

Agenda

Environmental Protection Commission

Tuesday, September 16, 2025

Teleconference: 661-615-8170 PIN: 219 411 781#

Video Conference: meet.google.com/fdw-vjq-wcs

6200 Park Ave, Ste 200, Des Moines, IA, 50319

Conf Rm: Walnut Woods

Tuesday, September 16, 2025

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 6200 Park Ave, Des Moines IA 50321 up to 24 hours prior to the business meeting.

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|----|--|-------------------------------|
| 1 | Approval of Agenda | |
| 2 | Approval of the Minutes | |
| 3 | Monthly Reports | Ed Tormey
(Information) |
| 4 | Director's Remarks | Kayla Lyon
(Information) |
| 5 | Contract with The United States Geological Survey (USGS) | Dan Kendall
(Decision) |
| 6 | Contract with the Iowa Department of Agriculture and Land Stewardship-Iowa Great Lakes Targeted Watershed Project | Ginger Murphy
(Decision) |
| 7 | Solid Waste Alternatives Program (SWAP Contract Recommendation) | Tom Anderson
(Decision) |
| 8 | Clean Water and Drinking Water State Revolving Loan Fund-FY 2026 Intended Use Plans-Second Quarter Update | Theresa Enright
(Decision) |
| 9 | Chapter 7 "Rules of Practice in Contested Cases"; Chapter 8, "Contracts for Services and Public Improvements"; and Chapter 13, "Waivers from Administrative Rules" – Notice of Intended Action | Tamara McIntosh
(Decision) |
| 10 | General Discussion | |
| 11 | Upcoming Meetings | |
| | • Tuesday, October 21, Des Moines | |
| | • Tuesday, November 18, Des Moines | |

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

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

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

**MINUTES OF THE
ENVIRONMENTAL PROTECTION COMMISSION
MEETING**

August 19, 2025

Video Teleconference

Approved by the Commission **TBD**

RECORD COPY

File Name Admin 01-05

Sender's Initials ap

Table of Contents

Call To Order	2
Commissioners Present.....	2
Commissioners Absent.....	2
Approval of Agenda	2
Approved as Presented	2
Approval of Minutes	2
Approved as Presented	2
Monthly Reports	2
Information.....	2
Director’s Remarks.....	2
Notice of Intended Action-Chapter 30-Air Quality Fees	2
Approved as Presented	3
Water Supply-Water Use & Allocation Annual Permit Fee.....	3
Referral of Ames Business Group and Wes Ames to the Iowa Attorney General	3
General Discussion	3
Adjourn	3
Adjourned.....	3

Meeting Minutes

CALL TO ORDER

The meeting of the Environmental Protection Commission (Commission or EPC) was called to order by Acting Chairperson Patricia Foley at 10:00 AM on August 19, 2025, via video/teleconference attendees.

COMMISSIONERS PRESENT

Patricia Foley
Roger Zylstra
Amy Echard
Rebecca Dostal
Kyle Tobiason

COMMISSIONERS ABSENT

Jason Ballard
Dawn Refsell
Jim Christensen
Mark Stutsman

APPROVAL OF AGENDA

Motion was made by Kyle Tobiason to approve the agenda as presented. Seconded by Rebecca Dostal. Alicia Plathe made the request to switch items 5 and 6 based on stakeholder engagement and schedules. Roger Zylstra made a motion to switch the presentation order of the agenda by presenting item number 6 before item number 5. Seconded by Kyle Tobiason.

Acting Chairperson Patricia Foley asked for a voice vote. There were no nay votes. Motion passes.

APPROVED AS PRESENTED

APPROVAL OF MINUTES

Motion was made by Roger Zylstra to approve the item as presented. Seconded by Rebecca Dostal.

Acting Chairperson Patricia Foley asked for a voice vote. There were no nay votes. Motion passes.

APPROVED AS PRESENTED

MONTHLY REPORTS

- None

INFORMATION

DIRECTOR'S REMARKS

- Director Lyon reported that Family Night at the Iowa State Fair was a success with over 300 in attendance. Director Lyon thanked DNR staff for all of their hard work during the Iowa State Fair, and took a moment to highlight the new Maquoketa Caves and Pilot Knob exhibit that was enjoyed by many visitors. Director Lyon also announced that 2026 will be the 100th anniversary for the aquarium located within the Iowa DNR State Fair building.

NOTICE OF INTENDED ACTION-CHAPTER 30-AIR QUALITY FEES

Wendy Walker and Sarah Piziali requested Commission approval for the Notice of Intended Action for Chapter 30-Air Quality Fees. Sarah Piziali explained how emissions are measured and reported that are associated with various Air Quality permits. Miss Piziali also answered questions on how comparable Iowa's Air Quality fees are in comparison to surrounding states, noting that even with a fee increase, Iowa would be competitive with their fees.

Public Comments:

- Josh Mohr: Announced his support for the increased fee request put forth by the Department.
- Kelly Jorgensen: Explained that states all structure their fees differently, shared history regarding industry's desire to contribute to the fees collected for services that benefit industry, and announced his support for the increased fee request put forth by the Department.

Written Comments: None

Motion was made by Roger Zylstra to approve the item as presented. Seconded by Rebecca Dostal.

Acting Chairperson Patricia Foley asked for a roll call vote. Dawn Refsell-absent, Roger Zylstra-aye, Amy Echard-aye, Jim Christensen-absent, Jason Ballard-absent, Rebecca Dostal-aye, Kyle Tobiason-aye, Mark Stutsman-absent, Patricia Foley-aye. Motion passes.

APPROVED AS PRESENTED

WATER SUPPLY-WATER USE & ALLOCATION ANNUAL PERMIT FEE

Taylor Jorgensen requested Commission approval for the 2026 Water Use and Allocation annual permit fee of \$115. Miss Jorgensen responded to questions about the compliance with the program and education and outreach efforts to ensure the public is aware of the requirement.

Public Comments: None

Written Comments: None

Motion was made by Rebecca Dostal to approve the item as presented. Seconded by Roger Zylstra.

Acting Chairperson Patricia Foley asked for a roll call vote. Dawn Refsell-absent, Roger Zylstra-aye, Amy Echard-aye, Jim Christensen-absent, Jason Ballard-absent, Rebecca Dostal-aye, Kyle Tobiason-aye, Mark Stutsman-absent, Patricia Foley-aye. Motion passes.

REFERRAL OF AMES BUSINESS GROUP AND WES AMES TO THE IOWA ATTORNEY GENERAL

Noah Poppelreiter requested that the Commission refer Ames Business Group and Wes Ames to the Iowa Attorney General for solid waste disposal violations. Brent Ames responded to the referral proposal with several comments, including a request to be referred to the Iowa Attorney General. Both parties responded to questions from the Commissioners regarding the business model for pallet receipt and processing.

Public Comments: None

Written Comments: None

Motion was made by Amy Echard to refer Ames Business Group and Wes Ames to the Iowa Attorney General. Seconded by Roger Zylstra.

Acting Chairperson Patricia Foley asked for a roll call vote. Dawn Refsell-absent, Roger Zylstra-aye, Amy Echard-aye, Jim Christensen-absent, Jason Ballard-absent, Rebecca Dostal-aye, Kyle Tobiason-aye, Mark Stutsman-absent, Patricia Foley-aye. Motion passes.

GENERAL DISCUSSION

- None

ADJOURN

Acting Chairperson Mark Stutsman adjourned the Environmental Protection Commission meeting at 11:00 am on August 19, 2025.

ADJOURNED

**Monthly Waiver Report
August 2025**

Item #	DNR Reviewer	Facility/City	Program	Subject	Decision	Date	Agency
1	Jasmine Bootman	Katelman Steel Fabrication, Inc	Air Quality Construction Permits	Waiver of Initial Stack Test Requirement. An existing open feedlot too close to a shallow well. Owner requested variance from the 200' minimum due to site concerns, well drilling costs, well quality and protection of well.	Approved	8.1.25	25aqw170
2	Fields, Book, Heinek, and Manz	Gregory Feedlot North	Animal Feeding Operation		Approved	7.31.25	25aqw171
3	Nate Tatar	3M (Minnesota Mining & Mfg Co)-Knoxville	Air Quality Construction Permits	Waiver of Initial Stack Test Requirement.	Approved	8.5.25	25aqw172
4	Nate Tatar	Cedar Valley Corporation	Air Quality Construction Permits	Waiver of Initial Stack Test Requirement.	Approved	8.6.25	25aqw173
5	Lucas Tenborg	Northern Natural Gas - Oakland	AQ	facility located in Oakland, IA. NNG will be bringing on site a temporary generator to provide emergency electricity if needed, to allow for continued operation during repairs.	Approved	8.6.25	25aqw174
6	Michael Hermesen	SIRWA	Air Quality Construction Permits	Waiver of Initial Stack Test Requirement.	Approved	8.8.25	25aqw175
7	Danjin Zulic	Van Diest Supply Company	Air Quality Construction Permits	Waiver of Initial Stack Test Requirement.	Approved	8.11.25	25aqw176
8	Marty Jacobs	City of Dubuque	CP (Wastewater)	Callahan Construction and the City of Dubuque are requesting variance from the 567 IAC Chapter 60, 60.2 (5)b and 567 IAC Chapter 69, 69.1(3)a(1) for the installation of a temporary on-site storage tank system within the City of Dubuque service area.	Approved	8.11.25	25cpw177
9	Jasmine Bootman	Shaffers Auto Body Co	Air Quality Construction Permits	Waiver of Initial Stack Test Requirement.	Approved	8.12.25	25aqw178
10	Keith Wilken	The Gas Spot UST Reg #198602283	Underground Storage Tank Section	Per 567 IAC Chapter 135.15(1)"e", an underground storage tank system that has not been properly temporarily closed for more than 12 months must be permanently closed. The waiver requests allowance of return to service requirements in lieu of closure.	Approved	8.19.25	25utw179
11	Danjin Zulic	Van Diest Supply Company	Air Quality Construction Permits	Waiver of Initial Stack Test Requirement.	Approved	8.19.25	25aqw180
12	John Curtin	REG Mason City, LLC	Air Quality Construction Permits	Waiver of Initial Stack Test Requirement for an HCl storage tank.	Approved	8.20.25	25aqw181

Iowa Department of Natural Resources
Environmental Protection Commission

ITEM

#5

DECISION

Contract with THE UNITED STATES GEOLOGICAL SURVEY

Recommendation:

Commission approval is requested for a contract with United States Geological Survey-Central Midwest Water Science Center.

Contract Terms:

Amount: Not to exceed \$413,770.00

Dates: October 1, 2025, to September 30, 2026

Funding Source(s): Environment First Fund for Monitoring

Statutory Authority: Iowa Code section 455B.103(3)

Contract Background: The DNR has entered into contracts with the United States Geological Survey (USGS) on an annual basis since 1993.

Contract Purpose: The parties propose to enter into this contract to retain the USGS to assist the DNR in the collection of real-time surface water flow and water quality concentrations. This contract includes support of a StreamEst mapping application (used to estimate stream flows at ungaged locations), maintenance of and data collection from stream water quality sensors (for nitrate, turbidity, temperature), and maintenance of and data collection from gages measuring stream flow. The cost amount of this contract has increased slightly from the previous two contracts because it includes laboratory analysis of noenicitinoids and pyrethroids on 20 samples collected and shipped by the DNR. See attached Workplan (Appendix A) with costs associated with each item.

Contractor Selection Process:

INTERGOVERNMENTAL – This contract is authorized by 11 IAC 118.4, which states that if another governmental entity has resources available to supply a service sought by a state agency, the state agency may enter into an intergovernmental agreement with the other governmental entity and is not required to use competitive selection.

Contract History:

Contract #1: Timeframe: October 1, 2020 to September 30, 2021; Amount \$294,260.00

Contract #2: Timeframe: October 1, 2021 to September 30, 2022; Amount \$375,520.00 (\$79,580.00 was for pesticide and pharmaceutical analysis for groundwater samples); Amendment: \$30,140.00 was added to fund supplies for pesticides and pharmaceutical samples and lab analyses of noenicitinoids and pyrethroids.

Contract #3: Timeframe: October 1, 2022 to September 30, 2023; Amount \$311,775.00; Amendment: \$61,000.00 was added to fund supplies for pesticides and pharmaceutical samples and lab analyses of noenicitinoids and pyrethroids.

Contract #4: Timeframe: October 1, 2023 to September 30, 2024; Amount \$367,077.00

Contract #5: Timeframe: October 1, 2024 to September 30, 2025; Amount \$357,389.00

Daniel Kendall, Environmental Specialist Senior, Water Quality Bureau
Environmental Services Division
September 16, 2025

Appendix A

StreamEst Mapping Applications

Methods for computing daily mean streamflow at ungaged locations have been developed in Iowa using three methods: Precipitation Runoff Modeling System (PRMS), flow duration curve (FDC) transfer, and Flow Anywhere. Method development and comparisons are found in Linhart and others (2012 and 2013). USGS application development teams have migrated the FDC and Flow Anywhere methods from the StreamEst web application to the StreamStats web application for a more seamless user experience. The PRMS method will be migrated as soon as possible, however this requires additional changes to the StreamStats infrastructure that make this transition more time consuming. Annual operation and maintenance (O&M) costs of servers and data validation to compute streamflow at ungaged locations online is needed to ensure continued functionality. Methods to compute daily mean streamflow at ungaged locations are found at the following websites:

- <https://wim.usgs.gov/streamest/> for the PRMS method
- <https://www.usgs.gov/streamstats> for the FDC and Flow Anywhere methods

StreamEst Mapping Application Cost:

USGS CMF: \$4,000
DNR: \$6,000
StreamEst Total: \$10,000

Water Quality Monitoring and Data Collection

Tasks are to maintain real-time nitrate, turbidity, and temperature sensors at the sites listed in table 1. Data shall be collected during ice-free periods and transmitted in real-time via satellite to the USGS downlink for display on USGS webpages such as NWISWeb. Continuous total phosphorous will be calculated and displayed in real-time using the turbidity sensor data as a surrogate at the Turkey River at Garber (Garrett, 2021) and the West Nishnabotna River at Randolph (Garrett, 2019). All data shall be reviewed for quality-assurance purposes and adjusted as necessary. After review, data will be marked as approved in USGS databases.

Table 1. Real-Time Water Quality Sensor/Parameter Stations

Station Number	Station Name	Sensors/Parameters
05412500	Turkey River at Garber	Nitrate, Turbidity, Temperature
05465500	Iowa River at Wapello	Nitrate
05482300	North Raccoon at Sac City	Nitrate
05482500	North Raccoon at Jefferson	Nitrate
05484000	South Raccoon River at Redfield	Nitrate
05484500	Raccoon River at Van Meter	Nitrate
06808500	West Nishnabotna River at Randolph	Nitrate, Turbidity, Temperature
06817000	Nodaway River at Clarinda	Nitrate

Total Water-Quality Cost:

USGS CMF: \$ 59,240
IDNR: \$154,780*
Water Quality Total: \$214,020

* \$37,400 of this amount is for the lab analyses of 20 sediment samples for pyrethroids collected and shipped by the Iowa DNR to the USGS California Water Science Center.

Streamgage and Sediment Network

A network of real-time streamgages strategically located across the state is a critical component for the Streamest project. Streamgages are located in the streams listed in Table 1 below. Data from these streamgages shall be used by USGS to calibrate models and create statistical equations for computing streamflow at ungaged locations. Since these calculations will be based on the streamflow values, the data needs to be of the highest possible quality with minimal error. The methods used to measure and compute stage and discharge values shall be quality assured using nationally accepted protocols that have been extensively researched (Rantz, 1982). Discharge measurements shall be routinely performed by USGS at these sites during a variety of flow conditions to calibrate and verify stage-discharge relationships. Discharge measurements are made by the USGS using acoustic Doppler current profilers and follow strict protocols for quality assurance (Mueller and others, 2013). The streamflow values from these streamgages shall be collected by USGS throughout the year so that flow can be computed at unknown locations at any point within the same timeframe. These streamgages are located in several different types of landforms, hydrologic regions, and watershed sizes in order to calculate streamflow at a variety of locations throughout Iowa. Data at these streamgages are collected at 15-minute intervals to obtain the best possible data set to accurately compute daily mean streamflow at each streamgage.

Data from the streamgages are transmitted in real-time via satellite to the USGS at which time streamflow calculations are immediately performed and posted to the USGS NWISWeb website. Collection of continuous streamflow data is important for many reasons, including determining trends in streamflow throughout time. This process is necessary because previous studies have shown trends in streamflow record. These trends can be the result of changes in climate, land use, or conservation practices (Schilling and Libra, 2003). The current data may be input by USGS staff into models and statistical equations to compute the flow at an ungaged location. As conditions change, it is possible that data collected in the past may not pertain to current conditions. For this reason, long record periods are required to test for trends in streamflow in Iowa. Real-time transmission of data is critical because this will alert hydrologic technicians of any malfunctioning equipment, which then can be quickly repaired as part of the on-going operation and maintenance needed at each streamgage. Viewing the data in real-time will also allow for direct measurements of discharge throughout a wide range of stages for updating and verifying the dynamic stage-discharge rating for all river stages. Reliable and consistent estimates of streamflow at ungaged locations within Iowa are only possible with a highly accurate network of streamgage. Streamgage locations supported by this project are listed in table 2 and these operate for the entire year. Having discharge data at these sites, as well as ungaged sites computed by the Streamest methods, allows for computation of loads for water- quality constituents. The water-quality load computations using the USGS discharge data are based on discrete samples collected by the Iowa DNR and from the continuous water-quality data collected by the USGS and other agencies. Daily sediment concentrations and loads are computed and published to NWISWeb at the locations in Table 3.

Table 2. Streamgage Stations

Station Number	Station Name	Station Number	Station Name
05388250	Upper Iowa River nr Dorchester	05464220	Wolf Creek nr Dysart
05389000	Yellow River at Ion, IA	05470000	South Skunk River near Ames
05389400	Bloody Run Creek nr Marquette	05471200	Indian Creek near Mingo
05412400	Volga River at Littleport	05472500	North Skunk River near Sigourney
05416900	Maquoketa River at Manchester	05473400	Cedar Creek near Oakland Mills
05449500	Iowa River near Rowan	05476750	Des Moines River at Humboldt
05458000	Little Cedar River at Ionia	05482300	North Raccoon River near Sac City
05458900	West Fork Cedar River at Finchford	06605000	Ocheyedan River near Spencer
05462000	Shell Rock River at Shell Rock	06807410	West Nishnabotna River at Hancock
05463500	Black Hawk Creek nr Hudson	06817300	E Nodaway Rvr at Hwy 2 nr Clarinda

Table 3. Sediment Stations

Station Number	Station Name
05465500	Iowa River at Wapello
05474000	Skunk River at Augusta

Streamgage and Sediment Network Cost

USGS CMF: \$ 67,640

IDNR: \$252,990

Streamgaging Total: \$320,630

Iowa Department of Natural Resources
Environmental Protection Commission

#6

Decision Item

Commission approval is requested for a contract with the Iowa Department of Agriculture and Land Stewardship (IDALS) of Des Moines, IA, for the Iowa Great Lakes (IGL) Targeted Watershed Project.

Contract Terms:

Amount: Not to exceed \$129,500

Dates: September 16, 2025 to June 30, 2028

Funding Source(s): U.S. EPA Clean Water Act Section 319 grant to DNR (Grant Numbers 00740431 - FY24 Grant)

Statutory Authority: Funds are administered by DNR under statutory authority granted by Iowa Code section 455B.103 and under 11 IAC 118.4.

Contract Purpose: The purpose of this Contract is to designate Section 319 funding to support the IGL Targeted Watershed Project, funding staff and practice implementation in rural and urban areas to reduce nutrients and other pollutants in the IGL.

The IGL Targeted Watershed Project has been in progress since 1990, with a track record of success and increasingly efficient delivery of conservation funding. The most recent Watershed Management Plan (WMP) revision in 2018 focused on the implementation recommendations of TMDLs for Lower Gar Lake and Milford Creek. Lower Gar is the most downstream water body of the IGL chain of lakes, and was identified as impaired as early as 1994 due to algae and turbidity that limited its designated recreational use and presented the risk of harmful algal blooms. In 2024, Lower Gar Lake was removed from the Iowa 303d impaired waters list due to improved water clarity. While we celebrate this milestone, phosphorus goals have not been met and the Lakes are still at risk. Milford Creek, at the outlet of Lower Gar, remains impaired due to algae growth fed by phosphorus. New sources of data and analysis include a Little Sioux River Headwaters Watershed Management Plan completed in 2024 and the IGL Hydrology and Diagnostic Study, assessing groundwater contributions to nutrient loads in the IGL watersheds, published July 2025 by researchers at the Iowa Geological Survey. Both of these studies are contributing to new priorities and planned updates to the IGL WMP.

Statement of Work:

Task 1: Provide Project Coordinator

Task 2: Submit to DNR the Annual Work Plan and Budget

Task 3: Carry Out Project Activities in the Project Work Plan

Task 4: Provide Quarterly Financial Report

Task 5: Provide Quarterly Progress Report

Task 6: Submit Annual Report

Task 7: Submit Final Project Report

Task Milestone Date:

On-going

No later than May 1 each year

No later than June 30 each year

15th of Oct, Jan, Apr each year

15th of Oct, Jan, Apr each year

No later than August 15 each year

No less than 45 days before Contract expiration

Budget Summary:

IGL Proposed Budget (1-year budget)	Contract Amount (DNR 319 Costs)	Match Funding Share (State/Local)**	Leveraged Funds (Federal)
Staffing/Admin Support (Top Line Costs)	\$62,750	\$33,000	\$0.00
Watershed Practice Support* (Bottom Line Costs)	\$66,750	\$231,100	\$15,999
Totals	\$129,500	\$264,100	\$15,999

*Practices targeted by the project include, but are not limited to: wetland restoration, cover crops, grassed waterways, shoreline restoration, and low impact development (urban practices). DNR 319 funds will primarily support low impact development and shoreline restoration due to lower availability of other funding partners for those practices identified as priorities by the WMP.

**Local/state match is provided by IDALS, Dickinson SWCD, Dickinson County Clean Water Alliance, Okoboji Protective Association, Dickinson County Water Quality Commission, local landowners and local municipalities.

FY2025 Project Accomplishments

BMP Type or Activity	Original Project Goals for the Year (from grant application)	Goals for the Year (from FY2025 Work Plan)	Actual Project Accomplishments in FY2025
No Till	293 acres	293 acres	174.3 ac
Cover Crops	740 acres	740 acres	759.7 ac
Grassed Waterway	3,941 ft	3,941 ft	1,467 ft
Sediment Basins	10	10	0
Wetland Restoration	1	1	4
Filter Strip	2 ac	2 ac	0
Grade Stabilization	2	3	0
Shoreline Protection	1,200 ft	1,200 ft	0
Land Retirement	73.5 ac	73.5 ac	11.3 ac
Low Impact Dev	10	10	2
Stormwater Wetland	1	1	0

FY2025 Pollutant Reduction Summary

Sediment delivery reduction: 815 tons/year

Phosphorus reduction: 1,120 lbs/year

Nitrogen reduction: 1,631 lbs/year

Selection Process Summary:

Intergovernmental contracting with IDALS is authorized by 11 IAC 118.4, which states that if another governmental entity has resources available to supply a service sought by a state agency, the state agency may enter into an intergovernmental agreement with the other governmental entity and is not required to use competitive selection.

IGL Targeted Watershed Project - Contract History:

1. 20ESDWQBSKONR-0010 (2019 and 2020 319 Grant)
 - a. Amended timeline and funding: June 1, 2020 to August 31, 2023; \$397,361
 - b. Amendment 1: time extended, funds added
 - c. Amendment 2: time extended, no additional funds
2. 23ESDWQBSKONR-0003 (2022 319 Grant)
 - a. Amended timeline and funding: November 15, 2022 to June 30, 2027; \$145,500
 - b. Amendment 1: time extended, no additional funds

Ginger Murphy, Western Iowa Basin Coordinator, Water Quality Bureau
 Environmental Services Division
 September 16, 2025

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

ITEM

#7

DECISION

TOPIC

Solid Waste Alternatives Program (SWAP) – Contract Recommendation

DNR received 6 proposals requesting \$240,715.65 in financial assistance during the July 2025 round of funding.

Four (4) project proposals are endorsed for funding for a total of \$65,812.50 in SWAP funding assistance. One (1) endorsed project proposal award is greater than \$25,000 and presented here for Commission approval. This project award, if approved, totals \$37,500 in a combination of a forgivable and zero percent loan.

The endorsed proposal is described in the Attachment.

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

The review committee consisted of five persons representing the Land Quality Bureau (2), Iowa Society of Solid Waste Operations (1), Iowa Recycling Association (1), and the Iowa Waste Exchange (1).

At this time, the DNR is requesting Commission approval to enter into an agreement with Many Hands Thrift Market for the diversion of furniture, textiles and other household items from the landfill.

Tom Anderson, Executive Officer II
Land Quality Bureau
Environmental Services Division
September 16, 2025

SOLID WASTE ALTERNATIVES PROGRAM

Proposal Recommendation

The following provides a description of the project for which Commission approval is requested.

Many Hands Thrift Market		Forgivable Loan:	\$10,000.00
4353 Merle Hay Road		0% Loan:	<u>\$20,857.16</u>
Des Moines, IA 50310		Total Award Amount:	\$30,857.16
		Cash Match:	<u>\$ 7,714.29</u>
		Total Project Cost:	\$38,571.45
Project Title:	Collection, Processing and Recycling Box Truck		
Contact:	Steve Lucas	Phone:	515-664-4849
Project Type:	Best Practices – Reuse		
Applicant:	Not for Profit		
Description:	The applicant is requesting loan assistance for the purchase of a box truck to be used to expand the applicant's collection, processing and recycling programs in central Iowa. The applicant goal is to increase their collection capacity and route distance so as to increase the number of reusables and recyclables diverted from the landfill. Over the past 12 months, over 450,000 pounds of material was diverted. With the project implemented, an additional 348,000 pounds will be diverted. Current collection capacity has limited their service area and the amount of materials they can accept and divert from the landfill.		
Service Area:	Central Iowa		

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

ITEM

#8

DECISION

**TOPIC Clean Water and Drinking Water State Revolving Loan Fund – FY 2026
Intended Use Plans- Second 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) second quarter update for State Fiscal Year 2026 (July 1, 2025 – June 30, 2026).

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 2026 DWSRF IUP contains planned uses of the DWSRF Base Program and also includes planned uses for the Infrastructure Investment and Jobs Act (IIJA) funding *formerly referred to as the Bipartisan Infrastructure Law (BIL)*. This includes IIJA General Supplemental (GS), IIJA PFAS/Emerging Contaminants (EC), and IIJA Lead Service Line (LSL) Replacement Funds. The SFY 2026 CWSRF IUP contains planned uses of the CWSRF Base Program and also includes planned uses for the IIJA 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 other necessary programmatic or financial updates.

Attachment 1 to the CWSRF IUP and DWSRF IUP serves as the PPL for the SRF Base Program Funds and the IIJA GS, PFAS/EC, and LSL Replacement Funds.

Each draft IUP and quarterly update is released for public comment and review, and then presented for approval to the Commission. A public meeting was held via conference call on August 28, 2025 to receive comments. No public comments were collected. The written comment period closed on September 4, 2025 and no written comments were received.

A summary of the new projects added to the PPLs for the second quarter of SFY 2026 are as follows:

(13) CWSRF Planning & Design Loan applications	(totaling \$2,700,300)
(6) CWSRF IUP applications for construction projects	(totaling \$24,129,000)
(1) CWSRF GNS application for a nonpoint source project	(totaling \$925,000)

(7) DWSRF Planning & Design Loan applications	(totaling \$1,703,000)
(18) DWSRF IUP applications for construction projects	(totaling \$99,834,000)

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

Theresa Enright, SRF Coordinator
Department of Natural Resources
September 16, 2025

FY 2026 INTENDED USE PLAN
CLEAN WATER STATE REVOLVING FUND



State Revolving Fund

INVESTING IN IOWA'S WATER

Approval anticipated by the Environmental Protection Commission (EPC) on June 17, 2025. **Approval anticipated on September 16, 2025.**

Table of Contents

Introduction	1
A. Highlights and Changes	1
B. SRF Program Overview	1
SRF Program Administration	1
Types of Financial Assistance	2
Application Process	3
C. Intended Use Plans.....	4
Project Priority List (PPL)	4
Public Review and Comment.....	5
D. SFY 2026 CWSRF Program Goals	6
Short Term Goals	6
Long Term Goals.....	6
E. SFY 2026 Program Activities to be Supported.....	7
CWSRF Base Program	7
CWSRF IIJA Programs.....	11
F. Iowa Specific SRF Program Requirements.....	12
Project SEQUENCE	12
Assistance recipient requirements.....	12
G. Financial Administration.....	15
Rates, Fees and Loan Terms & Conditions	15
Project Readiness for Loan Application.....	15
Affordability Criteria	15
Additional Subsidization	16
Equivalency.....	16
Criteria and Method for Distribution of Funds.....	17
Other Program Uses	19
H. Technical Assistance	20
Appendix A - Affordability Criteria	21
Affordability Criteria used to determine DAC Status	21
Appendix B - Additional Subsidization	24
Previous Loan Forgiveness Opportunities.....	24
SFY 2026 LF Criteria	24
CWSRF Base Capitalization Grant and IIJA General Supplemental Fund	25
Appendix C - Project Ranking Criteria	27
PPL Ranking Criteria.....	27
PPL Scoring Criteria.....	27
Special Purpose Funds Scoring Criteria	27
Appendix D - Interest Rates, Fees, and Loan Terms	30
Types of Financing	30
Terms of Financing	31
Interest Rates	31
Fees.....	33
Appendix E - Estimated Sources and Uses	35
Appendix F - State Match.....	36
Appendix G - Federal Assurances, Certifications and Proposals.....	37
Specific Proposals and Certifications.....	37
Federal Assurances.....	38
Appendix H – SRF Assistance Recipient Federal Requirements.....	40
Program Specific Requirements—All SRF Projects.....	40
Additional Program Specific Requirements—Equivalency Projects Only	40
Required Cross-Cutters—All SRF Projects	40
Additional Required Cross-Cutters—Equivalency Projects Only	41

Appendix I - Funding Recommendations	43
General NPS Assistance Projects for Approval of Land Purchase	43
General NPS Assistance Projects Receiving Special PURPOSE Funding	43
Appendix J - Public Review and Comments Received.....	44
Appendix K – IUP Acronyms.....	45
Attachment 1 - CWSRF PPL	48

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 (NPS) projects.

Iowa's CWSRF Programs have provided over **\$4 billion** in financial assistance for wastewater infrastructure, agricultural best management practices, and other water quality projects since 1989. With the State Fiscal Year (SFY) 2026 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

Since 2022, many exciting opportunities have developed to increase 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. Plans for implementing funding for the General Supplemental (GS), Lead Service Line (LSL), and PFAS/Emerging Contaminants (EC) funding awarded from the **Infrastructure Investment and Jobs Act (IIJA)**, *formerly referred to as Bipartisan Infrastructure Law (BIL)*, are included in this annual release of the IUP.

Highlighted below are some of the changes Iowa SRF is incorporating into SFY 2026 IUPs.

Loan Terms

- Loan initiation fees will not be assessed on loans to any DAC borrowers.

Disadvantaged Communities

- The **Socioeconomic Assessment (SA) Tool** used to establish affordability criteria and define a **Disadvantaged Community (DAC)** has been updated with current American Community Survey and will be referred to as the SFY 2026 SA Tool.
- **DAC eligibility will be evaluated at the time of IUP application.** All projects added to the Project Priority List (PPL) during SFY 2026 will receive a DAC score based on the SFY 2026 SA Tool and this score will not change with future SA Tool updates. All projects listed on the approved PPL *prior to SFY 2026* will continue to use the DAC score in accordance with the SFY 2024 and SFY2025 SA Tools.

Loan Forgiveness (LF)

- Priority funding for Base Cap Grants and IIJA GS LF will be awarded to compliance projects.

Nonpoint Source Programs (NPS)

- Budgets have increased for NPS Linked-Deposit Loan Programs due to high demand.
- Funding for new Water Resources Restoration projects (Sponsored Projects) is not available during SFY 2026.
- The SRF GNS Program will continue to offer "Special Funding Opportunity" to communities interested in constructing NPS practices to manage stormwater or other nonpoint pollutants. Applications will be scored and qualifying communities will receive up to \$500,000 at 0% interest for General NPS direct loans.

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 level approval, eligibility and compliance
- IFA-Administers the financial aspects of the program including fund management, bond issuance for state match and leveraging, loan approval, disbursement, and servicing.
- IDALS-Through a contractual agreement with DNR, IDALS administers three SRF NPS Linked Deposit Programs and provides technical assistance to the CWSRF NPS 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.

TYPES OF FINANCIAL ASSISTANCE

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

The Iowa CWSRF Program offers **Planning & Design (P&D) Loans** and **Construction Loans**. Low-interest financing is provided

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 **P&D** are available to eligible public and private borrowers to cover engineering and project development costs such as testing and scoping, preparing Facility Plans (FP), and project specifications that are directly related to the development of an eligible SRF treatment works or General NPS 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.

Financial assistance for **NPS 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 projects address stormwater quality, inadequate septic systems, landfill closure, lake restoration, soil erosion control, brownfield cleanup, manure management and more (see SFY 2026 Program Activities to be Supported).

Current interest rates and fees are established in the IUP in Appendix D - Interest Rates, Fees, and Loan Terms and are published on the Loan Interest Rates¹ page of the SRF website.

LF criteria is established in the IUP in Appendix B - Additional Subsidization. Recipients of LF are publicly announced through listservs, news releases and published in the annual report.

