



State Revolving Fund – A joint program of the
Iowa Department of Natural Resources and the Iowa Finance Authority

IOWA SRF

What's in it for water and wastewater?

What is the Iowa SRF?

The State Revolving Fund (SRF) is the best choice to finance design and construction of water and wastewater infrastructure. The Clean Water SRF funds wastewater treatment, sewer rehabilitation, and stormwater quality improvements, as well as non-point source projects. The Drinking Water SRF funds treatment plants or improvements to existing facilities, water line extensions to existing unserved properties, water storage facilities, wells, and source water protection efforts.

The Department of Natural Resources (DNR) and the Iowa Finance Authority (IFA) jointly administer the SRF. DNR administers the environmental and permitting aspects to get projects ready for financing. This includes engineering and design approval and construction permits. A new DNR coordinator helps applicants through the environmental review process. IFA works with applicants on loan approvals and disbursements.

Projects funded through the SRF go through the regular DNR construction permitting processes for water supply and wastewater facilities. Those processes, with instructions for participating in the SRF programs, are discussed in on-line manuals at www.iowasrf.com.

Who's Eligible for the Iowa SRF?

- **Drinking Water SRF:** Public and private community water systems (CWS) whether they are for profit or not for profit, nontransient noncommunity (NTNC) PWS's if they are either publicly owned or are not for profit, and transient noncommunity (TNC) systems if they are owned by government entities.
- **Clean Water SRF:** For wastewater and sewer projects, publicly owned treatment works (POTWs) are eligible, including those owned by cities, counties, sanitary districts, and utility management organizations. For non-point source projects, private entities are also eligible, including farmers, landowners, and rural homeowners.

What Types of Loans are Available?

- **Planning and design (P&D) loans:** 0% interest for up to three years to cover engineering and project development costs. P&D loans can be rolled into an SRF construction loan, or paid off with other permanent financing.
- **Construction loans:** Lowest cost funds compared to other financing options, with interest rate of 3%. Loan term is up to 30 years, based on the average life of the project components, for all Clean Water SRF loans. For Drinking Water SRF loans, disadvantaged communities can qualify for up-to-30-year terms.
- **Source water protection loans:** Offered at 0% interest. These loans can help public water supplies acquire land and conservation easements from willing sellers, or fund source water protection practices in their wellhead or source water protection areas.
- **Non-point source loans:** Available to public and private borrowers to address stormwater management, inadequate septic systems, landfill closure, lake restoration, soil erosion control, manure management, and much more.

On a 20-year, \$2 million dollar loan, a typical community can save almost \$500,000 compared to non-SRF financing. In recent years, SRF infrastructure loans have ranged from a \$50,000 planning and design loan for Slater's water system, to a \$31 million wastewater construction loan to Sioux City. SRF loans can be used in conjunction with other programs, and many SRF projects are co-funded with Community Development Block Grants, IFA wastewater assistance grants, or federal grants. The SRF currently can fund all eligible projects.

How Does an Applicant Get an SRF Loan?

Applications are accepted year-round and project lists are approved on a quarterly basis, so funding can be available when the community's project is ready.

Planning and Design Loans. Project planning and design costs must be eligible for the Clean Water or Drinking Water SRF and must be directly related to the proposed wastewater, stormwater, or drinking water project. Applications are available at www.iowafinanceauthority.gov.

Wastewater/Stormwater Projects

Project Initiation: A project initiation meeting with DNR is required to begin project planning. Please contact Terry Kirschenman (515-281-8885, terry.kirschenman@dnr.iowa.gov). He will assign a DNR project manager and a project initiation meeting will be scheduled.

CWSRF Intended Use Plan Application: The IUP application is used to apply for inclusion on the project priority list of the Clean Water SRF Intended Use Plan (IUP) at the time the facility plan is submitted. Projects must be on an approved IUP to be eligible for funding. The IUP application is not an application for a loan. SRF loan application materials may be obtained from the Iowa Finance Authority (see below).

