

**DRINKING WATER AND CLEAN WATER STATE REVOLVING FUND
PUBLIC MEETING
SFY 2024 Intended Use Plans
June 20, 2023**

Agenda:

Presentation

-Introduction to new website

-IUP & PPL overview

-Highlight changes to SRF Programs in SFY 2024

-Discussion of BIL Funding opportunities

Q&A Session

Public Comments for Record

Please remain on MUTE unless called upon...



If you have a Question during the Question & Answer session...

Please type your question in the chat and/or raise your hand



If you wish to make a Comments for The Record today...

Please type your NAME and AFFILIATION in the chat

Raise your hand during this portion of the meeting and you will be called upon for comment

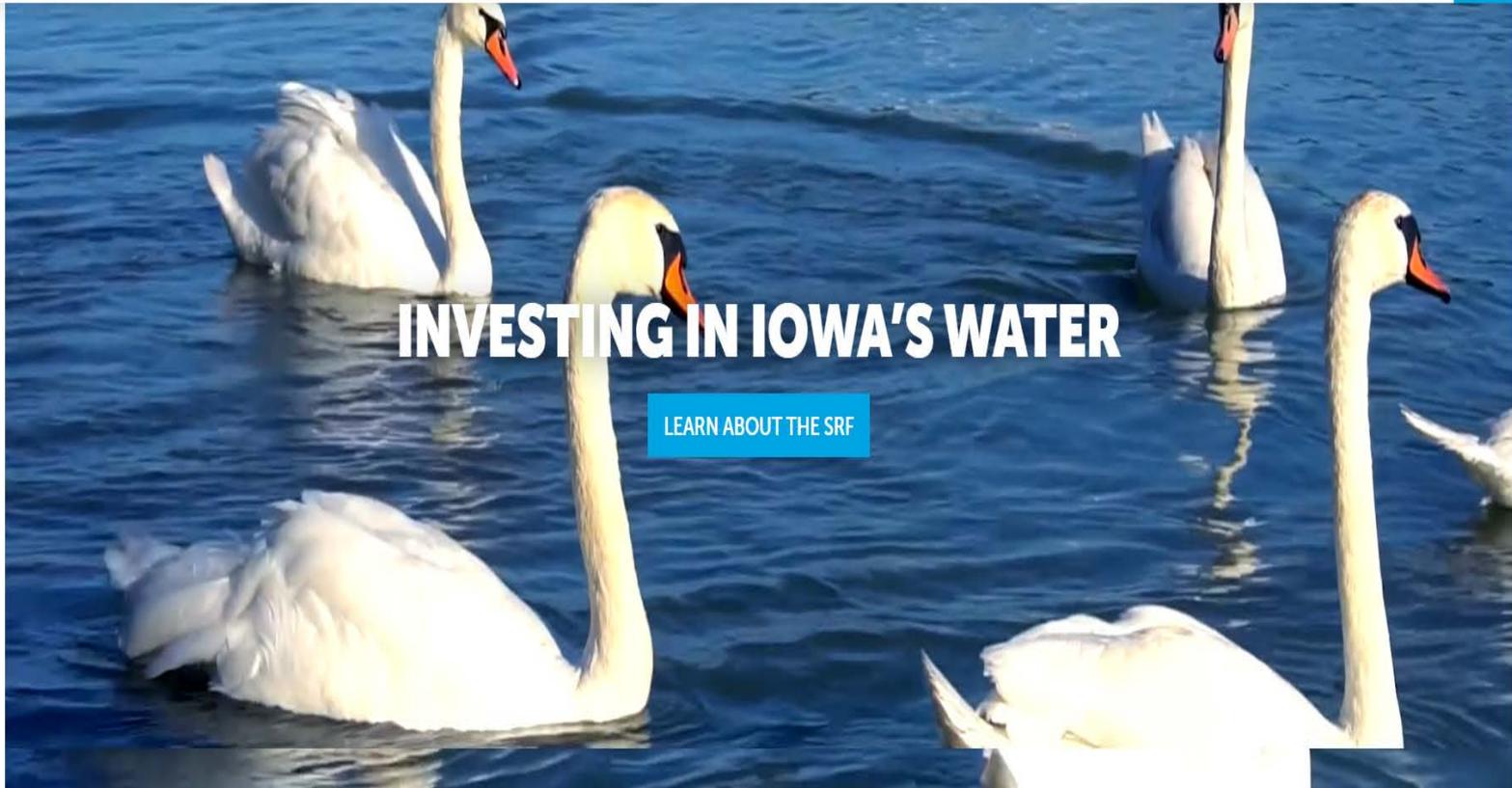
www.iowasrf.com



[Programs](#)

[Resources](#)

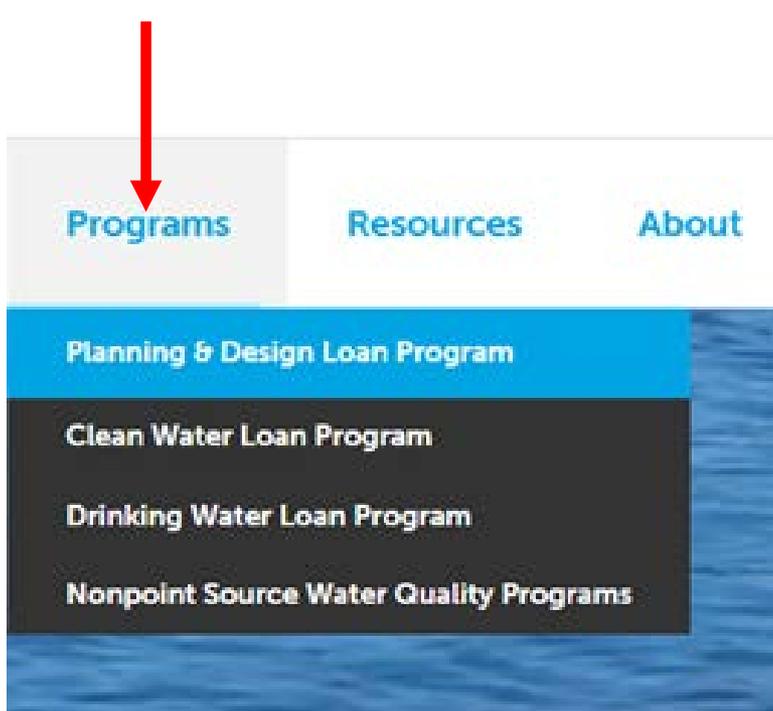
[About](#)



INVESTING IN IOWA'S WATER

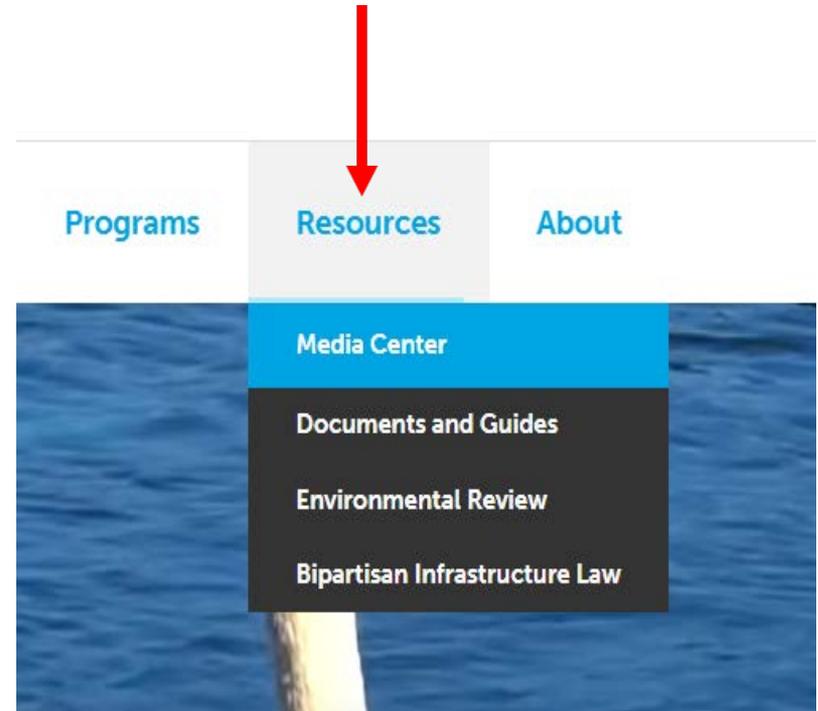
[LEARN ABOUT THE SRF](#)