CO-FUNDING

The SRF strives to assist communities with the most affordable financing for their water quality projects. SRF funding can be combined with several other funding sources to make costly infrastructure projects possible. Joint funding with other funding agencies is crucial to making wastewater infrastructure upgrade projects affordable for some communities.

Other state and federal funding sources may have funding requirements in addition to those required under the SRF Program. When projects are co-funded, borrowers are made aware that projects may be subject to compliance with other federal funding requirements that are not necessarily required by or are different from the SRF Program. Examples include, but may not be limited to, the Single Audit Act or Build America, Buy America (BABA) Act.

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.

¹ <https://www.iowasrf.com/loan-interest-rates/>

EMERGENCY FUNDING

A Memorandum of Understanding (MOU) between EPA and the Federal Emergency Management Agency (FEMA) provides a framework for 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 repair or replacement costs for public water and wastewater systems damaged by natural disasters or projects to prevent or mitigate future disasters. The SRF can be used to finance the amount not covered by FEMA after all program requirements are met.

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, after 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

Planning & Design Projects:

- New applications for **P&D** will be accepted on a quarterly basis the first working day of the months of April, July, October and January.
- Applications are available on the SRF website² and are submitted to IFA's SRF Program Staff at waterquality@iowafinance.com.

Construction Projects:

- New applications for **construction projects, including General NPS projects**, will be accepted on a quarterly basis the first working day of the months of March, June, September and December.
- **Infrastructure/Point Source Construction Projects:** IUP applications can be found on the Clean Water Loan Program page of the SRF website³ and are submitted to srf-iup@dnr.iowa.gov.
- **General Nonpoint Source (GNS) Projects:** IUP applications and instructions can be found on the SRF website⁴, and submitted to srf-iup@dnr.iowa.gov.
- **Linked Deposit Programs:** Applications for these programs are accepted on a continuous basis. Instructions and applications for each program can be found on the SRF website⁵.

Additional documents required for a construction project application include:

- Facility Plan
- Environmental Review Checklist
- Socioeconomic Assessment Tool Worksheet

Project applications eligible for SRF funding under the IIJA General Supplemental and IIJA 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 IIJA Funds. The SRF Program will provide additional application materials and guidance for IIJA Funds directly to applicants, as applicable, and application materials will be available on the SRF website⁶.

² Planning & Design Loan Program page of <https://www.iowasrf.com/planning-and-design-loans/>

³ Clean Water Loan Program page of <https://www.iowasrf.com/clean-water-loan-program/>

⁴ NPS Water Quality Programs "Programs for Communities" page <https://www.iowasrf.com/general-non-point-source/>

⁵ NPS Water Quality Programs, "Programs for Landowners" page of <https://www.iowasrf.com/nonpoint-source-water-quality-programs/>

⁶ IIJA page of <https://opportunityiowa.gov/community/water-quality/srf-resources/infrastructure-investment-and-jobs-act>

C. Intended Use Plans

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

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 2026, July 1, 2025 through June 30, 2026.

The IUP identifies the intended uses of funds available to the SRF including: the program's goals, information on the types of activities to be supported, program requirements, 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), sources and uses of funds, criteria and method for distribution of funds, the loan rates, terms, and fees for the fiscal year, and includes a ranked listing of projects to be funded.

The IUP and 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). The EPC is a panel of nine citizens who provide policy oversight over Iowa's environmental protection efforts. EPC members are appointed by the Governor and confirmed by vote of the Senate for four-year terms. Federal and state law requires, and Iowa welcomes, public participation in the development of the IUP.

METHOD OF AMENDMENT OF THE IUP

The Iowa SRF Program will follow this IUP in administering CWSRF funds in SFY 2026. Any revisions of the goals, policies and method of distribution of funds shall 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. Public notice of amendments will be made if borrowers are added to or removed from the PPL.

PROJECT PRIORITY LIST (PPL)

(See Attachment 1 – CWSRF PPL)

Administration of the CWSRF Program includes developing a priority list of projects to receive loan assistance, in accordance with DNR rules 567 IAC Chapter 90 (455B). Attachment 1 constitutes the CWSRF PPL and is included as a separate, sortable Excel file. This PPL will be amended quarterly during SFY 2026 and includes projects funded by both CWSRF Base and IIJA 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 90 (455B). More information on priority ranking is available Appendix C – Project Ranking Criteria. Projects are listed on the PPL in ranking order by the IUP year and quarter the application was received. P&D loan applications are not ranked but appear at the beginning of the list for each new quarter.

Pursuant to Section 606(c) (3) of the CWA and 40 CFR Part 35, the PPL 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 project ranking, project status, DAC score or other information the program wishes to convey to the public.

The PPL (Attachment 1) includes funding for the following activities during SFY 2026:

- **P&D 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 (FP).
- **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.

- **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.** 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 (See also Appendix H – Funding Recommendations).
- **Unfunded Prior Years’ Section 212 Treatment Works and General NPS 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 2026 if they are ready for a binding loan commitment.
- **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 “P - in planning,” “R - ready for loan” (indicating that the construction permit and environmental review have been completed), and “L - loan signed.” IJA PFAS/EC and LSL projects may be identified as “C - contingency status” (indicating that the project has not yet met all eligibility criteria to receive a specific funding source-see Section. E - SFY 2026 CWSRF Program Activities to be Supported).

PROJECT SCOPE

The scope of the project must be outlined in the IUP application and in the Facility Plan.

Scope Changes. Changes to the scope are allowed prior to executing an SRF loan. Significant changes in scope prior to a loan execution may cause project delays if additional work is required by the project manager and/or ER specialist. 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 review or ER.

DROPPED PROJECTS/PROJECT WITHDRAWAL

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, applicants with projects on the PPL for longer than 3 years (and/or listed in Appendix H - Funding Recommendations of this IUP) will be required to evaluate their original IUP application to determine if the scope and cost of the project are still accurate and if they intend to proceed with the project. Applicants will be asked to provide an updated project schedule, scope and cost, as necessary. A notification may 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.

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 December⁷. The DRAFT 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 Intended Use Plan webpage of the SRF Program’s website⁸ and public comments are accepted for approximately 30 days following the posting at srf-pc@dnr.iowa.gov.

Public Hearings are typically scheduled on the final Thursday of the months of May, August, November and February to highlight changes from the previous quarter, when applicable, and to collect public comments. Information on how to

⁷ <https://opportunityiowa.gov/community/water-quality/srf-programs/clean-water-loan-program>

⁸ <https://opportunityiowa.gov/community/water-quality/srf-resources/intended-use-plan>

participate in the public hearing is provided through listservs and on the SRF website⁹. A final draft version of the IUP, including all comments and SRF responses to the comments received, will be posted as part of the EPC Meeting and Agenda on the EPC webpage on the DNR's website¹⁰.

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 each quarterly update of the IUP.

All of the opportunities mentioned above are open to the public. Meetings and hearing information are posted on the Water Quality News and IUP pages¹¹ of the SRF website, and announced through agency-managed listservs. Public comments are accepted at srf-pc@dnr.iowa.gov.

D. SFY 2026 CWSRF Program Goals

SHORT TERM GOALS

Goal: Maximize Funding Opportunities. *Apply for all available Federal Fiscal Year (FFY) 2025 Base and IIJA Capitalization Grants*

Goal: Maximize Loan Commitments. *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: Expand Subsidization Opportunities. *Assign/reallocate LF funds from new and previous capitalization grants to fulfill additional subsidization requirements and reduce the financial burden on borrowers.*

Goal: Improve Program Efficiency. *Streamline administrative processes, including adoption of new software that improves communication and reduces the time from initial application to funding.*

Goal: Enhance Public Awareness. *Update marketing materials, program resources and website to increase outreach and education efforts that will inform communities about available funding and program benefits.*

Goal: Increase Funding Accessibility. *Continue the partnership with Environmental Finance Center's (EFC) Technical Assistance (TA) resources to assist the Iowa SRF Program to make funding more accessible to small and disadvantaged communities.*

Goal: Promote Green Infrastructure. *Continue outreach efforts to educate and encourage the implementation of green infrastructure projects that effectively address water quality needs and target appropriate audiences.*

LONG TERM GOALS

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

Goal: Expand Program Reach. *Increase the number of projects funded and expand the geographic reach of the program to benefit more communities. Endeavor to make the SRF Program the first choice for Iowa communities to finance a water infrastructure project.*

⁹ <https://opportunityiowa.gov/community/water-quality/srf-resources/intended-use-plan>

¹⁰ <https://www.iowadnr.gov/About-DNR/Boards-Commissions/Environmental-Protection-EPC>

¹¹ <https://www.iowasrf.com/intended-use-plan-public-hearings/> and <https://opportunityiowa.gov/community/water-quality/srf-resources/water-quality-news>

Goal: Enhance Collaboration. *Strengthen partnerships with federal, state, and local agencies, as well as private sector stakeholders, to maximize the impact of the CWSRF.*

Goal: Foster Innovation: *Encourage the development and implementation of innovative technologies and practices in wastewater treatment and pollution control.*

Goal: Maintain Financial Health of the Fund. *Ensure the long-term financial stability of the CWSRF through prudent financial management and strategic investments that will sustain the CWSRF Loan Program in perpetuity to assist POTW's in achieving compliance with public health objectives of the CWA.*

Goal: Achieve Sustainable Water Quality Improvements. *Provide innovative funding mechanisms for nonpoint source projects that promote sustainable practices and improve and/or protect the long-term water quality of Iowa's surface and groundwater for public health, native fish and wildlife.*

E. SFY 2026 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.¹²

CWSRF BASE PROGRAM

Allotments for the FFY 2025 EPA CWSRF Capitalization Grants (Cap Grants) have not been determined as of the publication of this DRAFT IUP. The Iowa SRF Program will apply for and/or receive FFY 2025 CWSRF Base Program Funding during the SFY 2026 once the allotments and funding become available.

FFY	Funding Source	Allocation Amount*
2025	CWSRF Base Cap Grant	\$21,472,000

~~*This award is anticipated to be received by SFY 2026 but has not been applied for/received as of the publication of this DRAFT IUP.~~

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.¹³

Special Conditions: Projects selected as equivalency will comply with the federal requirements described in Section G. Financial Administration and Appendix H-SRF Assistance Recipient Federal Requirements.

NONPOINT SOURCE ASSISTANCE PROGRAMS

¹² <https://www.epa.gov/cwsrf/clean-water-state-revolving-fund-cwsrf-factsheets>

¹³ https://www.epa.gov/sites/default/files/2016-07/documents/overview_of_cwsrf_eligibilities_may_2016.pdf

Iowa authorizing legislation allows the use of CWSRF Program funds for NPS pollution control projects. 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 2026, budgets may be modified in future IUP updates, based on need.

Financial assistance for NPS assistance programs is provided through three funding mechanisms: loan participation, direct loan, or linked deposit (see Section B. SRF Program Overview, Types of Financial Assistance, for more details). Public entities are eligible for direct loans, private entities are eligible for loan participation, and private landowners are eligible for linked-deposit financing.

General Nonpoint Source Program-CWA Section 603(C)2-Section 319

Nonpoint Source Assistance Programs	Proposed SFY 2026 Budget
General NPS Program	\$10,000,000*

*The SRF Program may adjust this amount in future updates based on project demand and funding availability.

Loan Participation Financing

Eligible Borrowers: Private entities

Eligible Activities: Eligible projects must implement NPS management programs established under Section 319 of the CWA. Projects must support Iowa’s State NPS Management Plan¹⁴ or a nine-element watershed-based plan and must be for the primary purpose of water quality improvement or protection. Projects primarily for the purchase of land must meet the definition of “projects” in IA Code 455B.291 and require separate approval by the EPC¹⁵.

Applications and instructions for General NPS projects can be found on the NPS Water Quality Programs, “Programs for Communities” page of the SRF website.¹⁶

Projects funded as loan participation are listed in Appendix H - Funding Recommendations, and are not listed on the PPL. NPS assistance offered as loan participation is reported by project in the annual report.

Direct Loan Financing

Eligible Borrowers: Cities, counties, and other public entities with the ability to issue a bond or generate revenue to repay a CWSRF loan. Borrowers must be an owner of record or demonstrate long-term control of the project area.

Eligible Activities: Eligible projects must implement NPS management programs established under Section 319 of the CWA. Projects must support Iowa’s State NPS Management Plan or a nine-element watershed-based plan and must be for the primary purpose of water quality improvement or protection.

Application Process: Applications and instructions for General NPS projects can be found on the NPS Water Quality Programs, “Programs for Communities” page of the SRF website.

General NPS direct loan project applications eligible for placement on the PPL will also be scored using the Special Purpose Scoring Criteria outlined in Appendix C – Project Ranking Criteria.

Projects funded as a direct loan under this program are listed in Attachment 1 – CWSRF PPL.

¹⁴ <https://www.iowadnr.gov/environmental-protection/water-quality/watershed-improvement/nonpoint-source-plan>

¹⁵ Iowa Administrative Code 567 - 93 (455B)

¹⁶ Nonpoint Source Water Quality Programs “Programs for Communities” page <https://www.iowasrf.com/general-non-point-source/>

SPECIAL PURPOSE FUNDING OPPORTUNITY

During SFY 2026, the SRF Program will be offering a competitive NPS funding incentive to encourage implementation of locally directed, water quality improvement projects. This incentive intends to reward NPS projects that demonstrate high water quality benefits, sound design, and project readiness through special purpose financing.

Projects eligible for placement on the PPL will also be scored using the Special Purpose Scoring Criteria outlined in Appendix C – Project Ranking Criteria, specifically to determine eligibility for this special purpose financing opportunity.

Funding Opportunity: Direct loans will be offered to eligible applicants at 0% interest for up to \$500,000 per General NPS project. Loan amounts can be up to 100% of the project costs with no limitation on total project amounts and project costs above \$500,000 will be funded at the current SRF interest rate. This incentive will be available on a first come, first-funded basis until all available funding has been obligated.

Eligibility Requirements: Projects scoring a minimum of 10 points out of 20 qualify for, and may be offered special purpose funds.

Eligible Borrowers: Public entities with an established stormwater utility; or the ability to issue a bond; or another funding source available to repay a CWSRF loan. Borrowers must be an owner of record or demonstrate long-term control of the project area.

Eligible Activities: All General NPS project activities as described under the General NPS section above.

Timeline: Notices of application scores and funding approval will be available 4-6 weeks after each quarterly IUP submission deadline (quarterly the first working day of March, June, September and December, as funds are available).

Application Process: Details regarding the application submission, review and scoring process are available on the SRF NPS Water Quality Programs webpage <https://iowasrf.com/general-non-point-source/>.

NPS Assistance Programs	Proposed SFY 2026 Budget
General NPS Special Purpose Funding	\$10,000,000*

*The SRF Program may adjust this amount in future updates based on project demand and funding availability.

Projects funded with Special Purpose Funding are listed in Appendix H - Funding Recommendations.

Linked Deposit Programs and Financing

Four NPS Assistance Programs have been established which target areas of need allowed under federal guidance and identified in the state NPS Water Quality Management Plan. Iowa SRF contracts with the IDALS to administer the Local Water Protection (LWPP), Livestock Water Quality Facilities (LWQ), and Stormwater Best Management Practices (SWP) programs through local Soil and Water Conservation Districts. The Onsite Wastewater Systems Assistance Program (OSWAP) is administered through cooperation between DNR and county sanitarians.

Nonpoint Source Linked-Deposit Assistance Programs	SFY 2026 Budget
SWP Practices Program	\$1,000,000
LWQ Program	\$12,000,000
LWP Program	\$2,000,000
OSWAP	\$2,000,000

Application Process:

Applications and instructions for Linked-Deposit Assistance Programs can be found on the NPS Water Quality Programs, “Programs for Landowners” page of the SRF website.¹⁷

Individual loan applicants are not identified in this IUP but loans are reported by program use in the annual report.

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

Eligible Borrowers: Private homeowners in a location not served by public sewers.

Eligible Activities: Projects must include replacement of septic tank and secondary treatment system.

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

Eligible Borrowers: Private landowners.

Eligible Activities: May include but not limited to buffer strips, field borders or windbreaks, filter strips, grade stabilization structures, grassed waterways, sediment basins, terraces, wetlands and bioreactors.

Livestock Water Quality Facilities (LWQ) Program assists livestock producers with minimizing or eliminating NPS pollution from animal feeding operations.

Eligible Borrowers: Private livestock producers (only facilities with fewer than 1,000 animal unit capacity).

Eligible Activities: Improvements to existing animal feeding operations. May include but not limited to manure storage structures, including roofed buildings and solid settling basins, vegetative filters, manure management plans and prescribed grazing.

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

Eligible Borrowers: Homeowners, developers and other private entities

Eligible Activities: May include but not limited to detention basins, grassed waterways, infiltration practices, pervious paving systems, ponds or wetland systems and soil quality restoration.

Sponsored Project Program

In SFY 2026 funding will not be made available for new sponsored projects. Funding for previously awarded sponsored projects remains unchanged. Program resources are available for **current** projects on the Water Resource Restoration Sponsored Projects webpage.¹⁸

The CWSRF Water Resource Restoration Sponsored Project Program or “Sponsored Projects” provides wastewater utilities with the opportunity to fund locally directed, watershed-based, NPS 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.

¹⁷ NPS Water Quality Programs “Programs for Landowners” page <https://www.iowasrf.com/general-non-point-source/>

¹⁸ NPS Water Quality Programs, Programs for Communities at <https://www.iowasrf.com/water-resource-restoration-sponsored-projects/>

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.

NPS Assistance Programs	Proposed SFY 2026 Budget
Sponsored Project Program	\$0

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 are 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 projects constructing qualified water quality practices may be funded through the General NPS loan program and may also qualify for "Special Purpose Funding."

CWSRF IIJA PROGRAMS

The IIJA, also known as the IIJA, provides CWSRF programs with two additional capitalization grants annually through FFY 2026. Allotments for the FFY 2025 EPA capitalization grants have been determined and the Iowa SRF Program will apply for and/or receive FFY 2024 and 2025 IIJA Funding during the SFY 2026.

Due to IIJA funding requirements, projects financed with IIJA PFAS/EC and General Supplemental funding should enter into a loan assistance agreement within one year of becoming eligible for the funds to avoid being bypassed. The CWSRF Program may bypass projects that have not signed a loan obligation within this timeframe. 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 IIJA GENERAL SUPPLEMENTAL (GS) FUNDS

FFY	Funding Source	Allocation Amount*
2025	CWSRF IIJA GS Grant	\$33,341,000

*This award amount is anticipated to be received in SFY 2026

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

Special Conditions. Projects selected as equivalency will comply with the federal requirements described in Section G. Financial Administration and Appendix H-SRF Assistance Recipient Federal Requirements.

IIJA PFAS/EMERGING CONTAMINANT (EC) FUND

FFY	Funding Source	Allocation Amount
2024	CWSRF IIJA PFAS/EC	\$2,878,000*
2025	CWSRF IIJA PFAS/EC	\$2,878,000*

*This award amount is anticipated to be applied for and/or received in SFY 2026 but has not been received as of the publication of this DRAFT IUP

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 PFAS and/or EC.

As defined by EPA, EC 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.¹⁹

The main categories of EC 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

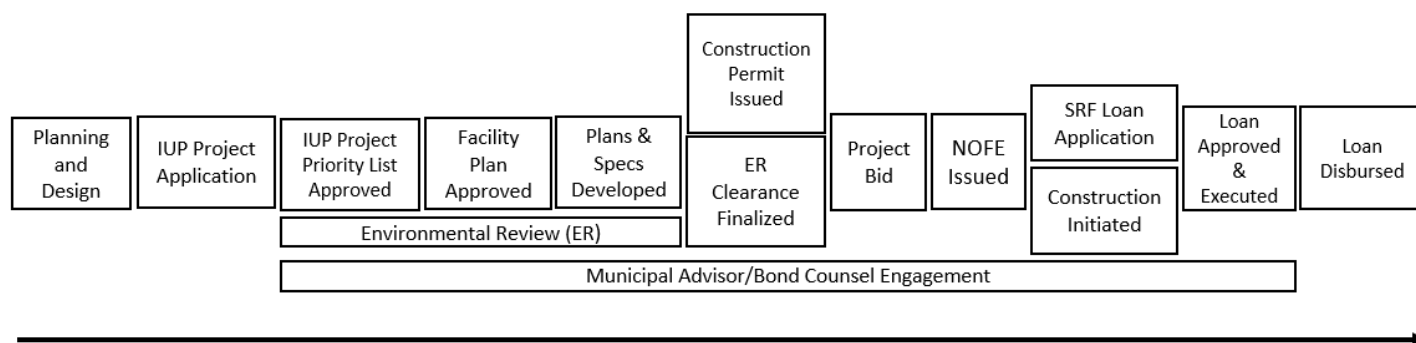
Special Conditions: Projects being funded with IJIA PFAS/EC are all considered equivalency projects and will comply with the federal requirements described in Section G. Financial Administration and Appendix H – SRF Assistance Recipient Federal Requirements.

The Iowa CWSRF Program reserves the right to request transfer of the unobligated portion of the FFY 2024 and/or FFY 2025 Cap Grant to the Drinking Water State Revolving Fund (DWSRF) IJIA PFAS/EC Fund.

F. Iowa Specific SRF Program Requirements

PROJECT SEQUENCE

In order to ensure that all program requirements are met before binding financial commitments are made, the Iowa SRF Program requires all SRF projects to follow the project sequence below. Following this project sequence keeps projects progressing toward construction; limits duplication of work; reduces risk of re-bidding projects; reduces risk of re-issuing construction permits or environmental clearances; and minimizes the risk of project cost not being eligible for reimbursement from an SRF loan.



ASSISTANCE RECIPIENT REQUIREMENTS

For more information on SRF Program federal requirements, see Appendix H – SRF Assistance Recipient Federal Requirements.

The Iowa SRF Program has developed specific requirements that apply to all Iowa SRF borrowers in order to ensure compliance with EPA program requirements and minimize risk to the program.

MUNICIPAL ADVISOR

~~The Iowa SRF Program requires the use of a SEC-registered Municipal Advisor (MA). Borrowers must engage with a MA to perform pre-loan pro forma cash flow analysis on SRF construction loans to determine adequate revenue levels to repay a loan. If current user rates are not sufficient to meet the anticipated loan's debt coverage requirements, the MA~~

¹⁹ https://www.epa.gov/system/files/documents/2022-03/combined_srf-implementation-memo_final_03.2022.pdf

will recommend the necessary rate increases to ensure adequate revenues. Borrowers are required to provide SRF an updated pro forma every five years while the loan is in repayment to demonstrate adequate debt coverage ratios. Municipal Advisor fees are eligible for reimbursement and can be capitalized as part of the SRF loan.

In 2015, to help communities adjust to the requirement that Iowa SRF borrowers engage a Municipal Advisor to perform pre-loan pro forma cash flow analysis, the Program began crediting SRF loans up to \$4,000 to offset the cost (the “MA fee credit”). ~~Beginning with loans executed after July 1, 2025, Iowa SRF will no longer provide the \$4,000 MA fee credit for SRF construction loans.~~ SRF borrowers are still required to engage a Municipal Advisor to complete the pro forma cash flow analysis on SRF construction loans, and Municipal Advisor fees will remain eligible for reimbursement.

MUNICIPAL ADVISOR

The Iowa SRF Program requires all borrowers to engage a U.S. Securities and Exchange Commission (SEC) registered Municipal Advisor (MA) for any SRF construction loan. To maintain the integrity of the financing process and avoid conflicts of interest, the same firm or individual may not serve as both Municipal Advisor and Bond Counsel for the same transaction. Borrowers must retain separate entities for each role.

Role and Responsibilities

The MA is responsible for performing a pre-loan pro-forma cash flow analysis to determine if projected revenues are sufficient to meet the loan's debt service coverage requirements. If revenues are found to be insufficient, the MA will recommend the necessary user rate adjustments.

Furthermore, borrowers are required to submit an updated pro forma analysis to the SRF program every five years during the loan repayment period to demonstrate ongoing compliance with debt coverage ratios.

Municipal Advisor Fees

Fees charged by a Municipal Advisor are eligible for reimbursement with SRF loan funds.

Please note, the \$4,000 MA fee credit previously offered by the program to help offset this cost was discontinued and is not available for loans executed after July 1, 2025. Borrowers remain responsible for engaging an MA as required.

BOND COUNSEL

The SRF Program provides loans through the purchase of local bond debt. As such, SRF borrowers must engage with their bond counsel to authorize and issue the debt, prepare documents for public hearings, and to prepare loan closing documents.

PROCUREMENT PROCEDURES

All SRF borrowers must follow Iowa procurement law, *Ch.26 – Public Construction Bidding*, when bidding SRF construction projects. If an SRF borrower is utilizing the Construction Manager at Risk (CMaR) delivery model, *Ch.26A – Guaranteed Maximum Price Contracts*, must also be adhered to. Borrowers will include a “Form of Bid Opinion” when submitting bid documents for review and prior to receiving a Notice of Funding Eligibility. A samples of the Form of Bid Opinion form can be found on the Documents and Guides page of the SRF website²⁰.

For borrowers utilizing the CMaR method, this process is also required when soliciting for a Construction Manager prior to construction.

²⁰ <https://opportunityiowa.gov/community/water-quality/srf-resources/documents-and-guides>

Front-End Documents

All SRF borrowers must include SRF Front-End Documents as part of their bid package prior to soliciting bids. Some of these documents will be required for borrowers and/or primary contractors to sign when purchases of goods and services are done directly by the borrower and/or outside of a public bid package. SRF staff will inform each project which of the SRF Front-End Documents are required for each undertaking. These documents are also available on the Documents and Guides page of the SRF website²¹.

Legal Opinion of Compliance

After construction contracts are executed and delivered, a “Form of Legal Opinion” by legal counsel certifying compliance with Ch.26 must be submitted to SRF prior to a loan application being considered ready to go before the IFA Board for approval. A samples of this opinion form can be found on the Documents and Guides page of the SRF website²².

Early Procurement

Occasionally, SRF borrowers find it necessary to procure construction-related equipment and services outside of and/or prior to a public request for bids. These activities are typically eligible for reimbursement under an SRF construction loan if SRF Front-End Documents are properly executed. Borrowers will need to contact SRF for guidance on proper documentation.

Some of these procurement activities may still require the compliance with Ch. 26 -Public Construction Bidding. Borrowers are encouraged to consult with their bond counsel prior to engaging in these activities to ensure that proper procedures are followed and/or bond documents are drawn up accurately to include these expenses.

Construction Manager at Risk (CMaR)

The CMaR construction delivery model allows for a construction manager to be hired early in the planning phase to assist with the planning and design of a project. The CMaR also offers borrowers more transparency in the bidding process and results in a Guaranteed Maximum Price (GMP) for constructing a project.

Although the CMaR delivery model is compatible with the Iowa SRF Program, there are limitations to its traditional use of “design-build” construction. Iowa SRF projects are more compatible with the “design-bid-build” construction model because all required permits must be issued and the entire scope of the project must have an environmental clearance issued prior to beginning construction.

Borrowers choosing to use the CMaR method must **contact SRF early in the planning phase of the project, prior to soliciting for qualifications for a CMaR**, and must follow Ch.26A procurement procedures. Legal opinions, Front-End Documents and Notice of Funding Eligibility are all required for selection of the Construction Manager.

NOTICE OF FUNDING ELIGIBILITY (NOFE)

The SRF Program reviews public bid documents, including schedule of values, and/or all procurement documents or purchase agreements for cost eligibility for the SRF Program. A *Form of Bid Opinion* must be submitted with the bid documents to demonstrate compliance with Iowa public bidding law. Following review of these documents, the SRF Program will issue a NOFE indicating the amount of construction costs eligible for a SRF construction loan. A NOFE also indicates a borrower’s next steps and required documents needed before submitting a construction loan application.

SELF CERTIFICATIONS

The SRF Program utilizes a self-certification form for demonstrating compliance with select federal program requirements. Although some additional program oversight may also occur, self-certifications are collected for Architectural/Engineering Procurement Processes (when applicable to equivalency projects), Cost & Effectiveness

²¹ <https://opportunityiowa.gov/community/water-quality/srf-resources/documents-and-guides>

²² <https://opportunityiowa.gov/community/water-quality/srf-resources/documents-and-guides>

Analysis, American Iron and Steel compliance, Build America, Buy American (BABA) compliance, Disadvantaged Business Enterprise (DBE) usage, and Davis-Bacon Act compliance.

G. Financial Administration

RATES, FEES AND LOAN TERMS & CONDITIONS

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

PROJECT READINESS FOR LOAN APPLICATION

SRF applicants are required to comply with Iowa public bidding laws Chapters 26 and 26A of the Code of Iowa to receive funding through the CWSRF Program. Applicants must demonstrate compliance through a “Form of Bid Opinion” submitted with the bid documents and a final “Legal Opinion of Compliance” following contract execution and delivery. Example templates of these documents are available on the SRF website.²³

SRF Notice of Funding Eligibility (NOFE)

NOFE Letters will be issued **only after** the following program requirements are complete:

- Construction Permit(s) issued by DNR Project Manager for all project phases to be funded by the SRF loan
- Environmental Clearance issued by SRF ER staff
- Project Bid and Bid Documents (including signed SRF Front-End Documents) submitted to DNR
- Form of Bid Opinion

NOFE Letters will include “next steps” which, at minimum, include the collection of the following documents:

- Legal Opinion of Compliance – *An opinion by legal counsel certifying compliance with Chapter 26 and/or 26A*
- Executed contract(s)
- Notice to Proceed

A Construction Loan Application **will not be considered “complete” until SRF issues a NOFE Letter and the applicant submits an opinion of legal counsel to DNR certifying compliance with Iowa public bidding law.**

Prior to Approving a Construction Loan:

A complete SRF Construction application includes a proforma and proof of rate ordinance adoption. When the complete SRF construction loan application is accepted, the loan will be considered for IFA Board approval. Once the board approves the loan, the 90-day lock will be in effect.

- For revenue-backed loans, submit a pro-forma cash flow analysis prepared by a registered Municipal Advisor identifying all outstanding parity obligations and detailing the revenues, expenses, outstanding debt, and debt coverage ratios for the system. At a minimum, the pro-forma should show financial information based on actuals for the past two years, the current year, and projections for the next two years.
- If user rates must be increased to meet the loan’s debt coverage requirements, provide documentation that action has been taken to implement the recommendation of the Municipal Advisor (adopted rate ordinance, public hearing notice, etc.).

AFFORDABILITY CRITERIA

(See Appendix A - Affordability Criteria)

The CWA 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 subsidies under the SRF program.

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 eligibility. The SA Tool is updated with new census data each year and will become effective, with the IUP, on the first day of the state fiscal

²³ Under “Program Information” on the Documents and Guides page <https://www.iowasrf.com/documents-and-guides/>

year. Applicants will use the SA Tool in effect for the state fiscal year of their project application to determine DAC score. **DAC determinations are made at the time of IUP application. Once a DAC score is assigned to a project, it will not change for that project.**

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.** At the end of each fiscal year, unassigned or reallocated LF may remain available in subsequent years in accordance with its original criteria, or may be combined with the funds made available in accordance with the new Cap Grant criteria.

EQUIVALENCY

An *Equivalency Project* is a treatment works project (as defined in Section 212 of the CWA) 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 with loan amounts totaling the amount of each Cap Grant received, to comply with all federal funding requirements applicable to that Cap Grant.

Projects assigned as equivalency for SRF capitalization grants will have to comply with the following federal requirements:

- Disadvantaged Business Enterprise
- Single Audit Act
- Procurement of Architecture/Engineering (A/E) services in accordance with the federal Brooks Act (Section 602(b)(14))²⁴
- EPA signage requirements
- BABA (FFY 2022 and all future capitalization grants)²⁵
- Federal environmental crosscutters (such as Endangered Species Act and National Historic Preservation Act)
- Federal Socioeconomic crosscutters (such as Debarment & Suspension Executive Order and Prohibition on Certain Telecom and Video Surveillance Services/Equipment)

See Appendix G – Federal Assurance, Certifications and Proposals for program compliance requirements and Appendix H-SRF Assistance Recipient Federal 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. The evaluation is project-specific. Many factors are considered but, at minimum, the following factors are evaluated when making project selections for equivalency:

- Project type
- Project cost
- Project timeline
- Timing of loan execution
- Structure of loan(s)
- Federal co-funding (specifically, do other co-funding sources already require the same compliance?)
- Population of borrower
- Disadvantaged status of borrower
- Single audits (are they typically performed for the borrower?)
- Qualifications-based procurement (is this already a regular practice for the borrower when selecting architectural/engineering services?)

²⁴ <https://www.epa.gov/sites/default/files/2021-03/documents/best-practice-guide-for-procuring-services-supplies-equipment.pdf>

²⁵ <https://www.epa.gov/cwsrf/build-america-buy-america-baba>

The SRF Program will coordinate with borrowers during project planning to identify and assign projects for equivalency. Because it is unknown which projects listed on the PPL will execute loan agreements in a fiscal year, the final equivalency loans selected for each year will not be listed in the IUP but will be identified 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 2025 CWSRF Base Capitalization Grant, FFY 2025 IJIA General Supplemental Fund, FFY 2022 IJIA PFAS/EC, and a portion of the FFY 2023 IJIA PFAS/EC during the program year.

Allocation of Funds Among Projects. All projects listed in the CWSRF PPL (see Attachment 1) may be funded from the CWSRF subject to available funds. All projects scheduled for funding with Iowa's CWSRF will be reviewed for consistency with appropriate plans developed under section 205(j), 208, 303(d), and 603(c) of the CWA, 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 reimburse 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 NPS Assistance Program based on past funding and expected future needs.

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 is described in Appendix C - Project Ranking Criteria.