Drinking Water Projects

DWSRF Intended Use Plan Application: The IUP application is used to apply for inclusion on the project priority list of the Drinking Water SRF Intended Use Plan (IUP) at the time the Preliminary Engineering Report and the Viability Assessment are submitted. Projects must be on an approved IUP to be eligible for funding. The IUP application is not an application for a loan. SRF loan application materials may be obtained from the Iowa Finance Authority (see below).

SRF Construction Loans. After the wastewater, stormwater, or drinking water project has been designed and the applicant is ready for construction financing, the SRF Construction Loan application is required. Applications are available at www.iowafinanceauthority.gov.

How Can an Applicant Get an Extended Financing Term?

Extended financing, up to 30 years based on the life of the project, is available for all Clean Water SRF projects and for disadvantaged communities through the Drinking Water SRF. Criteria to determine disadvantaged status is the same as for the Community Development Block Grant program.

To calculate the potential loan term, the project consultant completes an extended financing worksheet and submits it for approval to the DNR project manager. Cost figures can be from engineering estimates or actual bid tabulations.

What if the Loan Request Changes?

If, before the loan is signed, the applicant determines they need an amount different from what is listed on the IUP, the amount can be adjusted. The request must be sent to the DNR project manager for approval. The new amount does not have to go through the IUP public review and approval process.

If, after a loan is signed, additional funds are needed, a new IUP application and loan application are required.

What are the Quarterly Deadlines for FY 2009?

IUPs are updated quarterly through a process of public comment and review and approval by the Environmental Protection Commission. Upcoming deadlines for submission of IUP applications for FY 2009:

- 1st quarter: March 3, 2008. IUP will be approved June 10, 2008.
- 2nd quarter: June 2, 2008. IUP will be approved September 9, 2008.
- 3rd quarter: September 1, 2008. IUP will be approved December 9, 2008.
- 4th quarter: December 1, 2008. IUP will be approved March 10, 2009.

What Federal Requirements Apply to SRF Projects?

Environmental Review

All POTW and drinking water projects must go through a review to assess the potential impacts on environmental and cultural resources. The SRF Environmental Review Services Coordinator will work with the applicant and consultant to:

- Determine whether or not a Categorical Exclusion can apply;
- Seek clearances from consulting parties;
- Prepare the Environmental Information Document;
- Consult with the applicant on scheduling a public hearing;
- Work with the applicant and consultant on any mitigation that is needed; and
- Prepare and issue the Finding of No Significant Impact.

Bidding Process

Several social and economic cross-cutting federal authorities apply to SRF projects during the bidding process. A summary of the requirements is found in the water supply and wastewater construction permitting manuals.

Front-End Documents. The DNR project manager reviews construction specifications to ensure that the appropriate SRF front-end documents have been included.

Bid Document Review. The DNR reviews bid documents to ensure: 1) that all costs are eligible for SRF; and 2) that federal requirements have been met. When the information is complete, DNR issues a letter of concurrence in award. IFA uses this information when disbursing loan funds.

How are Loan Funds Disbursed?

The following items must be completed before SRF loan funds can be disbursed:

- DNR construction permit
- CX or FNSI
- Letter of award concurrence
- SRF loan application
- Signed loan agreement

When the borrower has incurred projects costs, a disbursement request is sent to IFA along with cost documentation. IFA reviews and checks against eligible expenses. Disbursements are made weekly.

All change orders must be submitted to (or at least discussed with) the DNR project manager for approval prior to the work being done to ensure that they are eligible for reimbursement.

What is Needed to Close Out an SRF Project?

The following items will be requested:

- Final construction payment estimates signed by the contractors, engineer and city showing no retainage, or provide evidence that retainage has been released
- Engineer's certification of project completion
- City's resolution or certification from the engineer of project completion signed by the city
- Written notification of works in operation
- Final inspection by DNR project manager
- Final minority/women owned business documentation
- Any change orders that have not been approved by DNR project manager

For More Information, Contact:

- Patti Cale-Finnegan, DNR (515-725-0498 or patti.cale-finnegan@dnr.iowa.gov); or
- Lori Beary, IFA (515-725-4965 or lori.beary@iowa.gov); or
- Go to: www.iowasrf.com