www.iowasrf.com



A screenshot of the website's navigation menu. The 'Programs' tab is highlighted with a grey background and a red arrow pointing down to it. Below the menu, a list of programs is displayed on a blue background with a water texture. The programs listed are:

- Planning & Design Loan Program
- Clean Water Loan Program
- Drinking Water Loan Program
- Nonpoint Source Water Quality Programs



A screenshot of the website's navigation menu. The 'Resources' tab is highlighted with a grey background and a red arrow pointing down to it. Below the menu, a list of resources is displayed on a blue background with a water texture. The resources listed are:

- Media Center
- Documents and Guides
- Environmental Review
- Bipartisan Infrastructure Law



For more information, contact:

SRF Project Approval Team ←

✉ Email SRF Project Approval Team

→ **SRF Financing Team**

☎ 800.432.7230

✉ Email SRF Financing Team



PARTNERSHIP WITH THE IOWA FINANCE AUTHORITY
AND THE IOWA DEPARTMENT OF NATURAL RESOURCES

DWSRF & CWSRF Program Changes SFY 2024

Effective July 1, 2023

IUP PPL

- 1-CWSRF IUP and 1-DWSRF IUP + PPL
 - Covers SRF Base and BIL Program intended uses
 - PPL remains a separate Excel document

<https://www.iowasrf.com/drinking-water-loan-program/>

Drinking Water Intended Use Plans (IUP)

-  FY 2024 Q1 DWSRF Project List_DRAFT
-  FY 2024 Q1 DWSRF IUP_DRAFT
-  FY 2023 Q4 IUP - Approved 3-22-23
-  FY 2023 Q4 DWSRF Project List - Approved 3-22-23
-  Annex A to DWSRF IUP Q4 Update - Approved 3-22-23

 Drinking Water Document Archive

<https://www.iowasrf.com/clean-water-loan-program/>

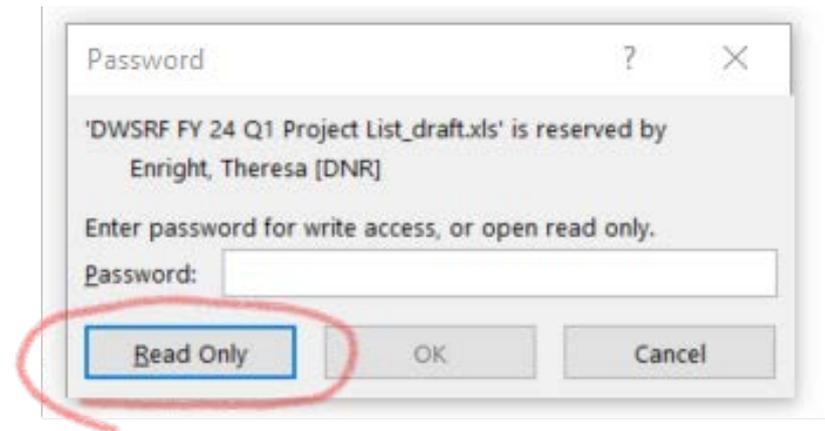
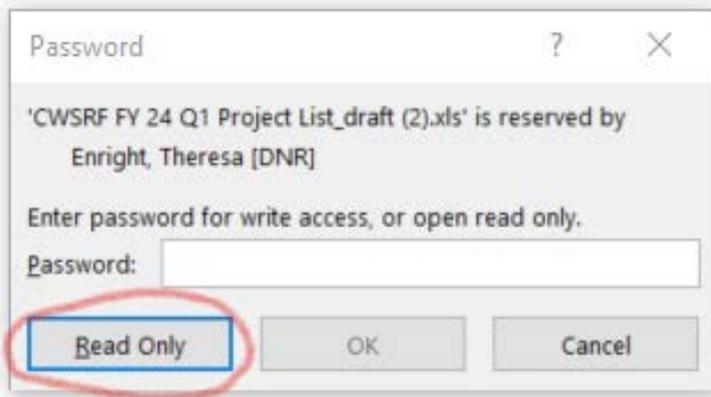
Clean Water Intended Use Plans (IUP)

