

DRAFT

FY 2027 INTENDED USE PLAN

CLEAN WATER STATE REVOLVING FUND



State Revolving Fund

INVESTING IN IOWA'S WATER

Approved by the Environmental Protection Commission (EPC) on June 16, 2026. Approval of Q2 update is anticipated by the EPC on September 15, 2026.

Table of Contents

Introduction	1
A. Highlights and Changes	1
B. SRF Program Overview	1
SRF Program Administration	1
Types of Financial Assistance	2
Application Process	3
C. Intended Use Plans.....	4
Project Priority List (PPL)	4
Public Review and Comment.....	5
D. SFY 2026 CWSRF Program Goals	6
Short Term Goals	6
Long Term Goals.....	7
E. SFY 2026 Program Activities to be Supported.....	7
CWSRF Base Program	7
CWSRF IIJA Programs.....	11
F. Iowa Specific SRF Program Requirements.....	12
Project SEQUENCE	12
Assistance recipient requirements.....	13
G. Financial Administration.....	15
Rates, Fees and Loan Terms & Conditions	15
Project Readiness for Loan Application.....	15
Affordability Criteria	16
Additional Subsidization	16
Equivalency.....	16
Criteria and Method for Distribution of Funds.....	17
Other Program Uses	19
H. Technical Assistance	20
Appendix A - Affordability Criteria	22
Affordability Criteria used to determine DAC Status	22
Appendix B - Additional Subsidization	25
Previous Loan Forgiveness Opportunities.....	25
SFY 2026 LF Criteria	25
CWSRF Base Capitalization Grant and IIJA General Supplemental Fund	26
Appendix C - Project Ranking Criteria	28
PPL Ranking Criteria.....	28
PPL Scoring Criteria.....	28
Special Purpose Funds Scoring Criteria	28
Appendix D - Interest Rates, Fees, and Loan Terms	31
Types of Financing	31
Terms of Financing	31
Interest Rates	32
Fees.....	33
Appendix E - Estimated Sources and Uses	35
Appendix F - State Match.....	36
Appendix G - Federal Assurances, Certifications and Proposals.....	37
Specific Proposals and Certifications.....	37
Federal Assurances.....	38
Appendix H – SRF Assistance Recipient Federal Requirements.....	41
Program Specific Requirements—All SRF Projects.....	41
Additional Program Specific Requirements—Equivalency Projects Only	41
Required Cross-Cutters—All SRF Projects	42
Additional Required Cross-Cutters—Equivalency Projects Only	42

Appendix I - Funding Recommendations	44
General NPS Assistance Projects for Approval of Land Purchase	44
General NPS Assistance Projects Receiving Special PURPOSE Funding	44
Appendix J - Public Review and Comments Received.....	45
Appendix K – IUP Acronyms.....	46
Attachment 1 - CWSRF PPL	49

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 **\$4.4 billion** in financial assistance for wastewater infrastructure, agricultural best management practices, and other water quality projects since 1989. With the State Fiscal Year (SFY)2027 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, Iowa has expanded and revised the SRF Program to take advantage of the increased investment in water and wastewater infrastructure through the **Infrastructure Investment and Jobs Act (IIJA)**. Plans for implementing funding for the General Supplemental (GS), and PFAS/Emerging Contaminants (EC) funding awarded from IIJA are included in this annual release of the IUP.

Highlighted below are some of the changes Iowa SRF is incorporating into SFY 2027 IUPs.

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 2027 SA Tool.

Nonpoint Source Programs (NPS)

- Priority funding will be given to projects that implement best management practices over projects primarily for the purchase of land.

Highlighted below are some of the changes Iowa incorporated in SFY 2026 that will **continue** into SFY2027 IUPs.

Loan Terms

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

Disadvantaged Communities

- **DAC eligibility will be evaluated at the time of IUP application.** All projects added to the Project Priority List (PPL) during SFY 2027 will receive a DAC score based on the SFY 2027 SA Tool and this score will not change with future SA Tool updates. All projects listed on the approved PPL *prior to SFY 2027* will continue to use the DAC score in accordance with the SFY 2024, SFY2025 and SFY2026 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 will remain at increased levels for NPS Linked-Deposit Loan Programs due to continued high demand.
- Funding for new Water Resources Restoration projects (Sponsored Projects) is not available during SFY 2027.
- 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 I 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 2027 Program Activities to be Supported).

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

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

CO-FUNDING

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

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

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

The Iowa SRF Program is committed to coordinating with other funding agencies to simplify the process of co-funding and to find an affordable solution to wastewater needs.

EMERGENCY FUNDING

A Memorandum of Understanding (MOU) between EPA and the Federal Emergency Management Agency (FEMA) provides a framework for SRF programs to assist and collaborate with FEMA disaster assistance grant programs. The Iowa SRF Program will work with communities on a case-by-case basis to provide assistance addressing public health threats related to drinking water and wastewater resulting from a disaster. Some of the ways the SRF can help following a disaster include:

Use SRF loans as match for FEMA grants. FEMA funds will generally pay for a percentage of the repair or replacement costs for public water and wastewater systems damaged by natural disasters or projects to prevent or mitigate future disasters. The SRF can be used to finance the amount not covered by FEMA after all program requirements are met.

