

State of Idaho
Water Pollution Control State Revolving Fund
State Fiscal Year 2014
Intended Use Plan

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IDAHO REVOLVING FUND
INTENDED USE PLAN
MAY 9, 2013 BOARD PROPOSAL

I. Introduction

The State of Idaho, Department of Environmental Quality (DEQ) has adopted the following Intended Use Plan (IUP) for state fiscal year (SFY) 2014 (July 1, 2013 through June 30, 2014) as required under the Clean Water Act, Section 606c.

The primary purpose of the IUP is to identify the intended use of the funds available in Idaho's Water Pollution Control Loan Account. Projects on the IUP Priority List have been reviewed by the public in accordance with Idaho's Administrative Procedures Act (Idaho Code 67-52). DEQ is recommending that the State Board of Environmental Quality approve the SFY2014 IUP.

The IUP includes the following:

- ❖ Lists of loan or extended term financing projects, including payment schedules for those most likely to qualify for a loan or extended term financing. *Loans* have repayment periods of up to 20 years and *extended term financings* have repayment periods up to 30 years;
- ❖ Long-term and short-term goals;
- ❖ Assurances and specific proposals;
- ❖ Criteria and methods for distribution of funds; and
- ❖ Attachments relevant to the above.

Available funding for projects during the upcoming annual cycle is documented on the following page. In carrying out the requirements of the Clean Water Act, Section 606(b)(8), the state will use accounting, audit, and fiscal procedures conforming to generally accepted governmental accounting standards. At this time, the level of federal funding is uncertain, and the Fundable List will reflect a range of possible scenarios.

Three loans are currently delinquent or in default (North Lake Recreational Sewer and Water District loans 1899-09/16/18). The district, with oversight from the state, has preserved its priority position in the bankruptcy court system. At the time, it is expected that these loans will be repaid in full; however, the repayment date is uncertain. Therefore only a minority of these repayment dollars is anticipated to be available for the SFY 2014 IUP.

Resources:	
Cash on Hand (Idle Cash and Investments)	\$115,353,304
American Recovery & Reinvestment (remainder of initial \$19,239,100)	840,598
EPA Capitalization Grant FFY 2013 (est.)	7,200,000
State Match	1,440,000
EPA Capitalization Grant FFY 2014 (est.)	5,000,000
State Match	1,000,000
Loans Receivable:	
SFY 2013 – March - June	873,272
SFY 2014	4,693,129
SFY 2015	4,693,129
Income on Cash and Investments:	
SFY 2013 – March - June	636,183
SFY 2014	1,867,550
SFY 2015	1,532,500
Total Resources:	\$145,129,665
Current Remaining Loan Obligations:	(\$92,807,443)
(Loans in design/construction less disbursements and de- obligations that have already occurred)	
Add back: 5% project shrinkage	4,640,372
(Some projects will de-obligate, or self-finance and reduce disbursement requests from the CWSRF)	
Net Remaining Loan Obligations:	(\$88,167,071)
NET RESOURCES AVAILABLE TO LOAN	\$56,962,594

Key Assumptions:

Projects take 30 months to construct and close from date of loan signing. We will use the **Total Resources** amount for the next 27 months to facilitate a conservative cash flow analysis. New loan obligations cannot exceed **Net Resources Available to Loan**. Projections are made quarterly. Our next projection will be made on July 1, 2013, or when loans signed from this projection forward exceed the **NET RESOURCES AVAILABLE TO LOAN** amount whichever event comes first. The Green Project Reserve (GPR) goal depends on the actual amount of federal funding and is estimated to be approximately \$720,000. For planning purposes DEQ will use the \$720,000 amount for GPR.

Green Project Reserve Loan Activity During State Fiscal Year 2014

For SFY 2014, DEQ will draw upon previous experience in identifying and documenting goal setting for the GPR. A DEQ environmental engineer has been tasked to facilitate gathering and winnowing of this information from loan recipients and their consulting engineers. Business cases or categorical documentation will be required to justify GPR eligibility and costs. Once this documentation is reviewed by DEQ, it will be posted on the website: www.deq.idaho.gov/water-quality/grants-loans/green-project-reserve.aspx. For SFY 2013, DEQ exceeded its 10% GPR goal and expects to use the same approach to meet its GPR goal in 2014.

Loan Fees

To provide for support of the administrative costs associated with operating the Clean Water Quality State Revolving Fund (SRF) program or to otherwise facilitate the operation of the Clean Water State Revolving Fund (CWSRF) effort, a fee program has been instituted. The fee will be 1% of the unpaid balance of the loan or extended term financing (unless the interest rate and fee is less than 1%, in which case the fee will be reduced), payable when the regular repayments are made. Herein the term *effective interest* will be the sum of the fee and the true interest. The interest rate will be reduced by the corresponding percentage of the fee, so that there is no net effect on borrowers. Fees are only being charged on new loans/financings or on projects in progress, for which a loan offer amendment is required.

For SFY 2012, the fee revenues were \$389,186, and for SFY 2013, the expected fee revenue should stay stable at about \$375,000. The fee revenue account balance, at the end of SFY 2012, was \$1,910,626. In the second half of SFY 2013, approximately \$525,000 of fee revenues will be used to fund Water Quality SRF administrative and technical support costs incurred beyond the federal capitalization grant support level, and wastewater planning grant support as well as operator training classes.

For SFY 2014 DEQ expects to use approximately \$750,000 of fee revenues [assuming the federal capitalization grant for federal fiscal year (FFY) 2013 is consistent with the FFY 2012 grant award level]. Costs of approximately \$460,000 will be charged to support administration. Costs of approximately \$40,000 will be charged to the direct support of operator training. Costs of approximately \$250,000 will be charged to the direct support of municipal wastewater planning grant efforts.

The support for wastewater planning grants will include the direct support to municipalities for their plan development and the DEQ staff time to administer the grant support. The DEQ personnel costs will be drawn from each regional office and the state office in Boise. In each regional office, the personnel charging against the fee account will be engineering staff to support wastewater planning grants. In the state office, the personnel time will consist of financial and environmental review staff.

Surplus fee revenues will be transferred into the loan/financing repayment account, to increase *available resources* for loans. Surplus fees will earn the same interest as regular repayment idle monies and will be transferred to the fund corpus should a cash flow deficiency arise.

II. List of Projects

Attachments I and II are the SFY 2014 CWSRF Fundable List and Project Priority List. Upon completion of the public comment period, a final project listing will be submitted for approval by the Board of Environmental Quality on May 9, 2013.

