission) shall establish rules governing the handling and disposal of solid waste. The Commission has adopted such rules at 567 Iowa Administrative Code (IAC) chapters 100-123.

6. The Commission has adopted 567 IAC 100.4 for the regulation of open dumping in Iowa. The provision prohibits a private entity from engaging in or allowing the disposal of solid waste at any place other than a DNR approved sanitary disposal site, unless the entity has been granted a solid waste disposal permit by the DNR.

7. The Commission has adopted 567 IAC 116.3, which requires a waste tire hauler to register annually in accordance with the provisions of 567 IAC Chapter 116.

8. The Commission has adopted 567 IAC 117.4(1) to prevent accumulation of waste tires on a property. The provision states that no business or individual shall

store more than 500 passenger tire equivalents without obtaining a waste tire stockpile permit pursuant to subrule 117.4(2).

The above stated facts establish multiple violations of these statutory and regulatory provisions.

V. Witnesses

Madelynn Austin, DNR Environmental Specialist
Jeremy Klatt, DNR Environmental Specialist Senior

LITIGATION REPORT

Prepared By: Anne Preziosi
Date: December 19, 2023

I. Summary

The Department of Natural Resources (DNR) seeks referral of Quad County Corn Processors Cooperative (QCCPC) to the Iowa Attorney General's Office due to violations of Iowa's air quality laws. These violations include failure to comply with the conditions of its air quality construction permits, failure to comply with the requirements of an administrative consent order, and failure to comply with Iowa law regarding excess emissions.

II. Alleged Violator

Quad County Corn Processors Cooperative
6059 159th Street
Galva, Iowa 51020

III. Description of Facility

QCCPC is an ethanol production facility located in Galva, Iowa, that employs approximately 40 people and has a capacity to produce 35 million gallons of ethanol per year. In addition to ethanol, QCCPC produces 1.75 million gallons of distillers' corn oil and 87,500 tons of high protein livestock feed. Some of the air emission sources at this facility include natural gas boilers, fermentation processes, distillation process, flare, cooling tower, dryers, storage tanks, grain receiving, and load-outs.

IV. Alleged Violations (including facts and applicable law)

Summary of Alleged Violations

First, QCCPC has violated seven air quality construction permits issued to it by DNR. Violations of three of these air quality construction permit violations are High Priority Violations (HPV) according to the U.S. Environmental Protection Agency's (EPA) policy. DNR has also obtained additional information from the facility, summarized below, showing HPV status.

Second, QCCPC has violated the provisions of DNR Administrative Consent Order No. 2020-AQ-03, which was signed by DNR's Director on April 15, 2020.

Third, QCCPC has failed to comply with the law requiring that a facility properly maintain control equipment, and repair systems expeditiously or shut them down within a reasonable period of time. As a result of the facility's failure to comply with these requirements, the facility has reported 26 instances of excess emissions during the period of March 2020

through October 2023, all of which are after the issuance of Administrative Consent Order No. 2020-AQ-03. Administrative Consent Order No. 2020-AQ-03 was issued in part due to excess emissions from the facility and the facility's failure to operate equipment in a manner designed to minimize emissions. The administrative consent order contained a list of 22 previous excess emissions reports from the facility, dating from January 2018 through January 2020.

All of these violations are described in full below.

A. Facts

1. Air Quality Construction Permit Violations

QCCPC violated conditions of seven air quality construction permits issued to the facility.

a. High Priority Violator Status

Violations of three construction permits are HPV according to EPA policy.

QCCPC violated Condition 1 [*Emission Limits*] and Condition 12 [*Notification, Reporting, and Recordkeeping*] of **Air Quality Construction Permit No. 22-A-012**, which was issued for the Fermentation Tanks and CO2 Prescrubber, Emission Point 21.

- Condition 1 establishes emission limits of 6.0 lb/hr for Volatile Organic Compounds (VOC), 0.80 lb/hr for Acetaldehyde, 0.10 lb/hr for Methanol, 0.10 lb/hr for Acrolein, and 1.10 lb/hr for Total Hazardous Air Pollutants (HAP).
    - According to the test report received by DNR on September 23, 2022, for testing conducted on August 3, 2022, the VOC emission rate was at 16.38 lb/hr.
    - According to the test report received May 30, 2023, for testing conducted on April 7, 2023, the emission rates were VOC at 31.8 lb/hr, Acetaldehyde at 1.02 lb/hr, Methanol at 0.12 lb/hr, Acrolein at 0.12 lb/hr, and Total HAP at 1.29 lb/hr.

- Condition 12 and 567 Iowa Administrative Code section (IAC) 25.1(7) require a written compliance demonstration report for each compliance testing event, whether successful or not, postmarked no later than six weeks after the completion of the test period.
    - The written compliance demonstration report for the testing completed on April 7, 2023, was not received by the six-week deadline. DNR had to request stack test results from the facility on May 30, 2023, and the test results were received by DNR on May 31, 2023.

QCCPC violated Condition 10 [*Emission Limits*] and Condition 12 [*Notification, Reporting, and Recordkeeping*] of **Air Quality Construction Permit No. 01-A-069-S5**, which was issued for the Distillation System, Emission Point 1.

- Condition 10 establishes emission limit of 1.25 lb/hr for VOC and 0.45 lb/hr for Acetaldehyde.
    - According to the test report received on September 23, 2022, for testing conducted on August 3, 2022, the VOC emission rate was at 2.81 lb/hr.
    - According to test report for testing conducted on July 27, 2023, the VOC emission rate was at 2.24 lb/hr and the Acetaldehyde emission rate was at 0.4525 lb/hr.
- Condition 12 and 567 IAC 25.1(7) require a written compliance demonstration report for each compliance testing event, whether successful or not, postmarked no later than six weeks after the completion of the test period.
    - The written compliance demonstration report for the testing completed on April 6, 2023, was not received by the six-week deadline. DNR had to request stack test results from the facility on May 30, 2023, and the test results were received by DNR on May 31, 2023.

QCCPC violated Condition 12 [*Compliance Demonstrations*] of **Air Quality Construction Permit No. 13-A-189-S1,** which was issued for the Stillage Fermentation Process, Emission Point 30.

- Condition 12 requires VOC and HAP stack testing every 36 months, with the testing conducted in June, July, or August. Stack testing was conducted August 21, 2019; therefore, testing was due by August 31, 2022.
    - Due to Emission Point 30 being inoperable when the 2022 testing was required, QCCPC submitted a compliance plan to DNR to address when the required testing would be completed.
        - QCCPC was to notify DNR 15 days prior to restarting Emission Point 30 equipment and conduct required stack testing within 60 days of restarting the process.
    - QCCPC received a Notice of Violation (NOV) letter for failure to conduct the required stack testing and failure to adhere to the approved compliance plan. Facility re-started in November 2022 without notifying DNR prior to re-starting or conducting the required stack test within 60 days of re-starting.

Emission limits were established for VOC in QCCPC's air quality construction permits to make the facility a synthetic minor for the Title Operating Permit program (i.e. less than 100 tons per year). As mentioned above, stack testing demonstrated the VOC emission limits for two of the emission points were exceeded. Further, QCCPC confirmed in an August 8, 2023, emission inventory that the actual VOC emissions for the facility was greater than 118 tons per year. In addition, when DNR conducted a site visit on

September 21, 2023, the facility reported that the rolling 12-month total VOC emissions were 136.18 tons per year. Per 567 IAC 22.101, the facility is a Title V major source of emissions due to the facility emitting greater than 100 tons per year of VOC. The exceedance of emitting greater than 100 tons per year of VOC classifies the violations as HPV based on Criterion #1 of the 2014 EPA HPV Policy:

- HPV Policy Criterion #1 states: *"... This criterion includes a violation by a synthetic minor stationary source of an emission limit or permit condition such that the source's actual annual emissions exceed (or are expected to exceed) the major stationary source threshold as defined in the applicable NSR [New Source Review] regulations."*
- The EPA considers an HPV a violation of a federally enforceable Clean Air Act requirement that is (1) likely to result in impacts that pose a significant risk to human health and/or the environment from direct or indirect release of air pollutants or (2) may harm the ability to implement Clean Air Act programs.
- DNR has identified HPVs as an enforcement priority in the EPA workplan, and violations that affect minor source status at a synthetic minor source are an enforcement priority listed in the DNR's Emergency Management System.

b. Other Air Quality Construction Permit Violations

QCCPC violated conditions of four additional air quality construction permits issued to the facility.

QCCPC violated Condition 15(s) [*Operating Condition Monitoring and Recordkeeping*] of **Air Quality Construction Permit No. 06-A-757-S1,** which was issued for the Equipment Leak, Plantwide LDAR.

- Condition 15(a) requires that the facility shall keep records and reports as required in 567 IAC 23.1(2)"nn", which adopts by reference the requirements of New Source Performance Standard (NSPS) located at 40 CFR, Part 60, Subpart VVa. Multiple conditions of the NSPS require that records be kept in a readily accessible location.

  - When DNR conducted a site visit on September 21, 2023, the facility did not have records demonstrating Plantwide LDAR requirements are being met.
  - Also, when DNR conducted a site visit on September 21, 2023, the facility was not able to provide evidence of monitoring and maintaining records as required by 567 IAC 23.1(2)"nn".

QCCPC violated Condition 5(c) [*Operating Requirements with Associated Monitoring and Recordkeeping*] of **Air Quality Construction Permit No. 22-A-010,** which was issued for Emission Point 19, Ethanol Loadout.

- When DNR conducted a site visit on September 21, 2023, records of twelve-month rolling totals had not been recorded or calculated, as required.

QCCPC violated Condition 5(c) [*Operating Requirements with Associated Monitoring and Recordkeeping*] of **Air Quality Construction Permit No. 22-A-008,** which was issued for Emission Point 23, Grain Storage Bin.

- When DNR conducted a site visit on September 21, 2023, the facility did not provide an operation and maintenance plan for the control device, including a preventative maintenance schedule, as required.

QCCPC violated Conditions 5(b), 5(d) and 5(f) [*Operating Requirements with Associated Monitoring and Recordkeeping*] of **Air Quality Construction Permit No. 06-A-758-S5,** which was issued for Emission Point F1, Truck Traffic.

- When DNR conducted a site visit on September 21, 2023, the facility was not able to provide the last two years of silt load performance testing, as required by Condition 5(b). Also, daily water flushing and sweeping of the paved haul roads had not being conducted, as required by Condition 5(d). Also, records relating to sweeping location and occurrences were not being kept, as required by Condition 5(f).

2. Violations of Administrative Consent Order No. 2020-AQ-03

Quad County Corn Processors and DNR agreed to the provisions of Administrative Consent Order No. 2020-AQ-03, and the DNR Director signed the administrative consent order on April 15, 2020. A copy of Administrative Consent Order No. 2020-AQ-03 is attached as **Exhibit D**. Administrative Consent Order No. 2020-AQ-03 was issued for the following violations that had occurred at the facility since 2017:

- Operating without required air quality construction permits
- Violating construction permit conditions, including
  - Violating permitted emission limits
  - Violating compliance demonstration and stack testing requirements, including failure to timely conduct stack testing

  - Violating operating requirements and associated monitoring and recordkeeping requirements

- Excess emissions

- Failing to operate equipment in a manner designed to minimize emissions

Section V, "Order," paragraph 3, required an environmental audit to be conducted by an unaffiliated third party contractor within 120 days of DNR Director signing the order. In detail, this provision states as follows:

> *Within 120 days of the date this order is signed by the director, Quad County shall conduct, through an independent third-party auditor approved by DNR, a comprehensive environmental audit to determine compliance status of all air emitting sources at the facility. The auditor shall not be an employee or contractor of Quad County and shall not have more than a de minimus current or former financial interest in Quad County. Within 120 days of the date this order is signed by the director, Quad County shall provide a final audit report to DNR including any discovered violations, needed corrective actions, all auditor-recommended corrective actions, and a schedule for compliance.*

On August 12, 2020, QCCPC submitted the environmental audit. The environmental audit was conducted by Pinnacle Engineering, a previously-employed consultant, and prior to obtaining approval by the DNR. On November 8, 2020, a NOV letter was issued by DNR to QCCPC for conducting the required environmental audit using a previously employed consultant and without receiving approval from the DNR. The audit was conducted on May 19 and 20, 2021. The audit report was submitted to DNR on July 23, 2021, which was 464 days after the administrative consent order was signed, rather than no later than 240 days after the administrative consent order was signed, as required.

3. Violation of Air Quality Excess Emissions Rules

Each incident of excess emissions is a violation. Administrative Consent Order No. 2020-AQ-03 contained 22 instances when QCCPC had reported excess emissions to DNR. These reports dated from January 8, 2018, through January 22, 2020. A list of the 22 instances of excess emissions that were included in Administrative Consent Order No. 2020-AQ-03 is attached as **Exhibit C**.

Since that time, QCCPC has reported an additional 26 instances of excess emissions, from March 25, 2020, through October 25, 2023. A list of these excess emissions reports is attached as **Exhibit B**.

On June 28, 2021, DNR Field Office 3 issued a NOV for failure to properly report excess emissions, failure to maintain control equipment, and failure to repair the system

expeditiously or shut down within a reasonable period of time. The following violations were documented in the NOV:

- **567 IAC 24.1** – Failure to timely report excess emission per IAC 567 24.1(3)
- **567 IAC 24.1** – Failure to repair the system expeditiously or shut down within a reasonable period of time per IAC 567 24.1(4)
- **567 IAC 24.2** – Failure to properly maintain control equipment per IAC 567 24.2(1)(a)

Six NOVs have been issued since that time. The NOVs issued since the issuance of Administrative Consent Order No. 2020-AQ-03 are summarized in **Exhibit A**.

B. APPLICABLE LAW

Iowa Code section 455B.133 provides that the Environmental Protection Commission (Commission) shall establish rules governing the quality of air and emission standards. The Commission has adopted 567 IAC chapters 20-35 relating to air quality.