Use SRF funds as short-term loans to be repaid with FEMA grants. There may be times when a public facility has been approved for a FEMA grant but there is a delay in receiving the funds. In those situations, after all program requirements are met, an SRF loan may be used to finance the repairs and then be repaid with FEMA money. Emergency loans meeting these conditions may be executed and then reported in the next quarterly IUP update.

APPLICATION PROCESS

Planning & Design Projects:

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

Construction Projects:

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

Additional documents required for a construction project application include:

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

Project applications eligible for SRF funding under the IJIA General Supplemental and IJIA PFAS/EC Fund will use the CWSRF IUP application and follow the same quarterly IUP application cycle as the CWSRF Base Program. Additional

² P&D Loan Program <https://opportunityiowa.gov/community/water-quality/srf-programs/planning-design-loan-program>

³ Clean Water Loan Program <https://opportunityiowa.gov/community/water-quality/srf-programs/clean-water-loan-program>

⁴ Programs for Communities <https://opportunityiowa.gov/community/water-quality/srf-programs/nonpoint-source-water-quality-programs>

⁵ Programs for Landowners <https://opportunityiowa.gov/community/water-quality/srf-programs/nonpoint-source-water-quality-programs>

application information may be required for projects applying for IJIA Funds. The SRF Program will provide additional application materials and guidance for IJIA Funds directly to applicants, as applicable, and application materials will be available on the SRF website⁶.

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 and PPL are submitted to the EPA as part of the annual application for a capitalization grant.

The IUP is developed annually in May, and upon approval of the Environmental Protection Commission (EPC) in June, becomes effective on July 1, the first day of the SFY. This IUP covers activities during the SFY 2027, July 1, 2026 through June 30, 2027.

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 (including loan forgiveness), the loan rates, terms, and fees for the fiscal year, and includes a ranked listing of projects to be funded.

The IUP is updated quarterly in September, December, and March (or more often as needed) and includes new projects and changes to the loan status on the PPL, and any other necessary programmatic or financial updates. Federal and state law requires, and Iowa welcomes, public participation in the development of the IUP. Each IUP and quarterly update is published on the SRF website⁷ for public review, and a public hearing is held to collect public comments. Public comments on the IUP are received at srf-pc@dnr.iowa.gov (see Appendix J – Public Review and Comments Received).

The IUP and PPL are reviewed and approved quarterly by the Iowa 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.

METHOD OF AMENDMENT OF THE IUP

The Iowa SRF Program will follow this IUP in administering CWSRF funds in SFY 2027. Any revisions of the goals, policies and method of distribution of funds shall be addressed by a revision of the IUP, including public participation. Public notice of amendments will be made quarterly and will include the addition or removal of borrowers from the PPL. 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.

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 2027 and includes projects funded by both CWSRF Base and IJIA 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.

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

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

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 2027:

- **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 readiness, and the project is scored (See Appendix C-Project Ranking).
- **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 readiness, and the project is scored (See Appendix C – Project Ranking and 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 2027 if they are ready for a binding loan commitment.
- **Supplemental Financing.** Supplemental financing provides additional funds for projects listed in previously approved IUPs. These funds will be used to cover cost overruns on previously approved scopes of work and are added to the IUP as they are requested.

Fundable projects are further identified as “P - in planning,” “R - ready for loan” (indicating that the construction permit and environmental review have been completed), and “L - loan signed.” IJA PFAS/EC and LSL projects may be identified as “C - contingency status” (indicating that the project has not yet met all eligibility criteria to receive a specific funding source-see Section. E - **Error! Reference source not found.**).

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 executed, 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 PPL is not going to proceed or will not be utilizing SRF funds, the applicant shall notify the SRF in writing that they wish to drop the project. The project will be removed from the PPL upon notification and the updated PPL will be available for public review and comment during the next quarterly IUP update.

For the purpose of program planning, unfunded prior years’ projects that have been listed on the PPL for 3 years or longer (and/or listed in Appendix H-SRF Assistance Recipient Federal Requirements).

PUBLIC REVIEW AND COMMENT

(See Appendix J - Public Review and Comments Received)

The SRF Program accepts new IUP applications quarterly by the first business day in March, June, September, and December⁸. 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 website⁹ and public comments are accepted for approximately 30 days following the posting at srf-pc@dnr.iowa.gov.

Public Hearings are typically scheduled on the final Thursday of the months of May, August, November and February to highlight changes from the previous quarter, when applicable, and to collect public comments. Information on how to participate in the public hearing is provided through listservs and on the SRF website¹⁰. 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 website¹¹.

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 pages¹² of the [SRF website](#), and announced through agency-managed listservs. Public comments are accepted at srf-pc@dnr.iowa.gov.

D. SFY 2027 CWSRF Program Goals

SHORT TERM GOALS

Goal: Maximize Funding Opportunities. *Apply for all available Federal Fiscal Year (FFY) 2026 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 development and 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.*

⁸ IUP Application Deadlines <https://opportunityiowa.gov/community/water-quality/srf-programs/clean-water-loan-program>

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

¹⁰ Public Hearing <https://opportunityiowa.gov/community/water-quality/srf-resources/intended-use-plan>

¹¹ Environmental Protection Commission <https://www.iowadnr.gov/About-DNR/Boards-Commissions/Environmental-Protection-EPC>

¹² <https://www.iowasrf.com/intended-use-plan-public-hearings/> and <https://opportunityiowa.gov/community/water-quality/srf-resources/water-quality-news>

LONG TERM GOALS

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

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 2027 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 to include eleven categories of eligibilities, the America's Water Infrastructure Act (AWIA) of 2018, and IIJA of 2021 to address emerging contaminants and PFAS. 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.¹³

CWSRF BASE PROGRAM

The Iowa SRF Program will apply for and/or receive FFY 2026 CWSRF Base Program Funding during the SFY 2027 once the allotments and funding become available.