-  FY 2024 Q1 CWSRF Project List_DRAFT
-  FY 2024 Q1 CWSRF IUP_DRAFT
-  FY 2023 Q4 CWSRF Project List - Approved 3-22-23
-  FY 2023 Q4 IUP - Approved 3-22-23
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 Clean Water Document Archive

PPL Changes

- PPL streamlined for simplicity
- “Contingency” status added to PPL for PFAS/EC and LSL projects until funding received and/or met all requirements
- Posted as Excel document for sort/filter functions
- Must open as “read only”



												Funding Source		
Project Name	DWSRF No.	Project Description	IUP Yr	Qtr	Priority Point	Population	Project Status	Current Funding Request	Date Loan Signed	Loan Amount	Remaining Amount on IUF	Base BIL GS	PFAS/EC	LSL
Alta	PD-DW-24-09	New Water Treatment Plant	2024	1	P&D	2087	P	\$ 1,154,000.00				X		
Council Bluffs (LSL)	FS-78-24-DWSRF-009	Lead Service Line Replacement	2024	1	20	62799	C	\$ 3,525,000.00						X
Burlington	FS-29-23-DWSRF-085	Water Supply and Treatment Improvements	2023	4	60	23713	C	\$ 3,499,000.00				X	X	
Burlington	FS-29-23-DWSRF-084	New Jordan Wells Project	2023	4	45	23713	C	\$ 16,356,000.00				X	X	
Marshalltown	FS-64-23-DWSRF-079	New 6 MGD RO Membrane Process Train	2023	4	35	27591	P	\$ 36,254,000.00				X		
Denison	FS-24-22-DWSRF-011	Water Distribution System Improvements	2022	2	30	2826	R	\$ 4,908,239.00				X		
Jamaica	FS-39-20-DWSRF-017 (1)	Water System Improvements	2020	3	35	224	L	\$ 2,818,000.00	8/26/22	\$ 1,785,000.00	\$ 1,033,000.00	X		

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

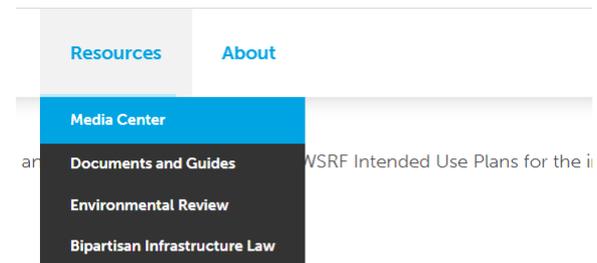
IUP Applications

- Applications located on Program page of website
- No more SA Tool collected with IUP application
- LSL Replacement Plans are required in lieu of PER for LSL projects

Drinking Water Intended Use Plan (IUP) Application

Drinking Water IUP Application

2023-2024 IUP Deadlines



Program Information

State Resources

- [LSL Replacement Plan Requirements](#)
- [Socioeconomic Assessment Tool - Determining](#)
- [Iowa BIL Allocation Overview](#)