Iowa Code section 455B.134(3) provides that the director of DNR shall grant, modify, suspend, terminate, revoke, reissue or deny permits for the construction or operation of new, modified, or existing air contaminant sources and for related control equipment. Air Quality Construction Permit Nos. 22-A-012, 13-A-189-S1, 01-A-069-S5, 06-A-757-S1, 22-A-010, 22-A-008, and 06-A-758-S5 were issued to QCCPC.

567 IAC 22.3(3) states that an air quality construction permit may be issued subject to conditions which shall be specified in writing, and may include, but are not limited to, emission limits, operating conditions, fuel specifications, compliance testing, continuous monitoring, and excess emission reporting. QCCPC failed to comply with the provisions of Air Quality Construction Permit Nos. 22-A-012, 13-A-189-S1, 01-A-069-S5, 06-A-757-S1, 22-A-010, 22-A-008, and 06-A-758-S5.

567 IAC 22.101 states that, except as provided in rule 22.102, any person who owns or operates any "major source" shall obtain a Title V Operating Permit. The violations of the VOC permitted limits contained in these air quality construction permits have caused the facility to be a major source of emissions for VOC.

567 IAC 24.1(3), "*Written report of excess emission,"* states that a written report of an incident of excess emission shall be submitted as a follow-up to all required initial reports to the DNR within seven days of the onset of the upset condition. On at least one occasion, QCCPC failed to timely report excess emissions. On June 28, 2021, DNR Field Office 3 issued an NOV to QCCPC for that incident.

567 IAC 24.1(4), "*Excess emissions,"* states that an incident of excess emission (other than an incident during startup, shutdown, or cleaning of control equipment) is a violation. If

the owner or operator of a source maintains that the incident of excess emission was due to a malfunction, the owner or operator must show that the conditions which caused the incident of excess emission were not preventable by reasonable maintenance and control measures. Determination of any subsequent enforcement action will be made following review of this report. If excess emissions are occurring, either the control equipment causing the excess emission shall be repaired in an expeditious manner or the process generating the emissions shall be shut down within a reasonable period of time. An expeditious manner is the time necessary to determine the cause of the excess emissions and to correct it within a reasonable period of time. A reasonable period of time is eight hours plus the period of time required to shut down the process without damaging the process equipment or control equipment. QCCPC has had at least 26 instances of reported excess emissions since the issuance of the 2020 administrative consent order that was, in part, issued due to numerous instances of excess emissions.

567 IAC 24.2(1), *"Maintenance and repair,"* states:

> **24.2(1)** *Maintenance and repair.* The owner or operator of any equipment or control equipment shall:
>
> *a.* Maintain and operate the equipment or control equipment at all times in a manner consistent with good practice for minimizing emissions.
>
> *b.* Remedy any cause of excess emissions in an expeditious manner.
>
> *c.* Minimize the amount and duration of any excess emission to the maximum extent possible during periods of such emissions. These measures may include but not be limited to the use of clean fuels, production cutbacks, or the use of alternate process units or, in the case of utilities, purchase of electrical power until repairs are completed.
>
> *d.* Implement measures contained in any contingency plan prepared in accordance with 24.2(2)*"c."*
>
> *e.* Schedule, at a minimum, routine maintenance of equipment or control equipment during periods of process shutdown to the maximum extent possible.

The numerous excess emissions incidents indicate that QCCPC has failed to maintain and repair its equipment and control equipment.

C. PAST HISTORY

As discussed above, Administrative Consent Order No. 2020-AQ-03 (**Exhibit A**), was issued on April 15, 2020, assessing a $9,000 penalty and citing numerous violations including: emission limit violations on the DDGS Dryer (Emission Point 16), Fermentation Process (Emission Point 21), Distillation Process (Emission Point 1), and Stillage Fermentation Process (Emission Point 30); failure to conduct required stack testing; failure to report excess emissions; failure to maintain control equipment; record keeping violations; numerous monitoring requirement violations; venting of emissions uncontrolled; and operating without construction permits for Emission Points 5, 6, 9, 19, 21, 23, 28, and F4.

On July 15, 2005, Administrative Consent Order 2005-AQ-13, which included a $10,000 penalty, was issued for failure to apply for PSD permits. This administrative consent order is attached as **Exhibit E**.

Also, on July 15, 2005, Administrative Consent Order 2005-AQ-14, which included a $10,000 penalty, was issued for failure to timely apply for a Title V permit. This administrative consent order is attached as **Exhibit F**.

Nine NOVs were issued for various violations from December 3, 2002, through September 25, 2018. Also, a Letter of Noncompliance was issued on April 8, 2013. A list summarizing these documents and the three administrative consent orders is included in **Exhibit G**.

V. Witnesses

The following DNR staff will be potential witnesses: Mark Fields, Alex Randall, Michelle Sabatini-Rosacker and Amber Wolf. These people can be available during the EPC meeting to answer additional questions.

VI. List of Exhibits

Exhibit A – NOV letters since issuance of Administrative Consent Order No. 2020-AQ-03
Exhibit B – List of Excess Emission Reports since issuance of Administrative Consent Order 2020-AQ-03
Exhibit C – List of Excess Emission Reports included in Administrative Consent Order No. 2020-AQ-03
Exhibit D - Administrative Consent Order No. 2020-AQ-03
Exhibit E – Past Enforcement History - Administrative Consent Order 2005-AQ-13
Exhibit F – Past Enforcement History - Administrative Consent Order 2005-AQ-14 and Amendment to Administrative Consent Order 2005-AQ-14
Exhibit G – Past Enforcement History - List of Notice of Violation letters, Noncompliance letter, and three Administrative Consent Orders

LITIGATION REPORT
QUAD COUNTY CORN PROCESSORS COOPERATIVE
December 19, 2023

LITIGATION REPORT
QUAD COUNTY CORN PROCESSORS COOPERATIVE
December 19, 2023

Exhibit A
Notice of Violation letters since issuance of Administrative Consent Order No. 2020-AQ-03

Date	Description
9/8/2020	DNR issued QCCPC an NOV for violating ACO 2020-AQ-03. QCCPC conducted the ACO-required environmental audit using a previously employed consultant without receiving approval from the DNR.
6/28/21	DNR Field Office 3 issued an NOV for failure to properly report excess emissions, failure to maintain control equipment, and failure to repair the system expeditiously or shut down within a reasonable period of time.
1/11/2023	DNR issued an NOV to QCCPC for VOC emission limit violations on the Distillation Process EP1 (Construction Permit 01-A-069-S5) and the Fermentation Process EP 21 (Construction Permit 22-A-012). DNR required QCCPC to conduct stack testing on EP 1 and 21 within 30-days Per 567 IAC 25.7. In addition, a compliance plan and updated maintenance plans were due to be submitted for DNR review by February 11, 2023.
7/10/23	DNR issued an NOV to QCCPC for failure to stack test EP 30 and failure to follow the July 12, 2022 compliance plan.
7/12/23	DNR issued an NOV for failure to comply with emission limits on EP 21 during the April 7, 2023, stack testing. Also, the test report for EP 1 and EP 21 was received after the 42-day test reporting deadline. DNR required QCCPC to submit a VOC and HAP emission inventory by August 11, 2023, for the period July 2022 through July 2023.
9/21/23	DNR Field Office 3 conducted inspection of facility and found air quality construction permits violations and several other violations.
10/25/2023	DNR issued an NOV for the July 27, 2023, stack test failure of the VOC and Acetaldehyde emission limits contained in Construction Permit # 01-A-069-S5 for EP 1.

Exhibit B
List of Excess Emission Reports since issuance of Administrative Consent Order No. 2020-AQ-03

Date	Description
3/25/2020	CO2 Scrubber ran out of VOX out (additive) and had to use the tote from the fermentation scrubber (ferms were dead) to continue feeding. Going into shutdown and ran out of chemical before shutdown.
4/30/2020	An ethanol truck was being loaded. When 4500 gallons were in the truck, the pump stopped. The last 1,700 gallons were loaded into the truck without flare control.
5/12/2020	CO2 Scrubber/fermentation. Human error. The plant was down for cleaning. When the plant came back online, a worker did not open the valve for water flow to the scrubber.
5/15/2020	CO2 Scrubber/fermentation. Human error. Water flow valve was not turned back on to scrubber.
9/24/2020	Emulsive Vaporizer. Gasket/ bolts came loose.
10/12/2020	Mole Sieves. PRV started leaking on 10/8/20. Molecular sieve beds were plugged which caused pressure relief to vent.
10/23/2020	Mole Sieve. Having mole sieve issues again with the valve popping intermittently.
1/13/2021	Fermentation. Operator notified at 8:30 this morning a PRV was lifting on one of the fermenters. It is unknown what is causing this and they are investigating.
5/24/2021	Mole Sieve. Intermittent lifting of PRV.
5/25/2021	Blower on top of grain bin not working.
5/27/2021	CO2 Distillation Scrubber. Scrubbers were not receiving water.
6/24/2021	Power outage due to thunderstorms caused loss of flow to scrubber for 3 hours and 15 minutes.
7/2/2021	Fermentation scrubber. Scrubber water flow for fermentation and distillation was under limits yesterday.

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9/2/21	Safety relief valve on mole sieve header is leaking. Working on reseating it, replacing with a blind flange, or getting a new valve.
11/29/21	Lost power. Scrubber and other equipment down, allowing emissions from fermentation.
12/8/21	PRV on fermentation tank has lifted and is venting CO2. It will be 40 hours before fermentation is dead and stops venting. They will then make repairs.
1/19/2022	Fermentation. Power outage caused plant to shut down. Lost water to scrubber.
2/26/2022	Fermentation scrubber. Had to take plant down in the morning and missed opening one of the valves so the scrubber water was cut down below required level.
5/2/2022	Distillation. A valve was closed to the distillation scrubber due to human error. Opened back up last night.
5/30/2022	Power outage due to severe weather in the morning. Plant is down. Will send letter.
11/12/2022	Manual valve was off for a few hours. Discovered no water flow to distillation scrubber.
2/12/2023	New operator failed to turn on water flow to scrubber.
5/23/2023	Scrubber was operated at half the permit required rate. The excess emission report was received late.
6/27/2023	EP 1 Distillation, lost a water pump so water flow was reduced to no flow to scrubber.
9/13/2023	EP 21 Fermentation. A valve was left shutoff on a fermentation scrubber flush due to lack of employee knowledge.
10/3/2023	EP 21 Fermentation. Flow was lost to the CO2 scrubber from 7:40pm to 4:53 am causing VOC excess emission. QCCP is investigating the alarm system and will calculate emissions.

Exhibit C
Excess Emission Reports included in Administrative Consent Order # 2020-AQ-03

Date	Description
1/8/2018	Excess Emission report - CO2 plant next door went down, water from the plant feeds the scrubber. Scrubber was operating 4.8 gallons below required levels.
1/26/2018	Excess Emission report - No water to scrubber.
2/13/2018	Excess Emission Report - Line froze leaving CO2 valve open.
6/4/2018	Excess Emission report - Heat exchanger was gummed up.
6/11/2018	Excess Emission report - for CO2 scrubber being down.
6/25/2018	Excess Emission report - PRV's on fermentation tanks are lifting and not properly seating.
8/20/2018	Excess Emission report - a rain event caused water to get into electrical box causing power loss to half of the plant.
10/9/2018	Excess Emission report - stopped flow to scrubber for valve repair.
11/6/2018	Excess Emission report - small leak on stem valve to mole sieve.
11/21/2018	Excess Emission report- CO2 Scrubber shutdown.
5/13/2019	Excess Emission report - Ammonium Bisulfite (chemical injection required to reduce emissions) was not running to the scrubber.
6/26/2019	Excess Emission report - Microbial issue in fermentation scrubber and other unknown units.
7/31/2019	Excess Emission report - scrubbers offline for maintenance, cleaned in place while offline.
8/5/2019	Excess Emission report - planned outage for scrubbers to be cleaned in place.

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8/6/2019	Excess Emission report - scrubber taken offline for maintenance of fan bearing.
8/16/2019	Excess Emission report - mechanical flush of CO2 Scrubber, went above permitted flow rate.
9/16/2019	Excess Emission report - dryer running without going through RTO; and debris got into a wire connection in the VFD for the RTO and caused a communication error.
9/19/2019	Excess Emission report - dryer ran without the RTO for under 30 minutes. Natural gas valve for burner was not working properly causing RTO to kick out.
10/21/2019	Excess Emission report - Operators changed tank on CO2 Scrubber and failed to open valve resulting in 24. hour period without CO2 scrubber activation. Scrubber was operating for 82.5 hours without any additive.
11/7, 11, &12/2019	Excess Emission report - Two incidents - November 7, 2019; and November 11 and 12, 2019. Cause of both incidents was the heat exchangers for the water source to the CO2 Scrubber. Flushing was done to clean out blockage and restored flow to the CO2 scrubber. Excess emissions included VOC, HAP's, formaldehyde, acetaldehyde, acrolein, methanol, PM and PM10.
12/17/2019	Excess Emission report - Operator discovered during a shift change the water flow to the scrubber was too low. It was discovered the alarm set point was set too low so no alarm occurred. The changes in the flow and alarm set points was blamed on human error.
01/22/2020	Excess Emission report - Issues with molecular sieves caused evaporators to go down, which in turn caused a lack of water to condense. This water supplies the scrubbers, so there was no water flow to the fermentation

Exhibit D

Administrative Consent Order No. 2020-AQ-03

IOWA DEPARTMENT OF NATURAL RESOURCES

ADMINISTRATIVE CONSENT ORDER

IN THE MATTER OF: QUAD COUNTY CORN PROCESSORS COOPERATIVE	ADMINISTRATIVE CONSENT ORDER NO. 2020-AQ-03

To: Quad County Corn Processors Cooperative
Asif Malik, Chief Operating Officer
6059 159th Street
Galva, Iowa 51020

Quad County Corn Processors Cooperative
Delayne Johnson, Registered Agent
100 East 3rd Street
Galva, Iowa 51020

I. SUMMARY

This administrative consent order is entered into between the Iowa Department of Natural Resources (DNR) and Quad County Corn Processors Cooperative (Quad County) for the purpose of resolving air quality violations. In the interest of avoiding litigation, the parties have agreed to the provisions below.