FFY	Funding Source	Allocation Amount
2026	CWSRF Base Cap Grant	\$9,667,000*

*This award amount is anticipated to be applied for and/or received in SFY 2027

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.

¹³ <https://www.epa.gov/cwsrf/clean-water-state-revolving-fund-cwsrf-factsheets>

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.¹⁴

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

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 2027, 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 Plan¹⁵ 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 EPC¹⁶.

Applications and instructions for General NPS projects can be found on the NPS Water Quality Programs, "Programs for Communities" page of the SRF website.¹⁷

Projects funded as loan participation are listed in Appendix H, 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.

¹⁴ https://www.epa.gov/sites/default/files/2016-07/documents/overview_of_cwsrf_eligibilities_may_2016.pdf

¹⁵ <https://www.iowadnr.gov/environmental-protection/water-quality/watershed-improvement/nonpoint-source-plan>

¹⁶ Iowa Administrative Code 567 - 90.14 (6) (455B)

¹⁷ Programs for Communities <https://opportunityiowa.gov/community/water-quality/srf-programs/nonpoint-source-water-quality-programs>

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 implementing water quality improvement or protection. Priority funding will be given to projects that implement best management practices over projects primarily for the purchase of land.

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.¹⁸

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.

SPECIAL PURPOSE FUNDING OPPORTUNITY

During SFY 2027, the SRF Program will continue 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 6-8 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, General Nonpoint Source webpage.¹⁹

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.

¹⁸ Programs for Communities <https://opportunityiowa.gov/community/water-quality/srf-programs/nonpoint-source-water-quality-programs>

¹⁹ Special Purpose Funding Opportunity <https://www.iowadnr.gov/environmental-protection/water-quality/watershed-improvement/nonpoint-source-plan>

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

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
OSWAP	\$2,000,000
LWP Program	\$2,000,000
LWQ Program	\$12,000,000
SWP Practices Program	\$1,000,000

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.²⁰

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.

²⁰ Programs for Landowners <https://opportunityiowa.gov/community/water-quality/srf-programs/nonpoint-source-water-quality-programs>

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 2027 funding will not be made available for new sponsored projects. Funding for previously awarded sponsored projects remains unchanged. Program resources are available on the Water Resource Restoration Sponsored Projects webpage for **current** projects.²¹

The CWSRF Water Resource Restoration Sponsored Project Program or “Sponsored Projects” provides wastewater utilities with the opportunity to fund locally directed, watershed-based, NPS projects that address water quality issues. Iowa Code Section 384.84 authorizes these projects to be financed with sewer revenues. On a CWSRF loan with a sponsored project, the utility borrows for both the wastewater improvement project and the sponsored project. 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 2027 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 Infrastructure Investment and Jobs Act (IIJA) provides CWSRF programs with two additional capitalization grants annually through FFY 2026. Iowa SRF Program will apply for and/or receive FFY 2026 IIJA Funding during the SFY 2027.

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.

²¹ Programs for Communities <https://opportunityiowa.gov/community/water-quality/srf-programs/nonpoint-source-water-quality-programs>

CWSRF IIJA GENERAL SUPPLEMENTAL (GS) FUNDS

FFY	Funding Source	Allocation Amount*
2026	CWSRF IIJA GS Grant	\$33,341,000

*This allocation amount is anticipated to be applied for and/or received in SFY 2027

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*
2026	CWSRF IIJA PFAS/EC	\$2,878,000

*This allocation amount is anticipated to be applied for and/or received in SFY 2027

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.²²

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.

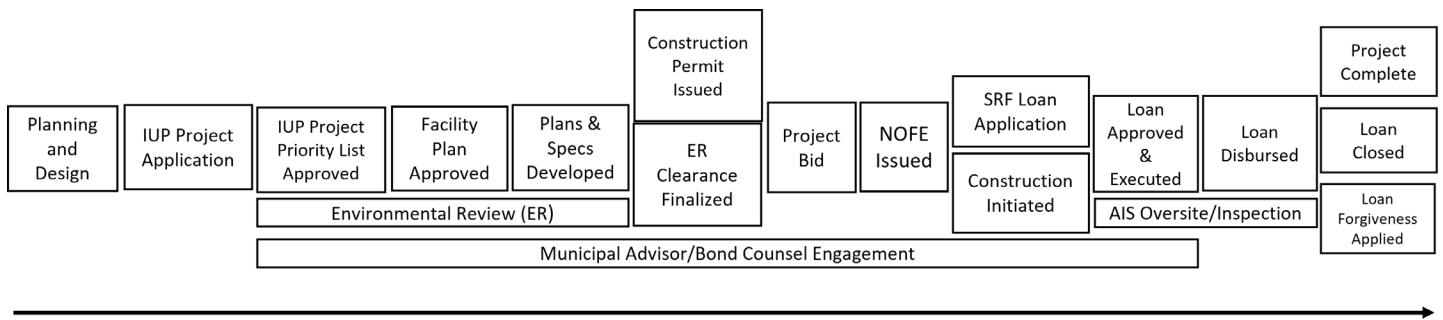
The Iowa CWSRF Program reserves the right to request transfer of the unobligated portion of the FFY 2025 and/or FFY 2026 Cap Grant to the Drinking Water State Revolving Fund (DWSRF) IIJA PFAS/EC Fund.