The first use requirement of the Clean Water Act [Section 602(b)(5)], relating to National Municipal Policy (NMP), does not apply in Idaho since all NMP needs have been met with separate funds in the form of state and federal grants and separate state loans in FFY 1989.

III. Long- and Short-Term Goals

DEQ's long-term, basic SRF goals are to

1. Protect public health and the waters of the state by offering financial assistance for the construction of wastewater treatment facilities. Financial assistance includes below-market-rate loans (i.e., 20-year repayments) and extended term financing (i.e., 30-year repayments), and may include principal forgiveness for disadvantaged communities under limited circumstances.
2. Assist local communities as they strive to achieve and maintain statewide compliance with federal and state water quality standards.
3. Entering into SFY 2013, there has emerged an imbalance in the Drinking Water (DWSRF) and CWSRF loan funds' ability to serve the state's needs. This imbalance has developed over the last 3 years and may represent an issue to contend with during the next 4 years. The DWSRF loan fund in FY 2013 can fully fund the Priority List needs and have surplus funds, while the CWSRF loan fund in FY 2013 can only meet a small fraction of needs with its resources. There is an opportunity to transfer money between the two funds and, if the present dichotomy continues, the transfer option may be a viable tool.
4. The EPA is evolving its policy towards system sustainability. This evolution will likely continue over the next 4 years, and at the least will require administrative changes. DEQ will monitor this evolution and make changes as needed. The policy may translate into specific capitalization grant requirements, such as user rate structures that incorporate capital replacement.
5. Administer Idaho's CWSRF loan account to ensure its financial integrity, viability, and revolving nature in perpetuity.
 - ❖ DEQ will continue to strive to ensure the viability of the fund, using two methods: (1) applying a loan effective interest floor and (2) applying a variable effective interest rate to loans/financings of different terms (e.g., 30-year extended term financings may have a higher effective interest rate than 20-year loans).

DEQ's short-term, basic SRF goals are to

1. Ensure that FFY 2013 capitalization funding is disbursed to projects in a timely manner.
 - ❖ With the exception of loan/financing disbursement requests for projects that require the use of repayment funds (i.e., *recycled* loan dollars used for match), whenever practicable initial capitalization dollars will be used prior to repayment funds being used. This practice will ensure that initial capitalization funds are used in a timely manner.
2. Provide funding for nonpoint source (NPS) projects and improve marketing efforts directed at potential sponsors of NPS projects. This effort is entering its third year. To date there has not been a big enough demand upon SRF/319 staff to impose an undue administrative burden, nor to materially degrade the long-term health of the fund.
 - ❖ DEQ has recently adopted a *sponsorship* approach patterned on the State of Ohio's method of subsidizing NPS projects. The Cities of Franklin, Jerome, and Inkom may enter into sponsorship agreements during SFY 2014.
3. Ensure clear tracking of fee revenues and expenditures, while developing clear rules, policies, and procedures related to a maturing fee structure.
 - ❖ Financial statement disclosure has continued to change to meet State Legislative Service Office and United States Environmental Protection Agency (EPA) concerns over disclosure adequacy. In the absence of generally accepted accounting principles for nonprimary government units, DEQ has chosen a comprehensive disclosure approach.
 - ❖ Continue to review and update the state CWSRF Handbook, which is found on DEQ's website.
4. DEQ will continue to implement extended term financing repayments (i.e., terms in excess of 20 years but not to exceed 30 years).
 - ❖ DEQ has obtained EPA approval for its extended term financing process. DEQ will implement a variable effective interest rate structure that is set based upon the repayment term, so that loan or extended term financing recipients can choose which funding terms they prefer. As in the past, the 20-year loans will incorporate the lower effective interest rate. If the extended term financing recipients choose an extended financing repayment option, they will pay 0.25% higher than the lower effective interest rate.
5. Ensure that the GPR goal of 10% of the capitalization amount is directed towards supporting such efforts as energy efficiency, water conservation, and innovative green projects. Use in-house environmental engineering expertise to facilitate meeting this goal.
 - ❖ This goal will be met by comparing end-of-project costs to initial estimates and making any corrections to the EPA reporting database.
6. Ensure compliance with Davis-Bacon wage provision and Single Audit Act requirements.
 - ❖ DEQ recently made changes to the CWSRF Loan Handbook to include

Davis Bacon language in form 6-C, which displays model contract language. Coordinate closely with the State Legislative Services Office in monitoring Single Audit Act results and the need for audit finding follow-up.

8. Update guidance checklists in the CWSRF Handbook to incorporate recent capitalization grant changes.
9. Update internal procedural manual to compile a comprehensive *cradle-to-grave* loan checklist.

IV. Information on the Activities to be Supported

A. Allocation of Funds/Assistance Terms

The primary type of assistance to be provided by the CWSRF is expected to be low-interest loans for up to 100% of project costs. The effective rate of interest will vary from a ceiling of 2.25% and a floor of 1.00%, for 20-year loans awarded directly by DEQ (DEQ Policy Memorandum 13-03). If a loan recipient prefers to repay its extended term financing over a 30-year period, the effective interest rate would be adjusted to 1.25%. For a project to be considered for a 30-year loan, the average design life of the project must equal or exceed 30 years. A floor is being established to help offset the effects of inflation and to encourage communities to complete their projects in a timely manner.

In some instances 0.00% loans will be considered if the community's annual cost per household exceeds 1.5% of the median household income.

All loans and extended term financings will be paid back over a period not to exceed 30 years. Some 30-year extended term financing disadvantaged loans could be available where the effective interest rate will be lower than 1.25%. This determination will be made on a case-by-case basis. CWSRF-specific disadvantaged loans, as directed by the FFY 2013 appropriation, will be directed to those communities that are ready to proceed and that meet disadvantaged community criteria established in IDAPA 58.01.12.021. Principal and interest repayments must begin no later than 1 year after the initiation of operation date.

The FFY 2013 CWSRF allocation is expected to be approximately \$7,200,000. Principal forgiveness, **as of the writing of this IUP, will not be allowed for SFY 2014.**

If, subsequent to the publication of this IUP, principal forgiveness is required (see Attachment VI, on page 30, for further discussion of principal forgiveness):

To the extent that entities on the Fundable List qualify as disadvantaged, they will share equally, on a project cost pro-rata basis, in the monies that are available for principal forgiveness. DEQ will continue to target its subsidy resources to disadvantaged communities. For those entities that receive a subsidy (i.e., principal forgiveness) the interest on their loan or extended term financing will not begin accruing until the repayment phase (i.e., after the end of construction). Principal forgiveness is capped at the amount necessary to keep user rates at 1.5% of median household income. To the extent that growth is funded with subsidized loans or extended term financing, it will only be for reasonable, average growth.