Any questions regarding this administrative consent order should be directed to:

Relating to technical requirements:
Mark Fields
Iowa Department of Natural Resources
Wallace State Office Building
502 East Ninth Street
Des Moines, Iowa 50319-0034
Phone: 515-725-9526

Relating to legal requirements:
Anne Preziosi, Attorney for the DNR
Iowa Department of Natural Resources
Wallace State Office Building
502 East Ninth Street
Des Moines, Iowa 50319-0034
Phone: 515-725-9551

Payment of penalty to:
Director of the Iowa DNR
Wallace State Office Building
502 East Ninth Street
Des Moines, Iowa 50319-0034

IOWA DEPARTMENT OF NATURAL RESOURCES
ADMINISTRATIVE CONSENT ORDER
QUAD COUNTY CORN PROCESSORS COOPERATIVE

II. JURISDICTION

This administrative consent order is issued pursuant to the provisions of Iowa Code sections 455B.134(9) and 455B.138(1), which authorize the director to issue any order necessary to secure compliance with or prevent a violation of Iowa Code chapter 455B, Division II (air quality), and the rules promulgated or permits issued pursuant to that part; and Iowa Code section 455B.109 and 567 Iowa Administrative Code (IAC) chapter 10, which authorize the director to assess administrative penalties.

III. STATEMENT OF FACTS

1. Quad County is an ethanol production facility located in Galva, Iowa, that employs approximately 40 people and has a capacity to produce 35 million gallons of ethanol per year. In addition to ethanol, Quad County produces 1.75 million gallons of distillers corn oil and 87,500 tons high protein livestock feed. Some of the air emission sources at this facility include natural gas boilers, fermentation processes, distillation process, flare, cooling tower, dryers, storage tanks, grain receiving, and load-outs.

2. Since 2017, Quad County has had numerous air quality violations, including:

- Operating without permits
- Violating construction permit conditions, including
  - Violating permitted emission limits
  - Violating compliance demonstration and stack testing requirements, including failure to timely conduct stack testing
  - Violating operating requirements and associated monitoring and recordkeeping requirements
- Excess emissions
- Failing to operate equipment in a manner designed to minimize emissions

3. On September 9, 2019, Quad County, Pinnacle Engineering and Iowa DNR staff held a conference call to discuss how to address compliance, permitting, and excess emission issues.

Operating Without Permits

4. Quad County has operated, and continues to operate, without required construction permits. The following air quality construction permits were issued on May 3, 2017, as part of Construction Permit Project No. 17-020.

Emission Point	Description	Construction Permit No.

EP 6	Truck Dump Pit #3	Construction Permit No. 12-A-277-S1
EP 9	Outdoor Grain Pile	Construction Permit No. 01-A-085-S3
EP 19	Ethanol Loadout	Construction Permit No. 04-A-530-S4
EP F4	Wetcake Storage	Construction Permit No. 05-A-455-S1
EP 21	Fermentation Process	Construction Permit No. 07-A-345-S6
EP 23	Grain Storage Bin	Construction Permit No. 06-A-755-S4
EP 5	Truck Dump pit #1 & #2	Construction Permit No. 12-A-276-S1
EP 28	DDGS Loadout	Construction Permit No. 12-A-278-S1

5. All of these permits have become void, although the emission points are still in use. Condition 10 of each of these construction permits provided that the permit would become void if the construction or implementation of the proposed project, as it affected the emission point permitted therein, was not initiated within eighteen (18) months after the permit issuance date. Condition 10 of each of these permits also stated that the owner or operator could continue to operate under the previous permit only until the permitted changes occurred or until the permit became void.

6. The construction or implementation of the proposed project was not timely initiated, and the permits became void on November 3, 2018, leaving these eight emission points with no permits since that time. DNR submitted a Letter of Inquiry dated July 22, 2019, requesting information about whether the changes permitted by Project No. 17-020 occurred. Quad County responded in an August 12, 2019, email and in person on August 21, 2019, stating that the project had not timely proceeded. Therefore, these eight emission points are unpermitted. On September 4, 2019, DNR issued an NOV for operating EP 9, EP 19, EP F4, EP 23, EP 21, EP 5, EP 6, and EP 28 without the required construction permits.

7. Also, an April 20, 2018, Letter of Non-compliance (LNC) was issued by DNR for use of an unpaved haul road prior to receiving permits.

8. Further, Quad County is operating an unpermitted bypass stack for equipment permitted in Further, Quad County is operating an unpermitted bypass stack for equipment permitted in Construction Permit No. 01-A-084-S4 to vent through EP 16 (DDGS Dryer). A November 4, 2019, NOV was issued for failure to maintain equipment and operating without a permit. Emissions are being

released uncontrolled from an unpermitted bypass stack and a door on the roof is releasing emissions from equipment associated with EP 16.

9. On October 3, 2019, Quad County submitted construction permit applications for unpermitted emissions points at the facility. Current Construction Permit Project No. 19-150 includes the following Emission Points: EP 5, EP 6, EP 9, EP 16, EP 19, EP F4, EP 21, EP 23, and EP 28.

Violating Permitted Emission Limits

10. Quad County has violated numerous permitted emission limits. As stated below, many of these violations have been documented during stack testing.

11. Quad County has violated permitted emission limits contained in Condition 1 of Construction Permit No. 01-A-084-S4 (DDGS Dryer, EP 16). Condition 1 establishes emission limits of 2.57 lbs/hr for NOx, 0.20 lb/hr for Acetaldehyde, 0.10 lb/hr for Acrolein, 0.10 lb/hr for Formaldehyde, 0.35 lb/hr for Methanol, 1.39 lb/hr for Total HAP and 3.50 lbs/hr for VOC.

- According to the stack test report received February 1, 2018, for stack testing conducted December 14, 2017, the NOx value found was 3.41 lbs/hr. Requested data provided by Quad County in July 2018 showed VOC results were 3.81 lb/hr.
- According to the stack test report received January 30, 2019, for testing conducted December 13, 2018, the value found was 4.19 lbs/hr for NOx.
- Preliminary test results from the June 24-28, 2019, stack testing indicated that the source was exceeding limits for NOx, Methanol, Formaldehyde, VOC, and Total HAP. Scheduled compliance testing was cancelled. According to the provisions of 567 IAC 21.5, the preliminary test results are evidence that a violations of the emission limits occurred.
- According to the stack test report received October 8, 2019, for stack testing conducted August 23, 2019, the value found was 11.03 lb/hr for VOC, 0.62 lb/hr for Acetaldehyde, 1.56 lb/hr for Acrolein, 1.44 lb/hr for Formaldehyde, 3.69 lb/hr for Total HAP, and 4.85 lb/hr for NOx.

12. Quad County has violated permitted emission limits contained in Condition 1 of Construction Permit No. 07-A-345-S6 (Fermentation Process, EP 21). Condition 1 establishes emission limits of 0.80 lb/hr for acetaldehyde, 1.10 lb/hr for Total HAP and 6.0 lb/hr for VOC for the fermentation process EP 21.

- According to the stack test report received August 12, 2019, for testing conducted June 26, 2019, the Acetaldehyde value found was 1.88 lb/hr, the total HAP value found was 1.91 lb/hr, and the total VOC was found to be 9.93 lb/hr.
- According to the stack test report received October 8, 2019, for stack testing conducted August 21, 2019, the value found was 11.03 lb/hr for VOC.

13. Quad County has violated permitted emission limits contained in Condition 10 of Construction Permit No. 01-A-069-S5 (Distillation System, EP 1). Condition 10 establishes emission limit of 1.25 lb/hr for VOC for the Distillation System EP 1.

- According to the stack test report received August 12, 2019, for testing conducted June 25, 2019. The VOC was found to be 1.28 lb/hr.

14. Quad County has violated permitted emission limits contained in Condition 10 of Construction Permit No. 13-A-189-S1 (Stillage Fermentation Process, EP 30). Condition 10 establishes emission limit of 1.0 lb/hr for VOC on the Stillage Fermentation Process EP 30.

- According to the stack test report received August 12, 2019, for testing conducted June 26, 2019, the VOC was found to be 8.04 lb/hr.

Violations of Compliance Demonstration and Stack Testing Requirements

15. Quad County has violated compliance demonstration and stack testing requirements contained in Condition 2 of Construction Permit 01-A-084-S4 (DDGS Dryer, EP 16).

- Stack testing for PM, PM10, NOx and Opacity was not completed as required by September 8, 2017. Stack testing was completed December 14, 2017, and December 2018.
- VOC and HAP stack testing was required to be completed by August 31, 2017. Testing was conducted August 23, 2019.

16. Quad County has violated compliance demonstration and stack testing requirements contained in Condition 2 of Construction Permit 07-A-345-S6 (Fermentation Process, EP 21).

- Testing for VOC and HAPs was not completed by August 31, 2017, as required. Testing was conducted June 26, 2019.

17. Quad County has violated compliance demonstration and stack testing requirements contained in Condition 12 of Construction Permit 01-A-069-S5 (Distillation System, EP 1).

- Testing for VOC and HAPs was not completed as required by August 31, 2017. Testing was conducted June 25, 2019.

18. Quad County has violated compliance demonstration and stack testing requirements contained in Condition 12 of Construction Permit 13-A-189-S1 (Stillage Fermentation Process, EP 30).

- Testing for VOC and HAPs was not completed as required by August 31, 2017. Testing was conducted June 26, 2019.

19. Following is a summary of the course of events concerning stack testing for EP 1, EP16, EP 21, & EP 30 that occurred during the period December 2017 through December 2019:

a. On December 14, 2017, stack testing was completed for EP 1, EP16, EP 21, & EP 30. On February 1, 2018, DNR received a partial stack test report for the December 14, 2017 stack test event.

b. A February 13, 2018, email received from Pinnacle Engineering, on behalf of Quad County, confirmed additional VOC and HAP data requested by the DNR to complete the review of the December 14, 2017, stack test report.

c. A March 22, 2018, NOV was issued for EP16 NOx violation as a result of the December 14, 2017, stack testing results. The NOx stack test results for EP 16 were found to be 3.41 lb/hr, while the NOx emissions limit was 2.57 lb/hr. Stack testing was required by the EP 16 construction permit to have been conducted in June, July, or August of 2017 to demonstrate compliance under worst case emissions scenario. EP 1, 16, 21, and 30 also were found to be in violation due to not completing VOC and HAP stack testing by August 31, 2017, as required by the construction permits. Also, EP 16 was found to be in violation for not competing the initial testing for PM, PM10, and NOx by September 8, 2017, as required by the construction permit for EP 16. On May 29, 2018, the NOV was reissued because Quad County reported to DNR that the March 22, 2018, NOV had not been received by Quad County.

d. On June 11, 2018, a DNR email was sent to Quad County, again requesting additional emissions data to complete review of December 2017 stack testing.

e. On June 15, 2018, DNR received a Compliance Plan from Quad County, as required by the reissued May 29, 2018, NOV. Quad County requested approval to complete compliance testing by August 31, 2018.

f. DNR sent a June 27, 2018, response letter to Quad County, agreeing to the August 31, 2018, stack test deadline proposed by Quad County. This letter also reiterated DNR's request for additional data to complete the report review for the stack testing that had occurred on December 14, 2017.

g. On July 2, 2018, Quad County and DNR participated in a conference call during which Quad County requested that DNR accept the December 14, 2017, stack testing event to fulfill the testing requirements contained in the construction permits for EP 1, EP 16, EP 21, and EP 30. During this conference call, DNR reaffirmed what was stated in the reissued May 29, 2018, NOV. DNR explained that the December 2017 stack testing did not meet the permit requirements. Stack testing was required to be conducted in June, July, or August to demonstrate compliance under worst case emissions scenario.

h. On July 13, 2018, Quad County submitted a stack test notification for required stack testing to be completed August 14 through 16, 2018, for EP 1, EP 16, EP 21, and EP 30. However, on July 20, 2018, Quad County emailed DNR to report that the August 14 through 16, 2018, stack testing would be postponed due to a blockage of the CO2 scrubber requiring that the plant be taken offline.

i. On July 26, 2018, Quad County provided the requested additional data for the December 14, 2017, test report. The additional data indicated an exceedance of the VOC limit for EP 16.

j. On July 27, 2018, Quad County submitted a stack test notification to reschedule required EP 16 stack testing for September 27, 2019. Since EP 1, EP 21, and EP 30 were reported to be untestable by the end of August, Quad County was required by DNR to conduct the stack testing between June 1 and 30, 2019.

k. On September 25, 2018, Quad County informed DNR by email that malfunctions at the plant had caused the scheduled compliance test on EP 16 to be postponed. Testing for PM, PM10, Opacity, and NOx was rescheduled for December 13 and 14, 2018. VOC and HAP stack testing for EP 16 was required to be completed between June 1 and 30, 2019.