Capitalization (Cap) 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 2026 and will report assignments of these funds in the annual report.

FUNDING SOURCES AND USES

(See Appendix E - Estimated Sources and Uses)

During SFY 2026, the Iowa SRF Program will apply for and/or receive the following Cap Grants and amounts:

FFY	Funding Source	Allocation Amount
2024	CWSRF IJIA PFAS/EC	\$2,878,000

FFY	Funding Source	Allocation Amount
2025	CWSRF Base Cap Grant	\$21,472,000
2025	CWSRF IIJA General Supplemental Grant	\$33,341,000

During SFY 2026, the Iowa SRF Program will apply for (but may not receive the funds during SFY 2026) the following Cap Grants and amounts:

FFY	Funding Source	Allocation Amount
2025	CWSRF IIJA PFAS/EC	\$2,878,000

Appendix E - Estimated Sources and Uses illustrates potential sources and uses of funds in the CWSRF for SFY 2026. As shown, all pending loan requests and program administration needs can be funded. To account for the fact that projects draw their funding at different intervals, Iowa SRF frequently analyzes program cash flows to ensure adequate funding is available. Appendix E - Estimated Sources and Uses may be updated, as appropriate, to provide an ongoing view of the financial plan for meeting loan requests.

Other uses for CWSRF program funds in SFY 2026 include \$37 million (\$10M General NPS, \$10M General NPS Special Purpose Funding at 0% interest, and \$17M Linked-Deposit Programs) reserved for the NPS 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. If Iowa SRF continues to receive Cap Grants and provides at least 20% of the Base Cap Grant and 49% of the IIJA Supplemental Cap Grant as LF, the CWSRF could loan approximately \$300 million per year over the next 10 years, or a total of \$3.0 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 Water Infrastructure Finance and Innovation Act (WIFIA) program. 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 string and sustained demand for loans and utilizes Federal Cap Grant funds as quickly as possible. After SRF bonds are issued, state match funds are used first, before drawing on Cap Grant funds. The Cap Grant funds are drawn at a 100% proportionality ratio. Loan disbursements requests are processed weekly.

Throughout the first 10 months of SFY 2025 (through April 2025), the CWSRF program disbursed an average of approximately \$23.9 million per month. Since the program's inception, Iowa's CWSRF has provided more than \$5.00 of assistance for every \$1.00 of federal investment due to the revolving nature of the program, demonstrating SRF's efficiency and effectiveness in delivering water infrastructure funding to important projects.

OTHER PROGRAM USES

ADMINISTRATIVE ACCOUNTS

CWSRF administration expenses include the work of wastewater engineering section project managers, SRF ER Specialists, SRF Project Compliance Specialist, program coordinators, program admin, program managers, financial officers and loan coordinators. 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.

There are three distinct funding sources for CWSRF administrative expenses: Cap Grant administrative set-aside, loan initiation fees, and loan servicing fees.

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

Plan for Use of Administrative Accounts

Iowa intends to use this set-aside including loan administrative fees to pay the costs of administering the CWSRF Base, IJJA 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
- Technical assistance to borrowers
- AIS/BABA site inspections
- Database development and implementation
- Contract services for a continuous improvement facilitator
- Program marketing and coordination
- ER services*

In order to keep **ER services available for all applicants, the SRF Program may establish funding limitations per project for archaeological and/or architectural contracted services necessary to complete a project's ER. If funding limitations are implemented, the applicant will be responsible for all related costs in excess of the funding limit.*

Program Income. A 0.50% **loan initiation fee** is charged on new CWSRF construction loans which is included in the loan principal. Iowa uses the initiation fee receipts for administration of the CWSRF Program. Program Income is earned throughout the fiscal year by funds received from loan initiation fees as described in Appendix D – Interest Rates, Fees, and Loan Terms.

Loan initiation fees will not be assessed on loans to any DAC borrowers.

Non-Program Income. An **annual servicing fee** of 0.25% is charged on the outstanding principal of CWSRF construction loans (see Appendix D – Interest Rates, Fees, and Loan Terms).

Iowa uses servicing fees collected throughout the fiscal year while the Cap Grant is open for administration of the CWSRF Program, and those fees are considered Program Income. Servicing fee receipts collected after the Cap Grant is closed are considered Non-Program Income and those fees are used for other water quality purposes or are reserved for future administrative expenses.

The CWSRF Program intends to use a portion of Non-Program Income funds during SFY 2026 to support DNR staffing to the Field Services Bureau for wastewater compliance activities including inspections, investigations and technical

assistance and to support DNR staffing in the Water Quality Bureau for construction permitting, NPDES permitting, AIS/BABA Site Inspections, and other programmatic staffing needs.

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

The CWSRF Program may withhold funding from FFY 2025 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."

WATER QUALITY MANAGEMENT PLANNING

A reserve for water quality management planning as required by Title VI of the CWA (Section 604(b)) 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.

H. Technical Assistance

States have the flexibility to use up to 2% of their annual CWSRF Cap Grants for the purpose of providing technical assistance to rural, small, and tribal publicly owned treatment works. The eligibility for this funding is very broad so ***Iowa CWSRF Program reserves the right to use 2% of each FFY 2025 CWSRF Cap Grant as TA.*** Iowa does not intend to duplicate the technical assistance efforts being provided by EPA and other organizations receiving EPA Technical Assistance grants. Planned uses include environmental review services provided by Iowa SRF staff on behalf of borrowers as well as contractual services provided by Secretary of Interior archeological and architectural consulting services in an effort to expedite the process for borrowers to close SRF loans. Additional planning and coordination may be needed to identify other activities for this funding. Activities completed with these funds will be described in the annual report.

Appendix A - Affordability Criteria

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 (SA) Score," to determine the disadvantaged status of a borrower and/or **eligibility to receive SRF LF** (also referred to as additional subsidization) or other incentives offered by the CWSRF Program specifically for DAC.

The affordability criteria established in this IUP after public review and comment will be the criteria used to determine DAC status.²⁶ The amount of additional subsidization available to a DAC will be established annually in the IUP (see Appendix B – Additional Subsidization).

SA TOOL

The metrics (affordability criteria) used in the SA Tool was established using EPA guidance and was revised with public input. The SA Tool continues to be part of the annual IUP public review and comment process. The SA Tool data is updated annually with new census data and the SFY 2026 SA Tool will go into effect upon approval of this IUP by the EPC.

For SFY 2026, applicants with a SA Tool 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.

There are two versions of the SA Tool:

- **Service Area-Based** - Metrics results are for an entire community or service area
 - Standard by Place: Applicable to municipalities which serve populations within **incorporated** boundaries.
 - Standard for Large Service Areas: Applicable to municipalities which serve populations within more than 5 incorporated boundaries.
 - Standard for Rural Service Areas: Applicable to Sanitary Districts, Rural Water Associations and/or municipalities which serve populations in **unincorporated** boundaries.
- **Census Tract-Based** - Metrics results are for Census tracts or primary county
 - By Tract: Applicable to Homeowner Associations (HOA) and SRF borrowers for IJA Lead Service Line projects. This tool will also 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 on the SRF website²⁷.

The SA Tool assesses 10 datapoints from publicly available sources produced by the Census Bureau of the U.S. Department of Commerce. The SA Tool **is updated annually** with the release of new data from these sources. In SFY 2026, the SA Tool will use 2019-2023 (5-year) data from the American Community Survey. Figure 1 below provides a list of the metrics used in the SA Tool.

²⁶ IAC 265 Chapter 26.7 - Disadvantaged Community Status

²⁷ Documents and Guides page <https://www.iowasrf.com/documents-and-guides/>

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)²⁸. A weighted average for each metric 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.

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	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*	Non-negative population growth	Declining growth up to -7.5%	Declining growth of more than 7.5%
8 Percent with Highschool Diploma or Less	Bottom 1/3 (Lowest %)	Middle 1/3	Top 1/3 (Highest %)
9 Percent of Vacant Homes (excluding 2 nd /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- and renter-occupied housing)	Bottom 1/3 (Lowest %)	Middle 1/3	Top 1/3 (Highest %)
Relative Disadvantage:	Low	Moderate	High

Figure 1

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

Figure 2

NOTE: In prior years, population growth for both the service area-based and Census tract-based SA Tool was measured at the County level. The service area-based SA Tool now uses Census Place data to measure population growth. Projects that use the tract-based version of the SA tool will continue to use County level data for population growth.

USING THE SA SCORE TO DETERMINE DAC STATUS

The following information applies to CWSRF Base and IIJA 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 Tool 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

²⁸ The only exception is Population Trend. For the service area-based SA-Tool, no points are given for positive or 0% growth, 1 point for negative growth up to -7.5%, 2 points for more than -7.5% population growth.

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.

- All projects added to the PPL during SFY 2026 will receive a DAC score based on the SFY 2026 SA Tool and this score will not change with future SFY SA Tool updates. ***All projects listed on the approved PPL prior to SFY 2026 will continue to use the DAC score assigned in accordance with the SFY 2025 or SFY 2024 SA Tools, as applicable.***

Borrowers 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

NOTE: Because DAC scores are determined at the time of IUP application, it is possible for a borrower with multiple projects listed on the approved PPL to have different DAC scores for each project, if the project IUP applications were submitted to SRF in different state fiscal years.

Appendix B - Additional Subsidization

The CWSRF Program will comply with the additional subsidization requirements of each Cap Grant and will identify recipients of available funds during the fiscal year. Criteria for additional subsidization eligibility is established with each Cap Grant (see below).

Iowa applies additional subsidization in the form of principal loan forgiveness (LF). LF is applied as principal forgiveness on the later of (1) the date of the final loan disbursement; or (2) the date of the loan's reissuance (if determined as necessary by the borrower's bond counsel).

The final amount disbursed on a loan is used to identify final LF amounts. In some cases, the actual amount of LF applied to a loan is less than the amount that SRF committed to a project, leaving a remaining balance of LF to be awarded to another project.

PREVIOUS LOAN FORGIVENESS OPPORTUNITIES

Unused portions of LF awards from previous LF opportunities may be reallocated to the next eligible borrower in accordance with its original criteria, or may be combined with other available Cap Grant LF funds and awarded in accordance with the LF criteria in effect for the current funding year.

LF awards were made in SFY 2025 using all available LF funding to qualifying projects that executed loans through June 30, 2025. As of the publication of this draft IUP, final committed amounts and remaining LF balances are pending loans executed in May and June, 2025 and pending acceptance of LF terms and conditions.

SFY 2026 LF CRITERIA

The following criteria will apply to all LF funding available to award during SFY 2026:

GENERAL RESTRICTIONS AND/OR LIMITATIONS

- LF eligibility will be evaluated based on the current SA Tool in effect at the time the project is added to the PPL.
- 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.
- Beginning in SFY 2024, borrowers with a project that is eligible for LF and have previously received a Sponsored Project award for the same qualifying project will not be able to receive both subsidizations, but may choose one or the other.
- 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 EPA congressionally directed spending will not be eligible to receive subsequent LF from the Iowa SRF program for the same project.
- Borrowers receiving additional subsidization awards from a previous Cap Grant will not be eligible to receive subsequent LF from the Iowa SRF program for the same project.
- LF awards may consist of more than one funding source.

CWSRF BASE CAPITALIZATION GRANT AND IIJA GENERAL SUPPLEMENTAL FUND

FFY Fund	Award Amount	LF Required
2025 CWSRF Base Cap Grant	\$21,472,000*	\$4,294,000 *
2025 CWSRF IIJA General Supplemental (IIJA Year 4)	\$33,341,000*	\$16,337,090*

*This award amount is anticipated to be received during SFY 2026.

MAXIMUM AWARD AMOUNTS

LF awards will be issued as a not to exceed maximum award amount. Maximum amounts are based on a borrower's DAC score, in accordance with the SA Tool in effect at the time of IUP application (all borrowers listed on the approved PPL prior to SFY 2026 were assigned a DAC score in accordance with the SFY 2024 and SFY 2025 SA Tools).

LF awards from this funding source are applied only to the total eligible construction costs of the project.

Maximum award amounts based on DAC scores are identified below in Figure 3 - LF Award Scale.

DAC Score	Maximum LF Award Amount
20	\$ 1,400,000
19	\$ 1,300,000
18	\$ 1,200,000
17	\$ 1,100,000
16	\$ 1,000,000
15	\$ 900,000
14	\$ 800,000
13	\$ 700,000
12	\$ 600,000
11	\$ 500,000

Figure 3 - LF Award Scale

ELIGIBILITY CRITERIA

1. Compliance projects that result in the resolution of a system's Significant Non-Compliance (SNC) issue. SNC is determined by the DNR.
2. Existing PPL projects currently listed on the PPL that execute an SRF loan during SFY 2026.

METHOD OF AWARD

Projects that meet compliance requirements listed above will be committed LF upon approval of the PPL. LF will be committed to all other projects currently listed on the PPL that execute an SRF loan during SFY 2026, based on highest to lowest ranking order, in accordance with the SFY 2026 LF method described below. ***It is the intent of the SRF Program to issue LF award letters to these recipients at the end of the 2nd and 4th quarters of the state fiscal year.***

First, all available reallocated or new LF funds will be used to award LF to any remaining eligible projects that executed loans between January 1, 2025 -June 30, 2025, in accordance with the SFY 2025 LF criteria.

The remaining balance of LF will be committed in two rounds until all funding is obligated/awarded:

Round 1: Projects executing loans between July 1-December 31.

Round 2: Projects executing loans between January 1-June 30.

Each group will be ranked and LF assigned according to the following ranking criteria:

1. First, all projects (DAC scores 11-20) will be ranked **by DAC score** (highest to lowest).
2. Next, projects will be ranked **by project priority points** (highest to lowest).
3. If necessary, the date of loan execution will be used as a tiebreaker to determine final priority ranking.

The CWSRF Program reserves the right to modify the DAC level maximum LF award amounts and/or to withdraw the limitation to construction costs.

CWSRF IIJA PFAS/EC FUND

FFY IIJA Fund	LF Required	LF Committed	LF Available to Award
2024 CWSRF PFAS/EC (IIJA Year 3)	\$2,878,000	\$2,878,000	\$0*

~~*This award amount is anticipated to be received during SFY 2026~~

MAXIMUM AWARD AMOUNTS

The CWSRF Program reserves the right to withdraw or modify the individual project cap and/or to withdraw the limitation to construction costs.

ELIGIBILITY CRITERIA

LF of up to 100% may be issued to any applicant addressing PFAS or an EC meeting the criteria described in SFY 2026 Program Activities to be Supported.

METHOD OF AWARD

LF will be awarded on a first ready, first-funded basis while funds are available. ***It is the intent of the SRF Program to issue LF award letters to these recipients at the end of the 2nd and 4th quarters of the state fiscal year.***

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 90. Projects will be funded as they become ready to proceed to construction.

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.

PPL RANKING CRITERIA

P&D projects are not ranked.

Construction projects are ranked based on the DNR's scoring system, described in 567 IAC Chapter 90. 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.

According to 567 IA Chapter 90, loan assistance for General NPS projects is based on a first come, first-funded concept until 90 percent of the General NPS program budget is allocated. Once 90 percent of the budget is allocated, additional NPS project scoring criteria published in the IUP will be used to rank NPS projects for funding and placement on the PPL. The ranking will be done at the time the project application is received.

PPL SCORING CRITERIA

Eligible CWSRF treatment works projects will be scored in accordance with the scoring system described in 567 IAC Chapter 90.

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

- A. Use and classification of receiving waters (points range 20-50)
- B. Water quality of the receiving waters (points range 5-15)
- C. Protection of groundwater resources (points range 10-40)
- D. Project purpose (points range 10-50)

All projects will be listed in descending order on the published PPL according to the number of total priority points assigned to each project. The tie breaker category (described in 567 IAC Chapter 90) will be used when necessary.

Eligible CWSRF NPS projects will be scored in accordance with the scoring system described in 567 IAC Chapter 90, assigning 5 points to NPS projects. Additional NPS project scoring criteria published in the IUP will be used for Special Purpose Funding and/or when 90 percent of all program funds are obligated.

SPECIAL PURPOSE FUNDS SCORING CRITERIA

When special financing or incentive offerings, referred to as "Special Purpose Funds," are available through the SRF program, General NPS projects listed on the PPL may be evaluated using additional scoring criteria. The SRF Program may offer funding incentives to reward project applications that demonstrate high water quality benefits, sound design and/or project readiness.

This additional General NPS scoring criteria assigns applications a score up to a total of 20 points based on the following evaluation factors:

- A. Water quality impact
- B. Viability of design, strong technical merit
- C. Project readiness

- D. Cost effectiveness
- E. Demonstrated understanding of staff training and equipment maintenance needs
- F. Stakeholder communication plan and stakeholder support
- G. Intended evaluation/assessment of water quality outcomes
- H. Public impact and demonstration value of the practice

The total score needed to qualify for Special Purpose Funds may vary between offerings and will be determined as part of the funding criteria.

Evaluation Factor (Points out of 20)	Description	Scoring Considerations
Water quality impact (4)	Extent to which the constructed practice will reduce or prevent pollution to a water body. e.g. reduces/prevents delivery of sediment, nutrients, heat or another identified pollutant. Constructed practice will directly address a water quality issue identified within the community.	Water quality issue identified and addressed directly with practice; Treatment volume; Drainage Area (DA); land use; greater than 1 water quality benefit per practice e.g. wetland reduces nutrient AND sediment. For stream stabilizations, design goes beyond stream armoring; e.g. use of vegetated buffers and/or instream structures to compliment bank protection. Calculated load reductions.
Viability of design, strong technical merit (4)	Practices are designed with strong technical merit and are based on previously used and approved manuals and/or design standards. If a current design standard does not exist for Iowa, the application can still score well for viability of design if the applicant has consulted with a TA and incorporated relevant design components from other standards.	Design standard cited or relevant methods/best practices cited (e.g. Iowa River Restoration Toolbox). Likelihood practice will fit in project area based on 5 lines of evidence: design concept, footprint/DA ratio, preliminary checklist calculations, discussions with TA and site visit.
Project readiness (4)	Demonstrated ability to implement the project/practices in an efficient manner; readiness to proceed quickly upon project approval. Readiness evaluated based on stage of design, realistic timeline, demonstrated legal control and understanding of permitting needs.	Stage of design (e.g. concept/30/60/90), design checklist started or complete, realistic timeline, demonstrated legal control, and permitting needs understood and in progress if needed.
Cost effectiveness (\$ per water quality impact) (3)	Project maximizes the volume of water treated or pollutant load reduced by the practice relative to the total cost of the project.	Co-funders either in-kind or monetary, >1 practice within project footprint, extent of impervious surfaces.
Demonstrated understanding of staff training and equipment maintenance needs (2)	Discuss previous staff experience with maintenance of proposed practice or similar practices, or plans to address staff training needs. Discuss maintenance equipment needs.	Staff experience maintaining proposed practice or a similar practice, training needs.
Stakeholder communication plan and stakeholder support (1)	Neighbors and community members that will be directly impacted by the	Letters of support from partners who are directly impacted by the project

Evaluation Factor (Points out of 20)	Description	Scoring Considerations
	project are supportive of the project. Plan to engage with stakeholders prior to construction of the project.	e.g. landowner, monetary or in-kind support. Existing watershed plan if applicable.
Intended evaluation/assessment of water quality outcomes (1)	Application describes evaluation criteria or measures of success for the practice. e.g. clearer water, less sediment exported, lower temperatures etc. Post-construction water quality assessments should go beyond regular maintenance requirements. e.g. measuring or monitoring water quality via partnering with a monitoring program, citizen science, or school	Practice evaluation criteria or measures of success clearly stated. Discussion of plan to monitor and measure success post-construction.
Public impact and demonstration value of the practice (1)	Outreach and education activities planned to inform the general public about the water quality benefits of the practice, and/or activities planned to encourage surrounding communities to adopt similar practices	Planned signage, media coverage, community programs or field days relevant to constructed practice

Appendix D - Interest Rates, Fees, and Loan Terms

TYPES OF FINANCING

SRF P&D LOANS

~~Eligible entities may use SRF P&D Loans to reimburse costs incurred during the P&D phase of SRF-eligible proposed wastewater or stormwater 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 associated with project plan preparation.~~

~~P&D Loans have no interest or payments due for up to three years while the project is designed, and there are no minimum or maximum loan limits. These loans are not assessed initiation or servicing fees; however, borrowers must 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 secured.~~

SRF Planning & Design (P&D) Loans are available to eligible entities to reimburse costs incurred during the preliminary phase of an SRF-eligible proposed wastewater or stormwater project. Eligible costs include, but are not limited to, engineering fees, archaeological surveys, environmental studies, and other expenses associated with the preparation and submission of the project plan.

A key feature of P&D Loans is the deferral of all interest and principal payments for up to three years while the project is being designed. These loans have no minimum or maximum funding limits and are not assessed initiation or servicing fees. While there are no program fees, applicants are required to engage a 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 secured.

SRF CONSTRUCTION LOANS

~~SRF Construction Loans provide low-cost financing for a variety of wastewater infrastructure projects. These loans feature below-market interest rates, low fees, and favorable terms including repayment terms up to 30 years. SRF Construction Loans require a first-lien pledge of either (1) a utility system's net revenues (equal to 10% of aggregate annual debt service for all parity obligations); (2) ad valorem taxes levied against all taxable property (general obligation); or (3) a combination of both. Additionally, the SRF Program reserves the right, on a case-by-case basis, to require that borrowers establish and maintain debt service reserve fund (DSRF) equal to the lesser of (1) 10% of the par amount of the loan; (2) 100% of the Maximum Annual Debt Service; or (3) 125% of the Average Annual Debt Service. A DSRF may be funded with SRF funds.~~

SRF Construction Loans provide low-cost, long-term financing for a wide range of wastewater and stormwater infrastructure projects. Key features include below-market interest rates, low fees, and flexible repayment terms of up to 30 years.

To secure the loan, borrowers must provide a first-lien pledge. Acceptable forms of security include:

- A pledge of the utility system's net revenues.
- A pledge of ad valorem taxes levied against all taxable property (a General Obligation pledge).
- A combination of both revenue and General Obligation pledges.

Additionally, the SRF Program may, on a case-by-case basis, require a borrower to establish and maintain Debt Service Reserve Fund (DSRF). This requirement is typically considered for loans with unique credit profiles or financial structures that warrant additional security to ensure repayment. If required, the SRF must be funded in an amount equal to the lesser of the following:

- 10% of the par amount of the loan;
- 100% of the Maximum Annual Debt Service (MADS); or
- 125% of the Average Annual Debt Service.

The DSRF may be funded using SRF loan proceeds.

TERMS OF FINANCING

STANDARD TERM LOANS (UP TO 20 YEARS)

~~Standard Term SRF Construction Loans are available 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).~~

~~SRF Construction Loans also offer eligible entities low-cost financing for various NPS projects. These loans are offered for the duration of the NPS practice's useful life as determined by existing design standards (e.g. 10 or 20 years depending on the NPS practice).~~

Standard Term SRF Construction Loans are offered with a standard repayment term of up to 20 years.

Financing is also available for various Nonpoint Source (NPS) pollution control projects. The repayment term for an NPS loan is based on the useful life of the specific practice(s) as determined by existing design standards (e.g., 10 or 20 years).

EXTENDED TERM LOANS (21-30 YEARS)

~~Extended term loans of up to 30 years are available for qualifying projects. The SRF applicant's consulting design engineer and the DNR permitting engineer (project manager) will complete and sign the SRF Extended Financing Worksheet and submit it to the Iowa Finance Authority with their construction loan application.~~

Extended term loans, with a repayment period of up to 30 years, are available for qualifying projects. The maximum term may not exceed the project's average useful life. To be considered for extended term financing, a completed and signed *CWSRF Extended Financing Worksheet* must be submitted with the construction loan application. This worksheet requires signatures from both the applicant's consulting design engineer and the Iowa DNR project manager. The interest rate for these projects 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

The *CWSRF Extended Term Financing Worksheet* can be found on the Documents and Guides page of the SRF website.²⁹

INTEREST RATES

~~CWSRF Programs are responsible for providing communities with a low-cost, perpetual funding source for constructing infrastructure and implementing practices that deliver safe drinking water to citizens and treats water pollution to support a healthy environment.~~

~~To carry out this mandate, Iowa's SRF Loan Programs utilize Base Interest Rates for Tax-Exempt and Taxable loans, which 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.~~

The Iowa SRF Program is committed to providing a perpetual, low-cost funding source for communities to build infrastructure that treats water pollution to support a healthy environment. To ensure the program's long-term sustainability, the interest rate methodology is reviewed regularly. This process considers factors such as the availability of federal and state funds, market conditions, and the program's overall financial health. The goal is to set rates that are affordable for borrowers while allowing the SRF to operate as a permanent financial resource for Iowa communities.

²⁹ <https://opportunityiowa.gov/community/water-quality/srf-resources/documents-and-guides>

SETTING THE BASE RATE

The SRF Program establishes Base Interest Rates for both tax-exempt and taxable loans on a quarterly basis. These rates are calculated and published on the first business day of January, April, July, and October (the “Effective Date”). The rates are based on a percentage of the Bloomberg BVAL Municipal Yield Curves (“BVAL”). BVAL was chosen as the benchmark index because it is widely used, objective, and transparently reflects real-time municipal market conditions. The index is publicly available from the Municipal Securities Rulemaking Board (MSRB) for independent tracking. The Base Interest Rate is calculated using the average BVAL 20-year AAA yield for the calendar month immediately preceding the Effective Date. The current methodology is:

- **Tax-Exempt Loans:** The rate is 75% of the average Bloomberg BVAL General Obligation Municipal AAA 20-year yield.
- **Taxable Loans:** The rate is 75% of the average Bloomberg BVAL Taxable General Obligation Municipal AAA 20-year yield.

For example, a rate effective July 1 is calculated using the average BVAL yield during the month of June.

Current SRF loan interest rates are published on the SRF website³⁰.

~~The Base Interest Rate for tax-exempt loans is 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. For example, the Base Interest Rate effective July 1 will be calculated using the average 20-year BVAL yield for the month of June.~~

~~Similarly, the Base Interest Rate for the taxable portions of SRF projects is 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.~~

SPECIAL PURPOSE FUND LOANS

~~**General NPS projects:** The interest rate for qualifying General NPS projects will be 0% up to the first \$500,000 of NPS project costs. Projects must qualify in accordance with the scoring criteria described in Appendix C—Project Ranking Criteria for “Special Purpose Funds.” Loan servicing fees will still apply (see Fees section below).~~

The SRF Program provides targeted financial incentives for projects that address high-priority environmental goals.

General Nonpoint Source (NPS) Projects

Projects classified as General NPS may qualify for a promotional interest rate, subject to the following terms:

- **Interest Rate:** A 0% interest rate is available for the first \$500,000 of eligible NPS project costs.
- **Eligibility:** To qualify for this rate, projects must meet the scoring criteria detailed in Appendix C – Project Ranking Criteria for “Special Purpose Funds.”
- **Applicable Fees:** Standard loan servicing fees apply to the full loan amount (please see the Fees section below for more information).

INTEREST RATE LOCK

Applicants should work with their Bond Counsel, Municipal Advisor, and other members of their financing team to complete the loan issuance process (e.g., submit a complete SRF Construction Loan Application; NOFE letter; legal

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.

³⁰ <https://opportunityiowa.gov/community/water-quality/srf-resources/loan-interest-rates>

~~opinion on bidding procedures, hold public hearing and authorize debt, complete proforma financial analysis, pass rate ordinance if required, etc.).~~

~~After receiving an acceptable construction application, the loan will be presented for IFA Board approval. Once approved, applicants will receive a notification from IFA that includes an interest rate lock for 90 days. If the Program's loan interest rates decrease before signing a loan agreement, applicants will automatically receive the more favorable rate at loan closing while remaining within the 90-day rate lock period. If the 90-day rate lock period expires, the loan will be executed using the current interest rates (which are set quarterly).~~

To provide applicants with greater certainty during the final stages of the loan process, an interest rate lock is applied once an applicant, in coordination with its financing team, has completed all program prerequisites. These include, but are not limited to:

- Submission of a complete SRF Construction Loan Application;
- Issuance of Notice of Funding Eligibility (NOFE) letters by the Iowa DNR for all contracts funded by the loan;
- Receipt of a legal opinion confirming compliance with bidding procedures;
- Completion of all steps necessary to authorize the issuance of the debt; and
- Completion of a pro-forma financial analysis meeting the program's criteria.

Once these prerequisites are met and the application is deemed complete, Program staff will place the loan on an upcoming Iowa Finance Authority (IFA) Board meeting agenda. At that point, the following rate lock terms immediately apply³¹.

Rate Lock Terms

- **Commencement and Duration:** A loan's interest rate is locked for a 90-day period on the date that Program staff formally submit the loan for the Board's agenda.
- **Protection from Rate Increases:** The locked rate protects the applicant from any potential interest rate increases that may occur during the 90-day period.
- **Benefit from Rate Decreases:** If the Program's published interest rates decrease during the lock period before the final loan agreement is signed, the applicant will automatically receive the new, more favorable rate.
- **Expiration:** Should the loan not be closed before the 90-day lock period expires, the interest rate will be reset to the Program's currently published rate at the time of closing.

FEES

Fee income is considered both Program Income and Non-Program Income, depending on when it is collected and if it is capitalized as part of the SRF loan. Program Income may only be used for purposes of administering the SRF Program or for making new loans. Non-Program Income can be used to administer the program or for other water quality purposes. The uses of Program Income and Non-Program Income are discussed in this IUP under Section. G. Financial Administration-Other Program Uses.

LOAN INITIATION FEES

~~New SRF Construction Loans are assessed a loan initiation fee of 0.50% of the full loan commitment amount, not to exceed \$100,000, paid upon closing. Since Iowa's loan initiation fees are capitalized, the fee income is considered Program Income.~~

~~Initiation fees will not be assessed on loans to any borrower that meets the Program's affordability criteria as a DAC.~~

³¹ <https://opportunityiowa.gov/community/water-quality/srf-resources/loan-interest-rates>

A one-time Loan Initiation Fee is assessed on new SRF Construction Loans, typically paid from loan proceeds at closing.

- **Rate:** 0.50% of the full loan commitment amount.
- **Maximum Fee:** The total initiation fee will not exceed \$100,000 per loan.
- **Waiver:** The Loan Initiation Fee is waived for any borrower that meets the program's affordability criteria as a Disadvantaged Community (DAC).

When capitalized, this fee income is considered Program Income.

LOAN SERVICING FEES

~~An annual loan servicing fee equal to 0.25% of the outstanding loan balance is charged on SRF Construction Loans. Iowa's servicing fees are capitalized and are calculated based on the outstanding principal balance. Payment of the loan servicing fee is made semiannually along with scheduled interest payments. Loan servicing fees are considered both Program Income and Non-Program Income.~~

An annual Loan Servicing Fee is charged on the outstanding balance of SRF Construction Loans for the duration of the loan term.

- **Rate:** 0.25% of the outstanding principal balance each year.
- **Payment:** The fee is paid semi-annually along with scheduled principal and interest payments.

Pursuant to established regulatory guidance, loan servicing fees may be classified as either Program Income or Non-Program Income.

Appendix E - Estimated Sources and Uses

Estimated Sources and Uses of Funds

CWSRF - SFY 2026

Rounded to the nearest \$1,000 as of April 30, 2025

SOURCES OF FUNDS

Federal Capitalization Grants:

FFY 2022 Grant(s):

IIJA Emerging Contaminants (undrawn amount)

\$1,250,000

Total FFY 2022 Capitalization Grants Available

\$1,250,000

FFY 2023 Grant(s):

IIJA Emerging Contaminants (undrawn amount)

\$1,800,000

Total FFY 2023 Capitalization Grants Available

\$1,800,000

FFY 2024 Grant(s):

IIJA Supplemental (undrawn amount)

\$630,000

IIJA Emerging Contaminants (application forthcoming)

\$2,878,000

Total FFY 2024 Capitalization Grants Available

\$3,508,000

FFY 2025 Grant(s):

Base Program (application forthcoming, less anticipated set-asides)

\$21,505,000

IIJA Supplemental (application forthcoming, less anticipated set-asides)

\$31,341,000

Total FFY 2025 Capitalization Grants Available

\$52,846,000

Estimated Loan Repayments (P&I)

\$161,197,000

Estimated Fee Income

\$6,931,000

Funds Available in Equity and Program Accounts

\$308,406,000

Estimated Investment Earnings on Funds

\$11,070,000

Estimated Bond Proceeds:

Leveraged/Reimbursement

\$150,000,000

New State Match

\$12,000,000

TOTAL SOURCES

\$709,008,000

ANTICIPATED USES OF FUNDS

SRF Program Administration

\$6,269,000

Other Eligible Administrative Uses

\$2,000,000

Project Funding:

Disbursements to Existing Loan Commitments¹

\$212,338,000

Disbursements to Future Loan Commitments:

Planning & Design Requests from IUP²

\$14,274,000

Additional CWSRF Project Requests³

\$73,388,000

Debt Service:

Principal Payments on Outstanding Revenue Bonds

\$64,440,000

Interest Payments on Outstanding Revenue Bonds

\$79,363,000

Retained Equity⁴

\$256,936,000

TOTAL USES

\$709,008,000

NET AVAILABLE FUNDS

\$0

Notes:

1. Assumes 60% disbursement rate.

2. Assumes 50% disbursement rate.

3. Additional projects from IUP (up to the budgeted disbursement total for SFY 2026).

4. Includes accumulated undrawn cap grants, investment interest, and loan repayments available for future project funding and/or debt service.