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.

²² https://www.epa.gov/system/files/documents/2022-03/combined_srf-implementation-memo_final_03.2022.pdf



ASSISTANCE RECIPIENT REQUIREMENTS

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

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

MUNICIPAL ADVISOR

The Iowa SRF Program requires 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.

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. Fees charged by bond counsel are eligible for reimbursement with SRF loan funds.

PROCUREMENT PROCEDURES

The Iowa SRF Program has adopted the procedures under *Ch.26 – Public Construction Bidding*, as the SRF Program's procurement procedures. As such, all SRF borrowers must follow Iowa procurement law, *Ch.26 – Public Construction Bidding*, when bidding SRF construction projects, regardless of a borrower's legal structure. 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.

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 solicitation. All bidders must be made aware that the project will be subject to SRF requirements prior to submitting a proposal. This includes both the solicitation for qualifications and the invitation to submit proposals when the CMaR delivery model is used.

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 website²³.

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 and legal opinion is documented. Borrowers will need to contact SRF for guidance on proper documentation.

Equipment-only procurement activities also require compliance with Ch. 26 (see *Legal Opinion of Compliance section below*). Borrowers are encouraged to consult with their legal 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 SRF reimbursement of costs associated with the selection of the Construction Manager (see applicable sections for more details).

Legal Opinion of Compliance

To demonstrate compliance with Iowa procurement law, borrowers will be required to submit a legal bid opinion to SRF. Borrowers are encouraged to seek a preliminary opinion review or “Form of Bid Opinion” by legal counsel prior to beginning their procurement processes. Example templates of these documents can be found on the Documents and Guides page of the SRF website²⁴.

- **Construction Manager Procurement.** After selection of the construction manager and the construction manager contract is executed and delivered, a “Legal Opinion of Compliance” must be signed by legal counsel certifying compliance with Ch. 26A. *This opinion is separate from and in addition to the opinion offered after the GMP construction contracts are executed and delivered.*
- **Construction Procurement.** After construction contracts are executed and delivered, a “Legal Opinion of Compliance” must be signed by legal counsel certifying compliance with Ch.26 or Ch. 26A, as applicable.
- **Equipment-only Procurement.** When purchases of equipment are done directly by the borrower and/or outside of a public bid package, this equipment is still considered a part of a public construction project and must adhere

²³ SRF Front End Documents <https://opportunityiowa.gov/community/water-quality/srf-resources/documents-and-guides>

²⁴ Form of Legal Bid Opinion <https://opportunityiowa.gov/community/water-quality/srf-resources/documents-and-guides>

to Ch.26A “Legal Opinion of Compliance” must be signed by legal counsel certifying compliance with Ch.26 (in particular Ch.26.14.3a), as applicable to purchase thresholds.

NOTICE OF FUNDING ELIGIBILITY (NOFE)

The SRF Program reviews public bid documents for cost eligibility, including bid tabulations, contract award documents, procurement documents, and purchase agreements. Lump sum bids are not acceptable without the supporting schedule of values. Following review of these documents, the SRF Program will issue a NOFE indicating the amount of construction costs eligible per bid package, for an SRF construction loan. A NOFE also indicates a borrower’s next steps and required documents needed before a construction loan application will be presented to the IFA Board for approval.

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.

RECORDS RETENTION²⁵

The SRF Program requires retention of SRF project records for a period of a minimum of three years from the date of the final disbursement of the last loan closed for a project. The “Final Disbursement Date” can be found on the loan's Final Amortization Schedule provided to a borrower by IFA. If there is more than one loan issued for an SRF project, the date of retention is determined by the last loan closed. Records to be retained include but are not limited to, permits, financial records, supporting documentation and compliance documentation for Davis-Bacon, American Iron and Steel, Environmental Review, procurement, all applicable cross-cutters as outlined in Appendix H, and the following (when applicable in whole or in part to an SRF project):

Litigation: The records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken if any litigation, claim, or audit is started before the expiration of the three-year period.

Property and Equipment: The records for property and equipment acquired with the support of SRF funds must be retained for three years after final disposition.

Force Account Labor: The records for indirect cost rate computations or proposals, cost allocation plans, and any similar accounting computations of the rate at which a particular group of costs is chargeable (such as composite fringe benefit rates) must be retained for three-years. The retention period for its supporting records starts from the end of the fiscal year (or other accounting period) covered by the proposal, plan, or other computation.

G. Financial Administration

RATES, FEES AND LOAN TERMS & CONDITIONS

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

PROJECT READINESS FOR LOAN APPLICATION

Prior to a loan application being considered ready to go before the IFA Board for approval, borrowers must receive a Notice of Funding Eligibility from SRF and submit all applicable legal bid opinions to IFA.

SRF Notice of Funding Eligibility (NOFE)

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

- Construction Permit(s) issued by DNR Project Manager for all project phases to be funded by the SRF loan
- Environmental Clearance issued by SRF ER staff

²⁵ The records retention requirements for borrowers follows the SRF Program’s records retention and methods requirements found in 2 CFR [§ 200.334](#) and [§ 200.336](#), respectively.