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l. On December 13, 2018, stack testing was conducted on EP 16 for PM, PM10, Opacity and NOx. On January 20, 2019, DNR received the stack test report for the testing conducted December 13, 2018.

m. On February 28, 2019, DNR issued an NOV for NOx exceeding the permitted limits during the December 13, 2018, stack testing for EP 16. The December 13, 2018, stack testing results for NOx were 4.19 lb/hr with a 2.57 lb/hr limit. PM/PM10 results were found to be 4.70 lb/hr, which was 94 percent of the 5.0 lb/hr permitted limit, while testing was not conducted at maximum capacity of the source, as required. Therefore, the PM/PM10 test results were not acceptable for demonstrating compliance with permitted limits. The NOV required that Quad County submit a Compliance Plan to DNR.

n. On April 1, 2019, Quad County submitted a Compliance Plan for EP16, as required by the February 28, 2019, NOV. The Compliance Plan addressed three items, as described below. On April 16, 2019, DNR issued a response to Quad County's April 1, 2019, Compliance Plan. On April 30, 2019, DNR and Quad County held a conference call to discuss NOV, permit application options, and timing.
    - NOx emission limit exceedance - DNR accepted a plan to submit permit applications, but requested a date by which the applications would be received.
    - Testing had not been completed at maximum capacity, as required by permit 01-A-084-S4, Condition 2. DNR accepted plan to re-evaluate PM emissions during the required June 2019 stack testing event.
    - Air flow being significantly higher than the permitted value – Quad County indicated that it would submit a permit application following the June 2019 stack test event. The DNR requested Quad County submit a permit application by May 3, 2019.

o. On May 6, 2019, Quad County submitted a construction permit application to modify the emission limits for NOx and PM/PM10 on EP 16. This permit application is currently pending as part of Permit Project No 19-150.

p. On May 24, 2019, Quad County submitted to DNR a stack test notification for EP 1, 16, 21, and 30. Testing was scheduled for June 25 through 28, 2019.

q. On June 25 and 26, 2019, stack testing was conducted for EP 1, 21, and 30. DNR stack test observer Mark Fields was onsite for testing, and all three sources demonstrated results exceeding the permitted limits. During the test event, Quad County attempted to delay the testing due to initial data or test data indicating permit limit exceedances. The DNR stack test

observer had to request that Quad County start or continue testing for all three units. Prior to leaving the test site on June 26, 2019, Quad County, Pinnacle Engineering, and Montrose Environmental personnel were directed by the DNR stack test observer to conduct the EP 16 testing as scheduled on June 27, 2019.

r. On June 27, 2019, Quad County left a phone message with DNR to report mechanical issues with EP 16, requiring the stack test to be delayed until June 28, 2019.

s. On June 28, 2019, Quad County emailed Mr. Fields to report the cancellation of the required testing for EP 16 due to process malfunctions

t. On July 2, 2019, Mr. Fields of DNR contacted Quad County to discuss circumstances of the June 27, 2019, stack testing cancellation for EP 16. DNR requested that preliminary emissions data collected on EP 16 be submitted for review.

u. On July 23, 2019, DNR received a stack test protocol for stack testing scheduled for August 21 and 22, 2019, for EP 16, EP 21, & EP 30.

v. On July 31, 2019, Quad County provided to DNR the requested preliminary emissions data for EP 16 from the June 24 through 28, 2019, stack test event. The emissions data indicated that EP 16 was exceeding the permitted emission limits for NOx, VOC, Total HAPs, Formaldehyde, and Methanol starting June 24, 2019, and continuing until the stack testing company left the site on June 28, 2019.

w. On August 5, 2019, an NOV was issued to Quad County for ongoing excess emissions on EP 16 and for failure to report excess emissions as required. This was a result of preliminary emissions data submitted by Quad County for the June 24 through 28, 2019, stack test event.

x. On August 12, 2019, the stack test report for testing conducted on EP 1, EP 21, and EP 30 from June 25 and 26, 2019, was received by DNR.

y. On August 21, 2019, when Mr. Fields arrived on site for compliance testing, Quad County was in the process of changing test locations from the source scheduled to test (EP 21) to EP 30. When Quad County was questioned on why the change was needed, it was conveyed to the DNR representative that repairs were needed to EP 21 due to preliminary emissions data indicating a VOC permit limit exceedance. The DNR observer required testing on EP 21 to be conducted as scheduled. EP 30 testing was then conducted as scheduled. Quad County informed Mr. Fields that the EP 30 scrubber control equipment had been cleaned to

remove blockages since the failed June 2019 stack test. DNR was informed that a dryer fire had occurred on August 19, 2019, and attempts were being made to resume production for EP 16. DNR also was informed at that time that no construction had begun on any permits issued in project 17-020.

z. On August 22, 2019, Mr. Fields arrived on site for EP 16 stack testing observation. Upon arrival to Quad County, Mr. Fields observed a significant amount of emissions were being released, uncontrolled from duct work, a vent, and an explosion door, prior to the EP 16 RTO control device. Quad County was informed the stack test would not be acceptable for demonstrating compliance without all emissions being vented to control equipment. Preliminary results indicated the source was exceeding emission limits for VOC, Formaldehyde, Acetaldehyde, and Total HAP. Testing was delayed one day to allow plant to repair emission bypasses.

aa. On August 23, 2019, DNR stack test observer Alex Randall observed stack testing conducted on EP 16. Preliminary results indicated exceedances for VOC, Total HAP, Acetaldehyde, Acrolein, and Formaldehyde. Mr. Randall observed while on site that emissions were still being vented uncontrolled.

bb. On September 4, 2019, an NOV was issued for emission limit violations on EP 1, EP 21, and EP 30 for the testing conducted June 25 and 26, 2019. Quad County requested and was issued construction permits with VOC and HAP limits to keep the facility below the threshold for Title V applicability. However, results from the EP 21 stack test showed that the facility could be exceeding Title V thresholds.

cc. Since no construction had begun on any permits issued in project 17-020, the permits issued for that project had expired in November 2018. One of the expired permits was for EP 21.

dd. On October 25, 2019, an NOV was issued to Quad County for stack testing completed August 21-23, 2019. Emission results demonstrated a violation of the synthetic minor VOC limit for EP 21. Emission results demonstrated violations of permitted limits for VOC, Acetaldehyde, Acrolein, Formaldehyde, Total HAP, and NOx on EP 16. Emission limit violations are considered ongoing.

ee. On December 2, 2019, Quad County submitted a compliance plan to DNR in response to the October 25, 2019 NOV. The plan identified blockages, channeling, and fouling of control equipment used to control emissions on EP 16, EP 21, and EP 30.

Violations of Operating Requirements and Associated Monitoring and Recordkeeping

20. On August 10, 2018, Amber Wolf of DNR Field Office 3 conducted a full compliance evaluation of the Quad County facility.

21. Quad County has violated the operating requirements with associated monitoring and recordkeeping requirements contained in Condition 5 of Construction Permit No. 01-A-084-S4 (DDGS Dryer, EP 16).

- DNR conducted an inspection of the facility on August 10, 2018, and discovered that the EP 16 RTO was operating at 1600°F. The permit requires that the temperature of the RTO shall be within 50 °F of the average temperature during the most recent stack test showing compliance with the emission limits. The last stack test demonstrating compliance with the currently permitted emission limits was conducted on December 18, 2014. This testing was conducted with the RTO operating at a temperature of 1750°F.

22. Quad County has violated the operating conditions with associated monitoring and recordkeeping requirements contained in Construction Permit No. 07-345-S6 (Fermentation Process, EP 21).

- During the August 10, 2018, inspection, it was discovered that additive rates are not being recorded daily, as required.

23. Quad County has violated the operating conditions with associated monitoring and recordkeeping requirements contained in Construction Permit No.01-A-069-S5 (Distillation System, EP 1).

- During the August 10, 2018, inspection, it was discovered that the distillation scrubber does not have the ability to continuously monitor the pressure drop, as required. Also, additive rates are not being recorded daily, as required.

24. Quad County has violated the operating conditions with associated monitoring and recordkeeping requirements contained in Construction Permit No. 13-A-189-S1 (Stillage Fermenting Process, EP 30).

- During the August 10, 2018, inspection, it was discovered that the Stillage Fermentation scrubber does not have the ability to continuously monitor the pressure drop, as required. Also, additive rates are not being recorded daily, as required.

25. Quad County has violated the operating conditions with associated monitoring and recordkeeping requirements contained in Construction Permit No. 12-A-277-S1 (Truck Dump, Pit #3, EP 6).

- During the August 10, 2018, inspection, it was discovered that the facility was not recording trucks/hr, as required.

26. Quad County has violated the operating conditions with associated monitoring and recordkeeping requirements contained in Construction Permit No. 12-A-279 (Denaturant Storage Tank, EP 29).

- During the August 10, 2018, inspection, it was discovered that the facility was not recording maximum vapor pressures, as required.

27. On September 25, 2018, DNR Field Office 3 issued an NOV for record keeping and operating requirement violations for EP 1, 6, 16, 21, 29, and 30. Many of the violations had previously been identified by DNR in an April 8, 2013, LNC and had not been corrected by the facility.

Excess Emissions Violations

28. Between January 1, 2018, and January 22, 2020, Quad County reported excess emissions on twenty-two occasions, as stated in the table below.

Excess Emissions Reports

Date	Description
January 8, 2018	Excess Emission report - CO2 plant next door went down, water from the plant feeds the scrubber. Scrubber was operating 4.8 gallons below required levels.
January 26, 2018	Excess Emission report - No water to scrubber.
February 13, 2018	Excess Emission Report - Line froze leaving CO2 valve open.
June 4, 2018	Excess Emission report - Heat exchanger was gummed up.
June 11, 2018	Excess Emission report - for CO2 scrubber being down.
June 25, 2018	Excess Emission report - PRV's on fermentation tanks are lifting and not properly seating.
August 20, 2018	Excess Emission report - a rain event caused water to get into electrical box causing power loss to half of the plant.
October 9, 2018	Excess Emission report – stopped flow to scrubber for valve repair.
November 6, 2018	Excess Emission report – small leak on stem valve to

	mole sieve.
November 21, 2018	Excess Emission report – CO2 Scrubber shutdown.
May 13, 2019	Excess Emission report – Ammonium Bisulfite (chemical injection required to reduce emissions) was not running to the scrubber.
June 26, 2019	Excess Emission report – Microbial issue in fermentation scrubber and other unknown units.
July 31, 2019	Excess Emission report – scrubbers offline for maintenance, cleaned in place while offline.
August 5, 2019	Excess Emission report - planned outage for scrubbers to be cleaned in place.
August 6, 2019	Excess Emission report - scrubber taken offline for maintenance of fan bearing.
August 16, 2019	Excess Emission report – mechanical flush of CO2 Scrubber, went above permitted flow rate.
September 16, 2019	Excess Emission report – dryer running without going through RTO; and debris got into a wire connection in the VFD for the RTO and caused a communication error.
September 19, 2019	Excess Emission report – dryer ran without the RTO for under 30 minutes. Natural gas valve for burner was not working properly causing RTO to kick out.
October 21, 2019	Excess Emission report – Operators changed tank on CO2 Scrubber and failed to open valve resulting in 24 hour period without CO2 scrubber activation. Scrubber was operating for 82.5 hours without any additive.
November 7, 11 & 12, 2019	Excess Emission report – Two incidents - November 7, 2019; and November 11 and 12, 2019. Cause of both incidents was the heat exchangers for the water source to the CO2 Scrubber. Flushing was done to clean out blockage and restored flow to the CO2 scrubber. Excess emissions included VOC, HAP's, formaldehyde, acetaldehyde, acrolein, methanol, PM and PM10.
December 17, 2019	Excess Emission report – Operator discovered during a shift change the water flow to the scrubber was too low. It was discovered the alarm set point was set too low so no alarm occurred. The changes in the flow and alarm set points was blamed on human error.
January 22, 2020	Excess Emission report – Issues with molecular sieves caused evaporators to go down, which in turn caused a lack of water to condense. This water supplies the scrubbers, so there was no water flow to the fermentation

	scrubber from 3:15 to 5:04 AM and no water flow to the thin stillage scrubber from 4-4:45 AM.

29. On two other occasions, Quad County failed to report excess emissions. On August 5, 2019, a Notice of Violation letter (NOV) was issued to Quad County for ongoing excess emissions from EP 16 and for failing to report excess emissions as required. These excess emissions were reported to DNR along with a result of preliminary emissions data submitted by Quad County for a June 24 – 28, 2019, stack test event

Failure to Operate and Maintain Equipment in a Manner Designed to Minimize Emissions

30. Quad County has failed to operate and maintain equipment in a manner designed to minimize emissions, as required by Condition 8 of Construction Permit 01-A-084-S4 (DDGS Dryer, EP 16), and by 567 IAC 24.1(1)"a". Condition 8 establishes general requirements pertaining to construction and operation of the source.

31. DNR observed at the site on August 22, 2019, that emissions were being vented uncontrolled from duct work leading to EP 16 control equipment (an unpermitted bypass stack) and from a roof door. Quad County stated that a seal was bad on an emergency stack. A September 4, 2019, NOV was issued for failure to maintain equipment and for operating without a permit.

Past enforcement history

32. Quad County has a history of violating air quality requirements and other DNR requirements.

Date	Description
December 3, 2002	An NOV was issued for failure to timely obtain a construction permit for EU 17, a hammermill constructed in 2002.
August 11, 2003	An NOV was issued for wastewater parameter, delinquent stack testing, and delinquent NSPS VV testing.
December 7, 2004	An NOV was issued for stack test results that showed the facility as major for VOD, with emissions of the rotary dryer in excess of 167 lb/hr.

July 15, 2005	Administrative Order No. 2005-AQ-13 was issued for failure to apply for PSD permits. The order assessed and the facility paid a $10,000.00 penalty.
July 15, 2005	Administrative Order No. 2005-AQ-14 was issued for failure to timely apply for a Title V permit. The order assessed and the facility paid a $10,000.00 penalty.
December 12, 2006	AN NOV was issued for violations evident following NOx testing on Boilers 1 and 2. On October 7, 2007, Administrative Order No. 2005-AQ-13 was amended to change the NOx limit.
November 8, 2007	An NOV was issued for violating Construction Permit No. 07-A-345 because the Fermentation CO2 scrubber was exceeding the 240 hours of "bypass" time allowed.
April 8, 2013	An LNC was issued for deviations founds during inspection, including recordkeeping and operating requirement violations that were not addressed and were later re-asserted in a September 256, 2018, NOV. The NOV also asserted that there was no pressure gauge on the wet scrubber for the distillation system, as required by Construction Permit No. 01-A-069-S3. The pressure drop cannot be recorded without the gauge. VOC emissions were not being calculated and recorded as required by Construction Permit No. 06-A-759-S1 for EP 27 (Syrup Tank). Quad County was instructed to create a separate log sheet to record the number of trucks dumping in Pit #1 and Pit #2 each day, including the date and time. The flare was required to be inspected according to manufacturer's specifications. TDS testing was required to be conducted (measuring similar parameters). The facility had deficient Subpart Kb recordkeeping for EP 29 (Denaturant Tank). Records of haul road sweeping were not being kept, and the number of trucks arriving was not being recorded.
March 24, 2015	An NOV was issued for stack testing violations for VOC and HAP on EP 1, EP 16, and EP 30 as a result of testing conducted on December 15 through 18, 2014.
July 14, 2015	AN NOV was issued for failure to control emissions and report excess emissions for operating without a baghouse.