Should entities that are slated for principal forgiveness on the Fundable List opt out of the SRF loan or extended term financing process, or if the final costs are less than the initial estimates, their remaining subsidies shall be set aside in a pool. At the end of the state fiscal year, the pool balance will be allocated to those disadvantaged communities that:

- ❖ Entered into loans or extended term financings with DEQ during the course of the year and
- ❖ Will pay user rates that exceed 1.5% of the community's median household income, after taking into account the initial allocation of principal forgiveness.

B. Administrative Costs of the Water Quality State Revolving Fund

DEQ plans to reserve not more than 4% of the regular capitalization grant for administrative expenses.

C. Loan-Eligible Activities

CWSRF loans will provide for planning, design, and construction of secondary and advanced secondary wastewater treatment units, interceptors and appurtenances for infiltration/inflow correction, collector sewers and appurtenances, new interceptor sewers and appurtenances, combined sewer overflow correction, stormwater management programs, and recycled water distribution. CWSRF loan assistance will be provided to local communities, counties, sewer districts, and nonprofit sewer associations for the construction of publicly owned wastewater treatment facilities. Loans or extended term financings may also be provided to sponsors of NPS projects to implement water pollution control projects. Such projects must be consistent with the State Water Quality Management Plan and demonstrate a nexus or benefit to a municipality. Additionally, funding will be provided for GPR activities to meet the fiscal year 2013 goal of 10%.

D. Sponsorship Agreements

The traditional CWSRF loans will be leveraged to provide NPS project funding. The effective interest rate charged on wastewater treatment/collection facility loans or extended term financing may be adjusted to accommodate NPS projects that have a nexus with the point source community; however, even with a nexus, the NPS projects will have no direct impact on the sponsor's National Pollutant Discharge Elimination System (NPDES) permit. The NPS projects will be administered by the Clean Water Act, Section 319 grant staff within DEQ. The NPS project will have the same administrative conditions as any Section 319 grant; however, CWSRF requirements such as Davis Bacon wage provisions will apply to the NPS project, and CWSRF cost eligibility criteria will apply. Additionally, sponsorship projects will be strongly encouraged to complete their projects within the same timeframe as their point source counterparts. Since none of the NPS sponsorship projects are using point source solutions (i.e., Clean Water Act, Section 212), they will not need environmental reviews. See DEQ's website for details: www.deq.idaho.gov/media/908842-loi-companion-1012.pdf.

A sponsorship agreement will be signed between the point source loan recipient, the DEQ Director and the NPS project manager. The amount of the point source loan will increase; however, the point source loan recipient's rates will not be impacted by the NPS project. The NPS project costs will generally be funded by effective interest rate reductions, so that point source rate payers do not experience an increase in their rate burden.

Should any NPS project help to meet a municipality's NPDES permit requirements, the NPS project will be treated as if it were an integral part of the point source project. The NPS sponsorship recipients will be compelled to follow the same administrative conditions as the regular SRF loan or extended term financings recipients (e.g., Davis Bacon wage provision compliance, environmental review, reporting on efforts to contract with disadvantaged business enterprises, ensuring that contractors have not been debarred from engaging in federally funded work, etc.).

For SFY 2014, DEQ may facilitate the sponsorship of three NPS projects. NPS projects selected will have a completed, technically correct 319 grant application, be located in the same (4 digit HUC) watershed as their sponsor, and have their sponsor's support in the NPS effort. Since the current inflation rate is about 3%, the diminution of interest earning to the SRF corpus does not represent a perpetuity concern (as long as the number of sponsorship projects is kept to a low number).

SRF Loan	Nonpoint Source Project	Nonpoint Source Project Funding Amount	SRF Loan Modification
City of Franklin (WW1010)	Franklin Soil and Water Conservation District – Stabilization of streambank in Mound Valley	\$98,000	Estimate a reduction in the effective interest rate from 1.75% to 0.25% on a 20-year loan
City of Inkom (WW14XX)	Portneuf Soil and Water Conservation District – Stabilization of streambank on the Topaz reach of the Portneuf River	\$249,600	Modest effective interest decrease on the 1.25%, \$2.5 m, 30-year loan
City of Jerome (WW14XX)	Twin Falls Soil and Water Conservation District - Stabilization of streambank on Cottonwood Creek	\$17,100	Modest effective interest decrease on the 1.25%, 30-year loan

V. Assurances and Specific Proposals

A. Environmental Reviews—Clean Water Act, Section 602(a) and Cross-Cutter Compliance, 40 CFR 35.3145

DEQ certifies that it will conduct environmental reviews of each Clean Water Act Section 212 project receiving assistance from the CWSRF. DEQ will follow its EPA-approved State Environmental Review Process (SERP) for conducting environmental reviews. Some projects (denoted on the Fundable List as *Tier II*) will not be required to engage in the complete suite of agency consultation to develop their environmental information documents. Projects that are sited over a sole source aquifer, sited by a Wild and Scenic River, or are joint funded with non-SRF federal funding will have to complete the normal suite of agency consultations, and these projects are denoted as *Tier I* projects on the Fundable List.

These procedures are outlined in the “Rules for Administration of Water Pollution Control Loans” (IDAPA 58.01.12.042). More detailed procedures are embodied in the *Clean Water State Revolving Fund Loan Handbook* (Chapter 5). The Chapter 5 checklists may be found at www.deq.idaho.gov/media/651369-ww-loan-handbook.pdf.

DEQ agrees to comply with and to require recipients of loans from Idaho’s Water Pollution Control Loan Account to comply with applicable federal cross-cutting requirements (with the exception of those loans or extended term financings that qualify for Tier II consideration). DEQ will notify EPA when consultation or coordination by EPA is necessary to resolve issues regarding these requirements.

B. Binding Commitments—Clean Water Act, Section 602(b)(3)

DEQ will enter into binding commitments for 120% of each quarterly payment within 1 year of receipt of that payment. Binding commitment dates are listed in Attachment I of this IUP.

C. Expeditious and Timely Expenditures—Clean Water Act, Section 602(b)(4)

DEQ will expend all funds in the CWSRF in a timely and expeditious manner.

D. First-Use Enforceable Requirements—Clean Water Act, Section 602(b)(5)

DEQ certifies that all major and minor wastewater treatment facilities that the state has previously identified as part of the National Municipal Policy (NMP) are

- ❖ In compliance, or
- ❖ On an enforceable schedule, or
- ❖ Have an enforcement action filed, or
- ❖ Have a funding commitment during or prior to the first year covered by an IUP.

