FY 2026 INTENDED USE PLAN

CLEAN WATER STATE REVOLVING FUND

IOWA™

State Revolving Fund

INVESTING IN IOWA'S WATER

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Introduction

Under the authority of Title VI of the Federal Water Pollution Control Act and Iowa Code Sections 455B.291-455B.299, the Clean Water State Revolving Fund (CWSRF) Program finances wastewater treatment, sewer rehabilitation, stormwater quality improvements, and nonpoint source (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 Rates[1] 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 website[2] 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 website[3] and are submitted to srf-iup@dnr.iowa.gov.
- **General Nonpoint Source (GNS) Projects:** IUP applications and instructions can be found on the SRF website[4], 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 website[5].

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 website[6].

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[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." IIJA 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 December[7]. 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 website[8] 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 website[9]. 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 website[10].

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 pages[11] 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.*

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[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

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 Plan[14] 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 EPC[15].

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.

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[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/

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

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*

FFY	Funding Source	Allocation Amount

*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

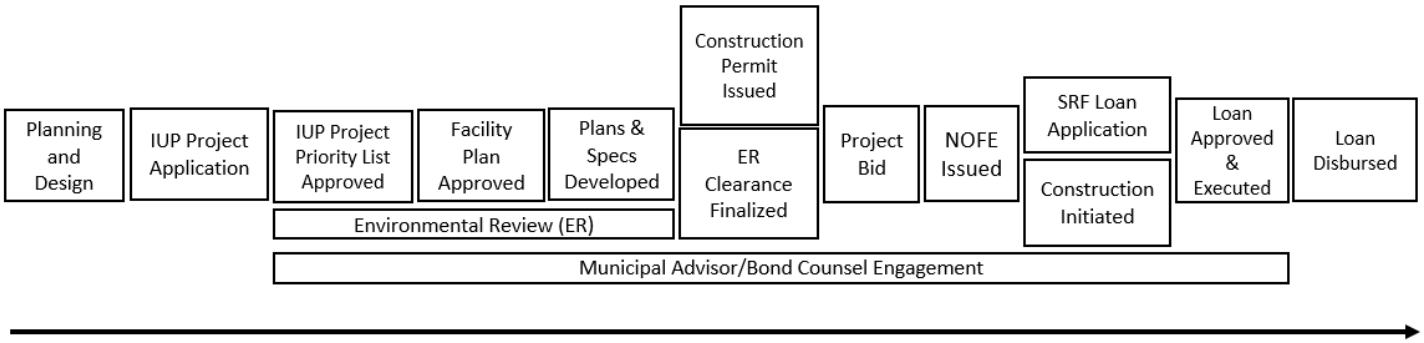
Special Conditions: Projects being funded with IIJA PFAS/EC are all considered equivalency projects and will comply with the federal requirements described in Section G. Financial Administration and Appendix H – SRF Assistance Recipient Federal Requirements.

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) IIJA 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.

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

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 website[20].

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 website[21].

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 website[22].

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[20] https://opportunityiowa.gov/community/water-quality/srf-resources/documents-and-guides
[21] https://opportunityiowa.gov/community/water-quality/srf-resources/documents-and-guides
[22] https://opportunityiowa.gov/community/water-quality/srf-resources/documents-and-guides

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 ELIGIBLITY (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 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)

[23] Under "Program Information" on the Documents and Guides page https://www.iowasrf.com/documents-and-guides/

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 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?)

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 IIJA General Supplemental Fund, FFY 2022 IIJA PFAS/EC, and a portion of the FFY 2023 IIJA 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

[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

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 IIJA PFAS/EC	$2,878,000
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, IIJA 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 IIJA 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 website[27].

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 2nd/Vacation dwellings)	Bottom 1/3 (Lowest %)	Middle 1/3	Top 1/3 (Highest %)
10 Percent of Cost Burdened Housing (>= 30% of Income spent on owner- 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 be 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

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

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, 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 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, 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

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.

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 website[30].

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.

SPECIAL PURPOSE FUND LOANS

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).

[29] https://opportunityiowa.gov/community/water-quality/srf-resources/documents-and-guides
[30] https://opportunityiowa.gov/community/water-quality/srf-resources/loan-interest-rates

INTEREST RATE LOCK

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 apply[31].

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

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 is charged on the outstanding balance of SRF Construction Loans for the duration of the loan term.

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

- **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 Commitments[1]		$212,338,000
Disbursements to Future Loan Commitments:		
Planning & Design Requests from IUP[2]		$14,274,000
Additional CWSRF Project Requests[3]		$73,388,000
Debt Service:		
Principal Payments on Outstanding Revenue Bonds		$64,440,000
Interest Payments on Outstanding Revenue Bonds		$79,363,000
Retained Equity[4]		$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

	Cap Grant ($)	Match Required (%)	Match Required ($)
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**

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

	Cap Grant ($)	Match Required (%)	Match Required ($)
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**

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

	Cap Grant ($)	Match Required (%)	Match Required ($)
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**

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 systems[32]. 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]

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[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
[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 guidance[35]. 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.

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[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 **This requirement is applied to <u>all</u> Iowa SRF projects*
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. **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.*
	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 **This requirement is applied to <u>all</u> Iowa SRF projects*
	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 **This requirement is applied to <u>all</u> Iowa SRF projects*
	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 of IUP Application **This requirement is applied to <u>all</u> Iowa SRF projects*
	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 News[37] and the IUP Intended Use Plan[38] 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 was 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 News[39] and the IUP Intended Use Plan[40] pages of the SRF website. Written comments were accepted at srf-pc@dnr.iowa.gov through September 4, 2025.

Comments Received:

There were no written or public comments received.

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