IV. CONCLUSIONS OF LAW

1. Iowa Code section 455B.133 provides that the Environmental Protection Commission (Commission) shall establish rules governing the quality of air and emission standards. The Commission has adopted 567 IAC chapters 20-35 relating to air quality.

2. Iowa Code section 455B.134(3) provides that the director of DNR shall grant, modify, suspend, terminate, revoke, reissue or deny permits for the construction or operation of new, modified, or existing air contaminant sources and for related control equipment.

3. Pursuant to Iowa Code sections 455B.133 and 455B.134, 567 IAC 22.1(1) was adopted, which states, in relevant part, that "[u]nless exempted in subrule 22.1(2) or to meet the parameters established in paragraph *"c"* of this subrule, no person shall construct, install, reconstruct or alter any equipment, control equipment or anaerobic lagoon without first obtaining a construction permit...." Quad County has failed to timely obtain and maintain construction permits, as stated above.

4. 567 IAC 22.3(3) states that a permit may be issued subject to conditions which shall be specified in writing. Such conditions may include but are not limited to emission limits, operating conditions, fuel specifications, compliance testing, continuous monitoring, and excess emission reporting. As stated above, Quad County has failed to comply with emission limits contained in air quality construction permits. Quad County has violated compliance demonstration and stack testing requirements. Quad County has violated operating requirements and associated recordkeeping requirements contained in permits.

5. Quad County has failed to timely report excess emissions, as required by numerous construction permits. Quad County also has failed to comply with the provisions of 567 IAC 24. 567 IAC 24 requires that an initial report of excess emissions shall occur within eight hours of, or at the start of the first working day following the onset of the incident. The rule also requires that a written report of excess emissions shall be submitted within seven days of the onset of the upset condition. Between January 1, 2018, and August 16, 2019, Quad County reported excess emissions on twenty-two occasions. On two other occasions, Quad County failed to report excess emissions.

6. 567 IAC 24.1(1)"a" requires that sources be operated and maintained in a manner to minimize emissions. Quad County has failed to operate and maintain equipment in a manner designed to minimize emissions, as required by Condition 8 of the construction permits for EP 16, EP 21, and EP 30, and by 567 IAC 24.1(1)"a". 567 IAC 24.2(2) states:

A maintenance plan will be required for equipment or control equipment where in the judgment of the director a continued pattern of excess emissions indicative of inadequate operation and maintenance is occurring. The maintenance plan shall include, but not be limited to, the following:

a. A complete preventive maintenance schedule, including identification of the persons responsible for inspecting, maintaining and repairing control equipment, a description of the items or conditions that will be inspected, the frequency of these inspections or repairs, and an identification of the replacement parts which will be maintained in inventory for quick replacement;

b. An identification of the equipment and air pollution control equipment operating variables that will be monitored in order to detect a malfunction or failure, the normal operating range of these variables, and a description of the method of monitoring and surveillance procedures.

c. A contingency plan for minimizing the amount and duration of any excess emissions to the maximum extent possible during periods of such emissions.

V. ORDER

THEREFORE, DNR orders and Quad County agrees to the following:

1. Within 45 days of the date this order is signed by the director, Quad County shall submit for DNR review construction permit applications for all emission points operating without a construction permit and for which construction permit applications are not pending on the date this order is signed by the director, in compliance with 567 IAC 22.1(1); and

2. Within 90 days of the date this order is signed by the director, Quad County shall submit to DNR preventative maintenance plans meeting the requirements of 567 IAC 24.2(2) for all air emission control equipment at the facility, and specifically addressing blockages and consequent emission limit violations in connection with EP 16, EP 21 and EP 30; and

3. Within 120 days of the date this order is signed by the director, Quad County shall conduct, through an independent third-party auditor approved by DNR, a comprehensive environmental audit to determine compliance status of all air emitting sources at the facility. The auditor shall not be an employee or contractor of Quad County and shall not have more than a de minimus current or former financial interest in Quad County. Within 120 days of the date this order is signed by the director, Quad County shall provide a final audit report to DNR

including any discovered violations, needed corrective actions, all auditor-recommended corrective actions, and a schedule for compliance; and

4. Within 30 days of the date this order is signed by the director, Quad County shall pay a penalty of $9,000.00.

VI. PENALTY

Pursuant to the provisions of Iowa Code section 455B.109 and 567 IAC chapter 10, which authorize the director to assess administrative penalties, a penalty of $9,000.00 is assessed by this administrative consent order. The penalty must be paid within 30 days of the date this order is signed by the director. The administrative penalty is determined as follows:

Iowa Code section 455B.146 authorizes the assessment of civil penalties of up to $10,000.00 per day of violation for the air quality violations involved in this matter. More serious criminal sanctions are also available pursuant to Iowa Code section 455B.146A.

Iowa Code section 455B.109 authorizes the Commission to establish by rule a schedule of civil penalties up to $10,000.00 that may be assessed administratively. The Commission has adopted this schedule with procedures and criteria for assessment of penalties through 567 IAC chapter 10. Pursuant to this rule, DNR has determined that the most effective and efficient means of addressing the above-cited violations is the issuance of an administrative consent order with a penalty. The administrative penalty assessed by this order is determined as follows:

Economic Benefit – 567 IAC Chapter 10 requires that the DNR consider the costs saved or likely to be saved by noncompliance. 567 IAC 10.2(1) states that "where the violator received an economic benefit through the violation or by not taking timely compliance or corrective measures, DNR shall take enforcement action which includes penalties which at least offset the economic benefit." 567 IAC 10.2(1) further states, "reasonable estimates of economic benefit should be made where clear data are not available."

Quad County Corn Processors has gained an economic benefit from exceeding emission limits on several sources, apparently through delayed maintenance in many cases. Delaying maintenance has allowed Quad County to realize significant cost savings by not replacing control equipment, not maintaining duct work, and not cleaning out control equipment. Quad County also has gained an economic benefit by not installing monitoring equipment and not complying with recordkeeping requirements. Economic benefit has been realized by Quad County by delaying required testing for EP1, EP 16, EP 21, and EP 30.

For these reasons, $3,000.00 is assessed for economic benefit.

Gravity of the Violation – One of the factors to be considered in determining the gravity of a violation is the amount of penalty authorized by the Iowa Code for that type of violation. As indicated above, substantial civil penalties are authorized by statute. Despite the high penalties authorized, the DNR has decided to handle the violations administratively at this time, as the most equitable and efficient means of resolving the matter.

Actual harm to the environment and public health likely occurred due to the amount of pollutants that were emitted above the construction permit emission limits set forth in construction permits for EP 1, EP 16, EP 21, and EP 30. Emission limits for Formaldehyde, Acetaldehyde, Methanol, Acrolein, NOx, VOC, and Total HAP have been violated with many of the violations currently ongoing. These pollutants are known to cause adverse health effects.

Furthermore, Acetaldehyde, Acrolein, Formaldehyde, and Methanol are designated as Hazardous Air Pollutants (HAPs). HAPS are known or suspected to cause cancer or other serious health effects, such as reproductive effects or birth defects, or adverse environmental effects. The gravity of the violation is higher when excess HAP emissions are occurring.

The failure to conduct stack testing on EP 1, EP 16, EP 21, and EP 30 in June, July, or August as required by the construction permits threatens the integrity of the air permitting program. Testing in the summer time months represents worst case emissions scenario, which allows the DNR to determine if control equipment is functioning correctly and is appropriately sized to control the emission load under which the equipment is being operated. Quad County did not conduct the testing as required until at least 662 days after the required test due date of August 31, 2017. This has delayed the DNR's ability to determine if emission violations are occurring.

The integrity of the permitting program has also been threatened when Quad County failed to comply with its recordkeeping and operating requirements. DNR is unable to determine if the facility is meeting its permitted requirements when required operating and recordkeeping conditions are not being followed.

Quad County received Construction Permit No. 07-A-345-S6 on May 3, 2017. This permit required the CO2 scrubber be replaced. As of September 3, 2019, the scrubber had not been replaced. Condition 10 of Construction Permit No. 07-A-345-S6 required that construction begin within 18 months or the construction permit would become void. Since construction did not timely begin, EP 21 is operating without a construction permit. EP 21 has violated emission limits during stack test events conducted on June 26 and August 21, 2019. Had the CO2 scrubber been replaced as Construction Permit No. 07-A-345-S6 required, these violations may have been avoided.

Quad County also allowed other construction permits to become void by failing to timely begin construction. Those emission points continue to operate, as well.

For these reasons $3,000.00 should be assessed for this factor.

Culpability – Quad County has a history of exceeding permitted limits. Additionally, Quad County was aware of excess emissions on EP 16 as of June 24, 2019, and failed to provide an excess emissions report as required by 567 IAC 24.1. Quad County did not notify the DNR representative of the known excess emissions while onsite June 25 and 26, 2019. Quad County subsequently cancelled scheduled compliance testing without divulging emission limit exceedances. Emissions data was provided only upon request by DNR. Quad County knowingly operated EP 16 in violation of permitted limits and did not report emissions as required.

Quad County received a LNC on April 8, 2013, for recordkeeping and operating parameter violations. A NOV was issued September 25, 2018, for many of the same violations identified in the April 8, 2013, LNC. Quad County has shown that even when potential violations are identified by DNR, the issues are not addressed.

Quad County was exhausting uncontrolled emissions from EP 16 on August 22, 2019. Stack test failures on EP 21 and EP 30 were attributed to plugging of control equipment. Quad County has cancelled required testing on three separate occasions due to mechanical failure. Failing to ensure preventative maintenance plans are sufficient and failing to perform needed maintenance shows negligence.

For these reasons, $3,000.00 is assessed for culpability.

VII. WAIVER OF APPEAL RIGHTS

This administrative consent order is entered into knowingly and with the consent of Quad County. For that reason, Quad County waives its right to appeal this order or any part thereof.

VIII. NONCOMPLIANCE

VIII. NONCOMPLIANCE

Failure to comply with this administrative consent order, including failure to timely pay any penalty, may result in the imposition of further administrative penalties or referral to the attorney general to obtain injunctive relief and civil penalties pursuant to Iowa Code section 455B.146. Compliance with Section "V. Order" of this administrative consent order constitutes full satisfaction of all requirements pertaining to the specific violations described in Section "IV. Conclusions of Law" of this administrative consent order.

Kayla Lyon, Director
Iowa Department of Natural Resources

Dated this 15th day of April, 2020.

Quad County Corn Processors Cooperative

Dated this 14 day of April, 2020.

DNR Field Office 3; Anne Preziosi: VII.A.1, VII.A.2.

Exhibit E

Administrative Consent Order No. 2005-AQ-13

And

Amendment to Administrative Consent Order No. 2005-AQ-13

IOWA DEPARTMENT OF NATURAL RESOURCES
ADMINISTRATIVE ORDER

IN THE MATTER OF:	ADMINISTRATIVE CONSENT ORDER
QUAD COUNTY CORN PROCESSORS COOPERATIVE	NO. 2005-AQ-13

TO: Quad County Corn Processors Cooperative
Mike Jerke, General Manager
6059 159th Street
P.O. Box 248
Holstein, Iowa 51020

I. SUMMARY

This administrative consent order is entered into between Quad County Corn Processors Cooperative (Quad County) and the Iowa Department of Natural Resources (DNR) for the purpose of resolving the issues surrounding Quad County's failure to timely apply for and obtain a Prevention of Significant Deterioration (PSD) permit. In the interest of avoiding litigation, the parties have agreed to the provisions below.

Questions regarding this administrative consent order should be directed to:

Relating to technical requirements:
Brian Hutchins, Compliance Supervisor
Iowa Department of Natural Resources
7900 Hickman Road, Suite 1
Urbandale, Iowa 50322
Phone: 515/281-4899

Relating to appeal rights:
Kelli Book, Attorney for the Department
Iowa Department of Natural Resources
7900 Hickman Road, Suite 1
Urbandale, Iowa 50322
Phone: 515/281-8563

Payment of Penalty to:
Director, Iowa Dept. of Natural Resources
Henry A. Wallace Building
Des Moines, Iowa 50319-0034

II. STATEMENT OF FACTS

1. Quad County is located at 6059 159th Street in Galva, Iowa. The facility processes grain into ethanol and various feed products. The facility is a source of air pollutant emissions to the outside atmosphere. Emission units include a DDGS Dryer, a 200 Proof Shift Tank, a 190 Proof Rerun Tank, Production Storage Tanks, and two Boilers.

2. On November 17, 2000, Quad County submitted construction permit applications for the facility. The applications listed the facility's potential total emissions for Volatile Organic Compounds (VOCs) as 69.83 tons per year.

3. On January 24, 2001, DNR issued construction permit numbers 01-A-069 through 01-A-085 to Quad County for the emission units at its facility. Based on the calculations submitted by Quad County, the permits did not include VOC emission limits and the facility was considered a minor source for PSD. The construction permits did require Quad County to perform initial performance stack testing on some emission units.

4. In October 2001, Quad County began construction for its facility. On February 27, 2002, Quad County began operations at its facility.

5. On November 14, 2002 and November 15, 2002, Quad County conducted stack testing for the DDGS Dryer. The stack test results showed the emissions from the DDGS Dryer were 15.37 lb/hr VOC per Method 25A. Since it was known Method 25A was not accounting for total mass of VOC being emitted from sources at ethanol facilities, the Environmental Protection Agency (EPA) later developed the Midwest Scaling Protocol (MSP) to account for total mass of VOC. When the default scaling factor from EPA's MSP is applied to the Method 25A results an emission estimate of 33.81 lbs/hr VOC is calculated. Applying EPA's MSP to the test results suggest the DDGS Dryer would have potential VOC emissions of 148.10 tons/year.

6. March 4-6, 2003, Quad County again conducted stack testing on the DDGS Dryer. During this test Quad County only collected speciated VOC data. Based on the data submitted, the stack test results indicated the emissions from the DDGS Dryer were 25.06 lbs/hr VOC. The test results suggest the DDGS Dryer would have potential VOC emissions of 109.77 tons/year.