Appendix F - State Match

Clean Water SRF

Federal Fiscal Year 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

	<u>Cap Grant (\$)</u>	<u>Match Required (%)</u>	<u>Match Required (\$)</u>
FFY 2023 Base Cap Grant	\$10,152,000	20%	\$2,030,400
FFY 2023 IIJA Supplemental Cap Grant	\$28,210,000	10%	\$2,821,000
Total CW State Match Required			\$4,851,400

CW State Match Surplus (Deficit)		\$4,200
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Federal Fiscal Year 2024

Sources of State Match

Surplus State Match from Prior Year(s)		\$4,200
State Match Bonds Issued in June 2024		\$9,000,000
Total CW State Match Available		\$9,004,200

Application of State Match

	<u>Cap Grant (\$)</u>	<u>Match Required (%)</u>	<u>Match Required (\$)</u>
FFY 2024 Base Cap Grant	\$11,048,000	20%	\$2,209,600
FFY 2024 IIJA Supplemental Cap Grant	\$30,779,000	20%	\$6,155,800
Total CW State Match Required			\$8,365,400

CW State Match Surplus (Deficit)		\$638,800
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Federal Fiscal Year 2025

Sources of State Match

Surplus State Match from Prior Year(s)		\$638,800
State Match Bonds to be Issued in July 2025		\$12,000,000
Total CW State Match Available		\$12,638,800

Application of State Match

	<u>Cap Grant (\$)</u>	<u>Match Required (%)</u>	<u>Match Required (\$)</u>
FFY 2025 Base Cap Grant (estimated)	\$21,505,000	20%	\$4,301,000
FFY 2025 IIJA Supplemental Cap Grant	\$33,341,000	20%	\$6,668,200
Total CW State Match Required			\$10,969,200

CW State Match Surplus (Deficit)		\$1,669,600
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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 SRF program issues periodic announcements of all executed CWSRF loans. Each SRF funded project is also required to provide public notice of their SRF Project as part of the ER process.

COST EFFECTIVENESS ANALYSIS

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

GREEN PROJECT RESERVE (GPR)

Congressional Appropriations require 10% of CWSRF Cap Grant amounts be used to fund projects that qualify under the EPA's GPR, if such applications are submitted. GPR projects address green infrastructure, water and energy efficiency, and/or other environmentally innovative activities. Iowa's NPS Programs, including the Sponsored Project Program and General Nonpoint Source Projects, finance several projects annually which meet this criterion. The specific projects identified as GPR will be listed in the annual report.

ADDITIONAL SUBSIDIZATION

CWSRF Base Program funding, provided through the Consolidated Appropriations Act, includes two different additional subsidization authorities (Congressional and CWA). Additional subsidy authority also exists under the IIJA. 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 systems³². Iowa CWSRF Program conducts oversight of this requirement 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 ACT (BABA)

On November 15, 2021, President Joseph R. Biden Jr. signed into law IIJA, Pub. L. No. 117-58, which includes the BABA that strengthens the Made in America Laws.³³ 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 U.S.³⁴

³² <https://www.epa.gov/cwsrf/state-revolving-fund-american-iron-and-steel-ais-requirement>

³³ [Build America, Buy America Act, https://www.epa.gov/baba](https://www.epa.gov/baba)

³⁴ <https://www.epa.gov/cwsrf/build-america-buy-america-baba>

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 conducts oversight of this requirement 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 BABA and EPA guidance³⁵. 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 ER 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 ER staff conduct NEPA-like environmental review services on behalf of CWSRF applicants in accordance with the federal assurances below.

Projects receiving assistance from the CWSRF as equivalency projects will also undergo a review for compliance with the National Historic Preservation Act (NHPA) and certain environmental authority crosscutters. SRF staff will facilitate consultation with State Historic Preservation Office (SHPO) and other consulting agencies, as necessary, on behalf of SRF borrowers (see Appendix H-SRF Assistance Recipient Federal Requirements).

In order to keep these services available for all applicants, the SRF Program may establish funding limitations per project for archaeological and/or architectural contracted services necessary to complete a project's ER. If funding limitations are implemented, the applicant will be responsible for all related costs in excess of the funding limit.

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.³⁶ Iowa's oversight of this requirement is 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 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.

³⁵ <https://www.epa.gov/system/files/documents/2022-11/OW-BABA-Implementation-Procedures-Final-November-2022.pdf>

³⁶ <https://www.epa.gov/grants/davis-bacon-and-related-acts-dbra>

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.

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, receiving assistance. Projects identified as equivalency projects will also undergo a review for compliance with the National Historic Preservation Act (NHPA) and applicable environmental authority crosscutters (see Appendix H-SRF Assistance Recipient Federal Requirements).

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 the State and coordinated with EPA as necessary. The State will address project-level and most program inquiries and provide EPA a copy of all Congressional inquiries and responses. 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 the inquiry and response in a timely manner.

Appendix H – SRF Assistance Recipient Federal Requirements

PROGRAM SPECIFIC REQUIREMENTS—ALL SRF PROJECTS

The following federal program requirements are specifically identified in the CWA, SDWA, SRF Program regulations, and/or EPA policy and they apply to all SRF borrowers. These requirements are beyond basic borrower eligibility and basic project/activity requirements.

Requirement	Authorizing Statute	How IA SRF borrowers comply
American Iron and Steel	33 U.S.C. 1388 and 42 U.S.C. 300j-12(a)(4)	SRF Front-End Document #9; SRF Staff perform on-site inspection and desk review of certification letters; and BABA Self-Certification form signed at completion of project.
Cost and Effectiveness, (CWSRF Only)	33 U.S.C. 1382(b)(13)	Self-Certification
Davis-Bacon Wages	33 U.S.C. 1382(b)(6) and 42 U.S.C. 300j12(a)(5)	Self-Certification
Environmental Review	40 CFR 35.3140; 40 CFR 35.3580	Iowa SRF Environmental Review staff perform a NEPA-like investigation and/or consult with federal authorities on behalf of the SRF borrower to gain the necessary technical assistance and/or concurrence to issue a Categorical Exclusion (CX) or Finding of No Significant Impact (FNSI) clearance.
Generally Accepted Accounting Principles (GAAP)	33 U.S.C. 1382(b)(9) and 42 U.S.C. 300j-12(g)(3)	Loan documents

ADDITIONAL PROGRAM SPECIFIC REQUIREMENTS—EQUIVALENCY PROJECTS ONLY

Requirement	Authorizing Statute	How IA SRF borrowers comply
Architecture and Engineering Procurement (Brooks Act) (CWSRF Only)	33 U.S.C. 1382(b)(14)	Self-Certification
Single Audit	2 CFR part 200, Subpart F	Submit Single Audit; Corrective Actions
Signage	EPA Guidance for Enhancing Public Awareness of SRF Assistance Agreements (2015)	SRF Program issues a media release quarterly listing all SRF executed loans. Projects issue public notification of their project through social media, customer mailings, or other public notification methods.

REQUIRED CROSS-CUTTERS—ALL SRF PROJECTS

Federal cross-cutter authorities are requirements established by other federal laws and Executive Orders that apply to federal financial assistance programs. These requirements are not cited in the SRF Programs' authorizing statutes or

regulations but apply broadly by their own terms in federal statutes, regulations, or executive orders to a wide range of federal financial assistance programs, including SRF.

Authority	Crosscutter	How IA SRF borrowers comply
Social Policy Authorities	Civil Rights Laws - The Age Discrimination Act of 1975, 42 U.S.C. 6102 et seq. - Section 13 of the Federal Water Pollution Control Act Amendments of 1972, (CWSRF only) 33 U.S.C. 1251 et seq. Civil Rights Laws October 2003.pdf October 2003 - Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. 794 - Title VI of the Civil Rights Act of 1964, 42 U.S.C. 2000d et seq.	SRF Front-End Documents #1&7, signature on final page of IUP application, and loan documents

ADDITIONAL REQUIRED CROSS-CUTTERS—EQUIVALENCY PROJECTS ONLY*

Authority	Crosscutter	How IA borrowers comply
Social Policy Authorities	Participation by Disadvantaged Business Enterprises in United States Environmental Protection Agency Programs	SRF Front-End Documents #3-6, as applicable <i>*This requirement is applied to <u>all</u> Iowa SRF projects</i>
Environmental Authorities	Archaeological and Historic Preservation Act, 16 U.S.C. 469 et seq.	Iowa SRF Environmental Review staff perform a NEPA-like investigation and/or consult with federal authorities on behalf of the SRF borrower to gain the necessary concurrence or clearances for these crosscutter requirements. <i>*Investigation and/or consultation for these environmental authorities may be conducted for non-equivalency Iowa SRF projects, however, the consultation is for the technical assistance rather than concurrence or clearance purposes.</i>
	Clean Air Act Conformity, 42 U.S.C. 7401 et seq	
	Coastal Barriers Resources Act, 16 U.S.C. 3501 et seq	
	Coastal Zone Management Act, 16 U.S.C. 1451 et seq.	
	Endangered Species Act, 16 U.S.C. 1531 et seq.	
	Farmland Protection Policy Act, 7 U.S.C. 4201 et seq.	
	Floodplain Management Executive Order No. 11988 (1977), as amended by Executive Order No. 12148 (1979)	
	Magnuson-Stevens Fishery Conservation Management Act, 16 U.S.C. 1801 et seq.	
	National Historic Preservation Act, 54 U.S.C. 300101 et seq.	
	Sole Source Aquifer, Section 1424(e) of Safe Drinking Water Act, 42 U.S.C. 300h-3e	
	Wetlands Protection - Executive Order No. 11990 (1997), as amended by Executive Order No. 12608 (1997)	
	Wild and Scenic Rivers Act, 16 U.S.C. 1271 et seq.	

Economic and Miscellaneous Authorities	Administration of the Clean Air Act and the Federal Water Pollution Control Act with respect to Federal contracts, grants, or loans, Executive Order No. 11738 (1973) -Section 306 of the Clean Air Act, 42 U.S.C. 7606 et seq. -Section 508 of the Clean Water Act, 33 U.S.C. 1368 et seq.	SRF Environmental Review staff perform investigation and/or consult with federal authorities on behalf of the SRF borrower to gain the necessary concurrence or clearances for this crosscutter requirement.
	Build America, Buy America Act, Pub. L. 117-58, Sections 70901-70927	SRF Front-End Document #9; SRF Staff perform on-site inspection and desk review of certification letters; and BABA Self-Certification form signed at completion of project.
	Prohibition on Certain Telecom and Video Surveillance Services/Equipment, 2 CFR 200.216	SRF Front-End Document #10 <i>*This requirement is applied to <u>all</u> Iowa SRF projects</i>
	Suspension and Debarment, Executive Order 12549 (1986), 2 CFR Part 180, 2 CFR Part 1532	SRF Front-End Documents #2; SRF staff verifying SAMS.gov for all selected bidders/procurement contracts <i>*This requirement is applied to <u>all</u> Iowa SRF projects</i>
	Uniform Relocation and Real Property Acquisition Policies Act, 42 U.S.C 4601 et seq., 40 CFR Part 4, 49 CFR Part 24	Signature on Section 6 (final page) of IUP Application <i>*This requirement is applied to <u>all</u> Iowa SRF projects</i>
	Federal Funding Accountability and Transparency Act (FFATA), Public Law 109-282	SRF Program staff file a FFATA report through SAM.gov following an SRF loan execution, as applicable, for projects selected as equivalency.

Appendix I - Funding Recommendations

GENERAL NPS 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 NPS Assistance Program. Per 567 IAC Ch. 90, 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

GENERAL NPS ASSISTANCE PROJECTS RECEIVING SPECIAL PURPOSE FUNDING

GNS project applications received during the SFY 2026 will be scored to determine if the project qualifies for incentive funding. Applications will be evaluated using the additional scoring criteria located in the “Special Purpose Funds” section of Appendix C – Project Ranking Criteria, to determine if the project demonstrates high water quality benefits, sound design, and project readiness.

The projects listed below received an application score of 10 or higher and qualify to receive incentive funding. As long as these projects are issued an Eligibility Letter within 18 months of project approval by EPC, the SRF applicant will receive incentive funds when they lock their interest rate.

Applicant	IUP Quarter	SRF Project #	Project Description (Proposed practice, watershed, transfer of ownership)	Application Score	Total Project Cost
City of Algona	1	GNS 26-01	Downtown Cultural District Improvements Phase 1: Installation of permeable pavers, bioretention cells and tree wells throughout the downtown streetscape.	15	\$769,300.00
City of Dunlap	2	GNS 26-02	Pleasant View Pond Improvements: Pond restoration, installation of new forebay and wetland filtration and installation of bioretention cells	5	\$925,000.00

Appendix J - Public Review and Comments Received

A public meeting to allow input to Iowa's SFY 2026 IUP and PPL will be held May 29, 2025, 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. Public notice announcements were also posted on the Water Quality News³⁷ and the IUP Intended Use Plan³⁸ pages of the SRF website. Written comments may be submitted to srf-pc@dnr.iowa.gov and will be accepted through June 5, 2025.

Comments Received:

Comment: EPA Region 7 provided technical review comments on the DRAFT IUP and identified areas that needed clarification or correction.

Response: SRF added additional clarification language and/or corrected information in Appendix H and the Equivalency section of page 15. This review also resulted in the identification of information that was relevant to the DW program and not the CW program so corrections were made to remove DW program information previously listed on pages 3 and 12.

During the public comment period, SRF received the FFY 2025 Cap Grant allocations so those amounts were updated throughout the document.

Second Quarter Update:

A public meeting to allow input to Iowa's SFY 2026 IUP and PPL will be held on August 28, 2025, 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. Public notice announcements were also posted on the Water Quality News³⁹ and the IUP Intended Use Plan⁴⁰ pages of the SRF website. Written comments may be submitted to srf-pc@dnr.iowa.gov and will be accepted through September 4, 2025.

Comments Received:

There were no comments received prior to the publication of this DRAFT IUP update.

Third Quarter Update:

Comments Received:

Fourth Quarter Update:

Comments Received:

³⁷ <https://opportunityiowa.gov/community/water-quality/srf-resources/water-quality-news>

³⁸ <https://opportunityiowa.gov/community/water-quality/srf-resources/intended-use-plan>

³⁹ <https://opportunityiowa.gov/community/water-quality/srf-resources/water-quality-news>

⁴⁰ <https://opportunityiowa.gov/community/water-quality/srf-resources/intended-use-plan>

Appendix K – IUP Acronyms

Acronym	Description
A/E	Architectural and Engineering
AIS	American Iron and Steel
ARRA	American Recovery and Reinvestment Act of 2009
AWIA	America's Water Infrastructure Act of 2018
AWOP	Area Wide Optimization Program
BABA	Build America, Buy America
BIL	Bipartisan Infrastructure Law
BVAL	Bloomberg Value - General Obligation Municipal AAA 20-year yield
CFR	Code of Federal Regulation
CMaR	Construction Manager at Risk
CSO	Combined Sewer Operations
CWA	Clean Water Act
CWSRF	Clean Water State Revolving Fund
DAC	Disadvantaged Community
DNR	Iowa Department of Natural Resources
DW	Drinking Water
DWSRF	Drinking Water State Revolving Fund
EC	Emerging Contaminants
EFC	Environmental Finance Center
EPA	U.S. Environmental Protection Agency
EPC	Environmental Protection Commission
ER	Environmental Review
FEMA	Federal Emergency Management Agency
FFATA	Federal Funding Accountability and Transparency Act
FFY	Federal Fiscal Year
FP	Facility Plan
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles

GMP	Guaranteed Maximum Price
GNS	General Nonpoint Source
GPR	Green Project Reserve
GS	General Supplemental
HOA	Homeowner's Association
IAC	Iowa Administrative Code
IDALS	Iowa Department of Agriculture and Land Stewardship
IFA	Iowa Finance Authority
IIJA	Infrastructure Investment and Jobs Act
IUP	Intended Use Plan
LF	Loan Forgiveness
LSL	Lead Service Line
LWPP	Local Water Protection Program
LWQP	Livestock Water Quality Program
MOU	Memorandum of Understanding
NEPA	National Environmental Protection Act
NHPA	National Historic Preservation Act
NIMS	National Information Management System
NOFE	Notice of Funding Eligibility
NPDES	National Pollutant Discharge Elimination System
NPS	Nonpoint Source
OMB	Office of Management and Budget
OSWAP	Onsite Wastewater Assistance Program
OWSRF	Office of Water State Revolving Fund
P&D	Planning & Design
PER	Preliminary Engineering Report
PFAS	Perfluoroalkyl and Polyfluoroalkyl Substances
POPs	Persistent Organic Pollutants
POTW	Publicly Owned Treatment Works
PPCPs	Pharmaceuticals and Personal Care Products
PPL	Project Priority List

PWS	Public Water Supply
PWSS	Public Water Supply Supervision
SA	Socioeconomic Assessment (Tool)
SDWA	Safe Drinking Water Act
SDWIS	Safe Drinking Water Information System
SEE	Senior Environmental Employee
SFY	State Fiscal Year
SWIFIA	State Infrastructure Financing Authority Water Infrastructure Finance and Innovation Act of 2014
SWP	Stormwater Best Management Practices Program
TA	Technical Assistance
WRRDA	Water Resources Reform and Development Act of 2014

Attachment 1 - CWSRF PPL

This is a separate, sortable Excel File

CWSRF Project Priority List (PPL)

Project Status	Abbreviations
Contingent -- C	BIL GS= Bipartisan Infrastructure Law General Supplemental Fund CWSRF No = Clean Water State Revolving Fund Project Number NPDES No = National Pollutant Discharge Elimination System Permit Nounber IUP YR = Intended Use Plan Year P&D = Planning and Design Loan PFAS/EC - PFAS Emerging Contaminates
Pending Drop -- PD	
Loan Signed -- L	
Planning Stage -- P	
Ready for Loan -- R	

DAC Level	Point Range	Disadvantage d Community (DAC)
Low	0-10	No
Moderate	11-15	Yes
High	16-20	Yes

Loan Forgiveness offered and accepted

Project Name	NPDES No.	CWSRF No.	Project Description	IUP Yr	Quarter	Priority Points	Project Status	Current Funding Request	Most Recent Loan	Total Loan Amount To Date	Remaining Amount on IUP	Funding Source		Compliance Project	DAC Score
												Base BIL GS	BIL PFAS/EC		
Sanborn		PD-CW-26-39	WWTF Improvements	2026	2	P&D	P	\$ 895,000.00				x			NA
WRA		PD-CW-26-38	Relocation of Admin, laboratory, maintenance, and warehouse buildings to a new Personnel Facilities building	2026	2	P&D	P	\$ 3,000,000.00				x			NA
WRA		PD-CW-26-37	WRF aeration improvements	2026	2	P&D	P	\$ 3,000,000.00				x			NA
West Bend		PD-CW-26-36	Wastewater treatment improvements for ammonia, E. coli, and chloride treatment and replacement of the lift station	2026	2	P&D	P	\$ 588,000.00				x			NA
Sergeant Bluff		PD-CW-26-35	West Ridge Road sanitary and storm sewer extension	2026	2	P&D	P	\$ 110,000.00				x			NA
Sergeant Bluff		PD-CW-26-34	C Street sanitary sewer replacement and storm sewer improvements	2026	2	P&D	P	\$ 310,000.00				x			NA
Lake City		PD-CW-26-33	Wastewater treatment collection system and lagoon improvements	2026	2	P&D	P	\$ 556,000.00				x			NA
Glenwood Municipal Utilities		PD-CW-26-32	New wastewater treatment plant	2026	2	P&D	P	\$ 4,300,000.00				x			NA
Dunlap		PD-CW-26-31	Wastewater treatment upgrade to add aeration and UV disinfection	2026	2	P&D	P	\$ 444,000.00				x			NA
Olin		PD-CW-26-23	Lagoon Improvements	2026	2	P&D	P	\$ 51,400.00				x			NA
Montrose		PD-CW-26-22	Equipment Replacement	2026	2	P&D	P	\$ 145,900.00				x			NA
Melbourne		PD-CW-26-21	Aerated Lagoon Improvements	2026	2	P&D	P	\$ 300,000.00				x			NA
Cedar Falls		PD-CW-26-20	Trickling Filter Plant Improvements	2026	2	P&D	P	\$ 11,000,000.00				x			NA
Dunlap	N/A	GNS26-02	Pleasant View Pond Improvements	2026	2	5	P	\$ 925,000.00				x			NA
West Liberty	7073001	CS1921182 01	West Liberty WWTF Baseline Improvements Project - Phase 1	2026	2	149	P	\$ 4,581,000.00				x		TBD	12
Tama	8670002	CS1921183 01	Tama WWTF Asset Management	2026	2	297	P	\$ 6,368,000.00				x		TBD	15
Dow City	2427001	CS1921184 01	Dow City Wastewater System Improvements	2026	2	234	P	\$ 1,166,000.00				x		TBD	10
Waverly	990001	CS1921185 01	Eastgate Lift Station Replacement	2026	2	152	P	\$ 2,821,000.00				x		TBD	8
Melbourne	6471001	CS1921186 01	WWTF Improvements Project	2026	2	247	P	\$ 1,957,000.00				x		TBD	4
Kalona	9223001	CS1921187 01	Wastewater Treatment Facility Improvements	2026	2	295	P	\$ 7,236,000.00				x		TBD	3
Sabula	4975001	PD-CW-26-08	Sabula Sewage Treatment Plant Improvements	2026	1	P&D	L	\$ 520,697.00	7/11/2025	\$ 520,697.00	\$ -	x			NA
Gilman	6436001	PD-CW-26-07	Rehabilitation and repairs to the City of Gilman's wastewater collection system.	2026	1	P&D	P	\$ 283,000.00				x			NA
Dubuque	3126001	PD-CW-26-06	Upgrades to the Catfish Creek Sanitary Interceptor Sewer system along the South Fork Catfish creek (Old Mill Rd. Ph4)	2026	1	P&D	L	\$ 3,400,000.00	7/11/2025	\$ 3,400,000.00	\$ -	x			NA
Dubuque	3126001	PD-CW-26-05	Phased relocation of 5,150 feet of the 12-inch diameter sanitary sewer from Hawthorne Street to	2026	1	P&D	L	\$ 500,000.00	7/11/2025	\$ 500,000.00	\$ -	x			NA
Dubuque	3126001	PD-CW-26-04	Upgrades to the Catfish Creek Sanitary Interceptor Sewer system along the Middle Fork Catfish creek (Old Mill Rd. Ph3)	2026	1	P&D	L	\$ 3,600,000.00	7/11/2025	\$ 3,600,000.00	\$ -	x			NA
Corydon	9334004	PD-CW-26-03	Sanitary sewer collection system rehabilitation	2026	1	P&D	L	\$ 364,000.00	7/18/2025	\$ 364,000.00	\$ -	x			NA
Spencer	2171004	PD-CW-26-01	WWTP, sanitary and storm collection systems, and lift station improvements	2026	1	P&D	L	\$ 8,500,000.00	7/11/2025	\$ 8,500,000.00	\$ -	x			NA
Belmond	9905001	CS1921176 01	Wastewater Treatment Plant Improvements	2026	1	207	P	\$ 5,706,000.00				x		Verify	10
Mediapolis	2948001	CS1921177 01	Wastewater Collection & Treatment System Improvements	2026	1	174	P	\$ 1,378,000.00				x		Verify	8
Sabula	4975001	CS1921178 01	Sewage Treatment Plant Improvements	2026	1	155	P	\$ 3,422,000.00				x			15
Sumner	0970001	CS1921179 01	Sumner Sanitary Sewer Rehabilitation	2026	1	129	P	\$ 1,497,000.00				x			12
Albion	6403001	CS1921180 01	Wastewater Collection System Improvements	2026	1	129	P	\$ 2,584,000.00				x			8
Twin Lakes Utilities	1300903	CS1921181 01	Utilities Wastewater Improvements	2026	1	264	P	\$ 3,759,000.00				x			Verify
Algona	N/A	GNS 26-01	Downtown Cultural District Improvements Phase 1	2026	1	5	P	\$ 769,000.00				x			NA
Tama	8670002	PD-CW-25-49	Engineering study for CW compliance	2025	4	P&D	P	\$ 500,000.00							NA
Elgin	3338001	PD-CW-25-41	2,700 feet of CIPP lining	2025	4	P&D	P	\$ 40,000.00							NA
Boone	0819001	PD-CW-25-40	WWTF Improvements	2025	4	P&D	P	\$ 1,131,000.00							NA
Elgin	3338001	CS1921167 01	Sanitary Sewer CIPP Lining	2025	4	160	R	\$ 423,000.00							13

Project Name	NPDES No.	CWSRF No.	Project Description	IUP Yr	Quarter	Priority Points	Project Status	Current Funding Request	Most Recent Loan	Total Loan Amount To Date	Remaining Amount on IUP	Funding Source		Compliance Project	DAC Score
												Base BIL GS	BIL PFAS/EC		
Osceola	2038002	CS1921166 01	Wastewater Treatment Facility Improvements Effluent Phase 1 - Chloride Removal Project	2025	4	209	P	\$ 10,000,000.00							15
WRA	7727001	CS1921168 01	Common Joint Trunk Improvements Phase 2 – Joint Trunk East (Phase 14 Segment 3)	2025	4	152	P	\$ 32,629,000.00							8
Muscatine	7048001	CS1921169 01	West Hill Area Sanitary and Storm Sewer Separation Phase 6E	2025	4	272	P	\$ 10,433,000.00							14
Muscatine	7048001	CS1921170 01	WRRF & Lift Station Asset Replacement Project	2025	4	162	P	\$ 6,830,000.00							14
Dubuque	3126001	CS1921171 01	WRRC Industrial Controls Upgrade	2025	4	159	P	\$ 2,663,000.00							10
Letts	5847001	CS1921172 01	Main Liftstation renovations	2025	4	132	P	\$ 330,000.00							11
Mason City	1750001	CS1921173 01	43rd Street SW Lift Station and Force Main	2025	4	150	P	\$ 4,633,000.00							12
Homestead Sanitary District	4830901	CS1921174 01	WWTP Improvements/ UV Disinfection	2025	4	284	P	\$ 191,000.00							5
Mason City	1750001	CS1921175 01	WRF Improvements	2025	4	290	P	\$ 27,644,000.00							12
Defiance	8315001	PD-CW-25-33	Lagoon Improvements	2025	3	P&D	P	\$ 195,000.00				x			NA
Rockford	3430001	CS1921160 01	Wastewater Treatment Facility Improvements	2025	3	295	P	\$ 1,040,000.00				x			11
Terrace Hill Sanitary District	3500900	CS1921163 01	Treatment Plant Improvements	2025	3	264	P	\$ 1,815,000.00				x			Verify
Elma	4525001	CS1921161 01	WWTF Facility Plan	2025	3	157	P	\$ 1,111,000.00				x			19
Lovilia	6858001	CS1921164 01	Highway and Railroad Sanitary Sewer Crossing Improvements	2025	3	134	P	\$ 915,000.00				x			12
Fairfax	5731001	CS1921165 01	Update Sanitary Sewer Main Located East of Highway 151	2025	3	127	P	\$ 1,418,000.00				x			3
Hudson	N/A	GNS 25-01	Hudson Wetlands and Oxbow Restoration	2025	3	5	P	\$ 268,000.00				x			NA
Duncombe	W2024-0372A	CS1921156 01	2025 WWTF Improvements Project	2025	2	254	R	\$ 2,296,000.00				x		Verify	8
New Hampton	W2021-0327A	CS1921155 01	Wastewater Treatment Plant Improvements Project	2025	2	224	P	\$ 28,083,000.00				x		Verify	9
Andover	W2023-153A	CS1921154 01	Wastewater Treatment Facility Improvements	2025	2	214	P	\$ 667,000.00				x		Verify	11
Luana	W2024-0012A	CS1921151 01	Luana 3-Cell Controlled Discharge Lagoon System	2025	2	210	P	\$ 2,000,000.00				x		Verify	10
Clinton	W2024-0209A	CS1921157 01	Clinton RNG	2025	2	165	P	\$ 25,628,000.00				x		Verify	19
Farmington	S2022-0314A	CS1921158 01	Farmington Sanitary Sewer Improvements	2025	2	162	P	\$ 2,030,000.00				x		Verify	14
McGregor	W2024-0064A	CS1921153 01	1st and A Street Reconstruction	2025	2	139	R	\$ 735,000.00				x		Verify	18
Ely	Was initially part of S2023-0019A	CS1921159 01	Ely Downtown Sanitary Sewer Rehabilitation	2025	2	129	P	\$ 573,000.00				x		Verify	5
Lovilia	N/A	PD-DW-25-01	Sanitary sewer collection system under highway and railroad	2025	1	P&D	P	\$ 91,000.00				x			NA
Sioux City	52022-0277A	CS1921148 01	Digestion and High Strength Waste Receiving Improvement Project	2025	1	190	R	\$ 20,707,000.00				x			12
Muscatine	W2024-0182A	CS1921145 01	Redundant Force Main Project	2025	1	187	P	\$ 3,795,000.00				x			14
Dubuque	W2023-0293A	CS1921147 01	WRRC High Strength Waste (HSW) Receiving and Storage	2025	1	159	R	\$ 7,646,000.00				x			10
Boone	W2024-0295A	CS1921149 01	Wastewater Treatment Facility Improvements and Roof Replacement Project	2025	1	149	L	\$ 2,498,000.00	10/25/2024	\$ 780,000	\$ 1,718,000	x			10
Dubuque	W2024-0302A	CS1921150 01	Terminal Street Lift Station Phase I Improvements	2025	1	139	P	\$ 2,542,000.00				x			10
Larrabee	W2022-0192A	CS1921143 01	Larrabee Wastewater Improvements	2025	1	139	R	\$ 638,000.00				x			8
Osceola	N/A	PD-CW-24-70	Effluent wastewater reuse treatment, pumps, and pipeline	2024	4	P&D	P	\$ 1,000,000				x			NA
Muscatine	S2022-036A	CS1921135 01	West Hill Area Sanitary and Storm Sewer Separation Phase 6D & 6E	2024	4	255	P	\$ 14,064,000				x		Yes	14
Rock Rapids Municipal Utilites (PFAS/EC)	W2022-0424A	CS1921140EC	Wastewater Treatment Facility Improvements including microplastics removal	2024	4	222	P	\$ 5,729,000					x	Yes	6
Decorah	W2022-0364A	CS1921132 01	Decorah Wastewater Plant Improvements	2024	4	200	P	\$ 4,925,000				x			10
Iowa City	S2023-0308A	CS1921138 01	Digester Complex Rehabilitation	2024	4	182	R	\$ 30,457,000				x			8
Underwood	W2021-0431A	CS1921137 01	Wastewater Treatment Facility Improvements	2024	4	167	L	\$ 6,438,000	7/18/2025	\$ 6,418,000	\$ 20,000	x			1
WRA	S2023-0397A	CS1921131 01	WRA New Common Trunk and Joint Trunk Sewer Improvements (Phase 1)	2024	4	150	P	\$ 23,823,000				x		Yes	Verify
Eldora	S2024-0169A	CS1921139 01	WWTP System Upgrade	2024	4	145	P	\$ 1,476,000				x			14
Fort Dodge	N/A	PD-CW-24-51	Supplemental to WWTP Facility Plan P&D	2024	3	P&D	P	\$ 103,000				x			NA
Emmetsburg	S2021-0226B	CS1921124 01	Wastewater Treatment Facility Improvements	2024	3	264	P	\$ 30,000,000				x		Yes	13
Bonaparte	S2024-011A	CS1921123 01	Bonaparte Sanitary Sewer Lining Phase 1	2024	3	255	R	\$ 451,000				x			18
Creston	W2023-0400A	CS1921130 01	Wastewater Treatment Facility Improvements - Nutrient Reduction	2024	3	224	P	\$ 6,804,000				x		Yes	18
Danville	W2020-0216A	CS1921121 01	Wastewater Treatment Facility Improvements	2024	3	224	R	\$ 6,603,000				x		Yes	8
Goose Lake	W2022-0114A	CS1921122 01	WWTF Improvements	2024	3	224	R	\$ 2,342,000				x		Yes	7
Sioux City	W2022-0376A	CS1921120 01	Wastewater Treatment Plant Facility Plan Improvements	2024	3	190	P	\$ 486,510,000				x			11
Greenfield	W2023-0194A	CS1921126 01	Phase 2 Collection System Improvements	2024	3	139	R	\$ 2,111,000				x			16
Lansing	W2024-0107A	CS1921129 01	Platt, 4th & North Utility Improvements	2024	3	134	L	\$ 534,000	7/25/25	\$ 534,000	\$ -	x			16
Chelsea	W2021-0294A	CS1921119 01	New WWTP for ammonia and bacteria	2024	2	274	P	\$ 2,311,000				x		Yes	20
Waterloo	W2023-0164A	CS1921114 01	CIPP Lining	2024	2	162	R	\$ 2,500,000				x			15
Peosta	W2023-0401A	CS1921112 01	New Kapp Court Lift Station	2024	2	160	P	\$ 600,000				x			5
State Center	W2019-0322A	CS1921113 01	Wastewater Treatment Improvements - New 2045 gpm main lift station	2024	2	139	L	\$ 2,094,000	8/1/25	\$ 2,094,000	\$ -	x			9
Templeton	W2023-0405A	CS1921118 01	Sanitary Sewer Rehabilitation	2024	2	129	P	\$ 337,000				x			6
Montour	S2021-0288A	CS1921105 01	Montour Wastewater Treatment Facility 2023 Upgrades	2024	1	345	P	\$ 2,231,000				x			14
Holstein	W2020-0435A	CS1921104 01	Holstein Wastewater System Improvements	2024	1	314	P	\$ 6,399,000				x			8
Schaller	W2023-0028A	CS1921106 01	Schaller WWTP Facility Plan	2024	1	297	P	\$ 4,417,000				x			9