E. Compliance with Title II Requirements—Clean Water Act, Section 602(b)(6)

DEQ has met the specific statutory requirements for publicly owned wastewater treatment projects constructed in whole or in part before SFY 1995 with funds directly made available by federal capitalization grants. Therefore, DEQ no longer plans to use its federal capitalization grant and state match on *equivalency projects*. These projects meet the 16 specific statutory requirements provided by the Clean Water Act, Section 602(b)(6) as amended by the Water Quality Act of 1987, Public Law 100-4 and are eligible under 201(b); 201(g)(1) and (2); 201(N); and 211.

F. State Matching Funds—Clean Water Act, Section 602(b)(2)

DEQ agrees to deposit into the CWSRF from state monies an amount equal to 20% of the capitalization grant on or before the date on which the state receives each grant payment from EPA. These funds will be transferred from Idaho's Water Pollution Control Account. DEQ draws administrative funding at 100% federal. Draws for loan funding are split between state match and Federal funding at a ratio that ensures the full state match requirement is met for the overall award, despite the 100% federal treatment of administrative funds.

G. State Laws and Procedures—Clean Water Act, Section 602(b)(7)

DEQ agrees to expend all grant payment in accordance with state laws and procedures.

H. Consistency with Planning

DEQ agrees that it will not provide assistance to any wastewater treatment project unless that project is consistent with plans developed under the Clean Water Act, Section 205(j), 208, 303(e), 319, or 320.

I. Reporting

DEQ agrees to provide data or information to EPA as may be required for national reports, public inquiries, or Congressional inquiries. Capitalization grant-funded recipients will be monitored for Single Audit Act compliance and annual reports will be sent to loan recipients telling them the amount of federal monies they received during the past year.

DEQ will comply with reporting requirements of the EPA Order on Environmental Benefits and the Federal Funding and Accountability and Transparency Act. Project information will be updated at least quarterly in the Clean Water Benefits Reporting System. The electronic *one-pager* for all funded projects will also be completed. A hard copy of each *one-pager* will be provided to EPA with the Annual Report.

J. Refinancings

During the current fiscal year (July 1, 2012 – June 30, 2013) DEQ received \$58,493,917 in refinancings. Outreach was performed to entities on the current Priority List to

encourage timely utilization of the refinancings. Several entities, that were not previously fundable, applied for the refinancings (e.g., Weiser \$6 million, Caldwell Housing Authority \$1.7 million, Hayden area \$17 million, Coeur d'Alene \$11 million, Nampa \$17 million).

K. Transfers Between State Revolving Fund Loan Funds

Prior to SFY 2013, DEQ had not envisioned making transfers between the DWSRF and CWSRF. During SFY 2013, DEQ removed the statement from the IUP that no consideration would be paid to the possibility of transferring funds between the two SRFs. During SFY 2014, DEQ will be evaluating the potential to transfer funds between the two SRFs. This evaluation is driven by the disparity in comparative demand between the DWSRF and CWSRF. Should transfers become needed, DEQ intends to reserve the right to transfer surplus funds originating back to FFY 1997 capitalization grant awards. See Attachment VIII for listings of capitalization grants. Per 40 CFR 35.3550 a state may reserve the authority to transfer funds in future years. Funds may be transferred on a net basis, provided that the 33% transfer allowance associated with the DWSRF program capitalization grants received is not exceeded. Only repayments will be used for transfers.

VI. Criteria and Method for Distribution of Funds

The following principles and procedures will be the basis for the administration, funding, allocation, and distribution of the CWSRF monies. The principles and procedures are designed to provide maximum flexibility for assistance and ensure long-term viability of the revolving program.

A. Program Administration

The 4% allowed in the capitalization grants provided by EPA will be set aside to be used for program administration. Program administration costs will be met by capitalization grant allocations and by fee revenues (to the extent that the annual capitalization grant is insufficient to meet our needs).

B. CWSRF Priority List

Letters of interest were sent to all cities, counties, and water and sewer districts in the state. Returned letters of interest and priority list rating forms were sent to project engineers in DEQ regional offices to complete a rating of projects in each region. The result of the rating and ranking was the preliminary Priority List that was presented during the public review and comment period. Separate letters of interest were sent to potential NPS applicants. Projects are rated using the following criteria:

- | | |
|--|------------------|
| 1. Public health emergency certified by the DEQ Board or a Health District Board | up to 150 Points |
| 2. Regulatory Compliance Status | up to 100 Points |
| 3. Watershed Restoration | up to 100 Points |
| 4. Watershed Protection | up to 100 Points |
| 5. Preventing Impacts to Uses | up to 100 Points |
| 6. Sustainability | up to 50 Points |
| 7. Affordability | up to 10 Points |

Attachment III contains the guidance document that fully explains how DEQ staff applied the above criteria when rating individual projects.

C. Fundable Projects

The highest rated projects on the adopted Priority List that are ready to proceed are selected for funding and are listed on the IUP. These fundable projects are listed on Attachment I. DEQ staff starts at the top of the Priority List and continues to select projects ready to proceed until all of the available funds are used. In cases where a lower ranked project is selected, it is because higher ranked projects have not indicated a readiness to proceed, do not meet the eligibility requirements for available funds, or because additional funding has become available. A project that is *ready to proceed* will have shown evidence of legal authority to enter into debt, have a completed facility plan, be able to meet GPR and Additional Subsidization requirements (if additional subsidization becomes allowable subsequent to the initial issuance of this Intended Use Plan), and have expressed a willingness to proceed with the CWSRF loan process.

In some cases, the project amount on the Fundable List may be less than the project amount on the Priority List. The Priority List amount is the estimate of the total project cost, while the costs on Fundable List are the amount that project applicants expect to borrow from the CWSRF. In each case, the difference will be provided from some other source, such as cash on hand or a grant from the Community Development Block Grant program administered by the Idaho Department of Commerce.

D. Disbursements

The estimated timing and amount of disbursements for the projects on the new IUP are added to the latest cash disbursement request projections for prior year funded and projected projects. The projections are normally provided to EPA in July each year. The projections are based upon estimated disbursement schedules submitted by loan or extended term financing recipients and projected timing of loan or extended term financing agreements, adjusted for corrections by regional project engineers and state office staff. These disbursements are tracked on an ongoing basis to project needed cash from all capitalization grants and state match. All funds will be expended in an expeditious and timely manner.

E. Federal Payments

The Idaho CWSRF has cumulative binding commitments in excess of the amount required for the current capitalization grant. This allows for the entire Federal payment to be made in a timely manner. Attachment IV provides for more detail.