Loan Applications

- New project readiness standards for loan application approval

E. Financial Administration

RATES, FEES AND LOAN TERMS & CONDITIONS

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

PROJECT READINESS FOR LOAN APPLICATION

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

1. Construction Permit(s) issued by DNR Project Manager for all project phases to be funded by the SRF loan
2. Environmental Clearance issued by SRF Environmental Review Staff
3. Project Bid and Bid Documents (including signed SRF Front-End Documents) submitted to DNR
4. Opinion of legal counsel certifying compliance with Iowa public bidding laws
5. SRF Eligibility Letter issued by SRF Project Compliance Specialist
6. Pro Forma Financial Analysis completed by a registered municipal advisor identifying all outstanding parity obligations and demonstrating system revenues can meet loan requirements

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

Interest Rates

Appendix D - Interest Rates, Fees and Loan Terms

TYPES AND TERMS OF FINANCING

INTEREST RATES (EFFECTIVE THROUGH SEPTEMBER 30, 2023)

Below are the interest rates for loans that close between July 1 and September 30, 2023. In addition, a servicing fee of 0.25% will be assessed on the outstanding loan balance, paid semiannually with scheduled interest payments.

Loan Type	Applicant Type	Interest Rate	Servicing Fee	Total
Planning and Design Loan (<= 3 years)	All	0.00%	0.00%	0.00%
Standard Term Construction Loans (<= 20 years)				
Tax-Exempt	All	1.75%	0.25%	2.00%
Taxable	All	3.53%	0.25%	3.78%
Extended Term (21-30 years ¹⁹)				
Tax-Exempt	All	2.75%	0.25%	3.00%
Taxable	All	4.53%	0.25%	4.78%
Special Purpose Fund Loans				
Lead Service Line Projects	LSL	0.00%	0.25%	0.25%

METHODOLOGY FOR DETERMINING PROGRAM INTEREST RATES

IMPORTANT CHANGE TO LOAN INTEREST RATE METHODOLOGY

In response to recent market trends, and to ensure the Program can meet the future water infrastructure financing needs of future borrowers, Iowa SRF will implement a change to how interest rates for SRF Construction Loans are calculated in the second quarter of FY 2024.

Beginning October 1, 2023, Iowa's SRF Loan Programs will utilize Base Interest Rates for Tax-Exempt and Taxable Standard Term SRF Loans (up to a 20-year term) that will be re-calculated and published on the first business day each January, April, July, and October (the "Effective Date").

The Base Interest Rates will be calculated by taking 75 percent of the average 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 October 1 will be calculated using the average 20-year BVAL yield for the month of September.

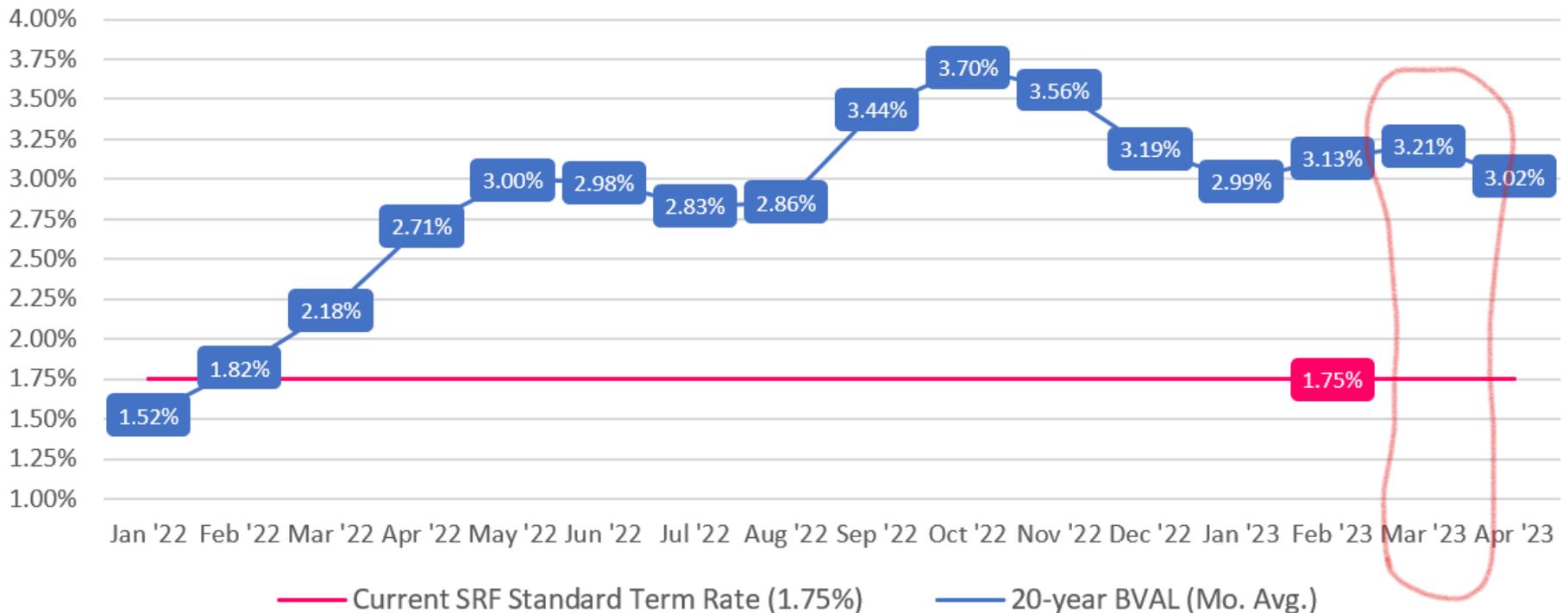
Interest rates for the taxable portions of SRF projects will be calculated by taking 75 percent of the average Bloomberg BVAL Taxable General Obligation Municipal AAA 20-year yield for the calendar month immediately preceding the Effective Date.