Project Name	NPDES No.	CWSRF No.	Project Description	IUP Yr	Quarter	Priority Points	Project Status	Current Funding Request	Most Recent Loan	Total Loan Amount To Date	Remaining Amount on IUP	Funding Source		Compliance Project	DAC Score
												Base BIL GS	BIL PFAS/EC		
Oxford	W2021-0339A	CS1921101 01	Upgrade Sludge Treatment Process	2024	1	292	P	\$ 2,402,000				x			2
Waterloo	W2023-0245A	CS1921107 01	Replace Lift Station and Force Main	2024	1	152	P	\$ 3,692,000				x		Yes	15
Birmingham	W2023-0175A	CS1921100 01	Proposed Sanitary Sewer Improvements - Phase 1	2024	1	129	R	\$ 417,000				x		Yes	19
Lime Springs	W2023-0150	CS1921102 01	2024 Street & Utility Improvements Project	2024	1	129	P	\$ 5,507,000				x		Yes	9
Webster City	S2017-0216A	CS1921085 01	Wastewater Treatment Facility Improvements	2023	4	314	P	\$ 77,001,000				x			15
WRA	W2022-0186A	CS1921093 01	WRF Effluent Pumping Improvements	2023	4	180	L	\$ 46,080,000	2/14/25	\$ 11,800,000	\$ 34,280,000	x		Yes	Verify
Cumming	W2023-0198A	CS1921098 01	Sanitary Sewer Collection System Improvements	2023	4	160	P	\$ 4,226,000				x		Yes	2
WRA	S2019-0363A	CS1921094 01	WRA Sewer Lining Phase 3	2023	4	160	L	\$ 16,735,000	12/20/24	\$ 10,000,000	\$ 6,735,000	x		Yes	Verify
Oskaloosa	W2022-0004A	CS1921088 01	Wastewater Treatment Facility Improvements	2023	3	327	P	\$ 74,420,000				x			12
Laurel	S2015-0037A	CS1921073 01	Wastewater Treatment Facility Improvements	2023	3	264	R	\$ 2,094,000				x			15
Swea City	W2020-0123A	CS1921087 01	Wastewater System Improvements	2023	3	264	R	\$ 4,593,000				x			16
Crescent	W2022-0175A	CS1921081 01	Wastewater Facility Improvements	2023	3	229	P	\$ 4,038,000				x			3
Eagle Grove	S2022-0384A	CS1921089 01	Highway 17 Lift Station & Collection System Improvements	2023	3	129	P	\$ 3,113,000				x		Yes	15
Dubuque	N/A	PD-CW-23-14	P&D for Lift Station and Force Main Improvements	2023	2	P&D	P	\$ 1,000,000				x			NA
Dubuque	N/A	PD-CW-23-15	P&D for Sanitary Sewer Improvements	2023	2	P&D	P	\$ 430,000				x			NA
Cedar Rapids	S2021-0411A	CS1921069 01	WPC Solids Improvements (Contract 2)	2023	2	182	L	\$ 250,000,000	12/20/24	\$ 115,700,000	\$ 134,300,000	x			9
Eagle Grove	W2022-0328A	CS1921072 01	Wastewater Improvements 2022	2023	2	174	L	\$ 5,715,000	5/5/23	\$ 3,798,000	\$ 1,917,000	x			15
Farley	W2022-0268A	CS1921077 01	3rd Avenue SW Water & Sewer Improvements	2023	2	129	P	\$ 2,528,000				x			3
Dedham	N/A	PD-CW-23-06	P&D for Lagoon Improvements	2023	1	P&D	P	\$ 326,500				x			NA
Dubuque	W2022-0320A	CS1921070 01	Auburn-Custer Sanitary Sewer Reconstruction	2023	1	139	P	\$ 439,000				x		Yes	9
Earlham	W2020-0448A	CS1921055 01	Earlham Lagoon Upgrades	2022	4	264	L	\$ 6,241,000	7/14/2023	\$ 4,875,000	\$ 1,366,000	x			3
Johnston	W2022-0196A	CS1921062 01	NW Area Sanitary Sewer Extension	2022	4	135	L	\$ 17,620,735	11/8/24	\$ 11,115,000	\$ 6,505,735	x			4
Lake City	W2019-0385A	CS1921042 01	Phase 2 & 3 Lake City WWTF Improvements - Lift Station & Treatment Facility	2022	3	254	P	\$ 8,234,000				x			12
Riceville	W2020-0317A	CS1921046 01	WWTF Improvements	2022	3	219	P	\$ 3,412,096				x			13
Morning Sun	W2019-0130A	CS1921036 01	WWTP Improvements	2022	2	250	R	\$ 2,749,000				x			12
WRA	W2020-0400A	CS1921032 01	WRF Phosphorus Recovery Facility	2022	2	205	P	\$ 30,000,000				x			Verify
WRA	W2021-0366A	CS1921033 01	Southern Tier Interceptor Phase 10, Segments 23-24	2022	2	165	L	\$ 25,600,000	8/1/2025	\$ 25,600,000	\$ -	x			Verify
Dubuque	N/A	GNS 21-02	Bee Branch Creek Restoration-Ph 4 Detention Basin improvements-new pump station system with gates, pumps and electrical	2022	1	5	P	\$ 1,048,000				x			NA
Fort Madison	W2021-0203A	CS1921017 01	10th Street Combined Sewer Separation	2022	1	224	R	\$ 4,463,000				x		Yes	18
Marengo	W2017-0244A	CS1921008 01	Wastewater Facility Improvements-UV and discharge to larger stream	2021	4	249	R	\$ 5,863,000				x			12
Lake City	W2019-0385A	CS1920986 01	Phase 1 Wastewater Treatment Facility Improvements - Flow Monitoring	2021	4	144	P	\$ 163,000				x			12
Mount Ayr	W2020-0412A	CS1920984 01	WW System Improvements	2021	2	195	P	\$ 412,000				x		Yes	13
Dyersville	W2020-0384A	CS1920980 01	Westlinden Lift Station	2021	2	150	P	\$ 1,508,000				x		Yes	7
Ottumwa	2019-0263A	CS1920972 01	Blake's Branch Sewer Separation Phase 8, Divisio 2, 3A, 3B, 3C, 3D	2021	1	205	L	\$ 40,000,000	5/9/25	\$ 16,000,000	\$ 24,000,000	x		Yes	16
Lake Mills	S2017-0385	CS1920894 01	WWTF Improvements (SAGR)	2019	2	277	P	\$ 1,799,000				x			11
Ames	S2013-0327	CS1920741 02	Address Infiltration and inflow into the City's sanitary sewer system utilizing a variety of rehabilitation techniques.	2016	4	145	L	\$ 19,421,625	8/18/23	\$ 14,578,000	\$ 4,843,625	x		Yes	7
								\$ 1,607,724,953							

PFAS/EC Projects -- information extracted from the Project Priority List above												Funding Source	
Project Name	NPDES No.	CWSRF No.	Project Description	IUP Yr	Quarter	Priority Points	Project Status	Current Funding Request	Most Recent Loan	Total Loan Amount To Date	Remaining Amount on IUP	Base BIL GS	BIL PFAS/EC
Rock Rapids Municipal Utilites (PFAS/EC)	W2022-0424A	CS1921140EC	Wastewater Treatment Facility Improvements including microplastics removal	2024	4	222	P	\$ 5,729,000					x
								\$ 5,729,000					

FY 2026 INTENDED USE PLAN
DRINKING WATER STATE REVOLVING FUND



State Revolving Fund

INVESTING IN IOWA'S WATER

Approved by the Environmental Protection Commission (EPC) on June 17, 2025. **Approval anticipated by EPC on September 16, 2025.**

Table of Contents

Introduction	3
A. Highlights and Changes	3
B. SRF Program Overview	3
SRF Program Administration	3
Types of Financial Assistance	3
Application Process	4
C. Intended Use Plans.....	5
Project Priority List (PPL)	5
Public Review and Comments	7
D. SFY 2026 DWSRF Program Goals.....	7
Short Term Goals	7
Long Term Goals.....	8
E. SFY 2026 Program Activities to be Supported.....	8
DWSRF Base Program.....	8
DWSRF IIJA Programs	9
F. Iowa Specific SRF Program Requirements	11
Project SEQUENCE	11
ASSISTANCE RECIPIENT REQUIREMENTS.....	12
G. Financial Administration.....	14
Rates, Fees and Loan Terms & Conditions	14
Project Readiness for Loan Application.....	14
Disadvantaged Communities.....	15
Additional Subsidization	15
Equivalency.....	15
Criteria and Method for Distribution of Funds.....	16
Other Program Uses	18
H. Set-Aside Uses	19
Planned Expenses.....	19
Appendix A - Disadvantaged Communities (DAC)	22
Revised Affordability Criteria used to determine DAC Status	22
Appendix B - Additional Subsidization	25
Previous Loan Forgiveness Opportunities.....	25
SFY 2026 LF Criteria	25
DWSRF Base Capitalization Grant and IIJA General Supplemental Fund	26
Appendix C - Project Ranking Criteria	30
PPL Ranking Criteria.....	30
PPL Scoring Criteria.....	30
Appendix D - Interest Rates, Fees and Loan Terms	31
Types of Financing	31
Terms of Financing	32
Interest Rates	32
Fees.....	34
Appendix E – Estimated Sources and Uses	36
Appendix F - State Match.....	38
Appendix G - Federal Assurances, Certifications and Proposals.....	39
Specific Proposals and Certifications.....	39
Federal Assurances.....	40
Appendix H – SRF Assistance Recipient Federal Requirements.....	43
Appendix I – Public Review and Comments Received	46
Appendix J – IUP Acronyms.....	47

Introduction

Under the authority of Section 1452 of the Safe Drinking Water Act (SDWA), 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.

Iowa's DWSRF Program has provided more than **\$1 billion** in financial assistance for water infrastructure projects since 1998. With the State Fiscal Year (SFY) 2026 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

Since 2022, many exciting opportunities have developed to increase 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. Plans for implementing funding for the General Supplemental (GS), Lead Service Line (LSL), and PFAS/Emerging Contaminants (EC) funding awarded from the **Infrastructure Investment and Jobs Act (IIJA)**, *formerly referred to as Bipartisan Infrastructure Law (BIL)*, are included in this annual release of the IUP.

Highlighted below are some of the changes Iowa SRF is incorporating into SFY 2026 IUPs.

Loan Terms

- Loan initiation fees will not be assessed on loans to any DAC borrowers.

Disadvantaged Communities

- The **Socioeconomic Assessment (SA) Tool** used to define a **Disadvantaged Community (DAC)** has been updated with current American Community Survey and will be referred to as the SFY 2026 SA Tool.
- **DAC eligibility will be evaluated at the time of IUP application.** All projects added to the Project Priority List (PPL) during SFY 2026 will receive a DAC score based on the SFY 2026 SA Tool and this score will not change with future SA Tool updates. All projects listed on the approved PPL *prior to SFY 2026* will continue to use the DAC score in accordance with the SFY 2024 and SFY2025 SA Tools.

Loan Forgiveness (LF)

- Priority funding for Base Cap Grants and IIJA GS LF will be awarded compliance projects.
- LF for LSLR projects for DAC borrowers and DAC census tracts will now be based on the entire project amount, not just construction costs.
- PFAS/EC projects will now be based on the entire project amount, not just construction costs.
- LF maximum award amounts for IIJA PFAS/EC funds increased.

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 level approval, eligibility and compliance.
- IFA - Administers the financial aspects of the program including fund management, bond issuance for state match and leveraging, loan approval, disbursement, and servicing.

TYPES OF FINANCIAL ASSISTANCE

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

The Iowa DWSRF Program offers **Planning & Design (P&D) Loans** and **Construction Loans**. Low-interest financing is provided through direct loans.

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

Direct Loans for **P&D** are available to eligible public water supply systems to cover engineering and project development costs such as testing and scoping, preparing preliminary engineering report (PERs), and project specifications that are directly related to the development of an eligible SRF drinking water project.

Current interest rates and fees are established in the IUP in Appendix D- Interest Rates, Fees and Loans and are published on the Loan Interest Rates¹ page of the SRF website.

LF criteria is established in the IUP in Appendix B - Additional Subsidization. Recipients of LF are publicly announced through listservs, news releases and published in the annual report.

CO-FUNDING

The SRF strives to assist communities with the most affordable financing for their water quality projects. SRF funding can be combined with several other funding sources to make costly infrastructure projects possible. Joint funding with other funding agencies is crucial to making drinking water infrastructure projects affordable for some communities.

Other state and federal funding sources may have funding requirements in addition to those required under the SRF Program. When projects are co-funded, borrowers are made aware that projects may be subject to compliance with other federal funding requirements that are not necessarily required by or are different from the SRF Program. Examples include, but may not be limited to, the Single Audit Act or Build America, Buy America (BABA) Act.

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

A Memorandum of Understanding (MOU) between EPA and the Federal Emergency Management Agency (FEMA) provides a framework for 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 repair or replacement costs for public water and wastewater systems damaged by natural disasters or projects to prevent or mitigate future disasters. The SRF can be used to finance the amount not covered by FEMA after program requirements are met.

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

Planning & Design Projects:

- New applications for **P&D** will be accepted on a quarterly basis the first working day of the months of April, July, October and January.
- Applications are available on the SRF website² and are submitted to IFA's SRF Program Staff at waterquality@iowafinance.com.

¹ <https://opportunityiowa.gov/community/water-quality/srf-resources/loan-interest-rates>

² Planning & Design Loan Program page of <https://www.iowasrf.com/planning-and-design-loans/>

Construction Projects:

- New applications for **construction projects** will be accepted on a quarterly basis the first working day of the months of March, June, September and December.
- IUP applications are available on the SRF website³ and are submitted to srf-iup@dnr.iowa.gov.

Additional documents required for a construction project application include:

- Preliminary Engineering Report (or for IIJA LSLR projects, a Lead Service Line Replacement Plan)
- Environmental Review Checklist
- Viability Assessment
- Socioeconomic Assessment Tool Worksheet

Project applications eligible for SRF funding under the IIJA General Supplemental, IIJA PFAS/Emerging Contaminants (EC) Fund, and the IIJA Lead Service Line Replacement 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 IIJA Funds. The SRF Program will provide additional application materials and guidance for IIJA Funds directly to borrowers, as applicable, and application materials will be available on the SRF website⁴.

C. Intended Use Plans

The State of Iowa IUP for the DWSRF is prepared annually in accordance with the provisions of section 1452 of the SDWA, 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 2026, July 1, 2025 through June 30, 2026.

The IUP identifies the intended uses of funds available to the SRF including: the program's goals, information on the types of activities to be supported, program requirements, 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), sources and uses of funds, criteria and method for distribution of funds, the loan rates, terms, and fees for the fiscal year, and includes a ranked listing of projects to be funded.

The IUP and 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). The EPC is a panel of nine citizens who provide policy oversight over Iowa's environmental protection efforts. EPC members are appointed by the Governor and confirmed by vote of the Senate for four-year terms. 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 2026. Any revisions of the goals, policies and method of distribution of funds shall 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. Public notice of amendments will be made if borrowers are added to or removed from the PPL.

PROJECT PRIORITY LIST (PPL)

(See Attachment 1 – DWSRF PPL)

Administration of the DWSRF Program includes developing a priority list of projects to receive loan assistance, in accordance with DNR rules 567 IAC Chapter 44 (455B). Attachment 1 constitutes the DWSRF PPL and is included as a

³ Drinking Water Loan Program page <https://www.iowasrf.com/drinking-water-loan-program/>

⁴ IIJA page of <https://opportunityiowa.gov/community/water-quality/srf-resources/infrastructure-investment-and-jobs-act>

separate, sortable Excel file. This PPL will be amended quarterly during SFY 2026 and includes projects funded by both DWSRF Base and IJJA 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. P&D loan applications are not ranked but appear at the beginning of the list for each new quarter.

Pursuant to Section 1452 of the SDWA and 40 CFR Part 35, the PPL includes the following required items: name of the public water supply (PWS) 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, project status, DAC score or other information the program wishes to convey to the public.

The PPL (Attachment 1) includes the following project categories for funding during SFY 2026:

- **P&D 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 (PER) or a Lead Service Line Replacement (LSLR) Project Plan.
- **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.
- **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.
- **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 2026 if they are ready for a binding loan commitment.
- **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 "P - in planning," "R - ready for loan" (indicating that the construction permit and environmental review have been completed), and "L - loan signed." IJJA PFAS/EC and LSL projects may be identified as "C - contingency status" (indicating that the project has not yet met all eligibility criteria to receive a specific funding source-see Section E. - SFY 2026 Program Activities to be Supported).

PROJECT SCOPE

The scope of the project must be outlined in the IUP application and in the Preliminary Engineering Report.

Scope Changes. Changes to the scope are allowed prior to executing an SRF loan. Significant changes in scope prior to a loan execution may cause project delays if additional work is required by the project manager and/or ER specialist. 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 review or ER.

DROPPED PROJECTS/PROJECT WITHDRAWAL

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, borrowers with projects on the PPL for longer than 3 years will be required to evaluate their original IUP application to determine if the scope and cost of the project are still accurate and if they intend to proceed with the project. Borrowers will be asked to provide an updated project schedule, scope and cost, as necessary. A notification may be sent to the SRF borrower 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 borrower may reapply when the project is ready to move ahead.

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 December⁵. The DRAFT 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 Intended Use Plan webpage of the SRF Program's website⁶ and public comments are accepted for approximately 30 days following the posting at srf-pc@dnr.iowa.gov.

Public Hearings are typically scheduled on the final Thursday of the months of May, August, November and February to highlight changes from the previous quarter, when applicable, and to collect public comments. Information on how to participate in the public hearing is provided through listservs and on the SRF website⁷. A final draft version of the IUP, including all comments and SRF responses to the comments received, will be posted as part of the EPC Meeting and Agenda on the EPC webpage on the DNR's website⁸.

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 each quarterly update of the IUP.

All of the opportunities mentioned above are open to the public. Meetings and hearing information are posted on the Water Quality News and IUP pages⁹ of the SRF website and announced through agency-managed listservs. Public comments are accepted at srf-pc@dnr.iowa.gov.

D. SFY 2026 DWSRF Program Goals

SHORT TERM GOALS

Goal: Maximize Funding Opportunities. *Apply for all available Federal Fiscal Year (FFY) 2025 Base and IIJA Capitalization Grants.*

Goal: Maximize Loan Commitments. *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 that protect human health through the delivery of safe drinking water.*

Goal: Expand Subsidization Opportunities. *Assign/reallocate LF funds from new and previous capitalization grants to fulfill additional subsidization requirements and reduce the financial burden on borrowers.*

Goal: Improve Program Efficiency. *Streamline administrative processes, including adoption of new software that improves communication and reduces the time from initial application to funding.*

Goal: Enhance Public Awareness. *Update marketing materials, program resources and website to increase outreach and education efforts that will inform communities about available funding and program benefits.*

Goal: Increase Funding Accessibility. *Continue the partnership with Environmental Finance Center's (EFC) Technical Assistance (TA) resources to assist the Iowa SRF Program to make funding more accessible to small and disadvantaged communities.*

⁵ <https://opportunityiowa.gov/community/water-quality/srf-programs/drinking-water-loan-program>

⁶ <https://opportunityiowa.gov/community/water-quality/srf-resources/intended-use-plan>

⁷ <https://opportunityiowa.gov/community/water-quality/srf-resources/intended-use-plan>

⁸ <https://www.iowadnr.gov/About-DNR/Boards-Commissions/Environmental-Protection-EPC>

⁹ <https://www.iowasrf.com/intended-use-plan-public-hearings/> and <https://opportunityiowa.gov/community/water-quality/srf-resources/water-quality-news>

LONG TERM GOALS

Goal: Minimize Barriers to Funding. *Apply program requirements that are simple and understandable and do not add unnecessary burdens to borrowers or recipients.*

Goal: Expand Program Reach. *Increase the number of projects funded and expand the geographic reach of the program to benefit more communities. Endeavor to make the SRF Program the first choice for Iowa communities to finance a water infrastructure project.*

Goal: Enhance Collaboration. *Strengthen partnerships with federal, state, and local agencies to maximize the impact of the DWSRF.*

Goal: Maintain Financial Health of the Fund. *Ensure the long-term financial stability of the DWSRF through prudent financial management and strategic investments that will sustain the DWSRF Loan Program in perpetuity to assist PWS in achieving compliance with public health objectives of the SDWA.*

E. SFY 2026 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.¹⁰ Section G. - Set-Aside Uses provides further details on Iowa's intended use of set-aside funds during SFY 2026.

DWSRF BASE PROGRAM

Allotments for the FFY 2025 EPA DWSRF Capitalization Grants (Cap Grants) have not been determined as of the publication of this DRAFT IUP. The Iowa SRF Program will apply for and/or receive FFY 2025 CWSRF Base Program Funding during the SFY 2026 once the allotments and funding become available.

FFY	Funding Source	Allocation Amount*
2025	DWSRF Base Cap Grant	\$16,397,000

*This award amount is anticipated to be received by SFY 2026 but has not been applied for/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.

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.¹¹ Eligibility guidelines are available in the DWSRF Eligibility Handbook.¹²

Special Conditions: Projects selected as equivalency will comply with the federal requirements described in F. Financial Administration and Appendix H-SRF Assistance Recipient Federal Requirements.

¹⁰ <https://www.epa.gov/dwsrf/how-drinking-water-state-revolving-fund-works#DWSRF%20Set-Asides>

¹¹ <https://www.epa.gov/dwsrf/dwsrf-program-overview-epa-816-f-18-001>

¹² <https://www.epa.gov/dwsrf/drinking-water-state-revolving-fund-eligibility-handbook>

DWSRF IIJA PROGRAMS

The IIJA, also known as the IJIA, provides DWSRF programs with three additional capitalization grants annually through FFY 2026. Allotments for the FFY 2024 EPA capitalization grants have been determined and the Iowa SRF Program will apply for and/or receive FFY 2024 and 2025 IJIA Funding during the SFY 2026.

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

DWSRF IIJA GENERAL SUPPLEMENTAL (GS) FUNDS

FFY	Funding Source	Allocation Amount*
2025	DWSRF IIJA General Supplemental Grant	\$37,434,000

**This award amount is anticipated to be applied for and/or received in SFY 2026 but has not been received as of the publication of this DRAFT IUP.*

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

Special Conditions: Projects selected as equivalency will comply with the federal requirements described in F. Financial Administration and Appendix H-SRF Assistance Recipient Federal Requirements.

DWSRF PFAS/EMERGING CONTAMINANTS (EC) FUND

Iowa intends to apply for the full amount of these Cap Grant awards, however, award amounts will be limited to the total of the project applications received and listed on the PPL by the grant application deadline.

FFY	Funding Source	Allocation Amount
2024	DWSRF IIJA PFAS/EC	\$11,487,000*
2025	DWSRF IIJA PFAS/EC	\$11,487,000*

**This award amount is anticipated to be applied for and/or received during SFY 2026 but has not been received as of the publication of this DRAFT IUP.*

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 DAC or PWSs 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 PFAS/EC in drinking water. Any contaminant on EPA's Contaminant Candidate Lists 1-6 are eligible, however, priority for funding will be given to projects addressing perfluoroalkyl and polyfluoroalkyl substances (PFAS) based on the April 2024 final PFAS National Primary Drinking Water Regulation.¹³

Special Conditions: Projects being funded with IJIA PFAS/EC are all considered equivalency projects and will comply with the federal requirements described in F. Financial Administration and Appendix H-SRF Assistance Recipient Federal Requirements.

The Iowa SRF Program requested, at the time of application in SFY 2024, that a portion of the FFY 2023 CWSRF IIJA PFAS/EC allocation, totaling \$1,078,000, be transferred to the DWSRF IIJA PFAS/EC fund. These transferred funds are expected to be received and available for DW PFAS/EC projects during SFY 2026.

¹³ EPA's webpage for the final regulation at <https://www.epa.gov/sdwa/and-polyfluoroalkyl-substances-pfas>

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) IJIA PFAS/EC Fund.

DWSRF IJIA LEAD SERVICE LINE REPLACEMENT (LSL) FUND

Iowa intends to apply for the full amount of these Cap Grant awards, however, award amounts will be limited to the total of the project applications received and listed on the PPL by the grant application deadline.

FFY	Funding Source	Allocation Amount
2024	DWSRF IJIA LSL Replacement	\$30,066,000*
2025	DWSRF IJIA LSL Replacement	\$TBD*

*This award amount is anticipated to be applied for and/or received during SFY 2026 but has not been received as of the publication of this DRAFT IUP.

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. LSLs can be system-owned or customer-owned.

- LF eligibility for LSL projects will be determined by the disadvantaged status of the community where the water system is located.
 - DAC community: All of the addresses within the service area will be considered disadvantaged for LF eligibility.
 - Non-DAC communities: The program will evaluate the disadvantaged status of individual addresses for LF eligibility. Addresses must be located within a census tract that scores between 11-20 to be considered disadvantaged in order for those construction costs to be eligible for LF.

If there is only one census tract covering the service area, borrowers will use the Service Area-Based SA Tool. If there are multiple tracts within the community's service area, borrowers will use the Census Tract-Based SA Tool to determine disadvantaged census tracts. 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 ***only purpose*** must be a LSL replacement project or associated activity directly connected to the identification, planning, design, and replacement of LSLs. LSL Replacement includes:

- A full lead service line replacement including the private portion (but not interior plumbing)
 - *Galvanized service lines that are "unknown" to ever be located downstream of LSL are not eligible for funding after FFY 2024*
- Standalone or connected lead goosenecks, pigtails and connectors
- Pot-holing activities to confirm material types (regardless of type discovered)
- Pitchers and filters following replacement (up to 6 months)
- Lead Service Line disposal

Application Requirements. In order to be listed on the PPL, application packets must include, at minimum:

1. Intended Use Plan Application
 - 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 (by census tract, if applicable); and
 - Budget estimate
2. Environmental Review Checklist
3. Viability Assessment
4. PER/Lead Service Line Replacement Plan

Projects may 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 IJIA LSL funding. Although a 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 IJIA Program Information page of the SRF website¹⁴ or the DNR’s DWSRF webpage.¹⁵ A final address list must be submitted in an Excel format and included with the LSLR Plan prior to approval.

After a DNR Water Supply Engineering project manager has reviewed and ensured the plan is complete, an approval letter will be issued based on the final address list. No additional addresses may be added to the project after LSLR Plan approval is issued.

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 ER 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. ER clearance will be based off the final address list submitted/approved with the LSLR Plan.

Funding Terms.

IJIA LSL funding will be offered to borrowers as a combination of additional subsidization (LF) and loans. Special loan interest rates and terms may be offered for LSL projects (see Appendix D - Interest Rates, Fees and Loan Terms). Funds will be committed on a first ready, first-funded basis while funds are available.

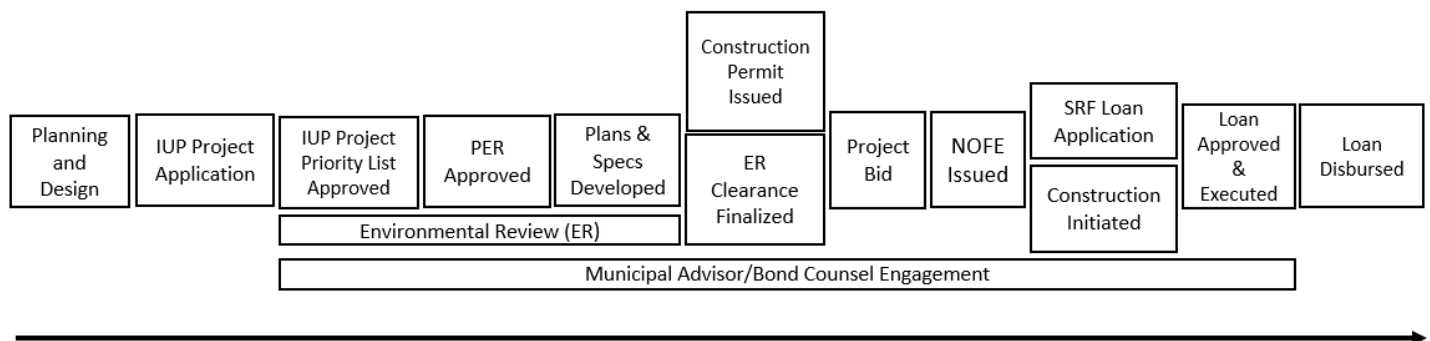
Special Conditions. Projects being funded with IJIA LSL are all considered equivalency projects and will comply with the federal requirements described in F. Financial Administration and Appendix H-SRF Assistance Recipient Federal Requirements.

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

F. Iowa Specific SRF Program Requirements

PROJECT SEQUENCE

In order to ensure that all program requirements are met before binding financial commitments are made, the Iowa SRF Program requires all SRF projects to follow the project sequence below. Following this project sequence keeps projects progressing toward construction; limits duplication of work; reduces risk of re-bidding projects; reduces risk of re-issuing construction permits or environmental clearances; and minimizes the risk of project cost not being eligible for reimbursement from an SRF loan.



¹⁴ LSL Replacement Plan Requirements <https://opportunityiowa.gov/community/water-quality/srf-resources/infrastructure-investment-and-jobs-act>

¹⁵ <https://www.iowadnr.gov/Environmental-Protection/Water-Quality/Water-Supply-Engineering/State-Revolving-Loan-Fund>

ASSISTANCE RECIPIENT REQUIREMENTS

For more information on SRF Program federal requirements, see Appendix H – SRF Assistance Recipient Federal Requirements.

The Iowa SRF Program has developed specific requirements that apply to all Iowa SRF borrowers in order to ensure compliance with EPA program requirements and minimize risk to the program.

VIABILITY ASSESSMENT

The Iowa SRF Program requires all borrowers to demonstrate Technical, Managerial and Financial (TMF) Capacity prior to executing an SRF loan. The SRF Program has chosen to use the DNR's Viability Self-Assessment Manual as a tool to demonstrate a system's T & M capacity. Financial capacity is determined through the use of a Municipal Advisor. A Viability Assessment is a required attachment to the IUP application.

MUNICIPAL ADVISOR

~~The Iowa SRF Program requires the use of a SEC-registered Municipal Advisor (MA). Borrowers must engage with a MA to perform pre-loan pro forma cash flow analysis on SRF construction loans to determine adequate revenue levels to repay a loan. If current user rates are not sufficient to meet the anticipated loan's debt coverage requirements, the MA will recommend the necessary rate increases to ensure adequate revenues. Borrowers are required to provide SRF an updated pro forma every five years while the loan is in repayment to demonstrate adequate debt coverage ratios. Municipal Advisor fees are eligible for reimbursement and can be capitalized as part of the SRF loan.~~

~~In 2015, to help communities adjust to the requirement that Iowa SRF borrowers engage a Municipal Advisor to perform pre-loan pro forma cash flow analysis, the Program began crediting SRF loans up to \$4,000 to offset the cost (the "MA fee credit"). Beginning with loans executed after July 1, 2025, Iowa SRF will no longer provide the \$4,000 MA fee credit for SRF construction loans. SRF borrowers are still required to engage a Municipal Advisor to complete the pro forma cash flow analysis on SRF construction loans, and Municipal Advisor fees will remain eligible for reimbursement.~~

MUNICIPAL ADVISOR

The Iowa SRF Program requires all borrowers to engage a U.S. Securities and Exchange Commission (SEC) registered Municipal Advisor (MA) for any SRF construction loan. To maintain the integrity of the financing process and avoid conflicts of interest, the same firm or individual may not serve as both Municipal Advisor and Bond Counsel for the same transaction. Borrowers must retain separate entities for each role.

Role and Responsibilities

The MA is responsible for performing a pre-loan pro-forma cash flow analysis to determine if projected revenues are sufficient to meet the loan's debt service coverage requirements. If revenues are found to be insufficient, the MA will recommend the necessary user rate adjustments.

Furthermore, borrowers are required to submit an updated pro forma analysis to the SRF program every five years during the loan repayment period to demonstrate ongoing compliance with debt coverage ratios.

Municipal Advisor Fees

Fees charged by a Municipal Advisor are eligible for reimbursement with SRF loan funds.

Please note, the \$4,000 MA fee credit previously offered by the program to help offset this cost was discontinued and is not available for loans executed after July 1, 2025. Borrowers remain responsible for engaging an MA as required.

BOND COUNSEL

The SRF Program provides loans through the purchase of local bond debt. As such, SRF borrowers must engage with their bond counsel to authorize and issue the debt, prepare documents for public hearings, and to prepare loan closing documents.

PROCUREMENT PROCEDURES

All SRF borrowers must follow Iowa procurement law, *Ch.26 – Public Construction Bidding*, when bidding SRF construction projects. If an SRF borrower is utilizing the Construction Manager at Risk (CMaR) delivery model, *Ch.26A – Guaranteed Maximum Price Contracts*, must also be adhered to. Borrowers will include a “Form of Bid Opinion” when submitting bid documents for review and prior to receiving a Notice of Funding Eligibility. A samples of the Form of Bid Opinion form can be found on the Documents and Guides page of the SRF website¹⁶.

For borrowers utilizing the CMaR method, this process is also required when soliciting for a Construction Manager prior to construction.

Front-End Documents

All SRF borrowers must include SRF Front-End Documents as part of their bid package prior to soliciting bids. Some of these documents will be required for borrowers and/or primary contractors to sign when purchases of goods and services are done directly by the borrower and/or outside of a public bid package. SRF staff will inform each project which of the SRF Front-End Documents are required for each undertaking. These documents are also available on the Documents and Guides page of the SRF website¹⁷.

Legal Opinion of Compliance

After construction contracts are executed and delivered, a “Form of Legal Opinion” by legal counsel certifying compliance with Ch.26 must be submitted to SRF prior to a loan application being considered ready to go before the IFA Board for approval. A sample of this opinion form can be found on the Documents and Guides page of the SRF website¹⁸.