- Project Bid and Bid Documents (including signed SRF Front-End Documents) submitted to DNR

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, borrowers 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. When funding sources mandate, the DAC status of a borrower will be used to determine 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 loan forgiveness (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
- Federal Funding Accountability and Transparency Act (FFATA) reporting
- Procurement of Architecture/Engineering (A/E) services in accordance with the federal Brooks Act (Section 602(b)(14))²⁶
- EPA signage requirements
- BABA (FFY 2022 and all future capitalization grants)²⁷
- 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)

Appendix H-SRF Assistance Recipient Federal Requirements outlines each of the program and equivalency requirements including a breakdown of the federal crosscutters and how the SRF borrower achieves compliance with each requirement (*See also Appendix G – Federal Assurance, Certifications and Proposals for program compliance requirements*).

PROJECT SELECTION FOR EQUIVALENCY

The Iowa SRF Program intends to select projects for equivalency that will impose the least amount of administrative or financial burden on a borrower. The evaluation is project-specific. Many factors are considered but, at minimum, the following factors are evaluated when making project selections for equivalency:

- Project type
- Project cost
- 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 disburse the loan portion of the FFY 2026 CWSRF Base Capitalization Grant, FFY 2026 IIJA General Supplemental Fund, FFY 2022 IIJA PFAS/EC, FFY 2023 IIJA PFAS/EC and a portion of the FFY 2024 IIJA PFAS/EC during the program year.

²⁶ <https://www.epa.gov/sites/default/files/2021-03/documents/best-practice-guide-for-procuring-services-supplies-equipment.pdf>

²⁷ <https://www.epa.gov/cwsrf/build-america-buy-america-baba>

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

The following approach was used to develop Iowa’s proposed distribution of CWSRF funds:

1. Analysis of the priority of communities applying and financial assistance needed;
2. Identification of the sources and spending limits of available funds;
3. Allocation of funds among projects;
4. Development of a payment schedule which will provide for making timely binding commitments to the projects selected for CWSRF assistance; and
5. Development of a disbursement schedule to reimburse the project costs as incurred.

Allocation of funds to eligible projects was based on a four-step process:

1. The amount of financial assistance needed for each application was estimated.
2. The sources and allowable uses of all CWSRF funds were identified.
3. The CWSRF funds were allocated among the projects, consistent with the amount available and the financial assistance needed.
4. A designated amount was reserved for each NPS Assistance Program based on past funding and expected future needs.

All projects listed in the CWSRF PPL may be funded from the CWSRF Program 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 2027 and will report assignments of these funds in the annual report.

FUNDING SOURCES AND USES

(See Appendix E - Estimated Sources and Uses)

During SFY 2027, the Iowa SRF Program will apply for and/or receive the following Cap Grants and amounts:

FFY	Funding Source	Allocation Amount
2026	CWSRF Base Cap Grant	\$9,667,000
2026	CWSRF IIJA General Supplemental Grant	\$33,341,000

Appendix E - Estimated Sources and Uses illustrates potential sources and uses of funds in the CWSRF for SFY 2027. 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 2027 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 IJIA Supplemental Cap Grant as LF, the CWSRF could loan approximately \$230 million per year over the next 10 years, or a total of \$2.3 billion. These figures would increase with an increase in interest rates.

STATE MATCH

(See Appendix E – Sources and Uses)

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 9 months of SFY 2026 (through March 2026), the CWSRF program disbursed an average of approximately \$31.1 million per month. Since the program's inception, Iowa's CWSRF has provided more than \$5.25 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 or reserve 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, IJIA 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
- Wastewater Needs Survey
- 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 2027 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 2026 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 2026 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 loan forgiveness** (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.²⁸ 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 2027 SA Tool will go into effect upon approval of this IUP by the EPC.

For SFY 2027, 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.

DAC eligibility will be evaluated at the time of IUP application. All projects added to the Project Priority List (PPL) during SFY 2027 will receive a DAC score based on the SFY 2027 SA Tool and this score will not change with future SA Tool updates. All projects listed on the approved PPL *prior to SFY 2027* will continue to use the DAC score in accordance with the SFY 2024, SFY 2025 and SFY2026 SA Tools, as applicable.

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 IJJA Lead Service Line projects (Drinking Water SRF Program only). 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 website²⁹.

The SA Tool assesses 10 datapoints from publicly available sources produced by the Census Bureau of the U.S. Department of Commerce (**Error! Reference source not found.** below provides a list of the metrics used in the SA Tool).

²⁸ IAC 265 Chapter 26.7 - Disadvantaged Community Status

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

The SA Tool is **updated annually** with the release of new data from these sources. In SFY 2027, the SA Tool will use 2020-2024 (5-year) data from the American Community Survey.

To use the SA Tool, a borrower will select each community that makes up the utility's service area, along with the corresponding percent of population served. For each of the metrics evaluated, borrowers will be given a score indicating the relative disadvantage to the other communities in the state (see Figure 1 and Figure 2)³⁰. A weighted average for each metric will be calculated and assigned points. Scores for each metric are totaled to produce an overall assessment of the applicant's underlying social, economic, and demographic profile.