F. State Match

Idaho's match for all capitalization grants is provided from funds that are drawn from the state Water Pollution Control Account. The Water Pollution Control Account derives its funding from a set amount of \$4.8 million from the state sales tax and is perpetually appropriated to DEQ under Idaho Code 63-36.

VII. Additional Information Requirements

A. Public Review and Comment

See Attachment V.

B. Bypass Procedures

A project may be bypassed if

- ❖ It does not support meeting GPR goals (if so designated on the Fundable List).
- ❖ It is not ready to proceed.
- ❖ It voluntarily opts out of the SRF loan process.
- ❖ The project does not meet eligibility requirements.
- ❖ It does not allow for timely use of loan or extended term financing funds.

In place of the bypassed project, the next highest ranking project(s) that is ready to proceed will be used (IDAPA 58.01.12.020.04.c). DEQ will use Priority List ranking as much as possible when preparing the IUP. However, the lack of adequate funding; changes in project scope; failure to pass a bond election; or other unforeseen circumstances may require that a project on the IUP be bypassed. If a project is bypassed, DEQ will offer loan or extended term financing funds to the highest ranked, ready-to-proceed project from the most current approved Priority List. To date, in SFY 2013, no entities have been bypassed.

ATTACHMENT I. Clean Water State Revolving Loan Fundable Listing

State of Idaho Water Quality State Revolving Loan Fund for the Period of July 1, 2013 through June 30, 2014 LIST OF FUNDABLE CLEAN WATER LOAN PROJECTS

Rank	Project	Rating Points	Regional Office	Est. Project Cost	Est. Loan Commitment Date and Est. Funding Terms	Ancillary Requirements	Est. Cost of Green Infrastructure	Needs Category	NPDES or Land Application Permit #	Project Description
1	City of Newdale	244	IFRO	\$1,100,000	November 2013 20 years, 2.25%	Davis Bacon Wage Provisions, Tier I SERP, Cross-cutting Requirements, Single Audit Act and Disadvantaged Business Enterprise Compliance Reporting	\$50,000 (improved pumps and motors, Business Case required)	X, I	N/A	Provide aeration in two treatment cells, removing accumulated sludge and sealing leading ponds, land application, upgrading disinfection system, replacing the influent flow meter structure air release valves, slide gates.
2	City of Inkom	235	PRO	\$2,500,000	October 2013 20 years, 2.25%	Davis Bacon Wage Provisions, Tier I SERP, Cross-cutting Requirements, Single Audit Act and Disadvantaged Business Enterprise Compliance Reporting	\$50,000 (high-efficiency motors and pumps, Business Case required)	X, I	ID-002024-9	Refurbish existing aerated treatment lagoons and construct a winter storage/summer land application system as the most economically feasible solution to addressing NPDES Permit compliance issues.
3	City of Jerome	230	TFRO	\$1,750,000	December 2013 30 years, 1.00%	Davis Bacon Wage Provisions, Tier I SERP, Cross-cutting Requirements, Single Audit Act and Disadvantaged Business Enterprise Compliance Reporting	\$1,000,000 (high-efficiency lighting, pumps, motors; gray water distribution system; on-site energy generation, Business Case required)	II	ID-002016-8	Collection system improvements, to resolve several issues related to noncompliance and installation of a Membrane Bio-Reactor treatment process.
4	Country Club Hills Utilities	228	IFRO	\$960,000	April 2014 30 years, 1.00%	Tier II SERP, Single Audit Act Compliance Reporting		IV-A	N/A	Install gravity sewer line to existing interceptor.
5	Hayden Lake Recreational Water and Sewer District	190	CRO	\$7,000,000	July 2013 30 years, 2.00%	Davis Bacon Wage Provisions, Tier I SERP, Cross-cutting Requirements, Single Audit Act and Disadvantaged	\$1,575,000 (energy savings from flow equalization, biological nutrient removal and reuse,	II	ID-002659-0	Upgrade to biological nutrient removal, chemical treatment, filtration and ultraviolet disinfection.

ATTACHMENT I. (CONT.)

						Business Enterprise Compliance Reporting	Business Case required)			
8	City of Weiser	175	BRO	\$3,000,000	August 2013 30 years, 2.50%	Davis Bacon Wage Provisions, Tier I SERP, Cross-cutting Requirements, Single Audit Act and Disadvantaged Business Enterprise Compliance Reporting	\$250,000 (energy efficiency; methane cogeneration, Business Case required)	I	N/A	Refurbish, aeration basins, clarifiers, chlorine contact chamber, thickeners, digesters, and belt press.
9	Elk Bend Sewer District	170	IFRO	\$1,250,000	April 2014 20 years, 2.25%	Davis Bacon Wage Provisions, Tier I SERP, Cross-cutting Requirements, Single Audit Act and Disadvantaged Business Enterprise Compliance Reporting	\$400,000 (high-efficiency pumps and motors; and, reduction in waste processed, leading to reduced energy demands, Business Case required)	III-B, I, IV-A	N/A	Replace lift stations, add 4,000 feet of gravity sewer to Steelhead Bend, construct new treatment facility, and a new large soil absorption module.
12	City of Coeur d'Alene	140	CRO	\$11,000,000	July 2013 20 years, 2.25%	Davis Bacon Wage Provisions, Tier I SERP, Cross-cutting Requirements, Single Audit Act and Disadvantaged Business Enterprise Compliance Reporting	\$2,000,000 (water conservation and energy efficiency; reuse of plant system water; reuse of effluent; advanced lighting; variable frequency drive pumps; NEMA premium motors; and, aeration improvements, Business Case required)	II	ID-002285-3	Tertiary membrane filtration with solids recirculation.
15	West Bonner Water and Sewer District	122	CRO	\$1,599,000	July 2013 30 years, 1.25%	Davis Bacon Wage Provisions, Tier I SERP, Cross-cutting Requirements, Single Audit Act and Disadvantaged Business Enterprise Compliance Reporting	\$10,000 (high-efficiency pumping and motors, Business Case required)	IV-A, IV-B	WA-0022322	Construct large duplex sewage pump station, interconnect with existing wastewater through transmission pipeline via horizontal directional boring, and installation of a gravity sewer.
17	City of Hayden	115	CRO	\$9,813,594	September 2013 20 years, 2.25%	Davis Bacon Wage Provisions, Tier I SERP, Cross-cutting Requirements, Single Audit	\$1,575,000 (energy savings from flow equalization, biological nutrient	II	ID-002659-0	Upgrade to biological nutrient removal, chemical treatment, filtration and ultraviolet disinfection.