Early Procurement

Occasionally, SRF borrowers find it necessary to procure construction-related equipment and services outside of and/or prior to a public request for bids. These activities are typically eligible for reimbursement under an SRF construction loan if SRF Front-End Documents are properly executed. Borrowers will need to contact SRF for guidance on proper documentation.

Some of these procurement activities may still require the compliance with Ch. 26 -Public Construction Bidding. Borrowers are encouraged to consult with their bond counsel prior to engaging in these activities to ensure that proper procedures are followed and/or bond documents are drawn up accurately to include these expenses.

Construction Manager at Risk (CMaR)

The CMaR construction delivery model allows for a construction manager to be hired early in the planning phase to assist with the planning and design of a project. The CMaR also offers borrowers more transparency in the bidding process and results in a Guaranteed Maximum Price (GMP) for constructing a project.

Although the CMaR delivery model is compatible with the Iowa SRF Program, there are limitations to its traditional use of “design-build” construction. Iowa SRF projects are more compatible with the “design-bid-build” construction model because all required permits must be issued and the entire scope of the project must have an environmental clearance issued prior to beginning construction.

¹⁶ <https://opportunityiowa.gov/community/water-quality/srf-resources/documents-and-guides>

¹⁷ <https://opportunityiowa.gov/community/water-quality/srf-resources/documents-and-guides>

¹⁸ <https://opportunityiowa.gov/community/water-quality/srf-resources/documents-and-guides>

Borrowers choosing to use the CMaR method must **contact SRF early in the planning phase of the project, prior to soliciting for qualifications for a CMaR**, and must follow Ch.26A procurement procedures. Legal opinions, Front-End Documents and Notice of Funding Eligibility are all required for selection of the Construction Manager.

NOTICE OF FUNDING ELIGIBILITY (NOFE)

The SRF Program reviews public bid documents, including schedule of values, and/or all procurement documents or purchase agreements for cost eligibility for the SRF Program. A *Form of Bid Opinion* must be submitted with the bid documents to demonstrate compliance with Iowa public bidding law. Following review of these documents, the SRF Program will issue a NOFE indicating the amount of construction costs eligible for an SRF construction loan. A NOFE also indicates a borrower's next steps and required documents needed before submitting a construction loan application.

SELF CERTIFICATIONS

The SRF Program utilizes a self-certification form for demonstrating compliance with select federal program requirements. Although some additional program oversight may also occur, self-certifications are collected for American Iron and Steel compliance, Build America, Buy American (BABA) compliance, Disadvantaged Business Enterprise (DBE) usage, and Davis-Bacon Act compliance.

G. Financial Administration

RATES, FEES AND LOAN TERMS & CONDITIONS

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

PROJECT READINESS FOR LOAN APPLICATION

SRF borrowers are required to comply with Iowa public bidding laws Chapter 26 and 26A of the Code of Iowa to receive funding through the DWSRF Program. Borrowers must demonstrate compliance through a "Form of Bid Opinion" submitted with the bid documents and a final "Legal Opinion of Compliance" following contract execution and delivery. Example templates of these documents are available on the SRF website.¹⁹

SRF Notice of Funding Eligibility (NOFE)

NOFE Letters will be issued **only after** the following program requirements are complete:

- Construction Permit(s) issued by DNR Project Manager for all project phases to be funded by the SRF loan
- Environmental Clearance issued by SRF ER staff
- Project Bid and Bid Documents (including signed SRF Front-End Documents) submitted to DNR
- Form of Bid Opinion

NOFE Letters will include "next steps" which, at minimum, include the collection of the following documents:

- Legal Opinion of Compliance – *An opinion by legal counsel certifying compliance with Chapter 26 and/or 26A*
- Executed contract(s)
- Notice to Proceed

A Construction Loan Application **will not be considered "complete" until SRF issues a NOFE Letter and the borrower submits an opinion of legal counsel to DNR certifying compliance with Iowa public bidding law.**

Prior to Approving a Construction Loan:

A complete SRF Construction application includes a proforma and proof of rate ordinance adoption. When the complete SRF construction loan application is accepted, the loan will be considered for IFA Board approval. Once the board approves the loan, the 90-day interest rate lock will be in effect.

- For revenue-backed loans, submit a pro-forma cash flow analysis prepared by a registered Municipal Advisor identifying all outstanding parity obligations and detailing the revenues, expenses, outstanding debt, and debt

¹⁹ Under "Program Information" on the Documents and Guides page <https://www.iowasrf.com/documents-and-guides/>

coverage ratios for the system. At a minimum, the pro-forma should show financial information based on actuals for the past two years, the current year, and projections for the next two years.

- If user rates must be increased to meet the loan's debt coverage requirements, provide documentation that action has been taken to implement the recommendation of the Municipal Advisor (adopted rate ordinance, public hearing notice, etc.).

DISADVANTAGED COMMUNITIES

(See Appendix A - Disadvantaged Communities (DAC))

The SDWA defines DAC as the entire service area of a PWS that meets affordability criteria established by the State after public review and comment.

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 LF eligibility. The SA Tool is updated with new census data each year and will become effective, with the IUP, on the first day the state fiscal year. Borrowers will use the SA Tool in effect for the state fiscal year of their project application to determine DAC score. **DAC determinations are made at the time of IUP application. Once a DAC score is assigned to a project, it will not change for that project.**

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.** At the end of each fiscal year, unassigned or reallocated LF may remain available in subsequent years in accordance with its original criteria, or may be combined with the funds made available in accordance with the new Cap Grant criteria.

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 with loan amounts totaling the amount of each Cap Grant received, to comply with all federal funding requirements applicable to that Cap Grant.

Projects assigned as equivalency for SRF capitalization grants will have to comply with the following federal requirements:

- Disadvantaged Business Enterprise
- Single Audit Act
- Federal Funding Accountability and Transparency Act (FFATA) reporting
- EPA signage requirements
- BABA (FFY 2022 and all future capitalization grants)²⁰
- Federal environmental crosscutters (such as Endangered Species Act and National Historic Preservation Act)
- Federal Socioeconomic crosscutters (such as Debarment & Suspension Executive Order and Prohibition on Certain Telecom and Video Surveillance Services/Equipment)

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. The evaluation is project-specific. Many factors are considered but, at minimum, the following factors are evaluated when making project selections for equivalency:

- Project type
- Project cost

²⁰ <https://www.epa.gov/cwsrf/build-america-buy-america-baba>

- Project timeline
- Timing of loan execution
- Structure of loan(s)
- Federal co-funding (specifically, do other co-funding sources already require the same compliance?)
- Population of borrower
- Disadvantaged status of borrower
- Single audits (are they typically performed for the borrower?)

The SRF Program will coordinate with borrowers during project planning to identify and assign projects for equivalency. Because it is unknown which projects listed on the PPL will execute loan agreements in a fiscal year, the final equivalency loans selected for each year will not be listed in the IUP but will be identified in the annual report.

During SFY 2026, SRF intends to select projects for equivalency that are for property acquisition-only, connection fee-only, or regionalization buy-in fee-only.

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 FFY2025 DWSRF Base Capitalization Grant, FFY2025 IIJA General Supplemental Fund, the FFY2022 and FFY 2023 IIJA LSL Fund and FFY 2022 and FFY 2023 IIJA PFAS/EC during the program year.

Allocation of Funds Among Projects. All projects listed in the DWSRF PPL (Attachment 1) may be funded from the DWSRF subject to available funds.

The following approach was used to develop Iowa's proposed distribution of DWSRF funds:

1. Analysis of the priority of communities applying and financial assistance needed;
2. Identification of the sources and spending limits of available funds;
3. Allocation of funds among projects;
4. Development of a payment schedule which will provide for making timely binding commitments to the projects selected for DWSRF assistance; and
5. Development of a disbursement schedule to reimburse 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 DWSRF funds were identified.
3. The DWSRF funds were allocated among the projects, consistent with the amount available and the financial assistance needed.

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 (Attachment 1).

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 2026 and will report assignments of these funds in the annual report.

FUNDING SOURCES AND USES

(See Appendix E – Estimated Sources and Use)

During SFY 2026, the Iowa SRF Program will apply for and/or receive the following capitalization grants and amounts:

FFY	Funding Source	Allocation Amount
2021	DWSRF Base Cap Grant Re-allotment	\$24,000
2022	DWSRF IIJA PFAS/EC 2 nd Re-allotment	\$25,000
2023	DWSRF IIJA PFAS/EC Re-allotment	\$322,000
2023	DWSRF IIJA LSL Re-allotment	\$1,940,000
2023	DWSRF IIJA GS Grant Transfer from CWSRF	\$1,078,000
2024	DWSRF IIJA PFAS/EC	\$11,487,000*
2024	DWSRF IIJA LSL Replacement	\$30,066,000*
2025	DWSRF Base Cap Grant	\$16,397,000
2025	DWSRF IIJA GS Grant	\$37,434,000

*This amount is subject to the total of the project applications received by the application deadline

During SFY 2026, the Iowa SRF Program will apply for (but may not receive these funds in SFY 2026) the following capitalization grants and amounts:

FFY	Funding Source	Allocation Amount
2025	DWSRF IIJA PFAS/EC	\$11,487,000*
2025	DWSRF IIJA LSL Replacement	\$TBD*

*This amount is subject to the total of the project applications received by the application deadline

Appendix E – Estimated Sources and Use illustrates potential sources and uses of funds in the DWSRF for SFY 2026. As shown, all pending loan requests and program administration needs can be funded. To account for the fact that projects draw their funding at different intervals, Iowa SRF frequently analyzes program cash flows to ensure adequate funding is available. Appendix E - Sources and Uses will be updated, as appropriate, 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 new SDWA regulations and other future drinking water needs. If Iowa SRF continues to receive Cap Grants, and provides at least 26% of the Base Cap Grant and 49% of the IIJA Supplemental Cap Grant as LF, it is estimated that the DWSRF 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 Water Infrastructure Finance and Innovation Act (WIFIA). 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 Clean 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 strong and sustained demand for loans and it utilizes Federal Cap Grant funds as quickly as possible. After SRF bonds are issued, state match funds are spent first, before drawing Cap Grant funds. The Cap Grant funds are drawn at a 100% proportionality ratio. Loan disbursements requests are processed weekly.

Throughout the first 10 months of SFY 2025 (through April 2025), the DWSRF program disbursed an average of approximately \$10.5 million per month. Since the program's inception, Iowa's DWSRF has provided more than \$3.00 of assistance for every \$1.00 of federal investment due to the revolving nature of the program, demonstrating SRF's efficiency and effectiveness in delivering water infrastructure funding to important projects.

OTHER PROGRAM USES

ADMINISTRATIVE ACCOUNTS

DWSRF administration expenses include the work of drinking water engineering section project managers, SRF Environmental Review Specialists, SRF Project Compliance Specialist, program coordinators, program admin, program managers, financial officers and loan coordinators. It also covers expenses for financial and legal advisors. These program expenses will first be paid out of administrative set-aside and Program Income; and then Non-Program Income will be used once Program Income has been fully expended.

There are three distinct funding sources for DWSRF administrative expenses: Cap Grant administrative set-aside, loan initiation fees, and loan servicing fees.

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. Iowa will use all 4% of Admin. Planned expenses are discussed in Section F. Set-Aside Uses.

Program Income. A 0.50% ***loan initiation fee*** is charged on new DWSRF construction loans which is included in the loan principal. Iowa uses the initiation fee receipts for administration of the DWSRF Program. Program Income is earned throughout the fiscal year by funds received from loan initiation fees as described in Appendix D – Interest Rates, Fees, and Loan Terms.

Loan initiation fees will not be assessed on loans to any DAC borrowers.

Non-Program Income. An ***annual servicing fee*** of 0.25% is charged on the outstanding principal of DWSRF construction loans (see Appendix D – Interest Rates, Fees, and Loan Terms).

Iowa uses servicing fees collected throughout the fiscal year while the Cap Grant is open for administration of the DWSRF Program, and those fees are considered Program Income. Servicing fee receipts collected after the Cap Grant is closed are considered Non-Program Income and those fees are used for other purposes under SDWA Section 1452 or reserved for future administrative expenses.

A portion of the Non-Program Income funds may be used in SFY 2026 to fund some of the activities completed under the State Program Management set-aside. A portion of these funds may also be used in SFY 2026 toward Drinking Water Laboratory Certification and Capacity Development initiatives. Planned expenses are further discussed in Appendix G. Set-Aside Uses.

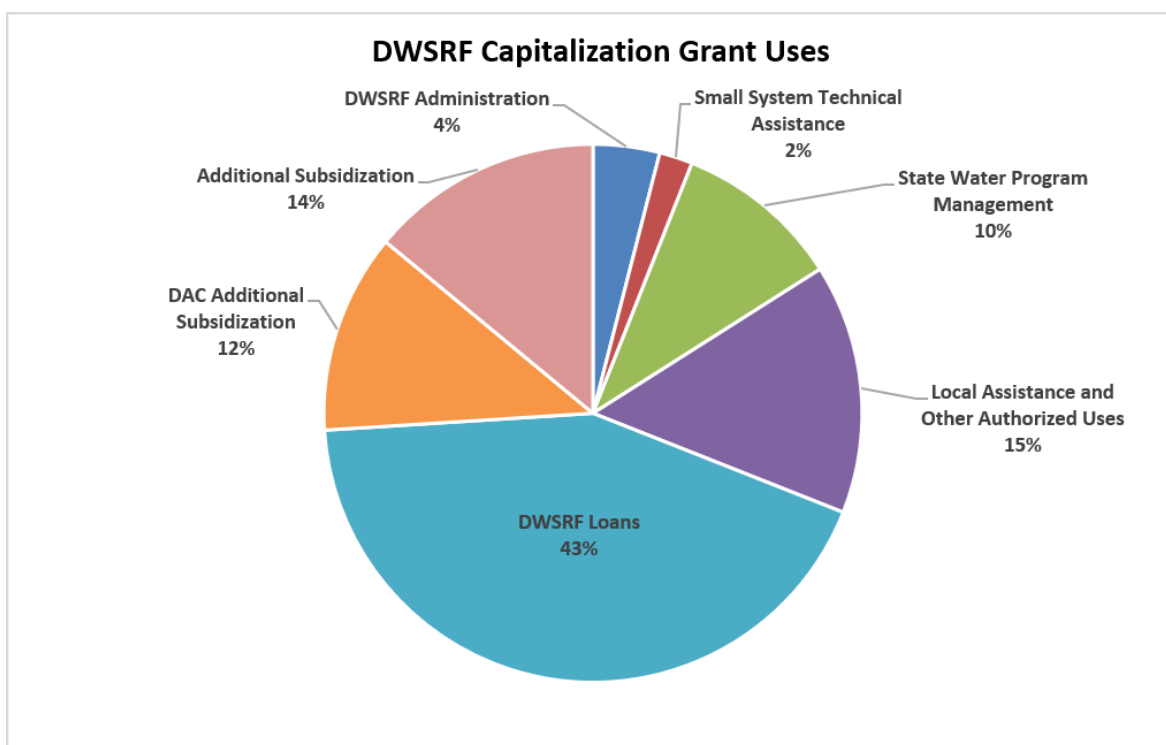
SENIOR ENVIRONMENTAL EMPLOYEE (SEE) SALARY FUNDS DEDUCTED FROM CAPITALIZATION GRANT

The DWSRF Program may withhold funding from FFY 2025 DWSRF Base Cap Grant application for the SEE Program and seek to fill positions under this program during SFY 2026. 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."

H. 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 2025 workplan and will transition to the SFY 2026 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 taken up to their maximum allowable percentage or 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 IJA General Supplemental Cap Grant and reserve authorized amounts from each of the DWSRF Base Program, IJA PFAS/EC Funds and IJA 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, IJA GS, IJA LSL and PFAS/EC Funds including:

- Portfolio management, debt issuance, and financial, management, and legal consulting fees
- Loan underwriting
- Project review and prioritization
- Project management
- Technical assistance to borrowers
- AIS/BABA site inspections
- Database development and implementation
- Contract services for a continuous improvement facilitator
- Program marketing and coordination
- Drinking Water Infrastructure Needs Survey
- ER services*

In order to keep **ER services available for all borrowers, the SRF Program may establish funding limitations per project for archaeological and/or architectural contracted services necessary to complete a project's ER. If funding limitations are implemented, the borrower will be responsible for all related costs in excess of the funding limit.*

Small System Technical Assistance Set-Aside (2%). Iowa intends to use this set-aside to provide technical assistance to 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 2026 Set-Aside Workplan to support initiatives specific to 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 IAC
- Field Office water supply staff conducting sanitary survey inspections at PWSs, as required by the SDWA.
- Create new electronic certification exams and PFAS Monitoring
- Audit laboratories to ensure compliance with permitting requirements
- Conduct surface water training

Additional tasks may be added to the SFY 2026 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)
- System-specific capacity development assistance by contractor, including promotion of asset management planning

Additional tasks may be added to the SFY 2026 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)

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 conditions 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 affordability criteria established in this IUP after public review and comment will be the criteria used to determine DAC status.²¹ The amount of additional subsidization available to a DAC will be established annually in the IUP (see Appendix B – Additional Subsidization).

SA TOOL

The metrics (affordability criteria) used in the SA Tool was established using EPA guidance and revised with public input. The SA Tool continues to be part of the annual IUP public review and comment process. The SA Tool data is updated annually with new census data and the SFY 2026 SA Tool will go into effect upon approval of this IUP by the EPC.

For SFY 2026, borrowers with a 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.

There are two versions of the SA Tool:

- **Service Area-Based** - Metrics results are for an entire community or service area
 - Standard by Place: Applicable to municipalities which serve populations within **incorporated** boundaries.
 - Standard for Large Service Areas: Applicable to municipalities which serve populations within more than 5 incorporated boundaries.
 - Standard for Rural Service Areas: Applicable to Sanitary Districts, Rural Water Associations and/or municipalities which serve populations in **unincorporated** boundaries.
- **Census Tract-Based** - Metrics results are for Census tracts or primary county
 - By Tract: Applicable to Homeowner Associations (HOA) and SRF borrowers for IJIA Lead Service Line projects. This tool will also 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 throughout the SRF website²².

The SA Tool assesses 10 datapoints from publicly available sources produced by the Census Bureau of the U.S. Department of Commerce. The SA Tool is **updated annually** with the release of new data from these sources. In SFY 2026, the SA Tool will use 2019-2023 (5-year) data from the American Community Survey. 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, borrowers will be given a score indicating the relative disadvantage to the other communities in the state (see Figure 1 and Figure 2)²³. A weighted

²¹ 40 CFR 35.3505 Definitions and IAC 265 Chapter 26.7 - DAC Status

²² Documents and Guides page <https://www.iowasrf.com/documents-and-guides/>

²³ The only exception is Population Trend. For the service area-based SA-Tool, no points are given for positive or 0% growth, 1 point for negative growth up to -7.5%, 2 points for more than -7.5% population growth.

average for each metric will be calculated and assigned points. Scores for each metric are totaled to produce an overall assessment of the borrower's underlying social, economic, and demographic profile.

Example: An borrower 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	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*	Non-negative population growth	Declining growth up to -7.5%	Declining growth of more than 7.5%
8 Percent with Highschool Diploma or Less	Bottom 1/3 (Lowest %)	Middle 1/3	Top 1/3 (Highest %)
9 Percent of Vacant Homes (excluding 2 nd /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- and renter-occupied housing)	Bottom 1/3 (Lowest %)	Middle 1/3	Top 1/3 (Highest %)
Relative Disadvantage:	Low	Moderate	High

Figure 1

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

Figure 2

NOTE: In prior years, population growth for both the service area-based and Census tract-based SA Tool was measured at the County level. The service area-based SA Tool now uses Census Place data to measure population growth. Projects that use the tract-based version of the SA tool will continue to use County level data for population growth.

USING THE SA SCORE TO DETERMINE DAC STATUS

The following information applies to DWSRF Base and IIJA 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, borrowers 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.
- All projects added to the PPL during SFY 2026 will receive a DAC score based on the SFY 2026 SA Tool and this score will not change with future SFY SA Tool updates. ***All projects listed on the approved PPL prior to SFY 2026 will continue to use the DAC score assigned in accordance with the SFY 2025 or 2024 SA Tool, as applicable.***

Borrowers 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

NOTE: Because DAC scores are determined at the time of IUP application, it is possible for a borrower with multiple projects listed on the approved PPL to have different DAC scores for each project, if the project IUP applications were submitted to SRF in different state fiscal years.

Appendix B - Additional Subsidization

The DWSRF Program will comply with the additional subsidization requirements of each Cap Grant and will identify recipients of available funds during the fiscal year. Criteria for additional subsidization eligibility is established with each Cap Grant (see below).

Iowa applies additional subsidization in the form of loan principal forgiveness (LF). LF is applied as principal forgiveness on the later of (1) the date of the final loan disbursement; or (2) the date of the loan's reissuance (if determined as necessary by the borrower's bond counsel).

The final amount disbursed on a loan is used to identify final LF amounts. In some cases, the actual amount of LF applied to a loan is less than the amount that SRF committed to a project, leaving a remaining balance of LF to be awarded to another project.

PREVIOUS LOAN FORGIVENESS OPPORTUNITIES

Unused portions of LF awards from previous LF opportunities may be reallocated to the next eligible borrower in accordance with its original criteria, or may be combined with other available Cap Grant LF funds and awarded in accordance with the LF criteria in effect for the current funding year.

LF awards were made in SFY 2025 using all available LF funding to qualifying projects. As of the publication of this draft IUP, final committed amounts and remaining LF balances are pending loans executed in May and June, 2025 and pending acceptance of LF terms and conditions.

At the conclusion of SFY 2025, LF balances from these capitalization grants remain available to award in SFY 2026:

FFY	LF Funding Source
2023	DWSRF IIJA LSL

During SFY 2026, SRF will be receiving additional re-allocation/transfer funding from these previously awarded capitalization grants, providing additional loan forgiveness opportunities:

FFY	Funding Source	Allocation Amount
2021	DWSRF Base Cap Grant Re-allotment	\$24,000
2022	DWSRF IIJA PFAS/EC 2 nd Re-allotment	\$25,000
2023	DWSRF IIJA PFAS/EC Re-allotment	\$322,000
2023	DWSRF IIJA LSL Re-allotment	\$1,940,000
2023	DWSRF IIJA GS Grant Transfer from CWSRF	\$1,078,000

SFY 2026 LF CRITERIA

The following criteria will apply to all LF funding available to award during SFY 2026:

GENERAL RESTRICTIONS AND/OR LIMITATIONS

- LF eligibility will be evaluated based on the current SA Tool in effect at the time the project is added to the PPL.
- 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.
- Taxable portions of SRF projects are not eligible for LF.

- Borrowers 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 EPA congressionally directed spending will not be eligible to receive subsequent LF from the Iowa SRF program for the same project.
- Borrowers receiving additional subsidization awards from a previous Cap Grant will not be eligible to receive subsequent LF from the Iowa SRF program for the same project.
- LF awards may consist of more than one funding source.

DWSRF BASE CAPITALIZATION GRANT AND IIJA GENERAL SUPPLEMENTAL FUND

FFY Fund	Award Amount	LF Required
2025 DWSRF Base Cap Grant	\$16,397,000*	\$4,263,220*
2025 DWSRF IIJA General Supplemental Fund (IIJA Year 4)	\$37,434,000*	\$18,342,660*

*This award amount is anticipated to be received during SFY 2026.

MAXIMUM AWARD AMOUNTS

LF awards will be issued as a not to exceed maximum award amount. Maximum amounts are based on a borrower's DAC score, in accordance with the SA Tool in effect at the time of IUP application (all borrowers listed on the approved PPL prior to SFY 2026 were assigned a DAC score in accordance with the SFY 2024 and SFY 2025 SA Tools).

LF awards from this funding source are applied only to the total eligible construction costs of the project.

Maximum award amounts based on DAC scores are identified below in Figure 3 - LF Award Scale:

DAC Score	Maximum LF Award Amount
20	\$ 1,400,000
19	\$ 1,300,000
18	\$ 1,200,000
17	\$ 1,100,000
16	\$ 1,000,000
15	\$ 900,000
14	\$ 800,000
13	\$ 700,000
12	\$ 600,000
11	\$ 500,000

Figure 3 - LF Award Scale

ELIGIBILITY CRITERIA

1. Compliance projects that result in the resolution of public health violations or return a system to compliance upon completion. Projects include correction of one of the following:

- A. Non-compliance with Safe Drinking Water Act (SDWA)
- B. Maximum Contaminant Level (MCL) or Health Advisory Level (HA) Violation
- C. Identified Significant Deficiency (determined by DNR)
- D. Requirements of a Bilateral Compliance Agreement (BCA)

2. New projects added to the PPL during SFY 2026 that meet the DAC criteria.

METHOD OF AWARD

Projects that meet compliance requirements listed above under eligibility criteria will be committed LF upon approval of the PPL. LF will be committed to all other projects added to the PPL during SFY 2026, based on highest to lowest ranking order, in accordance with the SFY 2026 LF method described below. ***It is the intent of the SRF Program to issue LF award letters to these recipients at the end of the 2nd and 4th quarters of the state fiscal year.***

After compliance projects have been committed LF, all other LF will be committed in two rounds until all funding is obligated/awarded:

Round 1: Projects added to the PPL in SFY 26 quarters 1 and 2 (July 1-December 31).

Round 2: Projects added to the PPL in SFY 26 quarters 3 and 4 (January 1-June 30).

Each group will be ranked and LF assigned according to the following ranking criteria:

1. First, all projects (DAC scores 11-20) will be ranked **by DAC score** (highest to lowest).
2. Next, projects will be ranked **by project priority points** (highest to lowest).
3. If necessary, the date of loan execution will be used as a tiebreaker to determine final priority ranking.

The DWSRF Program reserves the right to modify the DAC level maximum LF award amounts and/or to withdraw the limitation to construction costs.

DWSRF IIJA PFAS/EC FUND

FFY IIJA Fund	LF Required	LF Committed	LF Available to Award
2024 DWSRF PFAS/EC (IIJA Year 3)	\$11,487,000*	\$0	\$11,487,000*

~~*This award amount is anticipated to be received during SFY 2026 and is subject to the total of the project applications received by the application deadline.~~

MAXIMUM AWARD AMOUNTS

The DWSRF Program reserves the right to withdraw or modify the individual project cap.

LF will be applied to eligible project costs within the SRF portion of the project.

- LF for new water source projects is capped at **\$3 million per project or 80% of the SRF loan, whichever is less.**
- LF for individual treatment projects is capped at **\$8 million per project or 80% of the SRF loan, whichever is less.**
- LF for consolidation projects is capped at **\$8 million per project or 90% of the SRF loan, whichever is less.**

ELIGIBILITY CRITERIA

LF may be issued to any borrower addressing PFAS or an EC meeting the criteria described in the IUP E. SFY 2026 Program Activities to be Supported.

1. Treatment or New Water Source Projects. LF of up to 80% may be offered for eligible project costs for projects that meet the contaminant and detection level priorities as listed below.

Emerging Contaminant	Concentration (ppt) ¹	Loan Forgiveness %	
		Finished Water for PWS with Treatment ₃	Raw Water for PWS without Treatment ₃
PFAS	PFOA ≥ 4.0	80%	60%
	PFOS ≥ 4.0	80%	60%
	PFHxS ≥ 10	80%	60%
	PFNA ≥ 10	80%	60%
	HFPO-DA (Gen X) ≥ 10	80%	60%
	Hazard Index ² > 1	80%	60%
Health Advisories (HA) on EPA's Contaminant Candidate Lists 1-6 (Non PFAS)	≥ HA level	80%	60%
	≥ 75% of HA level	40%	N/A

¹In parts per trillion, except for the Hazard Index⁷

²Hazard Index calculation is based on the April 2024 final rule for the National Primary Drinking Water Regulation for PFAS.

³Treatment addresses the emerging contaminant through a removal process. Blending of raw water sources is not considered treatment.

2. Consolidation Projects. LF of 90% may be offered for eligible consolidation/connection projects with the purpose of resolving a source water issue due to an eligible contaminant with a detection level listed above.

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 LF even if there is no violation or compliance issue for system A. 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 LF.

METHOD OF AWARD

LF will be awarded on a first ready, first-funded basis while funds are available. ***It is the intent of the SRF Program to issue LF award letters to these recipients at the end of the 2nd and 4th quarters of the state fiscal year.***

DWSRF IIJA LSL REPLACEMENT FUND

FFY IIJA Fund	LF Required	LF Committed	LF Available to Award
2024 DWSRF IIJA LSL (IIJA Year 3)	\$14,732,340	\$0	\$14,732,340*

*This award amount is anticipated to be received during SFY 2026 and is subject to the total of the project applications received by the application deadline.

MAXIMUM AWARD AMOUNTS

The DWSRF Program reserves the right to withdraw or modify the individual project cap.

Funding for individual projects is **capped at 49% per project.**

ELIGIBILITY CRITERIA

LF may be issued to any borrower for lead service line inventory or replacement meeting the criteria described in the IUP E. SFY 2026 Program Activities to be Supported.

Regardless of ownership:

(1) LF of 49% may be offered to DAC borrowers for all eligible **project costs** necessary to replace full lead service lines **anywhere** within their service area.

(2) LF of 49% may be offered to non-DAC borrowers for all eligible **project** costs necessary to replace full 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 E. SFY 2026 Program Activities to be Supported.

For non-DAC borrowers, costs related to LSL replacements completed in census tract areas that do not meet the DAC criteria and non-construction costs (such as legal and engineering fees) 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).

METHOD OF AWARD

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

LF is committed to a LSL project upon approval of the PPL. LF will not be ***awarded*** or offer letters sent to the borrower until DNR engineering staff have approved the borrower's LSLR Plan and an environmental review is finalized (project readiness is described in the IUP in section E. SFY 2026 Program Activities to be Supported).

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 SDWA. 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.

PPL 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. The ranking will be done at the time the IUP is prepared and will not be updated during the year.

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 EPA regulations or guidance to be eligible for DWSRF funding);
3. The entity with the smallest served population shall receive the next highest priority.

IIJA PFAS/EC and LSL Replacement projects on the PPL may be given a **contingency** status until all fundable criteria described in section E. SFY 2026 Program Activities to be Supported of this IUP have been met.

PPL SCORING CRITERIA

Eligible PWS projects will be scored for inclusion in the PPL based on the application as submitted, 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 15 points)
- D. Special Category Improvements (maximum of 15 points)
- E. DNR Adjustment Factor for Population (10 points)

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 OF FINANCING

SRF P&D LOANS

~~Eligible entities may use SRF P&D Loans to reimburse costs incurred during the P&D phase of SRF-eligible proposed 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 associated with project plan preparation.~~

~~P&D Loans have no interest or payments due for up to three years while the project is designed, and there are no minimum or maximum loan limits. These loans are not assessed initiation or servicing fees; however, borrowers must 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 secured.~~

~~SRF Planning & Design (P&D) Loans are available to eligible entities to reimburse costs incurred during the preliminary phase of an SRF-eligible proposed drinking water project. Eligible costs include, but are not limited to, engineering fees, archaeological surveys, environmental studies, and other expenses associated with the preparation and submission of the project plan.~~

~~A key feature of P&D Loans is the deferral of all interest and principal payments for up to three years while the project is being designed. These loans have no minimum or maximum funding limits and are not assessed initiation or servicing fees. While there are no program fees, applicants are required to engage a 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 secured.~~

SRF CONSTRUCTION LOANS

~~SRF Construction Loans provide low-cost financing for a variety of drinking water infrastructure projects. These loans feature below-market interest rates, low fees, and favorable terms including repayment terms up to 30 years. SRF Construction Loans require a first-lien pledge of either (1) a utility system's net revenues (equal to 10% of aggregate annual debt service for all parity obligations); (2) ad valorem taxes levied against all taxable property (general obligation); or (3) a combination of both. Additionally, the SRF Program reserves the right, on a case-by-case basis, to require that borrowers establish and maintain debt service reserve fund (DSRF) equal to the lesser of (1) 10% of the par amount of the loan; (2) 100% of the Maximum Annual Debt Service; or (3) 125% of the Average Annual Debt Service. A DSRF may be funded with SRF funds.~~

~~SRF Construction Loans provide low-cost, long-term financing for a wide range of drinking water infrastructure projects. Key features include below-market interest rates, low fees, and flexible repayment terms of up to 30 years.~~

~~To secure the loan, borrowers must provide a first-lien pledge. Acceptable forms of security include:~~

- ~~• A pledge of the utility system's net revenues.~~
- ~~• A pledge of ad valorem taxes levied against all taxable property (a General Obligation pledge).~~
- ~~• A combination of both revenue and General Obligation pledges.~~

~~Additionally, the SRF Program may, on a case-by-case basis, require a borrower to establish and maintain Debt Service Reserve Fund (DSRF). This requirement is typically considered for loans with unique credit profiles or financial structures that warrant additional security to ensure repayment. If required, the SRF must be funded in an amount equal to the lesser of the following:~~

- ~~• 10% of the par amount of the loan;~~
- ~~• 100% of the Maximum Annual Debt Service (MADS); or~~
- ~~• 125% of the Average Annual Debt Service.~~

The DSRF may be funded using SRF loan proceeds.

TERMS OF FINANCING

STANDARD TERM LOANS (UP TO 20 YEARS)

~~Standard Term SRF Construction Loans are available 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).~~

Standard Term SRF Construction Loans are offered with a standard repayment term of up to 20 years.