Interest Rates

- Will re-calculate and publish FBD of January, April, July, and October -- beginning Oct. 1, 2023
- Calculated by taking 75% of average BVAL for the calendar month immediately preceding the effective date

Example: March'23 BVAL = 3.21%

75% of 3.21% = **2.4075%** *example rate as of April 1, 2023*



Interest Rates

- Locked upon submission of a complete Construction Loan Application
 - See Project Readiness for Loan Application (page 10-CWSRF, page 8-DWSRF)
 - Applicants will receive a financing offer from IFA including an interest rate lock for up to 90 days and a final LF offer, if applicable.
- Should the Program's interest rates fall prior to signing a loan agreement, the applicant will automatically receive the more favorable rate at loan closing, given they are still within the 90-day rate lock period.

Affordability Criteria/Disadvantaged Communities

- Socioeconomic Assessment (SA) Tool
 - Updated with 2017-2021 census data and IA workforce development
 - DAC measure remains 11
 - Removed 5 datapoints (now a total of 20 points possible)
 - 2 SA Tools:
 - Service Area-Based (systems with incorporated boundaries)
 - Census Tract-Based (HOA, Sanitary Districts, RWA, unincorporated areas and all LSL projects)
 - SA Tools available on website
 - Time of evaluation changed from IUP application to loan application, effective July 1

<https://www.iowasrf.com/documents-and-guides/>

GENERAL INFORMATION

FY24 Socioeconomic Assessment
FY 24 Socioeconomic Assessment by Tract
Municipal Advisors by Company

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

Socioeconomic Assessment Worksheet

State Fiscal Year 2024

Instructions

Enter or select each community that makes up the utility's service area in the blue boxes below, along with the corresponding percent of population served (must equal 100%). A weighted average for each metric will be calculated and assigned points.

Example, a utility serving three communities with a combined population of 50,000 may look like this:

	City A	City B	City C	Total
Population Served	25,000	15,000	10,000	50,000
Weighted Percent	50.00%	30.00%	20.00%	100.00%

Name of Applicant:

Project:

Percent of Population Served:	100.00%					100.00%	Points	Statewide	Percentile Ranking vs. Other Iowa Communities
	City A	City B	City C	City D	City E	Total Service Area Pop. Served			
Enter or Select Communities:	Waterloo								
1 Median Household Income (MHI)	\$45,450					\$45,450	2	\$45,423	
2 Percent Below Poverty Level	16.6%					16.4%	2	14.8%	
3 Percent Receiving Public Assistance or SNAP	16.6%					16.4%	2	18.5%	
4 Percent Receiving Supplemental Security Income	7.6%					7.8%	2	4.1%	
5 Unemployment Rate (Primary County 12 mo avg)	7.6%					7.9%	2	7.8%	
6 Percent Not in Labor Force	35.6%					35.8%	1	33.4%	
7 Population Trend (2010-2020)	6.6%					8.8%	0	4.7%	
8 Percent with High School Diploma or Less	16.2%					14.2%	1	17.8%	
9 Percent of Vacant Homes (incl. Seasonal and Vacations)	6.6%					8.7%	1	7.6%	
10 Percent Housing Cost Burdened (>= 30% of Income)	26.6%					28.3%	1	22.7%	
TOTAL							15		
Percent of Households 0% or Below 200% Poverty Level*	16.6%					16.5%			

*This is a measure of the prevalence of poverty within a community and is used to calculate the Household Financial Burden compared to the Iowa benchmark level.

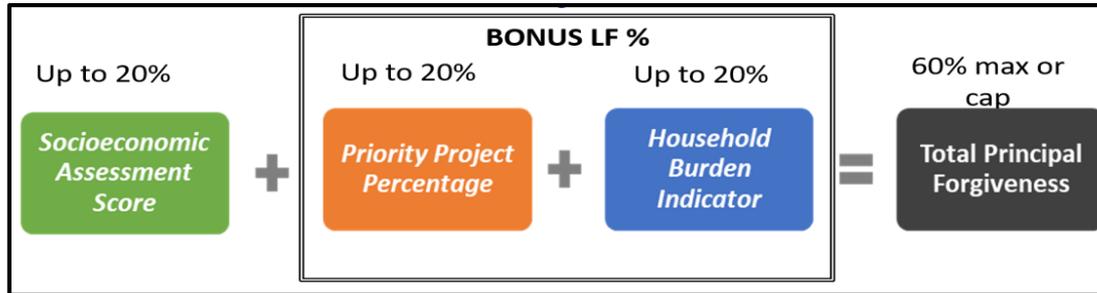
Loan Forgiveness

- LF only being applied to eligible construction costs (no soft costs like legal and engineering fees)
- Base & GS Borrowers receiving LF will only receive one award per project
- LF- First based on DAC. Project type and HB provides “bonus” LF
- CWSRF raised cap to \$2million per project (from \$1mill)
- Do “look-back” at SFY 2023 and award remaining FFY 2022 DWSRF Base + BIL GS LF to DAC communities IAW new SFY 2024 criteria (basically remove priority project requirement)
- Household Burden indicator uses only water OR sewer rates, not both

Loan Forgiveness

- All funding sources capped at \$2million
- 2023 DW & CW Base and BIL General Supplemental-base program interest rates; up to 60% LF (up to 20% DAC + bonus up to 20% project + up to 20% HB)
- 2022 LSL-0% interest; 49% LF for private lines only; first ready, first served
- 2022 DW PFAS-base program interest rates; up to 60% LF (40%project + 20% DAC); bonus 15% for connection projects
- 2022 CW PFAS-up to 100% LF (allocated)
- 2023 CW PFAS-up to 100% LF (partially allocated)