ATTACHMENT I. (CONT.)

						Act and Disadvantaged Business Enterprise Compliance Reporting	removal and reuse, Business Case required)			
20	City of Nampa	95	BRO	\$17,000,000	September 2013 20 years, 2.25%	Davis Bacon Wage Provisions, Tier I SERP, Cross-cutting Requirements, Single Audit Act and Disadvantaged Business Enterprise Compliance Reporting	\$3,000,000 (fine-pore diffusers for aeration; improved lighting and pumps, Business Case required)	I	ID-002206-3	Add aeration and selector basins, replacement of secondary effluent pump stations, construction of a new thickening facility, add a fourth primary digester, expansion of dewatering facilities, and demolition of trickling filters and secondary clarifiers.
Totals =====>				<u>\$56,962,594</u>			<u>\$9,910,000</u>			

NOTE: Pending a decision by the EPA, Region 10 staff the loan increase entered into in state fiscal year 2012 with the City of Lava Hot Springs may need to be reissued in state fiscal year 2014. If this reissuance is needed, the City's project will retain the same funding level and loan eligible costs incurred prior to the reissuance will continue to be considered as loan eligible.

ATTACHMENT II. Clean Water State Revolving Loan Priority Listing

State of Idaho Water Quality State Revolving Loan Fund for the Period of July 1, 2013 through June 30, 2014 COMPREHENSIVE LISTING OF CLEAN WATER LOAN PROJECTS

Rank	Project	Rating Points	Reg. Office	Est. Project Cost	Needs Category	NPDES or Land Application Permit #	Est. Cost of Green Infrastructure	Project Description
1	City of Newdale	244	IFRO	\$1,100,000	X, I	N/A	\$50,000 (improved pumps and motors, Business Case required)	Provide aeration in two treatment cells, removing accumulated sludge and sealing leading ponds, land application, upgrading disinfection system, replacing the influent flow meter structure air release valves, slide gates.
2	City of Inkom	235	PRO	\$2,500,000	X, I	ID-002024-9	\$50,000 (high-efficiency motors and pumps, Business Case required)	Refurbish existing aerated treatment lagoons and construct a winter storage/summer land application system as the most economically feasible solution to addressing NPDES Permit compliance issues.
3	City of Jerome	230	TFRO	\$58,000,000	II	ID-002016-8	\$1,000,000 (high-efficiency lighting, pumps, motors; gray water distribution system; on-site energy generation, Business Case required)	Collection system improvements, to resolve several issues related to noncompliance and installation of a Membrane Bio-Reactor treatment process.
4	Country Club Hills Utilities	228	IFRO	\$960,000	IV-A	N/A		Install gravity sewer line to existing interceptor.
5	Hayden Lake Recreational Water and Sewer District	190	CRO	\$7,000,000	II	ID-002659-0	\$1,575,000 (energy savings from flow equalization, biological nutrient removal and reuse, Business Case required)	Upgrade to biological nutrient removal, chemical treatment, filtration and ultraviolet disinfection.
6	City of Kendrick	185	LRO	\$1,200,000	III-A	ID-002455-4	\$600,000 (high-efficiency pumps and motors; leak reduction leading to lower energy needs; reuse, Business Case required)	Installing rapid infiltration basins, adding sludge removal from lagoons and new chlorine disinfection facilities.
7	Hidden Lake Float Homes	175	CRO	\$1,760,000	IV-A, IV-B	ID-002659-0	\$352,000 (water conservation home fixtures, leak detection practices, reuse, Business Case required)	Connect to Heyburn Park's sewer treatment and water reuse system.

ATTACHMENT II. (CONT.)

Rank	Project	Rating Points	Reg. Office	Est. Project Cost	Needs Category	NPDES or Land Application Permit #	Est. Cost of Green Infrastructure	Project Description
8	City of Weiser	175	BRO	\$6,000,000	I	N/A	\$250,000 (energy efficiency; methane cogeneration, Business Case required)	Refurbish, aeration basins, clarifiers, chlorine contact chamber, thickeners, digesters, and belt press.
9	Elk Bend Sewer District	170	IFRO	\$1,250,000	III-B, I, IV-A	N/A	\$400,000 (high-efficiency pumps and motors; and, reduction in waste processed, leading to reduced energy demands, Business Case required)	Replace lift stations, add 4,000 feet of gravity sewer to Steelhead Bend, construct new treatment facility, and a new large soil absorption module.
10	City of Notus	155	BRO	\$5,980,000	X, I	ID-002101-6	\$200,000 (high-efficiency motors and pumps, Business Case required)	Upgrade existing lagoons and land apply during growing months.
11	2 Forks Recreational Sewer and Water District	145	BRO	\$1,900,000	IV-B	LA-000214-01		Provide a pumping station and pipeline from Terrace Lakes to South Fork Landing Water Reclamation Facility.
12	City of Coeur d'Alene	140	CRO	\$11,000,000	II	ID-002285-3	\$2,000,000 (water conservation and energy efficiency; reuse of plant system water; reuse of effluent; advanced lighting; variable frequency drive pumps; NEMA premium motors; and, aeration improvements, Business Case required)	Tertiary membrane filtration with solids recirculation.

ATTACHMENT II. (CONT.)

Rank	Project	Rating Points	Reg. Office	Est. Project Cost	Needs Category	NPDES or Land Application Permit #	Est. Cost of Green Infrastructure	Project Description
13	City of Cambridge	135	BRO	\$2,349,000	III-A	ID-002180-6	\$1,231,000 (high-efficiency pumps, motors and lighting; computer controls; leakage reduction leading to reduced energy needs; implementation of aeration treatment, Business Case required)	Replace or rehabilitate aged collection lines to reduce leakage, repair lift station: improve treatment techniques and controls; increase lagoons freeboards; provide emergency power.
14	City of Cascade	130	BRO	\$6,384,000	III-B	ID-002316-7	\$6,000,000 (aeration improvements, reductions in waste treated leading to reduced energy demands, high-efficiency pumps and motors, Business Case required)	Replace or rehabilitate sewer piping and manholes, and make improvements to treatment methodologies..
15	West Bonner Water and Sewer District	122	CRO	\$1,599,000	IV-A, IV-B	WA-0022322	\$10,000 (high-efficiency pumping and motors, Business Case required)	Construct large duplex sewage pump station, interconnect with existing wastewater through transmission pipeline via horizontal directional boring, and installation of a gravity sewer.
16	Bottle Bay Recreational Water and Sewer District	121	CRO	\$2,500,000	III-B, X	LA00001504		Alternative not selected yet, but will likely include land acquisition for expansion of forest land application; construction of additional lagoon storage; upgrades to irrigation pumping system; upgrades to aging treatment system components; and replacement of deteriorated septic tanks.
17	City of Hayden	115	CRO	\$7,050,000	II	ID-002659-0	\$1,575,000 (energy savings from flow equalization, biological nutrient removal and reuse, Business Case required)	Upgrade to biological nutrient removal, chemical treatment, filtration and ultraviolet disinfection.