7. On November 26, 2003, the DNR sent a letter to Quad County informing the facility that as a result of the November 2002 and March 2003 stack tests, the facility was considered a major source of air emissions and subject to PSD permitting. The letter also informed Quad County that the DNR considered Quad County and Heller's Carbonic West, located at 1584 Market in Galva, as one stationary source for PSD permitting. Quad County was required to include the emissions from Heller's Carbonic West when determining its emissions.

8. On April 27, 2004, representatives from the DNR and Quad County met to discuss permitting issues and the stack test results. On May 14, 2004, Quad County submitted actual emissions data to the DNR for review. The information submitted to the DNR indicated the actual emissions at the facility were over the PSD threshold.

9. On June 3, 2004, Quad County again conducted stack testing for the DDGS Dryer. This time Quad County used EPA's preferred test protocol, Method 25

and EPA's MSP, and the test results indicated the emissions from the DDGS Dryer were 167.3 lbs/hr VOC. The test results also indicated emissions of acetaldehyde, a Hazardous Air Pollutant (HAP), from the DDGS Dryer were 4.5 lbs/hr. The test results suggest the DDGS Dryer would have potential VOC emissions of 732.77 tons/year.

10. On December 7, 2004, DNR issued a Notice of Violation letter to Quad County for failing to apply for a PSD permit.

III. CONCLUSIONS OF LAW

1. Pursuant to the provisions of Iowa Code sections 455B.134(9) and 455B.138(1), which authorize the Director to issue any order necessary to secure compliance with or prevent a violation of Iowa Code chapter 455B, Division II (air quality), and the rules promulgated and permits issued pursuant thereto; and Iowa Code section 455B.109 and 567 Iowa Administrative Code (IAC) chapter 10, which authorize the Director to assess administrative penalties, DNR has jurisdiction to issue this administrative consent order.

2. Pursuant to Iowa Code Section 455B.133, 567 IAC 22.4 adopted by reference 40 CFR Subsection 52.21, which defines a PSD major stationary source as any stationary source of air contaminants that emits, or has the potential to emit, 250 tons per year or more of any regulated pollutant. If the facility is one of EPA's 28 major source category types, the threshold is 100 tons per year or more of any regulated pollutant. Quad County is one of the 28 major source category types and has a major source threshold of 100 tons. The results of the three stack tests conducted by Quad County indicate the facility has the potential to emit in excess of 100 tons per year of VOC. Quad County is classified as a PSD major stationary source facility.

3. Pursuant to Iowa Code Section 455B.133, 567 IAC 22.4 adopted by reference 40 CFR Subsection 52.21 further states that no new major stationary source or major modification to which the PSD requirements apply shall begin actual construction without a PSD permit. When first applying for construction permits, Quad County did not accurately assess VOC potential emissions from its facility, and thus failed to submit a PSD application for evaluation and approval. Quad County began construction without a PSD permit in October 2001 and has been operating without a PSD permit since February 2002. The above facts indicate a violation of this provision.

IV. ORDER

THEREFORE, the DNR orders and Quad County agrees to do the following:

1. Quad County shall pay a penalty of $10,000.00 within 30 days of the date the Director signs this administrative consent order; and

2. Quad County shall comply with the following provisions of the compliance program and the attached Compliance Plan.

I. COMPLIANCE PROGRAM REQUIREMENTS

A. INSTALLATION OF CONTROLS AND APPLICABLE EMISSION LIMITS

1. Quad County shall implement a program of compliance at its ethanol distillation facility to attain the emission levels required under this administrative consent order for VOC, PM, PM10, CO, NOx, and HAPs. Quad County shall implement a plan, in accordance with the schedule contained in the Compliance Plan, for the installation and optimization of air pollution control technology capable of meeting the following emission level reductions for the identified units in subparagraphs (a) through (j). Quad County's Compliance Plan is Attachment 1 to this administrative consent order:

(a). DDGS Dryer: Ninety-five (95) percent reduction of VOC or emissions no higher than ten (10) parts per million ("PPM") of VOC, ninety (90) percent reduction of CO emissions or emissions no higher than one hundred (100) PPM of CO, and reduction of PM and PM10 based on operation of pollution control technology specified in the Compliance Plan and as established after initial performance testing pursuant to Paragraphs 7, 8, and 9 of this administrative consent order. A NOx emission factor shall be established after initial performance testing required by this administrative consent order. The emission factor will be used to determine compliance with the Group NOx Cap set out in Paragraph 1(g) using the method specified in the approved Compliance Plan.

(b). Fermentation Units (including the Beer Well) Emergency Bypass: Either ninety-five (95) percent reduction of VOC or emissions equal to or less than twenty (20) PPM of VOC.

(c). Boilers: A NOx emission factor shall be established based on initial performance testing required by this administrative consent order. The emission factor will be used to determine compliance with the Group NOx Cap set out in Paragraph 1(g) using the method specified in the approved Compliance Plan.

(d). Distillation Units: Either ninety-five (95) percent reduction of VOC or emissions equal to or less than twenty (20) PPM of VOC.

(e). Ethanol Loadout: An open flame flare for the destruction of captured VOC's and HAPs has already been installed and operating at the facility.

(f). New Source Performance Standards (NSPS): Identify and implement applicable NSPS requirements codified at 40 CFR Part 60, which are: NSPS subpart Do (Small Industrial Commercial-Institutional Steam Generating Units less than 29 MW (100 MMBTU/hour); NSPS subpart Kb (Volatile Organic

Liquid Storage Vessels); and NSPS subpart VV (Synthetic Organic Chemicals Manufacturing Industry Leak Detection, Monitoring and Repair Requirements).

(g). Group NOx Cap: A Group NOx limit shall not exceed 26.6 tons per year ("TPY") NOx for the gas-fired boilers and DDGS dryer. Emission factors for each unit in this group shall be established during the initial performance test required by this Administrative consent order based on actual fuel usage for all emission units in this group as described in the Compliance Plan. Beginning no later than the first full month following the start-up of the last piece of control equipment required in the Compliance Plan, Quad County shall continually operate its facility so as not to exceed the 26.6 TPY Group NOx Cap based on a 12-month rolling sum, rolled monthly, and recorded monthly. Compliance during the first twelve months shall be demonstrated by calculating the monthly totals. Beginning on the thirteenth month compliance will be demonstrated by the 12 month rolled total. If, based on emissions testing as set forth in the Compliance Plan, Quad County determines additional control measures are required to meet the 26.6 TPY Group NOx cap, such control measures shall be proposed and included in a permit application within ninety (90) days of emissions testing.

(h). Fugitive Dust Control PM: Chemical dust suppression as described in the Compliance Plan shall be implemented to minimize fugitive dust emissions from facility operations.

(i). Additional Requirements for Hazardous Air Pollutants ("HAPS"): Beginning no later than the first full month following the start-up of the last piece of control equipment required in the Compliance Plan, Quad County shall continually operate its facility so as not to exceed source-wide allowable emissions of 9.4 tons per year ("TPY") for any single HAP or 24.4 TPY for all HAPs based on a 12-month rolling sum, rolled monthly, and recorded monthly. Compliance during the first twelve months shall be demonstrated by calculating the monthly totals. Beginning on the thirteenth month compliance will be demonstrated by the 12 month rolled total. If, based on emissions testing as set forth in the Compliance Plan, additional control measures are required to meet the 9.4 or 24.4 TPY emission caps, such control measures shall be proposed and included in a permit application within ninety (90) days of emissions testing.

(j). Additional Requirements for VOCs, PM, PM10, SO2, NOx, and CO: Beginning no later than the first full month following start-up of the last piece of control equipment required in the Compliance Plan, Quad County shall continually operate its facility so as not to exceed the source-wide allowable emission caps of ninety-five (95) TPY for each pollutant for VOCs, PM, PM10, SO2, NOx, and CO based on a 12-month rolling sum, rolled monthly, and recorded monthly. Compliance during the first twelve months shall be demonstrated by calculating the monthly totals. Beginning on the thirteenth month compliance will be demonstrated by the 12 month rolled total.

IOWA DEPARTMENT OF NATURAL RESOURCES
ADMINISTRATIVE CONSENT ORDER
ISSUED TO: QUAD COUNTY CORN PROCESSORS COOPERATIVE

B. PERMITTING AND MODIFICATIONS

2. Permitting: By no later than thirty (30) days of signing this administrative consent order, Quad County shall apply to DNR for federally-enforceable construction permit modifications. Quad County shall include in its applications proposed emission limits and monitoring and recordkeeping requirements in accordance with this administrative consent order and Compliance Plan. To the extent that the terms of the construction permits issued by DNR are consistent with the provisions of this administrative consent order, Quad County agrees not to contest such terms.

3. Future Modifications: For the effective period of the Administrative consent order, Quad County shall obtain a federally-enforceable PSD construction permit prior to beginning construction or operation of any future modification that will result in a "significant net emission increase" as defined by 40 C.F.R. Part 52, but will not exceed the ninety-five (95) TPY allowable emission caps. The modifications required in this administrative consent order are excluded from the requirements of this Paragraph.

4. If, as a result of any future modifications, prior to termination of the administrative consent order, the total limited potential emissions of VOCs, PM, PM10, SO2, NOx and CO will exceed the ninety-five (95) TPY allowable emission caps, then Quad County shall complete and submit for DNR approval a source-wide PSD/NSR permit application.

5. To the extent that Quad County demonstrates, through results of compliance tests or evidence of operating conditions, that the facility has operated below the ninety-five (95) TPY emission caps for twenty-four (24) months, the facility shall be treated as a synthetic minor for air permitting requirements and permit requirements for future modifications will be governed by applicable state and federal regulations.

6. In determining whether a future modification will result in a significant net emissions increase, Quad County cannot take credit for any emission reductions resulting from the implementation of the administrative consent order for netting purposes as defined by 40 CFR § 52.21(b)(3). In addition, the emission reductions of PM, PM10, NOx, SO2, and CO required under this administrative consent order and the applicable NSPS may not be used for any emissions offset, banking, selling or trading program. VOC emissions reductions up to ninety eight (98) percent of the uncontrolled feed dryer emissions may not be used for any emissions offset, banking, selling or trading program.

C. DEMONSTRATION OF COMPLIANCE

7. Quad County shall demonstrate continuous compliance with the emission limits established under this administrative consent order by the use of performance testing, parametric monitoring, recordkeeping and reporting, or initial and periodic compliance testing, as appropriate, as set forth in the Compliance Plan and construction permits. Until termination of the administrative consent order, Quad County shall conduct: (1) annual

performance tests on the DDGS dryer; and (2) performance tests on all other units in accordance with the schedule set forth in this administrative consent order. All such tests shall be conducted using the methods set forth in Section 7.0 of the Compliance Plan to demonstrate compliance with the emission limits.

8. By no later than ninety (90) days following the start-up of the last piece of control equipment required in the Compliance Plan, Quad County shall demonstrate through an initial performance test that it has met the required destruction efficiency and/or emission limit of each emissions unit as specified in this administrative consent order. Units to be tested will include: DDGS dryer; Fermentation Emergency Bypass; Distillation Unit; and Gas Boilers. This provision does not apply to the demonstration of compliance with applicable long term annual emissions caps (verified through rolling sums).

9. Notification of testing shall be provided to DNR at least thirty (30) days prior to testing. Unless specifically waived by DNR, a pretest meeting shall be held not later than 15 days prior to conducting the compliance demonstration. DNR may accept a testing protocol in lieu of the pretest meeting. The performance testing shall be conducted in accordance with test protocols approved by the EPA and DNR. Within forty-five (45) days of the test date, test results shall be submitted to DNR.

D. RECORDKEEPING AND REPORTING REQUIREMENTS

10. Beginning with the first full calendar quarter following signing of this administrative consent order, Quad County shall submit written reports within thirty (30) days following each calendar quarter to DNR that itemize administrative consent order requirements, the Compliance Plan requirements, the applicable deadlines, the dates the tasks were completed, unit emissions data and data to support Quad County's compliance status with the terms of this administrative consent order.

11. Quad County shall maintain records to demonstrate compliance with applicable NSPS requirements and its fugitive dust management program.

12. Quad County shall maintain records to demonstrate compliance with the source-wide caps required in this administrative consent order, as well as any other records or requirements contained in any permits issued by DNR.

13. Quad County shall preserve and retain all records and documents now in its possession or control, or which come into its possession or control, that support the reporting and compliance requirements under this administrative consent order for a period of three years following the termination of this administrative consent order, unless other regulations require the records to be maintained longer.

IOWA DEPARTMENT OF NATURAL RESOURCES
ADMINISTRATIVE CONSENT ORDER
ISSUED TO: QUAD COUNTY CORN PROCESSORS COOPERATIVE

V. WAIVER OF APPEAL RIGHTS

This administrative consent order is entered into knowingly by and with the consent of Quad County. For that reason, Quad County waives the right to appeal this administrative consent order or any part thereof.

VI. NONCOMPLIANCE

Failure to comply with this administrative consent order may result in the imposition of further administrative penalties or referral to the Attorney General to obtain injunctive relief and civil penalties pursuant to Iowa Code section 455B.146. DNR specifically reserves the right to bring enforcement action or to request that the Attorney General initiate legal action based on any subsequent violations, including failure to timely pay any penalty. DNR retains the right to pursue any violations not specifically identified in Section III Conclusions of Law of this administrative consent order.

JEFFREY R. VONK, DIRECTOR
Iowa Department of Natural Resources

Dated this 15 day of July, 2005.

for QUAD COUNTY CORN PROCESSORS COOPERATIVE

Dated this 11th day of July, 2005.

ATTACHMENT "1"

Compliance Plan For Quad County Corn Processors

6059 159th Street
Galva, Iowa 51020

ATTACHMENT "1"

1.0 INTRODUCTION

On December 7, 2004, Quad County Corn Processors (QCCP) received a Notice of Violation from the Iowa Department of Natural Resources (IDNR). The IDNR required QCCP to implement a compliance plan (CP) at the corn dry mill ethanol plant it operates in Galva, Iowa to reduce volatile organic compound (VOC) emissions and to achieve compliance with applicable rules.