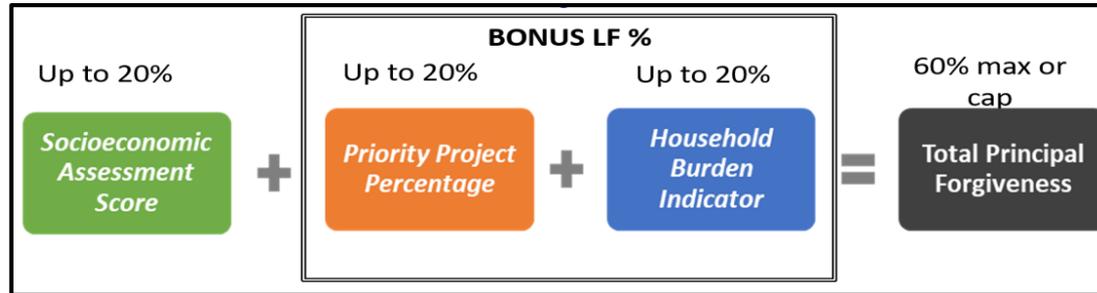
DWSRF BASE and BIL General Supplemental



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

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

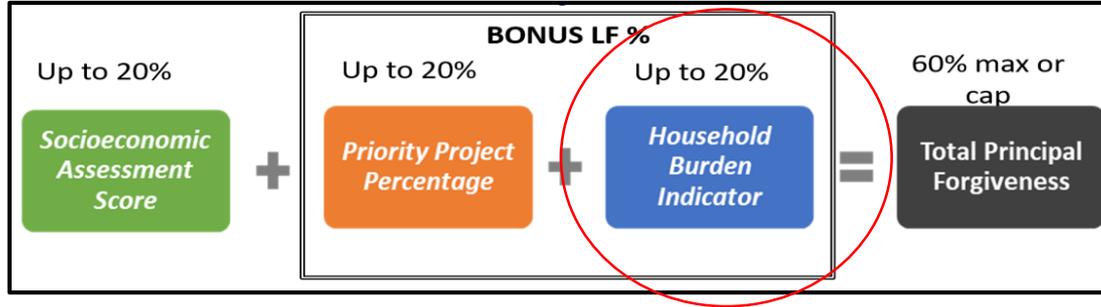
CWSRF BASE and BIL General Supplemental



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

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

Household Burden Indicator



Correction Needed in IUP-pg21

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

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

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

Socioeconomic Assessment Worksheet

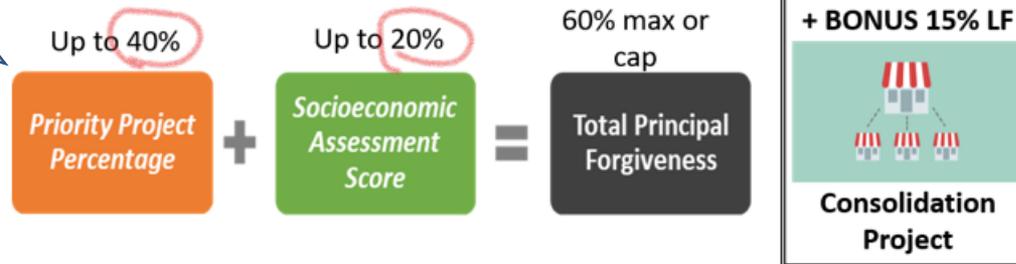
State Fiscal Year 2024

10 Percent Housing Cost Burdened (>= 30% of Income)	27.1%				27.1%	2
TOTAL						19
Percent of Households At or Below 200% Poverty Level*	36.4%				36.4%	

* This is a measure of the prevalence of poverty within a community and is used to calculate the Household Financial Burden component of the loan forgiveness total.

DWSRF BIL PFAS/EC

Correction
Needed
in IUP-pg19



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

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

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

BIL Lead Service Line

Loan forgiveness (LF) of 49% may be offered **to any applicant** for eligible project costs necessary to replace the privately owned portions of lead service lines in **qualifying disadvantaged community census tracts** within their service area.

Socioeconomic Assessment by Tract (for Lead Service Line Projects)

State Fiscal Year 2024

Applicant:

FIPS Code:

Census Tract:

Tract Description (Optional):

	Median Household Income (MHI)	% Below Poverty Level	% Receiving Public Assistance or SNAP	% Receiving Supplemental Security Income	Unemployment Rate (County 12-month avg)	% Not in Labor Force	Population Trend (2010-2020)	% with High School Diploma or Less	% Vacant Homes (excl. 2nd/Vacation)	% Housing Cost Burdened	TOTAL POINTS
Datapoint											
SA Points											

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



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Questions??

Written comments accepted through June 16, 2023

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