ATTACHMENT II. (CONT.)

Rank	Project	Rating Points	Reg. Office	Est. Project Cost	Needs Category	NPDES or Land Application Permit #	Est. Cost of Green Infrastructure	Project Description
18	City of Post Falls	115	CRO	\$10,836,000	II	ID-002585-2	\$1,836,000 (on-site energy generation; high-efficiency lighting, pumps and motors; heat pumps, aeration improvements, wastewater reuse; computer controls; phosphorus recovery for beneficial reuse, Business Case required)	Construct flow equalization to improve performance of biological nutrient reduction and tertiary treatment.
19	City of Hansen	98	TFRO	\$2,613,000	I, II	ID-002244-6		New headworks, upgrade existing oxidation ditch aeration system; additional oxidation ditch; mechanical solids handling; disinfection modification; and tertiary effluent filtration. Replacing 4,800 of collection lines and 19 manholes.
20	City of Nampa	95	BRO	\$27,296,000	I	ID-002206-3	\$3,000,000 (fine-pore diffusers for aeration; improved lighting and pumps, Business Case required)	Add aeration and selector basins, replacement of secondary effluent pump stations, construction of a new thickening facility, add a fourth primary digester, expansion of dewatering facilities, and demolition of trickling filters and secondary clarifiers.
21	Montpelier Sewer	40	PRO	\$2,500,000	III-B	ID-002558-5		Replace deteriorated sewer line.
	Total =====>			\$161,777,000				

WARNING: USE OF THIS LIST AS A MAILING LIST OR AS A TELEPHONE NUMBER LIST IS PROHIBITED BY IDAHO CODE SECTION 9-348 AND IS PUNISHABLE BY A CIVIL PENALTY OF UP TO \$1,000.

ATTACHMENT III. Guidance for Integrated Priority System: Water Quality Project Ranking

Idaho Department of Environmental Quality						Priority Year	
Water Quality Project Rating – Integrated Priority System						FY 2014	
Water Pollution Control Loan Program						Total Points	
						0	
Section 1. Project Identification							
Project Name/City							
Project DUNS No.							
DEQ Staff Reviewer							
Date		Regional Office					
Description of Project/Problem(s) (use additional pages if necessary)							
Limited capabilities: WordWrap works; use <alt><enter> for manual carriage return; no <tab>							
Total Estimated Project Cost							
Estimated DEQ Loan Amount							
Water Quality Project Rating – Integrated Priority System Instructions							
An integrated priority system will be used by DEQ to annually allot available funds in accordance with the "Rules for Administration of Water Pollution Control Loans" (IDAPA 58.01.12). Each water quality project will be ranked using the integrated priority system in accordance with this guidance.							
Sections 2 through 6 include five major rating categories, and sections 7 and 8 are supplementary categories. Sections 2 through 5 and sections 7 and 8 apply to conventional wastewater (point source) projects. Section 6 and possibly sections 4 and 7 apply to nonpoint source (NPS) projects. Applicants with both conventional and NPS components can receive credit under both sections 5 and 6. Answer questions and generate a score for each section.							
Section 2. Public Health Emergency or Public Health Hazard*						0 or 150 points	
<i>IDAPA 58.01.12.020.02.a. Public health emergency or hazard certified by the Idaho Board of Environmental Quality, the Department, a District Health Department or by a District Board of Health – 150 points.</i>							
<i>* Board certification of public health emergency must accompany LOI and rating form.</i>							
Check one:						Possible	Score
<input type="checkbox"/>		1. There is no officially declared or designated public health emergency or hazard, or the proposed project will not resolve an officially declared or designated public health emergency or hazard. Enter 0 and proceed to section 3.				0	
<input type="checkbox"/>		2. The proposed project will resolve an officially declared or designated public health hazard or emergency that is a documented health threat as certified by a Health District Board or the DEQ Board. Enter 150 at right and as the section 2 subtotal.				150	
Section 2 subtotal (0 or 150 pts)							0

Section 3. Regulatory Compliance Issues		0-100 points
<i>IDAPA 58.01.12.020.02.b. Regulatory compliance issues (e.g., noncompliance and resulting legal actions relating to infrastructure deficiencies at a wastewater facility) – up to 100 points.</i>		
For qualifying points in this section (Regulatory Compliance Issues), the cause of noncompliance and resulting legal actions should be restricted to infrastructure deficiencies at a permitted point source facility. The purpose of this section is not to assign points for noncompliance resulting purely from system mismanagement or operation and maintenance (O&M) deficiencies.		
A permitted point source facility is required to comply with the EPA National Pollutant Discharge Elimination System (NPDES) discharge permit and/or state water reuse permit. A facility is considered to be out of compliance if the facility is not meeting limits or conditions in the permit and legal action for noncompliance has been set in place. The severity of legal actions varies depending on the impact or potential impact to water quality, watershed, or public health and how long attempts to resolve the problem(s) have been ongoing. Legal actions may include but are not limited to one or more of the following: consent order, notice of violation, administrative order, permit compliance schedule, or assessment of monetary penalties.		
Check one:	Possible	Score
<input type="checkbox"/> In compliance (0 pts) – System is in compliance with regulatory requirements. No points are awarded in this section. Enter 0 below and proceed to section 4.	0	
<input type="checkbox"/> Low-Level Noncompliance (25 pts) – Includes documented permit violations with discharge monitoring reports, reuse inspections, or the equivalent. For low-level noncompliance, legal action has not yet been set in place, and therefore, no points are awarded in this section. Enter 0 below and proceed to section 4.	25	
<input type="checkbox"/> Moderate-Level Noncompliance (50 pts) – Includes a first state or EPA warning letter, notice of violation, consent agreement, or equivalent that are directly related to the proposed project, and noncompliance will be resolved by the completion of the proposed project. Enter 80 below and proceed to section 4.	50	
<input type="checkbox"/> High-Level Noncompliance (75 pts) – Includes second state or EPA warning letter, consent order, permit compliance schedule, or equivalent that are <i>directly related to the proposed project</i> , and the noncompliance will be resolved by the completion of the proposed project. Enter 90 below and proceed to section 4.	75	
<input type="checkbox"/> Noncompliance Consequences Imposed (100 pts) – Penalties assessed (e.g., monetary fines or incarceration) that are <i>directly related to the proposed project</i> , and noncompliance will be resolved by the completion of the proposed project. Enter 100 and proceed to section 4.	100	
Section 3 subtotal (0-100 pts)		0