The final CP, dated April 5, 2005, contains the following elements:

(a). Identification of all units to be controlled;

(b). Engineering design criteria for all proposed controls capable of meeting the emission levels required to demonstrate compliance;

(c). Proposed short-term and long-term emission limits and controlled outlet concentrations for each pollutant as appropriate;

(d). A schedule for installation with specific milestones applicable on a unit-by-unit basis;

(e). Proposed monitoring parameters for all control equipment and parameter ranges;

(f). Identification of all units to be emission tested and a schedule for initial tests and retests;

(g). Proposed test methods to demonstrate compliance with the emissions levels set forth in the CP;

(h). Program for minimization of fugitive dust emissions from facility operations.

ATTACHMENT "1"

2.0 EMISSION UNITS REQUIRING POLLUTION CONTROL EQUIPMENT

The following emission units, fugitive sources, and control equipment have been designated as units requiring pollution control technology.

Unit Designation #	Current IDNR Permit Number	Emission Unit Description	Proposed Control Equipment (CE) Description	Control Equipment (CE) Existing or To Be Installed and Pollutants Controlled
EP-16	01-A-084	DDGS Dryer and Cooling Drum	Re-Engineer DDGS Dryer and Install Regenerative Thermal Oxidizer Low NOx Burner control	To be installed; VOC, PM/PM10, HAP, CO Pending results of testing; NOX
EP-2	01-A-070	Boiler 1	Low NOx Burner control	Pending results of testing; NOX
EP-3	01-A-071	Boiler 2	Low NOx Burner control	Pending results of testing; NOX
EP-1	01-A-069	Distillation, Process tanks, and related emission units	Packed bed wet scrubber (VOC)	Existing; optimize scrubber performance and install new distillation system; VOC, HAP
NA	NA	Truck Traffic	Chemical Dust Suppression	Existing; PM/PM10
EP 19	04-A-530 Issued May 28, 2004	Ethanol Truck Loadout	Flare	Installed and operating; already permitted; VOC, HAP
Fugitive	01-A-085	Valve, Flange, and Seal Fugitive Emissions	LDAR program under NSPS subpart VV (VOC)	Existing
Fermentation and Beer Well Emergency Bypass	Not yet permitted	CO2 stream routed to Hellers Carbonic Dry Ice Facility	Packed bed wet scrubber (VOC)	Existing; need to apply for permit for limited bypass hours; optimize scrubber; VOC, HAP

ATTACHMENT "1"

3.0 ENGINEERING DESIGN CRITERIA FOR POLLUTION CONTROL EQUIPMENT

Emission Unit Description	Proposed Control Equipment (CE) Description	Operating Parameters
DDGS Dryer and Cooling Drum	Re-Engineer DDGS Dryer and Install Regenerative Thermal Oxidizer	Temperature greater than 1300 °F, residence time greater than 0.5 seconds, manufacturer's guarantee of greater than 95% reduction of VOC.
	Low NOx Burner Controls	0.04 lb NOx/MMBtu operated per Manufacturer specifications or as necessary to meet Group NOx Cap and facility-wide cap.
Boiler #1 & #2	Low NOx Burner controls	0.04 lb NOx/MMBtu operated per manufacturer specifications, or as necessary to meet Group NOx Cap and facility-wide cap.
Distillation units, process tanks	Packed bed wet scrubber (VOC)	37 gallons per minute or water flow rate at which last compliant stack test was performed
Fermentation Tanks and Beer Well	Packed bed wet scrubber (VOC)	Route to Hellers Carbonics as feed product
Emergency Bypass of Hellers Carbonics		> 37 gpm water flow rate when Hellers Carbonics is by-passed or flow rate at which last stack test was performed
Truck Traffic	Chemical Dust Suppression (PM/PM-10)	As directed by vendor.
Ethanol Truck Loadout	Flare	Continuous flame presence, 95% control guarantee
Valve, Flange, and Seal Fugitive Emissions	LDAR program under NSPS subpart VV (VOC)	Leak detection program conducted per guidelines in NSPS Subpart VV.

ATTACHMENT "1"

4.0 EMISSION LIMITS FROM POLLUTION CONTROL EQUIPMENT

Emission limitations apply at all times, except as specified in 567 IAC 24.1(1). Excess emission during a period of startup, shutdown, or cleaning of control equipment is not a violation of the emission standard if the startup, shutdown or cleaning is accomplished expeditiously and in a manner consistent with good practice for minimizing emissions except when another regulation applicable to the unit or process provides otherwise. Cleaning of control equipment, which does not require the shutdown of process equipment, shall be limited to one six-minute period per one-hour period.

An incident of excess emissions other than the above is a violation and it shall be reported to the appropriate regional office of the IDNR within eight hours of, or at the start of the firs working day following the onset of the incident. In addition, a written report of an incident of excess emission shall be submitted as a follow-up to all required oral reports to the IDNR within seven days of the onset of the upset condition. If excess emissions occur, either the control equipment causing the excess shall be repaired in an expeditious manner, or the process generating the emissions shall be shutdown within a reasonable period of time, as specified in 567 IAC 24.1.

Process Description	Control Device Description	Pollutant	Short Term Emission Rate	Long Term Emission Rate
Distillation System (01-A-069) (and) Fermentation and Beer Well Emergency Bypass when bypassing Heilers Carbonics	Packed Bed Wet Scrubbers Installation of new distillation system to reduce VOC load on scrubbers.	VOC	95% reduction or less than 20 ppm if inlet concentration is below 200 ppm; lb/hr limits to be established based on performance testing	12-month rolling sum source wide VOC cap of 95 TPY.
		HAPs		12-month rolling sum source wide cap of 9.4 TPY for any single HAP and 24.4 TPY for total HAPs.
Boilers #1 and #2	Low NOx Burner control	NO_x		12-Month rolling sum group limit equal to 0.04 lb/MMBtu at maximum firing rate for combustion units

ATTACHMENT "1"

Process Description	Control Device Description	Pollutant	Short Term Emission Rate	Long Term Emission Rate
DDGS Dryer	RTO	CO	90% reduction or less than 100 ppm	12-month rolling sum source wide CO cap of 95 TPY
		NO_x		12-Month rolling sum group limit equal to 0.04 lb/MMBtu at maximum firing rate for combustion units
		PM/PM_{10}		12-month rolling sum source wide PM/PM_{10} cap of 95 TPY
		VOC	95% reduction or emissions less than 10 ppm	12-month rolling sum source wide cap of 95 TPY
		HAPs		12-month rolling sum source wide emission cap of 9.4 TPY for any single HAP and 24.4 TPY for total HAPs, allowable hours of operation calculated based on most recent compliance test.

ATTACHMENT "1"

5.0 POLLUTION CONTROL EQUIPMENT INSTALLATION SCHEDULE

The control equipment specified in this Compliance Plan will be installed and/or optimized and operational by July 1, 2006 unless installation of Low NOx Burners is required.

DDGS Dryer VOC Control Plan

Action	Date
Limit use of DDGS dryer usage to 25% of distillers grains production, the capacity factor which QCCP has historically operated at to avoid product spoilage.	Until start-up of RTO.
Complete RTO installation and start-up by:	July 1, 2006

Group NOx Cap (DDGS Dryer & Boilers)

Action	Date
At the current time NOx test data is not available for the boiler burners and DDGS Dryer. QCCP will test both boiler burners and DDGS dryer and then decide how to meet the BACT equivalent standard.	By no later than 90 days following RTO startup, QCCP shall conduct initial performance testing for NOx. This testing could be done concurrently on the schedule of other compliance testing.

Denatured Ethanol Loadout VOC Control Plan

Action	Date
Flare installed and operational **(action already taken)**	May 30, 2005

ATTACHMENT "1"

Replacement of Distillation System

Action	Date
Begin foundation construction.	March 21, 2005
Complete construction of a 3-column ICM distillation system in parallel to existing columns. (facility still operating on old columns)	June 21, 2005
Facility shut down, transition to new distillation system. (shut down time)	4-5 days
Restart Production (upstart time) Back in operation with new Distillation system	2-3 days July 5, 2005 (approximate)

ATTACHMENT "1"

6.0 MONITORING PARAMETERS FOR POLLUTION CONTROL DEVICES

Control Device Description	Parameter Monitored	Operating Range	Monitoring Frequency
Packed Bed Wet Scrubbers	Liquid Flow Rate Pressure Drop	> 37 gpm when vented to atmosphere or as determined in most recent compliance test. 2 to 10 inches of water	Continuously and recorded once daily when operating
DDGS Dryer & RTO	Dryer syrup feed rate and beer feed rate, and RTO Temperature	As determined during performance tests. >1300 degrees F	24-hour average Continuously with a low temp alarm
Low NOx burners	Fuel usage and fuel type		Monthly monitor and record fuel type and usage for each unit or emission point. Calculate NOx emissions monthly based on latest stack test data.
Ethanol Loadout Flare	Presence of Flame	Flame presence at all times when emissions may be vented to the flare	Continuous
Leak detection and repair	Per NSPS subpart VV	Per NSPS subpart VV	Per NSPS subpart VV

All monitoring data collected above shall be recorded and maintained on-site. Any deviation of monitoring frequency, record keeping and range shall be reported in the reports and as required under other state and federal rules. Some parameters may be altered per results of performance testing.

ATTACHMENT "1"

7.0 POLLUTION CONTROL DEVICE PERFORMANCE TESTING

Test Methods to be Used

The following schedule and methods will be used to demonstrate compliance with the emission limits contained in Section 4.0 of this Control Technology Plan.

Emission unit/Control system	Pollutant tested	EPA test method	Schedule
DDGS dryer & RTO	Total VOC, Speciated VOCs/HAPs, NOx, CO, PM/PM-10	Method 1, 2, 3A or B, 4, 5/202, 7E, 10, 18 NCASI CI/WP-98.01 and 25 in accordance with a test protocol approved by the parties, unless THC ppm < 50 ppm, then 25A. Inlet & outlet M25 or 25a tests to determine RTO destruction efficiency.	Within ninety (90) days of RTO startup.
Wet scrubbers (inlet/outlet)	Total VOC, Speciated VOCs/HAPs	Method 1, 2, 3A or B, 4, 18 NCASI CI/WP-98.01 for HAPs. VOCs will be tested in accordance with a test protocol approved by the parties.	Within ninety (90) days of RTO startup.
Boilers	NOx and CO	Method 7E and 10	Within ninety (90) days of RTO startup.

PRIMARY VOC SPECIES EMITTED FROM FUEL ETHANOL FACILITIES: Acetaldehyde, Acetic Acid, Ethanol, Formaldehyde, Formic Acid, Methanol, 2-Furaldehyde, Lactic Acid, and Acrolein.

ATTACHMENT "1"

8.0 FUGITIVE DUST EMISSION CONTROL PROGRAM

Quad County Corn Processors will initiate application of an approved dust suppressant on its roads to control fugitive road dust emissions.

Application Schedule

Scheduled	Not scheduled
Annually. Application will cover facility roadways.	As needed per periodic observations. Application may be spot specific (i.e. corners and turn-arounds) or entire facility.

Monitoring

Parameter	Set Point/Range	Frequency
Visible road dust from all sections of facility roadway	No visible road dust	Weekly, personnel will inspect facility roadway surface for wear, frost boils, etc. and will observe truck traffic at each corner for signs of visible emissions

Record Keeping

Personnel will record roadway inspection observation data including but not limited to: Date and time of inspection, name of inspector, map or site plan showing locations and site lines of Visible Emissions observations and locations of road surface problem areas, corrective actions taken to eliminate visible emissions or problem surface conditions.

Any deviation of monitoring frequency and range shall be reported in the quarterly reports and as required under other state and federal rules.

IOWA DEPARTMENT OF NATURAL RESOURCES
ADMINISTRATIVE CONSENT ORDER

IN THE MATTER OF:	AMENDMENT to ADMINISTRATIVE CONSENT ORDER
QUAD COUNTY CORN PROCESSORS COOPERATIVE	NO. 2005-AQ-13

TO: Quad County Corn Processors Cooperative
Mike Jerke, General Manager
6059 159th Street
~~P.O. Box 248~~
~~Holstein~~, Iowa 51020
Galva

CERTIFIED
NO 7005 2760 0000 4026 7561

Return Receipt Requested

Administrative Consent Order No. 2005-AQ-13 became final on July 15, 2005. Following discussions between the Department of Natural Resources (DNR) and Quad County Corn Processors Cooperative (Quad County), the following amendment is made to Section A.1(g) of the Compliance Program Requirements listed in Section IV. "Order", Paragraph 2:

> The Group NO_x limit shall not exceed 28.8 tons per year for the gas-fired boilers and DDGS dryer/RTO.

In all other respects, Administrative Order No. 2005-AQ-13 remains in full force and effect.

Any questions regarding this amendment should be addressed to:

Kelli Book, Attorney for the Department
Department of Natural Resources
7900 Hickman Road, Suite 1
Urbandale, Iowa 50322
(515) 281-8563

RICHARD A. LEOPOLD
Iowa Department of Natural Resources

Dated this 10 day of June, 2007.

Quad County Corn Processors Cooperative

Dated this 25th day of June, 2007.

#47-05-002 (Barb Stock); Kelli Book; Bryan Bunton; EPA

Exhibit F

Administrative Consent Order No. 2005-AQ-14

IOWA DEPARTMENT OF NATURAL RESOURCES
ADMINISTRATIVE ORDER

IN THE MATTER OF:	ADMINISTRATIVE CONSENT ORDER
QUAD COUNTY CORN PROCESSORS COOPERATIVE	NO. 2005-AQ-14

TO: Quad County Corn Processors Cooperative
Mike Jerke, General Manager
6059 159th Street
P.O. Box 248
Holstein, Iowa 51020

I. SUMMARY

This administrative consent order is entered into between Quad County Corn Processors Cooperative (Quad County) and the Iowa Department of Natural Resources (DNR) for the purpose of resolving the issues surrounding Quad County's failure to timely apply for and obtain a Title V operating permit. In the interest of avoiding litigation, the parties have agreed to the provisions below.