EXTENDED TERM LOANS (21-30 YEARS)

~~Extended term loans of up to 30 years are available for qualifying projects. The SRF borrower's consulting design engineer and the DNR permitting engineer (project manager) will complete and sign the SRF Extended Financing Worksheet and submit it to the Iowa Finance Authority with their construction loan application.~~

Extended term loans, with a repayment period of up to 30 years, are available for qualifying projects. The maximum term may not exceed the project's average useful life. To be considered for extended term financing, a completed and signed *DWSRF Extended Financing Worksheet* must be submitted with the construction loan application. This worksheet requires signatures from both the applicant's consulting design engineer and the Iowa DNR project manager. The interest rate for these projects 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

The *DWSRF Extended Term Financing Worksheet* can be found on the Documents and Guides page of the SRF website.²⁴

INTEREST RATES

~~DWSRF Programs are responsible for providing communities with a low-cost, perpetual funding source for constructing infrastructure and implementing practices that deliver safe drinking water to citizens and treats water pollution to support a healthy environment.~~

~~To carry out this mandate, Iowa's SRF Loan Programs utilize Base Interest Rates for Tax-Exempt and Taxable loans, which 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.~~

The Iowa SRF Program is committed to providing a perpetual, low-cost funding source for communities to build infrastructure that provides safe drinking water and treats water pollution to support a healthy environment. To ensure the program's long-term sustainability, the interest rate methodology is reviewed regularly. This process considers factors such as the availability of federal and state funds, market conditions, and the program's overall financial health. The goal is to set rates that are affordable for borrowers while allowing the SRF to operate as a permanent financial resource for Iowa communities.

SETTING THE BASE RATE

The SRF Program establishes Base Interest Rates for both tax-exempt and taxable loans on a quarterly basis. These rates are calculated and published on the first business day of January, April, July, and October (the "Effective Date").

The rates are based on a percentage of the Bloomberg BVAL Municipal Yield Curves ("BVAL"). BVAL was chosen as the benchmark index because it is widely used, objective, and transparently reflects real-time municipal market conditions. The index is publicly available from the Municipal Securities Rulemaking Board (MSRB) for independent tracking.

²⁴ <https://opportunityiowa.gov/community/water-quality/srf-resources/documents-and-guides>

The Base Interest Rate is calculated using the average BVAL 20-year AAA yield for the calendar month immediately preceding the Effective Date. The current methodology is:

- **Tax-Exempt Loans:** The rate is 75% of the average Bloomberg BVAL General Obligation Municipal AAA 20-year yield.
- **Taxable Loans:** The rate is 75% of the average Bloomberg BVAL Taxable General Obligation Municipal AAA 20-year yield.

For example, a rate effective July 1 is calculated using the average BVAL yield during the month of June.

Current SRF loan interest rates are published on the SRF website²⁵.

~~The Base Interest Rate for tax-exempt loans is 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. For example, the Base Interest Rate effective July 1 will be calculated using the average 20-year BVAL yield for the month of June.~~

~~Similarly, the Base Interest Rate for the taxable portions of SRF projects is 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.~~

SPECIAL PURPOSE FUND LOANS

~~The interest rate on loans for lead service line-related projects is 0%. Loan servicing fees will still apply (see Fees section below).~~

Lead Service Line (LSL) Projects

Projects for the replacement of lead service lines qualify for a promotional interest rate, subject to the following terms:

- **Interest Rate:** A 0% interest rate is available for eligible LSL-related projects²⁶.
- **Applicable Fees:** Standard loan servicing fees apply to the full loan amount (please see the Fees section below for more information).

INTEREST RATE LOCK

~~Applicants should work with their Bond Counsel, Municipal Advisor, and other members of their financing team to complete the loan issuance process (e.g., submit a complete SRF Construction Loan Application; NOFE letter, legal opinion on bidding procedures, hold public hearing and authorize debt, complete proforma financial analysis, pass rate ordinance if required, etc.).~~

~~After receiving an acceptable construction application, the loan will be presented for IFA Board approval. Once approved, applicants will receive a notification from IFA that includes an interest rate lock for 90 days. If the Program's loan interest rates decrease before signing a loan agreement, applicants will automatically receive the more favorable rate at loan closing while remaining within the 90-day rate lock period. If the 90-day rate lock period expires, the loan will be executed using the current interest rates (which are set quarterly).~~

To provide applicants with greater certainty during the final stages of the loan process, an interest rate lock is applied once an applicant, in coordination with its financing team, has completed all program prerequisites. These include, but are not limited to:

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.

²⁵ <https://opportunityiowa.gov/community/water-quality/srf-resources/loan-interest-rates>

²⁶ IMPORTANT NOTE: 0% financing is limited to an aggregate amount equal to the amount of the IJIA LSL Cap Grant(s) available for loans (e.g., net of set-asides).

- Submission of a complete SRF Construction Loan Application;
- Issuance of Notice of Funding Eligibility (NOFE) letters by the Iowa DNR for all contracts funded by the loan;
- Receipt of a legal opinion confirming compliance with bidding procedures;
- Completion of all steps necessary to authorize the issuance of the debt; and
- Completion of a pro-forma financial analysis meeting the program's criteria.

Once these prerequisites are met and the application is deemed complete, Program staff will place the loan on an upcoming Iowa Finance Authority (IFA) Board meeting agenda. At that point, the following rate lock terms immediately apply²⁷.

Rate Lock Terms

- **Commencement and Duration:** A loan's interest rate is locked for a 90-day period on the date that Program staff formally submit the loan for the Board's agenda.
- **Protection from Rate Increases:** The locked rate protects the applicant from any potential interest rate increases that may occur during the 90-day period.
- **Benefit from Rate Decreases:** If the Program's published interest rates decrease during the lock period before the final loan agreement is signed, the applicant will automatically receive the new, more favorable rate.
- **Expiration:** Should the loan not be closed before the 90-day lock period expires, the interest rate will be reset to the Program's currently published rate at the time of closing.

FEES

Fee income is considered both Program Income and Non-Program Income, depending on when it is collected and if it is capitalized as part of the SRF loan. Program Income may only be used for purposes of administering the SRF Program or for making new loans. Non-Program Income can be used to administer the program or for other water quality purposes. The uses of Program Income and Non-Program Income are discussed in this IUP under Section F. Financial Administration-Other Program Uses and Section G. Set-Aside Uses.

LOAN INITIATION FEES

~~New SRF Construction Loans are assessed a loan initiation fee of 0.50% of the full loan commitment amount, not to exceed \$100,000, paid upon closing. Since Iowa's loan initiation fees are capitalized, the fee income is considered Program Income.~~

~~Initiation fees will not be assessed on loans to any borrower that meets the Program's criteria as a DAC.~~

A one-time Loan Initiation Fee is assessed on new SRF Construction Loans, typically paid from loan proceeds at closing.

- **Rate:** 0.50% of the full loan commitment amount.
- **Maximum Fee:** The total initiation fee will not exceed \$100,000 per loan.
- **Fee Waiver for Disadvantaged Communities (DAC):** The 0.50% Loan Initiation Fee is waived for any borrower that meets the program's criteria as a Disadvantaged Community (DAC). A borrower's DAC designation is determined based on criteria applied to the community as a whole. Therefore, borrowers identified as DAC are eligible for the fee waiver even if only portions of their service area (e.g., specific Census Tracts) meet the DAC threshold.

²⁷ <https://opportunityiowa.gov/community/water-quality/srf-resources/loan-interest-rates>

For non-DAC communities, the standard initiation fee applies to all projects. This policy extends to Lead Service Line (LSL) replacement projects, where waiver eligibility is based on the borrower's overall DAC status, not the DAC status of an individual project location.

When capitalized, this fee income is considered Program Income.

LOAN SERVICING FEES

~~An annual loan servicing fee equal to 0.25% of the outstanding loan balance is charged on SRF Construction Loans. Iowa's servicing fees are capitalized and are calculated based on the outstanding principal balance. Payment of the loan servicing fee is made semiannually along with scheduled interest payments. Loan servicing fees are considered both Program Income and Non-Program Income.~~

An annual Loan Servicing Fee is charged on the outstanding balance of SRF Construction Loans for the duration of the loan term.

- **Rate:** 0.25% of the outstanding principal balance each year.
- **Payment:** The fee is paid semi-annually along with scheduled principal and interest payments.

Pursuant to established regulatory guidance, loan servicing fees may be classified as either Program Income or Non-Program Income.

Appendix E – Estimated Sources and Uses

DWSRF - SFY 2026

Rounded to the nearest \$1,000 as of April 30, 2025

SOURCES OF FUNDS

Federal Capitalization Grants:	
FFY 2021 Grant(s):	
Base Program (reallotment)	\$24,000
Total FFY 2021 Capitalization Grants Available	\$24,000
FFY 2022 Grant(s):	
IIJA Emerging Contaminants (undrawn amount)	\$11,128,000
IIJA Emerging Contaminants (2nd reallotment)	\$25,000
IIJA Lead Service Line Replacement (undrawn amount)	\$48,747,000
Total FFY 2022 Capitalization Grants Available	\$59,900,000
FFY 2023 Grant(s):	
IIJA Emerging Contaminants (undrawn amount)	\$11,487,000
IIJA Emerging Contaminants (transfer from CW)	\$1,078,000
IIJA Emerging Contaminants (reallotment)	\$322,000
IIJA Lead Service Line Replacement (undrawn amount)	\$29,319,000
IIJA Lead Service Line Replacement (reallotment)	\$1,940,000
Total FFY 2023 Capitalization Grants Available	\$44,146,000
FFY 2024 Grant(s):	
IIJA Supplemental (undrawn amount, net of set-aside balance)	\$5,836,000
IIJA Emerging Contaminants (application forthcoming)	\$11,487,000
IIJA Lead Service Line Replacement (application forthcoming)	\$30,066,000
Total FFY 2024 Capitalization Grants Available	\$47,389,000
FFY 2025 Grant(s):	
Base Program (application forthcoming, less anticipated set-asides)	\$16,044,000
IIJA Supplemental (application forthcoming, less anticipated set-asides)	\$25,829,000
Total FFY 2025 Capitalization Grants Available	\$41,873,000
Estimated Loan Repayments (P&I)	\$57,522,000
Estimated Fee Income	\$2,752,000
Funds Available in Equity and Program Accounts	\$226,640,000
Estimated Investment Earnings on Funds	\$7,378,000
Estimated Bond Proceeds:	
Leveraged/Reimbursement	\$35,000,000
New State Match	\$12,000,000
TOTAL SOURCES	\$534,600,000

ANTICIPATED USES OF FUNDS

Administration	\$6,700,000
Project Funding:	
Disbursements to Existing Loan Commitments ¹	\$38,895,000
Disbursements to Future Loan Commitments:	
Planning & Design Loan Requests from IUP ²	\$18,568,000
Additional DWSRF Project Requests ³	\$107,537,000
Debt Service:	
Principal Payments on Outstanding Revenue Bonds	\$22,195,000
Interest Payments on Outstanding Revenue Bonds	\$17,901,000
Retained Equity ⁴	\$322,804,000
TOTAL USES	\$534,600,000
NET AVAILABLE FUNDS	\$0

Notes:

1. Assumes 60% disbursement rate.
2. Assumes 50% disbursement rate.
3. Additional projects from IUP (up to the budgeted disbursement total for SFY 2026).
4. Includes accumulated undrawn cap grants, investment interest, and loan repayments available for future project funding and/or debt service.

Appendix F - State Match

Drinking Water SRF

Federal Fiscal Year 2023

Sources of State Match

Surplus State Match from Prior Year(s)	\$5,272,900
Total DW State Match Available	\$5,272,900

Application of State Match

	<u>Cap Grant (\$)</u>	<u>Match Required (%)</u>	<u>Match Required (\$)</u>
FFY 2023 Base Cap Grant	\$7,424,000	20%	\$1,484,800
FFY 2023 IIJA Supplemental Cap Grant	\$31,656,000	10%	\$3,165,600
Total DW State Match Required			\$4,650,400

DW State Match Surplus (Deficit)	\$622,500
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Federal Fiscal Year 2024

Sources of State Match

Surplus State Match from Prior Year(s)	\$622,500
State Match Bonds Issued in June 2024	\$8,000,000
Total DW State Match Available	\$8,622,500

Application of State Match

	<u>Cap Grant (\$)</u>	<u>Match Required (%)</u>	<u>Match Required (\$)</u>
FFY 2024 Base Cap Grant (includes reallotment)	\$7,031,000	20%	\$1,406,200
FFY 2024 IIJA Supplemental Cap Grant	\$34,558,000	20%	\$6,911,600
Total DW State Match Required			\$8,317,800

DW State Match Surplus (Deficit)	\$304,700
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Federal Fiscal Year 2025

Sources of State Match

Surplus State Match from Prior Year(s)	\$304,700
State Match Bonds to be Issued in July 2025	\$12,000,000
Total DW State Match Available	\$12,304,700

Application of State Match

	<u>Cap Grant (\$)</u>	<u>Match Required (%)</u>	<u>Match Required (\$)</u>
FFY 2025 Base Cap Grant (estimated)	\$16,712,000	20%	\$3,342,400
FFY 2025 IIJA Supplemental Cap Grant	\$37,434,000	20%	\$7,486,800
Total DW State Match Required			\$10,829,200

DW State Match Surplus (Deficit)	\$1,475,500
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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 SRF program issues periodic announcements of all executed DWSRF loans. Each SRF funded project is also required to provide public notice of their SRF Project as part of the ER process.

VIABILITY ASSESSMENT

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

GREEN PROJECT RESERVE (GPR)

Congressional Appropriations require 10% of DWSRF Cap Grant amounts be used to fund projects that qualify under the EPA's GPR, if such applications are submitted. GPR projects address green infrastructure, water and energy efficiency, and/or other environmentally innovative activities. The specific projects identified as GPR will be listed in the annual report.

ADDITIONAL SUBSIDIZATION

DWSRF Base Program funding, provided through the Consolidated Appropriations Act, includes two different additional subsidization authorities (Congressional and SDWA DAC). Additional subsidy authority also exists under the IIJA. 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 systems²⁸. Iowa DWSRF Program conducts oversight of this requirement 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 borrowers 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 website²⁹

BUILD AMERICAN, BUY AMERICA (BABA) ACT

On November 15, 2021, President Joseph R. Biden Jr. signed into law the IIJA, Pub. L. No. 117-58, which includes the BABA that strengthens the Made in America Laws.³⁰ Infrastructure projects funded by federal financial assistance must

²⁸ <https://www.epa.gov/cwsrf/state-revolving-fund-american-iron-and-steel-ais-requirement>

²⁹ <https://opportunityiowa.gov/community/water-quality/srf-resources/documents-and-guides>

³⁰ [Build America, Buy America Act, https://www.epa.gov/baba](https://www.epa.gov/baba)

ensure that the *iron, steel, manufactured products, and construction materials* used in the project are produced in the United States.³¹

Since not all funds available through the Iowa DWSRF Program are considered federal financial assistance, SRF will provide information to those borrowers required to comply with necessary documentation and inspection procedures. Iowa conducts oversight of this requirement 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 borrowers determine eligibility for the exemptions and waivers provided for in BABA and EPA guidance³². 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 website³³.

ENVIRONMENTAL REVIEW

Projects receiving assistance from the DWSRF must conduct ERs of the potential environmental impacts of projects and associated activities. To reduce costs and barriers to participating in the SRF loan program, Iowa SRF ER staff will conduct NEPA-like ER services on behalf of DWSRF borrowers in accordance with the federal assurances below and in accordance with the EPA-approved Iowa DWSRF State Environmental Review Process (SERP), to the extent practicable.

Projects receiving assistance from the CWSRF as equivalency projects will also undergo a review for compliance with the National Historic Preservation Act (NHPA) and certain environmental authority crosscutters. SRF staff will facilitate consultation with State Historic Preservation Office (SHPO) and other consulting agencies, as necessary, on behalf of SRF borrowers (see Appendix H-SRF Assistance Recipient Federal Requirements).

In order to keep these services available for all borrowers, the SRF Program may establish funding limitations per project for archaeological and/or architectural contracted services necessary to complete a project's ER. If funding limitations are implemented, the borrower will be responsible for all related costs in excess of the funding limit.

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's oversight of this requirement is conducted by verification of bid documents and wage determinations, and will require borrowers 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 SDWA, 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.

³¹ <https://www.epa.gov/cwsrf/build-america-buy-america-baba>

³² <https://www.epa.gov/system/files/documents/2022-11/OW-BABA-Implementation-Procedures-Final-November-2022.pdf>

³³ <https://opportunityiowa.gov/community/water-quality/srf-resources/documents-and-guides>

³⁴ <https://www.epa.gov/grants/davis-bacon-and-related-acts-dbra>

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.

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

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. Projects identified as equivalency projects will also undergo a review for compliance with the National Historic Preservation Act (NHPA) and applicable environmental authority crosscutters (see Appendix H-SRF Assistance Recipient Federal Requirements).

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 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 the State and coordinated with EPA as necessary. The State will address project-level and most program inquiries and provide EPA a

copy of all Congressional inquiries and responses. 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 the inquiry and response in a timely manner.

Appendix H – SRF Assistance Recipient Federal Requirements

PROGRAM SPECIFIC REQUIREMENTS—ALL SRF PROJECTS

The following federal program requirements are specifically identified in the CWA, SDWA, SRF Program regulations, and/or EPA policy and they apply to all SRF borrowers. These requirements are beyond basic borrower eligibility and basic project/activity requirements.

Requirement	Authorizing Statute	How IA SRF borrowers comply
American Iron and Steel	33 U.S.C. 1388 and 42 U.S.C. 300j-12(a)(4)	SRF Front-End Document #9; SRF Staff perform on-site inspection and desk review of certification letters; and BABA Self-Certification form signed at completion of project.
Davis-Bacon Wages	33 U.S.C. 1382(b)(6) and 42 U.S.C. 300j12(a)(5)	Self-Certification
Environmental Review	40 CFR 35.3140; 40 CFR 35.3580	Iowa SRF Environmental Review staff perform a NEPA-like investigation and/or consult with federal authorities on behalf of the SRF borrower to gain the necessary technical assistance and/or concurrence to issue a Categorical Exclusion (CX) or Finding of No Significant Impact (FNSI) clearance.
Generally Accepted Accounting Principles	33 U.S.C. 1382(b)(9) and 42 U.S.C. 300j-12(g)(3)	Loan documents
Technical, Managerial, and Financial Capacity Demonstration, (DWSRF Only)	42 U.S.C. 300j-12(a)(3)	Viability Assessment and Municipal Advisor

ADDITIONAL PROGRAM SPECIFIC REQUIREMENTS—EQUIVALENCY PROJECTS ONLY

Requirement	Authorizing Statute	How IA SRF borrowers comply
Single Audit	2 CFR part 200, Subpart F	Submit Single Audit; Corrective Actions
Signage	EPA Guidance for Enhancing Public Awareness of SRF Assistance Agreements (2015)	SRF Program issues a media release quarterly listing all SRF executed loans. Projects issue public notification of project through social media, customer mailings, or other public notification methods.

REQUIRED CROSS-CUTTERS—ALL SRF PROJECTS

Federal cross-cutter authorities are requirements established by other federal laws and Executive Orders that apply to federal financial assistance programs. These requirements are not cited in the SRF Programs' authorizing statutes or

regulations but apply broadly by their own terms in federal statutes, regulations, or executive orders to a wide range of federal financial assistance programs, including SRF.

Authority	Crosscutter	How IA SRF borrowers comply
Social Policy Authorities	Civil Rights Laws - The Age Discrimination Act of 1975, 42 U.S.C. 6102 et seq. - Section 13 of the Federal Water Pollution Control Act Amendments of 1972, (CWSRF only) 33 U.S.C. 1251 et seq. Civil Rights Laws October 2003.pdf October 2003 - Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. 794 - Title VI of the Civil Rights Act of 1964, 42 U.S.C. 2000d et seq.	SRF Front-End Documents #1&7, signature on final page of IUP application, and loan documents

ADDITIONAL REQUIRED CROSS-CUTTERS—EQUIVALENCY PROJECTS ONLY*

Authority	Crosscutter	How IA borrowers comply
Social Policy Authorities	Participation by Disadvantaged Business Enterprises in United States Environmental Protection Agency Programs	SRF Front-End Documents #3-6, as applicable <i>*This requirement is applied to <u>all</u> Iowa SRF projects</i>
Environmental Authorities	Archaeological and Historic Preservation Act, 16 U.S.C. 469 et seq.	Iowa SRF Environmental Review staff perform a NEPA-like investigation and/or consult with federal authorities on behalf of the SRF borrower to gain the necessary concurrence or clearances for these crosscutter requirements. <i>*Investigation and/or consultation for these environmental authorities may be conducted for non-equivalency Iowa SRF projects, however, the consultation is for the technical assistance rather than concurrence or clearance purposes.</i>
	Clean Air Act Conformity, 42 U.S.C. 7401 et seq	
	Coastal Barriers Resources Act, 16 U.S.C. 3501 et seq	
	Coastal Zone Management Act, 16 U.S.C. 1451 et seq.	
	Endangered Species Act, 16 U.S.C. 1531 et seq.	
	Farmland Protection Policy Act, 7 U.S.C. 4201 et seq.	
	Floodplain Management Executive Order No. 11988 (1977), as amended by Executive Order No. 12148 (1979)	
	Magnuson-Stevens Fishery Conservation Management Act, 16 U.S.C. 1801 et seq.	
	National Historic Preservation Act, 54 U.S.C. 300101 et seq.	
	Sole Source Aquifer, Section 1424(e) of Safe Drinking Water Act, 42 U.S.C. 300h-3e	
	Wetlands Protection - Executive Order No. 11990 (1997), as amended by Executive Order No. 12608 (1997)	
	Wild and Scenic Rivers Act, 16 U.S.C. 1271 et seq.	

Economic and Miscellaneous Authorities	Administration of the Clean Air Act and the Federal Water Pollution Control Act with respect to Federal contracts, grants, or loans, Executive Order No. 11738 (1973) -Section 306 of the Clean Air Act, 42 U.S.C. 7606 et seq. -Section 508 of the Clean Water Act, 33 U.S.C. 1368 et seq.	SRF Environmental Review staff perform investigation and/or consult with federal authorities on behalf of the SRF borrower to gain the necessary concurrence or clearances for this crosscutter requirement.
	Build America, Buy America Act, Pub. L. 117-58, Sections 70901-70927	SRF Front-End Document #9; SRF Staff perform on-site inspection and desk review of certification letters; and BABA Self-Certification form signed at completion of project.
	Prohibition on Certain Telecom and Video Surveillance Services/Equipment, 2 CFR 200.216	SRF Front-End Document #10 <i>*This requirement is applied to <u>all</u> Iowa SRF projects</i>
	Suspension and Debarment, Executive Order 12549 (1986), 2 CFR Part 180, 2 CFR Part 1532	SRF Front-End Documents #2; SRF staff verifying SAMS.gov for all selected bidders/procurement contracts <i>*This requirement is applied to <u>all</u> Iowa SRF projects</i>
	Uniform Relocation and Real Property Acquisition Policies Act, 42 U.S.C 4601 et seq., 40 CFR Part 4, 49 CFR Part 24	Signature on Section 6 (final page) of IUP Application <i>*This requirement is applied to <u>all</u> Iowa SRF projects</i>
	Federal Funding Accountability and Transparency Act (FFATA), Public Law 109-282	SRF Program staff file a FFATA report through SAM.gov following a SRF loan execution, as applicable, for projects selected as equivalency.

Appendix I – Public Review and Comments Received

A public meeting to allow input to Iowa's SFY 2026 IUP and PPL was held May 29, 2025, 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. Public notice announcements were also posted on the Water Quality News³⁵ and the IUP Intended Use Plan³⁶ pages of the SRF website. Written comments may be submitted to srf-pc@dnr.iowa.gov and will be accepted through June 5, 2025.

Comments Received:

Question: In relation to PFAS/Emerging Contaminants Loan Forgiveness: "I did see that the draft language includes an increase in the potential loan forgiveness amount from the \$2M max to the \$3M max amount. It seemed like the City had a strong case to be made for the maximum loan forgiveness based on our past conversations. Do you believe the City may be granted the \$3M maximum?"

Response: *This question identified an error in the loan forgiveness maximum amounts published in the original draft version of the IUP. The original version did not have the maximum amount of LF correct for treatment projects. Corrections to the eligible amounts were addressed on page 27. Additionally, the project description and requested amounts for the City of Schaller FS-81-23-082 was updated on Attachment 1-DWSRF PPL.*

Comment: EPA Region 7 provided technical review comments on the DRAFT IUP and identified areas that needed clarification or correction.

Response: *SRF added additional clarification language and/or corrected information in Appendix H, Attachment 1 – Project Priority List and the Equivalency section of pages 15 and 16.*

Comment: IFA requested clarification on a discrepancy between loan forgiveness eligibilities listed in the program highlights and Appendix B.

Response: *SRF provided further clarification and/or corrected errors in statements on pages 3, 28 and 29.*

During the public comment period, SRF received the FFY 2025 Cap Grant allocations so those amounts were updated throughout the document.

Second Quarter Update:

A public meeting to allow input to Iowa's SFY 2026 IUP and PPL will be held on August 28, 2025, 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. Public notice announcements were also posted on the Water Quality News³⁷ and the IUP Intended Use Plan³⁸ pages of the SRF website. Written comments may be submitted to srf-pc@dnr.iowa.gov and will be accepted through September 4, 2025.

Comments Received:

There were no comments received prior to the publication of this DRAFT IUP update.

Third Quarter Update:

Comments Received:

Fourth Quarter Update:

Comments Received:

³⁵ <https://opportunityiowa.gov/community/water-quality/srf-resources/water-quality-news>

³⁶ <https://opportunityiowa.gov/community/water-quality/srf-resources/intended-use-plan>

³⁷ <https://opportunityiowa.gov/community/water-quality/srf-resources/water-quality-news>

³⁸ <https://opportunityiowa.gov/community/water-quality/srf-resources/intended-use-plan>

Appendix J – IUP Acronyms

Acronym	Description
A/E	Architectural and Engineering
AIS	American Iron and Steel
ARRA	American Recovery and Reinvestment Act of 2009
AWIA	America's Water Infrastructure Act of 2018
AWOP	Area Wide Optimization Program
BABA	Build America, Buy America
BIL	Bipartisan Infrastructure Law
BVAL	Bloomberg Value - General Obligation Municipal AAA 20-year yield
CFR	Code of Federal Regulation
CMaR	Construction Manager at Risk
CSO	Combined Sewer Operations
CWA	Clean Water Act
CWSRF	Clean Water State Revolving Fund
DAC	Disadvantaged Community
DNR	Iowa Department of Natural Resources
DW	Drinking Water
DWSRF	Drinking Water State Revolving Fund
EC	Emerging Contaminants
EFC	Environmental Finance Center
EPA	U.S. Environmental Protection Agency
EPC	Environmental Protection Commission
ER	Environmental Review
FEMA	Federal Emergency Management Agency
FFATA	Federal Funding Accountability and Transparency Act
FFY	Federal Fiscal Year
FP	Facility Plan
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles

GMP	Guaranteed Maximum Price
GNS	General Nonpoint Source
GPR	Green Project Reserve
GS	General Supplemental
HOA	Homeowner's Association
IAC	Iowa Administrative Code
IDALS	Iowa Department of Agriculture and Land Stewardship
IFA	Iowa Finance Authority
IIJA	Infrastructure Investment and Jobs Act
IUP	Intended Use Plan
LF	Loan Forgiveness
LSL	Lead Service Line
LWPP	Local Water Protection Program
LWQP	Livestock Water Quality Program
MOU	Memorandum of Understanding
NEPA	National Environmental Protection Act
NHPA	National Historic Preservation Act
NIMS	National Information Management System
NOFE	Notice of Funding Eligibility
NPDES	National Pollutant Discharge Elimination System
NPS	Nonpoint Source
OMB	Office of Management and Budget
OSWAP	Onsite Wastewater Assistance Program
OWSRF	Office of Water State Revolving Fund
P&D	Planning & Design
PER	Preliminary Engineering Report
PFAS	Perfluoroalkyl and polyfluoroalkyl Substances
POPs	Persistent Organic Pollutants
POTW	Publicly Owned Treatment Works
PPCPs	Pharmaceuticals and Personal Care Products
PPL	Project Priority List

PWS	Public Water Supply
PWSS	Public Water Supply Supervision
SA	Socioeconomic Assessment (Tool)
SDWA	Safe Drinking Water Act
SDWIS	Safe Drinking Water Information System
SEE	Senior Environmental Employee
SFY	State Fiscal Year
SWIFIA	State Infrastructure Financing Authority Water Infrastructure Finance and Innovation Act of 2014
SWP	Stormwater Best Management Practices Program
TA	Technical Assistance
WRRDA	Water Resources Reform and Development Act of 2014

Attachment 1 - DWSRF PPL

This is a separate, sortable Excel File

DWSRF Project Priority List (PPL)

Project Status	Abbreviations
Contingent -- C	BIL GS= Bipartisan Infrastructure Law General Supplemental Fund
Pending Drop -- PD	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

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

Loan Forgiveness offered and accepted

Applicant Name	DWSRF No.	Project Description	IUP Yr	Qtr	Priority Points	Pop	Project Status	Current Funding Request	Most Recent Loan	Total Loan Amount To Date	Remaining Amount on IUP	Funding Source			Compliance Project	DAC Score
												Base or BIL GS	PFAS/EC	LSL		
Sloan	PD-DW-26-30	Water softener at WTP to reduce chloride	2026	2	P&D	1,078	P	\$ 675,000.00				x				
Sergeant Bluff	PD-DW-26-29	West Ridge Road water main extension	2026	2	P&D	5,335	P	\$ 110,000.00				x				
Sergeant Bluff (LSL)	PD-DW-26-28	C Street water main replacement including replacing any LSL	2026	2	P&D	5,335	C	\$ 310,000.00						x		NA
Lake View	PD-DW-26-27	New Well	2026	2	P&D	1,120	P	\$ 348,000.00				x				
Correctionville (LSL)	PD-DW-26-26	Lead service line replacement	2026	2	P&D	759	C	\$ 41,000.00						x		NA
Charter Oak	PD-DW-26-25	Water main replacement	2026	2	P&D	521	P	\$ 159,000.00				x				
Keokuk Municipal Water Works	PD-DW-26-24	Water main replacement Timea Street	2026	2	P&D	9,462	P	\$ 60,000.00				x				
Norwalk	FS-91-26-DWSRF-012	Central Iowa Waterworks Buy-In for Norwalk	2026	2	0	14,331	P	\$ 6,000,000.00				x				4
Early	FS-81-26-DWSRF-013	New Well	2026	2	55	581	P	\$ 1,453,000.00				x			Yes	8
Little Sioux	FS-43-26-DWSRF-014	2025 Water System Improvements	2026	2	40	180	P	\$ 1,879,000.00				x			Yes	15
Urbandale Water Utility	FS-77-26-DWSRF-015	Central Iowa Water Works Buy-In for Urbandale Water Utility	2026	2	0	46,729	P	\$ 10,261,000.00				x				2
Polk City	FS-77-26-DWSRF-016	Central Iowa Water Works Buy-In for Polk City	2026	2	10	3418	P	\$ 1,732,000.00				x				3
Creston Water Works (LSL)	FS-88-26-DWSRF-017	Lead Service Line Replacement Project	2026	2	30	7536	C	\$ 2,556,000.00						x		17
Grimes	FS-77-26-DWSRF-018	Grimes CIWW Asset Transfer	2026	2	0	15,392	P	\$ 5,000,000.00				x				5
Iowa American Water - Clinton (LSL)	FS-23-26-DWSRF-019	2025 Clinton Water System Lead Service line Replacement	2026	2	30	24,769	C	\$ 15,571,000.00						x		19
Ankeny	FS-77-26-DWSRF-020	Central Iowa Water Works (CIWW) Asset Transfer	2026	2	0	76,207	P	\$ 9,028,000.00				x				3
Johnston	FS-77-26-DWSRF-021	Central Iowa Water Works (CIWW) Asset Transfer Buy In	2026	2	0	24,640	P	\$ 11,410,000.00				x				5
Correctionville (LSL)	FS-97-26-DWSRF-022	Lead Service Line Replacement	2026	2	40	766	C	\$ 870,000.00						x		17
Xenia Rural Water District	FS-25-26-DWSRF-023	Central Iowa Water Works charter membership buy-In	2026	2	10	12,860	P	\$ 7,849,000.00				x				Verify
Lime Springs	FS-45-26-DWSRF-024	Water System Improvements	2026	2	45	473	P	\$ 5,837,000.00				x				11
Central Iowa Water Works (PFAS)	FS-77-26-DWSRF-025	A.C. Ward Alluvial Wells	2026	2	70	600000	P	\$ 7,266,000.00				x	x			6
Laurens (LSL)	FS-76-26-DWSRF-026	Lead Service Line Replacement	2026	2	40	1,278	C	\$ 2,235,000.00						x		13
Hartley	FS-71-26-DWSRF-027	2026-2027 Watermain Improvements	2026	2	40	1,605	P	\$ 2,066,000.00				x				15
Traer Municipal Utilities	FS-86-26-DWSRF-028	TMU Water System Study	2026	2	25	1,583	P	\$ 7,267,000.00				x				8
Webster City (LSL)	FS-40-26-DWSRF-029	City wide Lead Service Line Replacement	2026	2	30	7,825	C	\$ 1,554,000.00						x		13
Onslow	PD-DW-26-18	New Well, Booster Station,Water Main Loop, Water Mains replacement	2026	1	P&D	196	L	\$ 300,000.00	7/11/2025	\$ 300,000.00	\$ -	x				NA
Creston (LSL)	PD-DW-26-17	Lead service line replacement	2026	1	P&D	7,536	L	\$ 218,000.00	7/18/2025	\$ 218,000.00	\$ -			x		NA
Pony Creek HOA	PD-DW-26-16	Transmission main to connect to Glenwood	2026	1	P&D	44	L	\$ 176,000.00	7/18/2025	\$ 176,000.00	\$ -	x				NA
Corydon	PD-DW-26-15	Water tower replacement and water main improvements	2026	1	P&D	1,526	L	\$ 279,000.00	7/18/2025	\$ 279,000.00	\$ -	x				NA
Central Iowa Water Works	PD-DW-26-12	12 MGD membrane water treatment plant in Dallas County	2026	1	P&D	600,000	L	\$ 22,725,000.00	7/18/2025	\$ 22,725,000.00	\$ -	x				NA
Central Iowa Water Works	PD-DW-26-11	Expansion of Grimes membrane water treatment plant	2026	1	P&D	600,000	L	\$ 5,050,000.00	7/18/2025	\$ 5,050,000.00	\$ -	x				NA
Hartley	PD-DW-26-10	Water main improvements	2026	1	P&D	1,605	L	\$ 330,000.00	7/11/2025	\$ 330,000.00	\$ -	x				NA
Early	PD-DW-26-09	Raw water capacity	2026	1	P&D	581	L	\$ 400,000.00	7/11/2025	\$ 400,000.00	\$ -	x				NA
Hastings	FS-65-26-DWSRF-001	Water Treatment Improvements	2026	1	70	152	P	\$ 895,000.00				x			Yes	11
Norway	FS-06-26-DWSRF-002	Water Pressure Booster Station	2026	1	30	466	P	\$ 1,605,000.00				x			Yes	3
Carson	FS-78-26-DWSRF-003	New Deep Well	2026	1	45	766	P	\$ 810,000.00				x				11
Kalona	FS-92-26-DWSRF-004	Water Sysatem Improvements	2026	1	40	2690	P	\$ 3,607,000.00				x				3