Example: An applicant with a poverty rate falling in the 73rd percentile (a high rate) would be one of the bottom 1/3 of communities and receive 2 points for that metric.

Points	0	1	2
1 Median Household Income	Top 1/3 (Highest MHI)	Middle 1/3	Bottom 1/3 (Lowest MHI)
2 Percent Below Poverty	Bottom 1/3 (Lowest %)	Middle 1/3	Top 1/3 (Highest %)
3 Percent Receiving Public Assistance or Supplemental Nutrition Assistance Program (SNAP)	Bottom 1/3 (Lowest %)	Middle 1/3	Top 1/3 (Highest %)
4 Percent Receiving Supplemental Security Income (SSI)	Bottom 1/3 (Lowest %)	Middle 1/3	Top 1/3 (Highest %)
5 Unemployment Rate	Bottom 1/3 (Lowest %)	Middle 1/3	Top 1/3 (Highest %)
6 Percent Not in Labor Force	Bottom 1/3 (Lowest %)	Middle 1/3	Top 1/3 (Highest %)
7 Population Trend Between 2010 and 2020 Census*	Non-negative population growth	Declining growth up to -7.5%	Declining growth of more than 7.5%
8 Percent with Highschool Diploma or Less	Bottom 1/3 (Lowest %)	Middle 1/3	Top 1/3 (Highest %)
9 Percent of Vacant Homes (excluding 2 nd /Vacation dwellings)	Bottom 1/3 (Lowest %)	Middle 1/3	Top 1/3 (Highest %)
10 Percent of Cost Burdened Housing (>= 30% of Income spent on owner- and renter-occupied housing)	Bottom 1/3 (Lowest %)	Middle 1/3	Top 1/3 (Highest %)
Relative Disadvantage:	Low	Moderate	High

Figure 1

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

Figure 2

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

USING THE SA SCORE TO DETERMINE DAC STATUS

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

- DAC status for the purposes of the CWSRF Program will be determined by completing the SA Tool worksheet to produce a SA score.

³⁰ 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.

- With 10 total metrics, equally weighted, the maximum number of points will be 20. Communities or service areas with a cumulative score of 11 and up (e.g., falling in the top 1/2 of the total possible cumulative score) indicates that the community or service area is socially, economically, and/or demographically disadvantaged relative to the other communities in the state. Conversely, applicants who score in the bottom 1/2 of total cumulative points (e.g., 10 total points or less), will not be considered disadvantaged for SRF Program purposes.

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 allocated 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.

During SFY 2026, LF award letters were issued to qualifying projects until all available LF funding through FFY 2025 was allocated. As of the publication of this draft IUP, LF balances available for reallocation from funding years prior to FFY 2025 are pending final loan disbursements to awarded projects.

SFY 2027 LF CRITERIA

The following criteria will apply to all LF funding available to award during SFY 2027:

GENERAL RESTRICTIONS AND/OR LIMITATIONS

- LF eligibility will be evaluated based on DAC status in accordance with the SA Tool in effect at the time the awarded project was added to the PPL.
- Borrowers being offered LF will be required 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.
- Except as otherwise allowed by the program, taxable portions of SRF projects are not eligible for LF.
- Borrowers who received a DAC determination from DNR prior to September 20, 2022 and are eligible for extended term financing (up to 30 years) at the 20-year interest rate, are not eligible for LF.
- Borrowers receiving EPA congressionally directed spending will not be eligible to receive subsequent LF from the Iowa SRF program for the same project.
- Borrowers receiving additional subsidization awards from a previous Cap Grant will not be eligible to receive subsequent LF awards from the Iowa SRF program for the same project.
- LF awards may consist of more than one funding source to fulfill a single award allocation.

CWSRF BASE CAPITALIZATION GRANT AND IIJA GENERAL SUPPLEMENTAL FUND

FFY Fund	Award Amount	LF Required
2026 CWSRF Base Cap Grant	\$9,765,000*	\$966,700*
2026 CWSRF IIJA General Supplemental (IIJA Year 4)	\$33,341,000*	\$16,337,090*

*This award amount is anticipated to be received during SFY 2027.

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 2027 were assigned a DAC score in accordance with the SFY 2024, SFY 2025, and SFY 2026 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. Eligible compliance projects currently listed on the PPL and new eligible compliance projects submitting an IUP application during SFY 2027 that result in the resolution of a system's Significant Non-Compliance (SNC) issue. SNC is determined by the DNR.
2. Any eligible DAC project currently listed on the PPL and new eligible DAC projects added to the PPL during SFY 2027 (all project types considered).

METHOD OF AWARD

Projects that meet compliance requirements listed above will be allocated LF upon approval of the PPL. LF will be allocated to all other eligible DAC projects in accordance with the methods described below:

At the conclusion of the 2nd quarter of SFY 2027, all available reallocated and/or new LF funds will be used to allocate LF awards to any eligible project on the PPL, based on the ranking criteria listed below, until (1) all available funding is allocated or (2) all eligible projects have received an award.

Prior to the end of the 4th quarter of SFY 2027, any remaining, reallocated or new LF funding will be allocated to any remaining eligible projects on the PPL, based on the ranking criteria listed below, until (1) all available funding is allocated or (2) all eligible projects have received an award.