Questions regarding this order should be directed to:

<u>Relating to technical requirements:</u>
Brian Hutchins, Compliance Supervisor
Iowa Department of Natural Resources
7900 Hickman Road, Suite 1
Urbandale, Iowa 50322
Phone: 515/281-4899

<u>Relating to appeal rights:</u>
Kelli Book, Attorney for the Department
Iowa Department of Natural Resources
7900 Hickman Road, Suite 1
Urbandale, Iowa 50322
Phone: 515/281-8563

II. STATEMENT OF FACTS

1. Quad County is located at 6059 159th Street in Galva, Iowa. The facility processes grain into ethanol and various feed products. The facility is a source of air pollutant emissions to the outside atmosphere. Emission units include a DDGS Dryer, a 200 Proof Shift Tank, a 190 Proof Rerun Tank, Production Storage Tanks, and two Boilers.

2. On November 17, 2000, Quad County submitted construction permit applications for the facility. The applications listed the facility's potential total emissions for Volatile Organic Compounds (VOCs) as 69.83 tons per year.

3. On January 21, 2001, DNR issued construction permit numbers 01-A-069 through 01-A-085 to Quad County for the emission units at its facility. Based on the calculations submitted by Quad County, the permits did not include VOC emission limits and the facility was considered a minor source for the Title V program. The construction permits did require Quad County to perform initial performance stack testing on some emission units.

4. On February 27, 2002, Quad County began operations at its facility. The DDGS Dryer began operations on or around October 1, 2002.

5. On November 14, 2002 and November 15, 2002, Quad County conducted stack testing for the DDGS Dryer. The stack test results showed the emissions from the DDGS Dryer were 15.37 lb/hr VOC per Method 25A. Since it was known Method 25A was not accounting for total mass of VOC being emitted from sources at ethanol facilities, the Environmental Protection Agency (EPA) later developed the Midwest Scaling Protocol (MSP) to account for total mass of VOC. When the default scaling factor from EPA's MSP is applied to the Method 25A results an emission estimate of 33.81 lbs/hr VOC is calculated. Applying EPA's MSP to the test results suggest the DDGS Dryer would have potential VOC emissions of 148.10 tons/year.

6. March 4-6, 2003, Quad County again conducted stack testing on the DDGS Dryer. During this test Quad County only collected speciated VOC data. Based on the data submitted, the stack test results showed the emissions from the DDGS Dryer were 25.06 lbs/hr VOC. The test results suggest the DDGS Dryer would have potential VOC emissions of 109.77 tons/year.

7. On November 26, 2003, the DNR sent a letter to Quad County informing the facility that as a result of the November 2002 and March 2003 stack tests, the facility was considered a major source of air emissions and subject to Title V permitting. The letter also informed Quad County that the DNR considered Quad County and Heller's Carbonic West, located at 1584 Market in Galva, as one stationary source for Title V permitting. Quad County was required to include the emissions from Heller's Carbonic West when determining its emissions.

8. On April 27, 2004, representatives from the DNR and Quad County met to discuss permitting issues and the stack test results. On May 14, 2004, Quad County submitted actual emissions data to the DNR for review. The information submitted to the DNR indicated the actual emissions at the facility were over the Title V threshold.

9. On June 3, 2004, Quad County again conducted stack testing for the DDGS Dryer. This time Quad County used EPA's preferred test protocol, Method 25 and EPA's MSP, and the test results showed the emissions from the DDGS Dryer were 167.3 lbs/hr VOC. The test results also indicated emissions of acetaldehyde, a Hazardous Air Pollutant (HAP), from the DDGS Dryer were 4.5 lbs/hr. The test results suggest the DDGS Dryer would have potential VOC emissions of 732.77 tons/year and potential acetaldehyde HAP emissions over 19 tons/year.

10. On December 7, 2004, DNR issued a Notice of Violation letter to Quad County for failing to apply for a Title V operating permit.

III. CONCLUSIONS OF LAW

1. Pursuant to the provisions of Iowa Code sections 455B.134(9) and 455B.138(1), which authorize the Director to issue any order necessary to secure compliance with or prevent a violation of Iowa Code chapter 455B, Division II (air quality), and the rules promulgated and permits issued pursuant thereto; and Iowa Code section 455B.109 and 567 Iowa Administrative Code (IAC) chapter 10, which authorize the Director to assess administrative penalties, DNR has jurisdiction to issue this order.

2. Pursuant to Iowa Code section 455B.133, 567 IAC 22.100 was established, which defines a major stationary source as a stationary source of air contaminants, which emits, or has the potential to emit, 100 tons per year or more of any regulated air contaminant. A major stationary source is also defined as a stationary source that emits, or has the potential to emit, 10 tons per year of a HAP listed in Section 112(b) of the Clean Air Act. Acetaldehyde is listed in Section 112(b) of the Clean Air Act. The results of the three stack tests conducted by Quad County indicate the facility has the potential to emit in excess of 100 tons per year of VOC. In addition, results of the stack test conducted in June 2004 show the facility has the potential to emit greater than 10 tons per year of a single HAP. Quad County is classified as a major source of air pollution. Therefore, Quad County is also a Title V affected facility within the meaning of 567 IAC 22.101.

3. Pursuant to 567 IAC 22.105(1)(a)(6) each new source applying for a Title V permit shall submit an application within 12 months of becoming subject to this rule. Quad County began operations on February 27, 2002 and became subject to Title V when the dryer began operations on October 1, 2002. The Title V Operating Permit application was due October 1, 2003. An application was not submitted. The facts in this case indicate that Quad County violated provisions of 567 IAC 22.105(1)(a)(6).

4. 567 IAC 22.101 and 567 IAC 22.104 require that no major source operate after the time it is required to submit a timely and complete Title V application to DNR, unless an application has been submitted. If a timely application for a Title V operating permit is made to DNR, then the source may continue to operate under an "application shield" until DNR takes final action on the application. Since Quad County did not submit a Title V operating permit application by the required date, Quad County is not eligible for the application shield and is operating in violation of 567 IAC 22.104. Further, Quad County is presently operating without a Title V operating permit, in violation of 567 IAC 22.101.

5. 567 IAC 22.106(3)(b) requires facilities subject to Title V to submit emissions inventory information documenting actual emissions by March 31 for the

previous calendar year . Quad County failed to submit emissions inventory information for the calendar years 2002, 2003, and 2004.

6. 567 IAC 22.106 requires facilities subject to Title V to submit Title V fees based on the emissions information for the previous year. Quad County failed to submit Title V fees for calendar years 2002, 2003, and 2004.

IV. ORDER

THEREFORE, the DNR orders and Quad County agrees to do the following:

1. Quad County shall submit to the DNR emissions inventories and Title V fees for calendar years 2002, 2003, and 2004 within 30 days of the date the Director signs this administrative consent order.

2. Quad County shall do one of the following:

   a. Submit a Title V operating permit application within 180 days of the date the Director signs this administrative consent order; OR

   b. Submit construction permit applications requesting federally enforceable construction permit limits to restrict the potential VOC and HAP emissions below the Title V operating permit threshold within 180 days of the date the Director signs this administrative consent order;

3. Quad County shall pay a penalty of $10,000.00 within 30 days of the date the Director signs this administrative consent order.

V. WAIVER OF APPEAL RIGHTS

This administrative consent order is entered into knowingly by and with the consent of Quad County. For that reason, Quad County waives the right to appeal this administrative consent order or any part thereof.

VI. NONCOMPLIANCE

Failure to comply with this administrative consent order may result in the imposition of further administrative penalties or referral to the Attorney General to obtain injunctive relief and civil penalties pursuant to Iowa Code section 455B.146. DNR specifically reserves the right to bring enforcement action or to request that the Attorney General initiate legal action based on any subsequent violations, including failure to timely pay any penalty. DNR retains the right to pursue any violations not specifically identified in Section III Conclusions of Law of this administrative consent order.

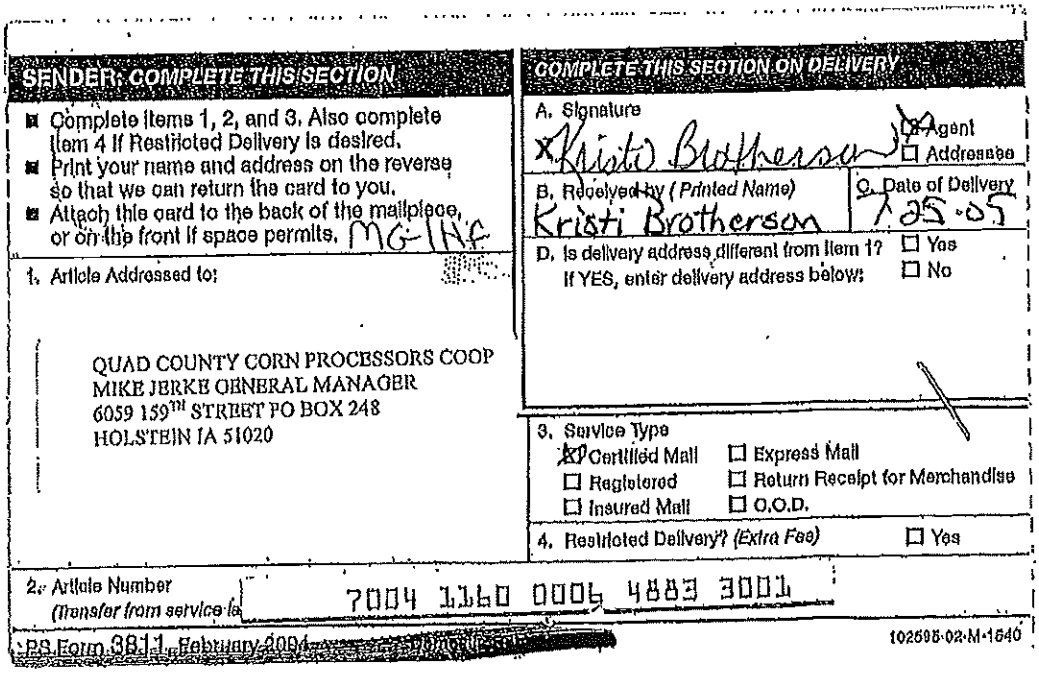
IOWA DEPARTMENT OF NATURAL RESOURCES
ADMINISTRATIVE CONSENT ORDER
ISSUED TO: QUAD COUNTY CORN PROCESSORS COOPERATIVE

JEFFREY R. VONK, DIRECTOR
Iowa Department of Natural Resources

Dated this 15 day of July, 2005.

for QUAD COUNTY CORN PROCESSORS COOPERATIVE

Dated this 11th day of July, 2005.



SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits. MG-INF

1. Article Addressed to:

QUAD COUNTY CORN PROCESSORS COOP
MIKE JERKE GENERAL MANAGER
6059 159TH STREET PO BOX 248
HOLSTEIN IA 51020

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X Kristi Brotherson ☐ Agent ☐ Addressee

B. Received by (Printed Name) Kristi Brotherson
C. Date of Delivery 7.25.05

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Transfer from service label) 7004 1160 0004 4883 3001

PS Form 3811, February 2004 [illegible] 102595-02-M-1540

Exhibit G

Past Enforcement History - Notice of Violation letters, Noncompliance letter, and three Administrative Consent Orders

Date	Description
12/3/02	NOV for as-built (EU-17, hammermill constructed in 2002)
8/11/03	NOV wastewater parameter, delinquent stack testing, delinquent VV testing
12/7/04	NOV stack test results showed the facility as major for VOC (emissions of rotary dryer in excess of 167 lb/hr)
7/15/05	Administrative order 2005-AQ-13, failure to apply for PSD permits. The facility paid a $10,000 penalty.
7/15/05	Administrative order 2005-AQ-14, failure to apply for timely Title V permit. The facility paid a $10,000 penalty.
12/12/06	NOV NOx testing on Boiler 1 & 2
5/1/07	NOV failure to submit recession of permit 01-A-070 (old boiler) within 30 days of new boiler startup (06-A-021)
11/8/07	NOV, 07-A-345 Fermentation CO2 scrubber exceeded the 240 hours of "bypass" time allowed, required to reconfigure so it is not depending on Heller's carbonic to meet emission requirements.
4/8/13	LNC Deviations found during inspection there is no pressure gauge on the wet scrubber for the distillation system as required by permit 01-A-069-S3. The pressure drop cannot be recorded without the gauge. VOC emissions are not being calculated and recorded as required by permit 06-A-759-S1 for EP 27 (Syrup Tank). Facility needs to create a separate log sheet to record the number of trucks dumping in pit #1 and #2 each day which includes date and time. Flare must be inspected according to manufacturer's specifications. TDS testing must be conducted (measuring similar parameter). Deficient Subpart Kb recordkeeping for EP 29 (Denaturant Tank). Records of haul road sweeping are not being kept, and the number of trucks arriving is not being recorded.
3/24/15	An NOV was issued for stack testing violations for VOC and HAP on EP 1, EP 16, and EP 30 as a result of testing conducted on December 15 through 18, 2014.
7/14/15	NOV issued for failure to control emissions and failure to report excess emissions Operating 2 hammermills and 3 grain silos without the required control equipment.
9/25/18	DNR Field Office 3 issued an NOV for multiple record keeping, monitoring, and operating requirement violations discovered during an

	August 2018 inspection for EP 1, 6, 16, 21, 29, and 30. Many of the violations had previously been identified by DNR in an April 8, 2013, LNC and had not been corrected by the facility.
4/15/20	Administrative order 2020-AQ-03 issued for numerous violations including: emission limit violations on the DDGS Dryer (EP16), Fermentation Process (EP 21), Distillation Process (EP1), and Stillage Fermentation Process (EP 30). Failure to conduct required stack testing. Failure to report excess emissions. Failure to maintain control equipment. Record keeping violations. Numerous monitoring requirement violations. Venting of emissions uncontrolled. Operating without construction permits for emission points 5, 6, 9, 19, 21, 23, 28, and F4.