Applicant Name	DWSRF No.	Project Description	IUP Yr	Qtr	Priority Points	Pop	Project Status	Current Funding Request	Most Recent Loan	Total Loan Amount To Date	Remaining Amount on IUP	Funding Source			Compliance Project	DAC Score
												Base or BIL GS	PFAS/EC	LSL		
Waukee	FS-25-26-DWSRF-005	CIWW Asset Transfer Purchase Payment	2026	1	0	31645	P	\$ 8,743,000.00				x				5
Oskaloosa Municipal Water Department	FS-62-26-DWSRF-006	Distribution System	2026	1	30	11558	P	\$ 1,021,000.00				x				13
Ralston	FS-14-26-DWSRF-007	Water System Improvements	2026	1	25	81	P	\$ 682,000.00				x				13
Marion County Rural Water District	FS-63-26-DWSRF-008	Water System Improvements	2026	1	45	9196	P	\$ 4,837,000.00				x				verify
Marcus	FS-18-26-DWSRF-009	Water System Improvements PER	2026	1	25	1079	P	\$ 13,849,000.00				x				6
Long Grove	FS-82-26-DWSRF-010	Long Grove Water Treatment Plant	2026	1	25	855	P	\$ 2,600,000.00				x				3
Onawa	FS-67-26-DWSRF-011	Public Water System Improvements	2026	1	30	2816	P	\$ 19,383,000.00				x				14
Urbandale Water Utility	PD-DW-25-46	New 3.0 MGD ASR well, ASR facility and distribution	2025	4	P&D	45,580	L	\$ 2,130,000.00	7/11/2025	\$ 2,130,000.00	\$ -	x				NA
Sumner	FS-09-25-DWSRF-037	Y Avenue Water Main Looping	2025	4	40	2,175	P	\$ 546,000.00				x				11
Villisca	FS-69-25-DWSRF-038	Permanent Groundwater Treatment at Well #3	2025	4	50	1,132	P	\$ 300,000.00				x				16
Logan	FS-43-25-DWSRF-039	Water Treatment Facility Improvements	2025	4	25	1,593	P	\$ 4,615,000.00				x				10
Fort Dodge	FS-94-25-DWSRF-040	Fort Dodge to Manson Water Main	2025	4	20	1,656	R	\$ 1,709,000.00				x			Yes	13
Oakland	FS-78-25-DWSRF-041	Water Treatment Plant Improvements	2025	4	25	1,690	P	\$ 13,093,000.00				x				13
Oakland	FS-78-25-DWSRF-042	Water Main Improvements	2025	4	30	1532	P	\$ 8,948,000.00				x			Yes	13
Lawler	FS-19-25-DWSRF-035	Well 3 Improvements	2025	3	45	439	P	\$ 410,000.00				x				12
Vinton	FS-06-25-DWSRF-036	Water Treatment Improvements	2025	3	40	5148	P	\$ 10,044,000.00				x				12
Yale	FS-39-25-DWSRF-032	Water Treatment Filter Replaced	2025	3	35	267	R	\$ 482,000.00				x				9
Urbandale Water Utility	FS-77-25-DWSRF-033	170th Street Aquifer Storage and Recovery (ARS) Well Design	2025	3	35	46729	P	\$ 14,020,000.00				x				2
Fairfax	FS-57-25-DWSRF-030	Water Supply Treatment Facility & Production Well #5	2025	3	25	2828	P	\$ 13,975,000.00				x				2
Sioux City	FS-97-25-DWSRF-031	Harbor Drive Water Main Upsize	2025	3	20	102218	P	\$ 6,440,000.00				x				12
Bayard	PD-DW-25-17	New well, aerator & detention tank, and replacement of distribution system valves and water meters	2025	2	P&D	405	P	\$ 70,000.00				x				NA
Moivre	FS-97-25-DWSRF-011	Moivre Water System Improvements	2025	2	45	1687	P	\$ 9,829,000.00				x				1
Bondurant Municipal Water Supply	FS-77-25-DWSRF-016	Water Supply and Treatment Facilities	2025	2	45	9980	P	\$ 28,990,000.00				x				2
Ely	FS-52-25-DWSRF-017	Water System Improvements	2025	2	45	2328	R	\$ 1,965,000.00				x				4
Carlisle	FS-91-25-DWSRF-019	Carlisle Well Number 7	2025	2	45	6500	P	\$ 826,000.00				x				4
Macedonia	FS-78-25-DWSRF-020	Shallow Well Improvements	2025	2	45	270	P	\$ 584,000.00				x				4
De Soto	FS-25-25-DWSRF-021	New Wells, Process Improvements, and WTP Expansion	2025	2	45	1500	P	\$ 5,432,000.00				x				1
Osceola Water Works (LSL)	FS-20-25-DWSRF-029	Lead Service Line Replacement project	2025	2	40	5577	C	\$ 2,634,000.00						x		15
Altoona	FS-77-25-DWSRF-014	Water System Improvements 2024 - Water Treatment Plant No. 4	2025	2	35	21503	P	\$ 50,914,000.00				x				6
Osceola Water Works	FS-20-25-DWSRF-015	Water Treatment Plant Improvements	2025	2	35	5577	P	\$ 10,206,000.00				x				15
Belle Plaine	FS-06-25-DWSRF-018	Water Treatment Facility	2025	2	35	2330	P	\$ 9,303,000.00				x				14
Lansing (LSL)	FS-03-25-DWSRF-028	Lead Service Line Funding	2025	2	30	983	C	\$ 1,965,000.00						x		16
Maxwell	FS-85-25-DWSRF-012	Filter Backwash Treatment	2025	2	25	859	P	\$ 290,000.00				x				5
Des Moines Water Works (LSL)	FS-77-25-DWSRF-010	Lead Service Line Replacement Phase 2 Project	2025	2	20	3000	C	\$ 14,482,000.00						x		LSL TBD by Census Tract
IA American Water (Quad Cities) LSL	FS-82-25-DWSRF-013	Quad Cities 2024 Updated Lead Service Line Replacement	2025	2	20	137200	C	\$ 12,950,000.00						x		LSL TBD by Census Tract
Spencer (LSL)	FS-21-25-DWSRF-024	Lead Service Line Replacement	2025	2	20	11413	C	\$ 12,577,000.00						x		11
Tiffin	PD-DW-24-72	New osmosis treatment system	2025	1	P&D	5282	P	\$ 826,000.00				x				NA
Decorah	FS-96-25-DWSRF-004	Water Meter Replacement	2025	1	40	7700	P	\$ 1,500,000.00				x				11
Poweshiek Water Association	FS-86-25-DWSRF-005	Tama Water Supply and Distribution System Improvements - PWA - 2024	2025	1	30	24639	P	\$ 20,472,000.00				x				Verify
Prairie City	FS-50-25-DWSRF-007	Phase 3 Water Main Replacement	2025	1	30	1700	P	\$ 1,576,000.00				x				2
Sully	FS-50-25-DWSRF-002	Water Distribution System Improvements	2025	1	30	881	L	\$ 1,415,000.00	7/25/2025	\$ 1,415,000.00	\$ -	x				4
Tabor	FS-36-25-DWSRF-003	Water System Improvements	2025	1	30	1014	L	\$ 1,964,000.00	8/1/2025	\$ 1,964,000.00	\$ -	x				11
Tiffin	FS-52-25-DWSRF-001	Water Treatment Improvement	2025	1	25	5282	R	\$ 14,384,000.00				x				4
Ankeny	FS-77-25-DWSRF-009	SW Walnut Street and SW Ordance Road Water Main	2025	1	20	70287	R	\$ 1,356,000.00				x				2
Boone	PD-DW-24-61	Rehab of 2 MG ground storage reservoir	2024	4	P&D	12460	P	\$ 200,000.00				x				NA
Correctionville	FS-97-24-DWSRF-046	Water System Improvements	2024	4	55	766	P	\$ 5,210,000.00				x				14
New Albin	FS-03-24-DWSRF-042	Well #2 Improvements	2024	4	55	500	P	\$ 700,000.00				x				12
Oakland	FS-78-24-DWSRF-047	2023 Water Supply Wells	2024	4	45	1711	R	\$ 2,531,000.00				x				13
Urbana	FS-06-24-DWSRF-045	2025 Water System Improvements	2024	4	45	1590	R	\$ 3,626,000.00				x				4
Creston	FS-88-24-DWSRF-041	Water Distribution System Improvements	2024	4	40	7536	R	\$ 5,804,000.00				x				18
Creston (LSL)	FS-88-24-DWSRF-041L	Lead Service Line	2024	4	40	7536	R	\$ 237,000.00						x		18
Eldora	FS-42-24-DWSRF-051	SCADA Upgrade	2024	4	35	2700	P	\$ 263,000.00				x				14

Applicant Name	DWSRF No.	Project Description	IUP Yr	Qtr	Priority Points	Pop	Project Status	Current Funding Request	Most Recent Loan	Total Loan Amount To Date	Remaining Amount on IUP	Funding Source			Compliance Project	DAC Score
												Base or BIL GS	PFAS/EC	LSL		
Prairie City	FS-50-24-DWSRF-050	Phase 2 Water Main Replacement	2024	4	30	1700	R	\$ 924,000.00				x				6
Council Bluffs	FS-78-24-DWSRF-048	CBWW Narrows WTP High Service Pump Station	2024	4	25	63000	P	\$ 22,494,000.00				x				13
Muscatine Power & Water (LSL)	FS-70-24-DWSRF-052	Lead Service Line Replacement	2024	4	20	23474	C	\$ 1,830,000.00						x		14
Fort Dodge	PD-DW-24-52	Supplemental to Future Needs PER P&D	2024	3	P&D	25206	P	\$ 92,000.00				x				NA
Knoxville	PD-DW-24-34	Replacing Well #2 and Recasing Well #3	2024	3	P&D	14945	P	\$ 230,000.00				x				NA
La Motte	FS-49-24-DWSRF-030	Proposed Municipal Well #3	2024	3	55	237	P	\$ 1,573,000.00				x				7
Greenfield Municipal Utilities	FS-01-24-DWSRF-036	Water Treatment Plant Improvements	2024	3	45	2062	P	\$ 20,000,000.00				x				16
Knoxville	FS-63-24-DWSRF-032	Deep Well No 2 and 3 Evaluation	2024	3	45	8480	P	\$ 5,701,000.00				x				12
Keokuk	FS-56-24-DWSRF-034	2023 System Improvements	2024	3	40	9900	P	\$ 3,518,000.00				x				19
Lansing	FS-03-24-DWSRF-039	Platt, 4th & North St Utility Improvement	2024	3	40	968	L	\$ 363,000.00	7/25/2025	\$ 363,000.00	\$ -	x				16
Norwalk	FS-91-24-DWSRF-038	Norwalk Central Water Tower	2024	3	35	12799	P	\$ 6,380,000.00				x				4
Grinnell (LSL)	FS-79-24-DWSRF-037	Lead Service Line Replacement Program	2024	3	30	9564	C	\$ 1,002,000.00						x		11
Kingsley	FS-75-24-DWSRF-040	Water System Improvements	2024	3	25	1396	P	\$ 7,136,000.00				x				2
Central City (PFAS/EC)	FS-57-24-DWSRF-027	New Well (PFAS)	2024	2	80	1264	P	\$ 2,085,000.00				x	x		Yes	9
Meservey	FS-17-24-DWSRF-017	Phase 1 Water Supply System Improvements Project	2024	2	55	222	R	\$ 698,000.00				x				13
Tama (PFAS/EC)	FS-86-24-DWSRF-014	Water Treatment Plant Improvements (PFAS)	2024	2	55	2745	P	\$ 13,431,000.00				x	x		Yes	15
Ellsworth	FS-40-24-DWSRF-025	Elevated Tower Improvements	2024	2	45	508	P	\$ 3,123,000.00				x				10
Fairfax	FS-57-24-DWSRF-020	Production Well #4	2024	2	45	2828	R	\$ 555,000.00				x				2
Wellman	FS-92-24-DWSRF-012	Water System Improvements: Distribution & Supply	2024	2	45	1524	L	\$ 5,776,000.00	6/20/2025	\$ 2,700,000.00	\$ 3,076,000.00	x				10
Newton	FS-50-24-DWSRF-015	Newton Jordan Well	2024	2	35	16391	P	\$ 6,392,000.00				x				15
Greene	FS-12-24-DWSRF-018	2024 Water System Improvements Project	2024	2	30	990	R	\$ 694,000.00				x				16
Madrid	FS-08-24-DWSRF-028	Well #10 Access Road Phase 2	2024	2	30	2802	P	\$ 129,000.00				x				6
Cedar Rapids (LSL)	FS-57-24-DWSRF-023	LSL F Ave NW and 13th St NW Water Service Line Transfers	2024	2	20	141063	C	\$ 241,000.00						x		9- LSL TBD by Census Tract
Cedar Rapids (LSL)	FS-57-24-DWSRF-024	2024 Lead Service Line Replacement Project	2024	2	20	141063	C	\$ 5,548,000.00						x		9- LSL TBD by Census Tract
Grinnell	FS-79-24-DWSRF-006	Water System Improvements	2024	1	90	9564	L	\$ 35,000,000.00	7/11/2025	\$ 23,704,000.00	\$ 11,296,000.00	x			Yes	11

Applicant Name	DWSRF No.	Project Description	IUP Yr	Qtr	Priority Points	Pop	Project Status	Current Funding Request	Most Recent Loan	Total Loan Amount To Date	Remaining Amount on IUP	Funding Source			Compliance Project	DAC Score
												Base or BIL GS	PFAS/EC	LSL		
Rock Valley (PFAS/EC)	FS-84-24-DWSRF-001	Water System Study Phase II - System Improvements	2024	1	55	3730	R	\$ 726,000.00				x	x		Yes	7
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				Verify
Fort Dodge	FS-94-24-DWSRF-007	Water Main Replacement	2024	1	30	24912	R	\$ 11,217,000.00				x				18
Council Bluffs (LSL)	FS-78-24-DWSRF-009	Lead Service Line Replacement	2024	1	20	62799	C	\$ 2,525,000.00						x		13
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		LSL TBD by Census Tract
Dubuque (Phase 2 LSL)	FS-31-24-DWSRF-010	Lead Service Line Replacement Phase 2	2024	1	20	58983	C	\$ 2,000,000.00						x		9- LSL TBD by Census Tract
Dubuque (Phase 3 LSL)	FS-31-24-DWSRF-011	Lead Service Line Replacement Phase 3	2024	1	20	58983	C	\$ 1,907,000.00						x		9- LSL TBD by Census Tract
Burlington (PFAS/EC)	FS-29-23-DWSRF-085	Water Supply and Treatment Improvements	2023	4	60	23713	P	\$ 3,499,000.00				x	x		Yes	17
Burlington (PFAS/EC)	FS-29-23-DWSRF-084	New Jordan Wells Project	2023	4	45	23713	P	\$ 16,356,000.00				x	x		Yes	17
Lake City	FS-13-23-DWSRF-068	Well No. 6 and Well No. 7	2023	4	45	1992	P	\$ 1,750,000.00				x				12
Schaller	FS-81-23-DWSRF-082	Wells	2023	4	45	729	P	\$ 1,309,000.00				x				9
Schaller (PFAS/EC)	FS-81-23-DWSRF-082EC	Pilot Study and manganese treatment	2023	4	45	729	P	\$ 5,719,000.00					x		Yes	9
Lime Springs	FS-45-23-DWSRF-083	2024 Street and Utility Improvements Project	2023	4	40	473	P	\$ 5,507,000.00				x				9
Marshalltown Water Works	FS-64-23-DWSRF-079	New 6 MGD RO Membrane Process Train	2023	4	35	27591	P	\$ 36,254,000.00				x				15
Palmer	FS-76-23-DWSRF-074	Water System Improvement	2023	4	35	138	R	\$ 615,000.00				x				12
Burlington (LSL)	FS-29-23-DWSRF-086	Lead Service Line Replacement	2023	4	30	23713	R	\$ 788,000.00						x		17
Emmetsburg	FS-74-23-DWSRF-071	Water Treatment Improvements-Reverse Osmosis	2023	4	25	3706	P	\$ 10,215,000.00				x				13
Central Iowa Water Works	FS-77-23-DWSRF-075	Saylorville Water Treatment Plant (SWTP) Capacity Expansion - Transmission Improvements	2023	4	20	245123	L	\$ 24,475,000.00	1/3/2025	\$ 15,407,833.00	\$ 10,067,000.00	x				Verify
Dubuque	FS-31-23-DWSRF-080	Supervisory Control and Data Acquisition (SCADA) Upgrade	2023	4	15	58983	R	\$ 2,170,000.00				x				9
Hinton	FS-75-23-DWSRF-034	Water Treatment Plant Improvements and Expansion	2023	3	60	947	P	\$ 7,286,000.00				x				2
Central City	FS-57-23-DWSRF-025	New Elevated Storage Tank	2023	3	45	1264	P	\$ 4,179,000.00				x				9
Thompson	FS-95-23-DWSRF-020	Water Main Replacement	2023	3	40	502	P	\$ 820,000.00				x				11
Iowa American Water - Quad Cities	FS-82-23-DWSRF-026	Quad Cities Elevated Storage Tank and Booster Station	2023	3	35	52807	P	\$ 8,362,000.00				x				NA
Hiawatha	FS-57-23-DWSRF-023	Replacement of mains on Robins Rd	2023	3	30	7935	L	\$ 1,665,000.00	9/13/2024	\$ 434,000.00	\$ 1,231,000.00	x				10
Oskaloosa Municipal Water Department	FS-62-23-DWSRF-014	Transmission Main Replacement	2023	2	30	12808	L	\$ 4,836,000.00	5/3/2024	\$ 3,692,000.00	\$ 1,144,000.00	x				12
Johnston	FS-77-23-DWSRF-029	New Water Main Project (2 Mains- NW 78th Ave and NW Beaver Drive)	2023	3	20	24195	R	\$ 21,536,000.00				x				4
Dubuque (Phase 1 LSL)	FS-31-23-DWSRF-012	Lead Service Line Replacement Phase 1	2023	2	20	58983	R	\$ 1,941,000.00						x		9- LSL TBD by Census Tract
Mount Vernon	FS-57-23-DWSRF-004	Water Meter Replacement	2023	1	30	4527	P	\$ 905,000.00				x				9
Wahpeton	FS-30-22-DWSRF-031	Water System Improvements	2022	4	45	344	P	\$ 12,695,000.00				x				4
Pocahontas	FS-76-22-DWSRF-038	Water System Improvements	2022	4	25	6267	P	\$ 2,825,000.00				x				14
Dubuque	FS-31-22-DWSRF-025	2022 Water System Improvements	2022	3	35	58983	P	\$ 15,565,000.00				x				9
MacBride Pointe	FS-52-20-DWSRF-019	Water Supply Improvements	2020	3	60	100	P	\$ 210,000.00				x			Yes	-
								\$ 1,008,432,000.00		\$ 81,287,833.00						

Applicant Name	DWSRF No.	Project Description	IUP Yr	Qtr	Priority Points	Pop	Project Status	Current Funding Request	Most Recent Loan	Total Loan Amount To Date	Remaining Amount on IUP	Funding Source			Compliance Project	DAC Score
												Base or BIL GS	PFAS/EC	LSL		

PFAS/EC Projects -- information extracted from the Project Priority List above												Funding Source		
Project Name	DWSRF No.	Project Description	IUP Yr	Qtr	Priority Points	Pop	Project Status	Current Funding Request	Most Recent Loan	Total Loan Amount To Date	Remaining Amount on IUP	Base BIL GS	PFAS/EC	LSL
Central Iowa Water Works (PFAS/EC)	FS-77-26-DWSRF-025	A.C. Ward Alluvial Wells	2026	2	70	600,000	P	\$ 7,266,000.00				x	x	
Tama (PFAS/EC)	FS-86-24-DWSRF-014	Water Treatment Plant Improvements (PFAS)	2024	2	55	2745	P	\$ 13,431,000.00				x	x	
Central City (PFAS/EC)	FS-57-24-DWSRF-027	New Well (PFAS)	2024	2	80	1264	P	\$ 2,085,000.00				x	x	
Rock Valley (PFAS/EC)	FS-84-24-DWSRF-001	Water System Study Phase II - System Improvements	2024	1	55	3730	R	\$ 726,000.00				x	x	
Burlington (PFAS/EC)	FS-29-23-DWSRF-084	New Jordan Wells Project	2023	4	45	23713	P	\$ 16,356,000.00				x	x	
Burlington (PFAS/EC)	FS-29-23-DWSRF-085	Water Supply and Treatment Improvements	2023	4	60	23713	P	\$ 3,499,000.00				x	x	
Schaller (PFAS/EC)	FS-81-23-DWSRF-082EC	Water System Improvements	2023	4	45	729	P	\$ 5,719,000.00				x	x	
\$ 49,082,000.00										\$ -				

Lead Service Line Projects -- information extracted from the Project Priority List above												Funding Source		
Project Name	DWSRF No.	Project Description	IUP Yr	Qtr	Priority Points	Pop	Project Status	Current Funding Request	Most Recent Loan	Total Loan Amount To Date	Remaining Amount on IUP	Base BIL GS	PFAS/EC	LSL
Sergeant Bluff (LSL)	PD-DW-26-28	C Street water main replacement including replacing any LSL	2026	2	P&D		P	\$ 310,000.00						x
Correctionville (LSL)	PD-DW-26-26	Lead service line replacement	2026	2	P&D		P	\$ 41,000.00						x
Creston Water Works (LSL)	FS-88-26-DWSRF-017	Lead Service Line Replacement Project	2026	2	30	7536	C	\$ 2,556,000.00						x
Iowa American Water - Clinton (LSL)	FS-23-26-DWSRF-019	2025 Clinton Water System Lead Service line Replacement	2026	2	30	24,769	C	\$ 15,571,000.00						x
Correctionville (LSL)	FS-97-26-DWSRF-022	Lead Service Line Replacement	2026	2	40	766	C	\$ 870,000.00						x
Laurens (LSL)	FS-76-26-DWSRF-026	Lead Service Line Replacement	2026	2	40	1,278	C	\$ 2,235,000.00						x
Webster City (LSL)	FS-40-26-DWSRF-029	City wide Lead Service Line Replacement	2026	2	30	7,825	C	\$ 1,554,000.00						x
Creston (LSL)	PD-DW-26-17	Lead service line replacement	2026	1	P&D	7,536	L	\$ 218,000.00	7/18/2025	\$ 218,000.00	\$ -			x
Osceola Water Works (LSL)	FS-20-25-DWSRF-029	Lead Service Line Replacement project	2025	2	40	5577	C	\$ 2,634,000.00						x
Lansing (LSL)	FS-03-25-DWSRF-028	Lead Service Line Funding	2025	2	30	983	C	\$ 1,965,000.00						x
Des Moines Water Works (LSL)	FS-77-25-DWSRF-010	Lead Service Line Replacement Phase 2 Project	2025	2	20	3000	C	\$ 14,482,000.00						x
IA American Water (Quad Cities) LSL	FS-82-25-DWSRF-013	Quad Cities 2024 Updated Lead Service Line Replacement	2025	2	20	137200	C	\$ 12,950,000.00						x
Spencer (LSL)	FS-21-25-DWSRF-024	Lead Service Line Replacement	2025	2	20	11413	C	\$ 12,577,000.00						x
Creston (LSL)	FS-88-24-DWSRF-041L	Lead Service Line	2024	4	40	7536	R	\$ 237,000.00						x
Muscatine Power & Water (LSL)	FS-70-24-DWSRF-052	Lead Service Line Replacement	2024	4	20	23474	C	\$ 1,830,000.00						x
Grinnell (LSL)	FS-79-24-DWSRF-037	Lead Service Line Replacement Program	2024	3	30	9564	C	\$ 1,002,000.00						x
Cedar Rapids (LSL)	FS-57-24-DWSRF-023	LSL F Ave NW and 13th St NW Water Service Line Transfers	2024	2	20	141063	C	\$ 241,000.00						x
Cedar Rapids (LSL)	FS-57-24-DWSRF-024	2024 Lead Service Line Replacement Project	2024	2	20	141063	C	\$ 5,548,000.00						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
Dubuque (Phase 2 LSL)	FS-31-24-DWSRF-010	Lead Service Line Replacement Phase 2	2024	1	20	58983	C	\$ 2,000,000.00						x
Dubuque (Phase 3 LSL)	FS-31-24-DWSRF-011	Lead Service Line Replacement Phase 3	2024	1	20	58983	C	\$ 1,907,000.00						x
Burlington (LSL)	FS-29-23-DWSRF-086	Lead Service Line Replacement	2023	4	30	23713	R	\$ 788,000.00						x
Dubuque (Phase 1 LSL)	FS-31-23-DWSRF-012	Lead Service Line Replacement Phase 1	2023	2	20	58983	R	\$ 1,941,000.00						x
\$ 98,052,000.00														

Iowa Department of Natural Resources
Environmental Protection Commission

Decision Item

#9. Chapter 7, “Rules of Practice in Contested Cases”; Chapter 8, “Contracts for Services and Public Improvements”; and Chapter 13, “Waivers from Administrative Rules” – Notice of Intended Action

The Commission is requested to approve the Notice of Intended Action for Chapters 7, 8, and 13. This Notice of Intended Action is the result of the Legal Services Bureau’s Executive Order 10 rule review.

Proposed Chapter 7 adopts by reference the Department’s rules of practice in contested cases as contained in 561—Chapter 7 (**ARC 9433C**, IAB 7/23/25, effective 8/27/25). This chapter is necessary to guarantee due process and ensure a consistent and transparent hearing process. 561—Chapter 7 is narrowly tailored to that end and was edited consistent with Executive Order 10.

Proposed Chapter 8 adopts by reference the Department’s process for soliciting and awarding contracts for services, contracts for public improvements, and contracts for sale of timber found in 561—Chapter 8 (**ARC 9434C**, IAB 7/23/25, effective 8/27/25). 561—Chapter 8 was amended and simplified consistent with Executive Order 10.

Proposed Chapter 13 adopts by reference the process for a person to petition the Commission for a waiver from the requirements of an administrative rule as contained in 561—Chapter 10 (**ARC 9436C**, IAB 7/23/25, effective 8/27/25). 561—Chapter 10 was amended and simplified consistent with Executive Order 10.

Tamara McIntosh, General Counsel
Legal Services Bureau
Meeting Date: September 11, 2025

Attached: Chapters 7, 8, 13 - NOIA

ENVIRONMENTAL PROTECTION COMMISSION [567]

Notice of Intended Action

The Environmental Protection Commission (Commission) hereby proposes to amend Chapter 7, “Rules of Practice in Contested Cases”; Chapter 8, “Contracts for Services and Public Improvements”; and Chapter 13, “Waivers from Administrative Rules,” Iowa Administrative Code.

Legal Authority for Rulemaking

This rulemaking is proposed under the authority provided in Iowa Code sections 17A.3, 17.9A, 17A.22, 455A.6, and 573.12(13).

State or Federal Law Implemented

This rulemaking implements, in whole or in part, Iowa Code sections 17A.3, 17A.9A, 17A.22, 455A.6, 573.12(13), and Executive Order 10 (2023).

Purpose and Summary

Proposed Chapter 7 adopts by reference the Department’s rules of practice in contested cases as contained in 561—Chapter 7 (**ARC 9433C**, IAB 7/23/25, effective 8/27/25). This chapter is necessary to guarantee due process and ensure a consistent and transparent hearing process. 561—Chapter 7 is narrowly tailored to that end and was edited consistent with Executive Order 10. This Regulatory Analysis is based upon the Regulatory Analysis for 561—Chapter 7 (9/4/24 IAB).

Proposed Chapter 8 adopts by reference the Department’s process for soliciting and awarding contracts for services, contracts for public improvements, and contracts for sale of timber found in 561—Chapter 8 (**ARC 9434C**, IAB 7/23/25, effective 8/27/25). 561—Chapter 8 was

amended and simplified consistent with Executive Order 10. This Regulatory Analysis is based upon the Regulatory Analysis for 561—Chapter 8 (9/4/24 IAB).

Proposed Chapter 13 adopts by reference the process for a person to petition the Commission for a waiver from the requirements of an administrative rule as contained in 561—Chapter 10 (**ARC 9436C**, IAB 7/23/25, effective 8/27/25). 561—Chapter 10 was amended and simplified consistent with Executive Order 10. This Regulatory Analysis is based upon the Regulatory Analysis for 561—Chapter 10 (9/4/24 IAB).

Fiscal Impact

This rulemaking has no fiscal impact to the state of Iowa.

Jobs Impact

After analysis and review of this rulemaking, no impact on jobs has been found.

Waivers

Any person who believes that the application of the discretionary provisions of this rulemaking would result in hardship or injustice to that person may petition the Commission for a waiver of the discretionary provisions, if any, pursuant to 567-Chapter 13.

Public Comment

Any interested person may submit comments concerning this proposed rulemaking. Written comments in response to this rulemaking must be received by the Department of Natural Resources (Department) no later than 4:30 p.m. on November 4, 2025. Comments should be directed to:

Tamara McIntosh

Iowa Department of Natural Resources

6200 Park Avenue, Suite 200

Des Moines, Iowa 50321

Phone: 515.901.3294

Email: tamara.mcintosh@dnr.iowa.gov

Free Language Access. If you speak a non-English language, we offer you language assistance services free of charge. contact DNR at tamara.mcintosh@dnr.iowa.gov.

Servicios gratuitos de asistencia lingüística. Si habla un idioma que no sea el inglés, los servicios de asistencia lingüística están disponibles de forma gratuita. Comuníquese con el DNR al tamara.mcintosh@dnr.iowa.gov.

Public Hearing

A public hearing at which persons may present their views orally will be held as follows:

Tuesday, November 4, 2025; Noon to 1 p.m.; virtual meeting via Google Meets.

A link for the virtual meeting will be provided to those who make a request to take part in the virtual hearing. The request for the link shall be submitted to Ms. McIntosh by 8:00 am on November 3, 2025.

Persons who wish to make oral comments at the public hearing may be asked to state their names for the record and to confine their remarks to the subject of this proposed rulemaking.

Any persons who intend to attend the hearing and have special requirements, such as those related to hearing impairments, should contact the Department and advise of specific needs.

Free Language Assistance: if you need assistance in a language other than English, contact DNR at tamara.mcintosh@dnr.iowa.gov or civilrights@dnr.iowa.gov; or by telephone at 515-250-6886 at least seven days before the event.

Servicios gratuitos de asistencia lingüística: si necesita ayuda en un idioma que no sea inglés, comuníquese con el DNR al tamara.mcintosh@dnr.iowa.gov o civilrights@dnr.iowa.gov; o por teléfono a 515-250-6886 al menos siete días antes del evento.

Review by Administrative Rules Review Committee

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

The following rulemaking action proposed:

ITEM 1. Rescind 567—Chapter 7 and adopt the following **new** chapter in lieu thereof:

CHAPTER 7

RULES OF PRACTICE IN CONTESTED CASES

567—7.1(17A) Adoption by reference. The commission adopts by reference 561—Chapter 7.

This rule is intended to implement Iowa Code section 17A.22.

ITEM 2. Rescind 567—Chapter 8 and adopt the following **new** chapter in lieu thereof:

CHAPTER 8

CONTRACTS FOR SERVICES AND PUBLIC IMPROVEMENTS

567—8.1(17A) Adoption by reference. The commission adopts by reference 561—Chapter 8.

This rule is intended to implement Iowa Code sections 17A.3, 455A.6, and 573.12(13).

ITEM 3. Rescind 567—Chapter 13 and adopt the following **new** chapter in lieu thereof:

CHAPTER 13

WAIVERS FROM ADMINISTRATIVE RULES

567—13.1(17A) Adoption by reference. The commission adopts by reference 561—Chapter 10.

567—13.2(17A) Report to commission. The director shall submit reports of decisions regarding requests for waivers to the commission at its regular meetings.

These rules are intended to implement Iowa Code section 17A.9A.