Projects 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*
2025 CWSRF PFAS/EC (IIJA Year 4)	\$2,878,000	\$2,878,000	\$0
2026 CWSRF PFAS/EC (IIJA Year 5)	\$2,878,000	\$0	\$2,878,000

*This award amount is anticipated to be applied for during SFY 2027 if sufficient projects are available.

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 2027 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 eligible projects as projects meet the “Ready” phase (see Project Priority List section of this IUP).***

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 category (points range (5-50)
- E. 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.

Evaluation Factor (Points out of 20)	Description	Scoring Considerations
Stakeholder communication plan and stakeholder support (1)	Neighbors and community members that will be directly impacted by the project are supportive of the project. Plan to engage with stakeholders prior to construction of the project.	Letters of support from partners who are directly impacted by 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.³¹

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 website³².

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."

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.

³¹ Program Information – Extended Term Financing <https://opportunityiowa.gov/community/water-quality/srf-resources/documents-and-guides>

³² Loan Interest Rates <https://opportunityiowa.gov/community/water-quality/srf-resources/loan-interest-rates>

- **Applicable Fees:** Standard loan servicing fees apply to the full loan amount (please see the Fees section below for more information).

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 apply³³.

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.

³³ Loan Interest Rates <https://opportunityiowa.gov/community/water-quality/srf-resources/loan-interest-rates>

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.

- **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 2027

Rounded to the nearest \$1,000 as of April 15, 2026

SOURCES OF FUNDS

Federal Capitalization Grants:

FFY 2022 Grant(s):

IIJA Emerging Contaminants (undrawn amount)

\$292,000

Total FFY 2022 Capitalization Grants Available

\$292,000

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 Emerging Contaminants (undrawn amount)

\$2,878,000

Total FFY 2024 Capitalization Grants Available

\$2,878,000

FFY 2025 Grant(s):

IIJA Emerging Contaminants (undrawn amount)

\$2,878,000

Total FFY 2025 Capitalization Grants Available

\$2,878,000

FFY 2026 Grant(s):

Base Program (application forthcoming)

\$9,667,000

IIJA Supplemental (application forthcoming)

\$33,341,000

IIJA Emerging Contaminants (application forthcoming)

\$2,907,000

Total FFY 2026 Capitalization Grants Available

\$45,915,000

Estimated Loan Repayments (P&I)

\$176,956,000

Estimated Fee Income

\$6,951,000

Funds Available in Equity and Program Accounts

\$277,349,000

Estimated Investment Earnings on Funds

\$5,168,000

Estimated Bond Proceeds:

Leveraged/Reimbursement

\$136,285,000

New State Match

\$9,550,000

TOTAL SOURCES

\$666,022,000

ANTICIPATED USES OF FUNDS

SRF Program Administration

\$9,000,000

Other Eligible Administrative Uses

\$2,000,000

Project Funding:

Disbursements to Existing Loan Commitments*

\$188,406,000

Disbursements to Future Loan Commitments:

Planning & Design Requests from IUP**

\$8,962,000

Additional CWSRF Project Requests***

\$112,632,000

Debt Service:

Principal Payments on Outstanding Revenue Bonds

\$71,190,000

Interest Payments on Outstanding Revenue Bonds

\$83,698,000

Retained Equity****

\$190,134,000

TOTAL USES

\$666,022,000

NET AVAILABLE FUNDS

\$0

Notes:

*Assumes 60% disbursement rate.

**Assumes 50% disbursement rate.

***Additional projects from IUP (up to the budgeted disbursement total for SFY 2027).

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

Appendix F - State Match

Clean Water SRF

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 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	\$21,352,000	20%	\$4,270,400
FFY 2025 IIJA Supplemental Cap Grant	\$33,341,000	20%	\$6,668,200
Total CW State Match Required			\$10,938,600

CW State Match Surplus (Deficit)

\$1,700,200

Federal Fiscal Year 2026

Sources of State Match

Surplus State Match from Prior Year(s)	\$1,700,200
State Match Bonds to be Issued in June 2026 (est.)	\$9,550,000
Total CW State Match Available	\$11,250,200

Application of State Match

	Cap Grant (\$)	Match Required (%)	Match Required (\$)
FFY 2026 Base Cap Grant	\$9,667,000	20%	\$1,933,400
FFY 2026 IIJA Supplemental Cap Grant	\$33,341,000	20%	\$6,668,200
Total CW State Match Required			\$8,601,600

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 (AIS)

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 systems³⁴. 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 website³⁵.

BUILD AMERICAN, BUY AMERICA ACT (BABA)

³⁴ <https://www.epa.gov/cwsrf/state-revolving-fund-american-iron-and-steel-ais-requirement>

³⁵ AIS documents <https://opportunityiowa.gov/community/water-quality/srf-resources/documents-and-guides>

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 Laws³⁶. 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.³⁷

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 guidance³⁸. 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 website³⁹.

ENVIRONMENTAL REVIEW (ER)

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 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. Separate NEPA-like environmental review processes are performed for equivalency and non-equivalency projects in accordance with the federal assurances below.

Projects receiving assistance from the CWSRF as equivalency projects are required to undergo a review for compliance with several additional environmental authority crosscutters (see Appendix H-SRF Assistance Recipient Federal Requirements). SRF staff will facilitate consultation for concurrence with other federal agencies, as necessary, on behalf of SRF borrowers. In the case of the National Historic Preservation Act (NHPA), SRF staff have been granted designated authority by the EPA to directly consult with the State Historic Preservation Office (SHPO).

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.⁴⁰ Iowa's oversight of this requirement is conducted by verification of bid documents and wage determinations utilizing SAM.gov, 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.

³⁶ Build America, Buy America Act, <https://www.epa.gov/baba>

³⁷ <https://www.epa.gov/cwsrf/build-america-buy-america-baba>

³⁸ <https://www.epa.gov/system/files/documents/2022-11/OW-BABA-Implementation-Procedures-Final-November-2022.pdf>

³⁹ Documents and Guides <https://opportunityiowa.gov/community/water-quality/srf-resources/documents-and-guides>

⁴⁰ <https://www.epa.gov/grants/davis-bacon-and-related-acts-dbra>

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

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

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

Assistance Recipient Accounting and Auditing Procedures. The state will require as a condition of making a loan or providing other assistance from the fund that the recipient of such assistance provide an annual audit of project accounts in accordance with GAAP.

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 review (40 CFR Part 6) 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 other 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 200.334. Federal access to records will be according to 2 CFR 200.336. 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 AIS Self-Certification form signed at completion of project. <i>*This requirement is only applicable to DWSRF and CWSRF treatment works projects (not CWSRF nonpoint source projects).</i>
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)	SRF Front-End Document #7b; Self-Certification. <i>*This requirement is only applicable to DWSRF and CWSRF treatment works projects (not CWSRF nonpoint source projects).</i>
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. These activities are completed prior to construction. <i>*This requirement is only applicable to DWSRF and CWSRF treatment works projects (not CWSRF nonpoint source projects).</i>
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	SRF Program issues a media release quarterly listing all SRF executed loans.

	Agreements (2015)	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.	Signature on final page of IUP application Section 7; and loan documents.

ADDITIONAL REQUIRED CROSS-CUTTERS—EQUIVALENCY PROJECTS ONLY*

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

	U.S.C. 300101 et seq.	
	Sole Source Aquifer, Section 1424(e) of Safe Drinking Water Act, 42 U.S.C. 300h-3e	
	Wetlands Protection - Executive Order No. 11990 (1997), as amended by Executive Order No. 12608 (1997)	
	Wild and Scenic Rivers Act, 16 U.S.C. 1271 et seq.	
Economic and Miscellaneous Authorities	Administration of the Clean Air Act and the Federal Water Pollution Control Act with respect to Federal contracts, grants, or loans, Executive Order No. 11738 (1973) -Section 306 of the Clean Air Act, 42 U.S.C. 7606 et seq. -Section 508 of the Clean Water Act, 33 U.S.C. 1368 et seq.	SRF Front-End Document #7e. Borrowers must ensure that bidders of goods, services or materials are not on EPAs excluded parties listing at www.SAM.gov . SRF staff verify www.SAM.gov for all selected bidders/procurement contracts. <i>*This requirement is applied to <u>all</u> Iowa SRF projects</i>
	Build America, Buy America Act, Pub. L. 117-58, Sections 70901-70927	SRF Front-End Document #9; SRF Staff perform on-site inspection and desk review of certification letters; and BABA Self-Certification form signed at completion of project.
	Prohibition on Certain Telecom and Video Surveillance Services/Equipment, 2 CFR 200.216	SRF Front-End Document #10. <i>*This requirement is applied to <u>all</u> Iowa SRF projects</i>
	Suspension and Debarment, Executive Order 12549 (1986), 2 CFR Part 180, 2 CFR Part 1532	SRF Front-End Documents #2; SRF staff verifying www.SAM.gov for all selected bidders/procurement contracts. <i>*This requirement is applied to <u>all</u> Iowa SRF projects</i>
	Uniform Relocation and Real Property Acquisition Policies Act, 42 U.S.C 4601 et seq., 40 CFR Part 4, 49 CFR Part 24	Signature on Section 6 of IUP Application. <i>*This requirement is applied to <u>all</u> Iowa SRF projects</i>
	Federal Funding Accountability and Transparency Act (FFATA), Public Law 109-282	SRF Program staff file a FFATA report through www.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.

During SFY 2027, priority funding will be given to projects that implement best management practices over projects primarily for the purchase of land.

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 2027 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

Appendix J - Public Review and Comments Received

A public meeting to allow input to Iowa's SFY 2027 IUP and PPL will be held May 28, 2026, 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 News⁴¹ and the IUP Intended Use Plan⁴² pages of the SRF website. Written comments may be submitted to srf-pc@dnr.iowa.gov and will be accepted through June 4, 2026.

Comments Received:

No comments were received.

Second Quarter Update:

A public meeting to allow input to Iowa's SFY 2027 IUP and PPL will be held August 27, 2026, 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 News⁴³ and the IUP Intended Use Plan⁴⁴ pages of the SRF website. Written comments may be submitted to srf-pc@dnr.iowa.gov and will be accepted through September 3, 2026.

Comments Received:

Third Quarter Update:

Comments Received:

Fourth Quarter Update:

Comments Received:

⁴¹ <https://opportunityiowa.gov/community/water-quality/srf-resources/water-quality-news>

⁴² <https://opportunityiowa.gov/community/water-quality/srf-resources/intended-use-plan>

⁴³ <https://opportunityiowa.gov/community/water-quality/srf-resources/water-quality-news>

⁴⁴ <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