Section 4. Watershed Restoration		0-100 points
<i>IDAPA 58.01.12.020.01.02.c. Watershed restoration (e.g., implementation of best management practices or initiation of construction at wastewater collection and treatment facilities as part of an approved total maximum daily load plan, implementation of nonpoint source management actions in protection of a threatened water, or is part of a special water quality effort) – up to 100 points.</i>		
The project implements best management practices or initiates construction of wastewater collection and treatment facilities as part of an approved total maximum daily load (TMDL), protects threatened waters identified through Idaho's Nonpoint Source Management Program Plan, or is part of a special water quality effort (e.g., Governor's <i>Bull Trout Conservation Plan</i>).		
1. Points can be assigned based on a restoration from impacts to a 303(d) water body, threatened or endangered species, sole-source aquifer, or sensitive/special resource ground water.		
Check all that apply:	Possible	Score
Surface Water (LOI questions 1 through 3)		
<input type="checkbox"/> Proposed project discharges to a 303(d) water body.	10	
<input type="checkbox"/> Proposed project is for a point source and is expected to reduce a pollutant of concern in the 303(d) listed water body.	10	
<input type="checkbox"/> TMDL has been approved by EPA.	7	
<input type="checkbox"/> Proposed project is for a point source that is exceeding its waste load allocation listed in the approved TMDL.	8	
<input type="checkbox"/> Proposed project is for a NPS and is expected to reduce a pollutant of concern in the 303(d) listed water body.	8	
<input type="checkbox"/> Proposed project will reduce two or more pollutants of concern for the 303(d) listed water body.	5	
Ground Water (LOI question 4)		
<input type="checkbox"/> Proposed project is expected to reduce pollutant concentrations in a sole-source aquifer (Eastern Snake River Plain, Spokane-Rathdrum, or Lewiston Basin).	20	
<input type="checkbox"/> Proposed project is expected to reduce pollutant concentrations in a designated Nitrate Priority Area.	5	
www.deq.idaho.gov/water-quality/ground-water/nitrate.aspx		
<input type="checkbox"/> Proposed project is expected to reduce pollutant concentrations in a designated Critical Ground Water Area.	2	
www.idwr.idaho.gov/WaterInformation/GroundWaterManagement/		
Threatened and Endangered Species (LOI question 5)		
<input type="checkbox"/> Proposed project is expected to improve habitat for a threatened or endangered species.	5	
Subtotal for section 4.	(Section 4, part 1 subtotal: limit to 50 pts)	0
2. Points are awarded according to the <i>expected</i> effectiveness of the project and the transferability of the demonstrated technologies to other parts of Idaho. The proposed project will either restore designated or existing beneficial uses, reduce the severity of NPS impacts, or will promote statewide NPS pollution reduction or remediation. More points will be awarded to projects that will have the greater overall reduction in pollutant load to the entire watershed (described by an 8-digit hydraulic unit code [HUC]).		
Check one:	Possible	Score
<input type="checkbox"/> Proposed project will not result in a load reduction or will not reduce impacts to surface water or ground water.	0	
<input type="checkbox"/> Proposed project will result in an estimated 25% or less reduction in overall pollutant loading to the watershed.	15	
<input type="checkbox"/> Proposed project will result in an estimated 26%-75% reduction in overall pollutant loading to the watershed.	30	
<input type="checkbox"/> Proposed project will result in an estimated greater than 75% reduction in overall pollutant loading to the watershed.	50	
	(Section 4, part 2 subtotal: limit to 50 pts)	0
Subtotal. Add section 4, parts 1 and 2.	(Section 4 subtotal)	0

Section 5. Watershed Protection from Impacts (conventional wastewater projects)		0-100 points
<i>NOTE: For point source projects that plan to sponsor NPS efforts as part of their loan.</i>		
<i>IDAPA 58.01.12.020.01.02.d. Watershed protection from impacts (e.g., improvement of beneficial use(s) in a given water body, evidence of community support, or recognition of the special status of the affected water body) – up to 100 points.</i>		
1. Points will be assigned based on the documented number of designated beneficial uses impacted by NPS pollutants. Eight points will be awarded for each of the five beneficial uses designated in the "Water Quality Standards" (IDAPA 58.01.08.100) for which the proposed project will prevent <i>or reduce</i> future impacts.		
Check all that apply:	Possible	Score
<input type="checkbox"/> Aquatic life	8	
<input type="checkbox"/> Recreation	8	
<input type="checkbox"/> Water supply (domestic, agricultural, or industrial)	8	
<input type="checkbox"/> Wildlife habitats	8	
<input type="checkbox"/> Aesthetics	8	
(Section 5, part 1 subtotal)		0
2. Nexus/benefit to municipality – Points are awarded based on the commitment of a municipality, governing agency, or other eligible entity (e.g., local landowner, citizen group working through eligible entity) for <i>implementing</i> or <i>financing</i> a portion of the proposed NPS project managed by a loan-eligible entity. A support letter must indicate the commitment of the municipality, governing agency, or other eligible entity to implement or fund a portion of the proposed project. More points are awarded based on the degree of project support exhibited.		
Check one:	Possible	Score
<input type="checkbox"/> No support letters	0	
<input type="checkbox"/> One or two support letters	20	
<input type="checkbox"/> Three or more support letters	40	
(Section 5, part 2 subtotal)		0
3. State and National Priorities – Points will be assigned based upon recognition of the special status of waters or uses of those waters.		
Check all that apply:	Possible	Score
<input type="checkbox"/> This project is a State Priority –The project reduces impacts to either: a. State park or state recreation area b. Recognized blue ribbon fishery c. Designated Nitrate Priority Area www.deq.idaho.gov/water-quality/ground-water/nitrate.aspx d. Area of high ground water vulnerability (based on source water assessments) e. Project enhances the state's NPS management program www.deq.idaho.gov/water-quality/surface-water/nonpoint-source-pollution/idaho%27s-nps-management-program	10	
<input type="checkbox"/> This project is a National Priority – A statewide initiative project is intended to positively impact either: a. Threatened or endangered species www.fws.gov/idaho/Species.htm map.streamnet.org/wbsite/bluecriticalhabitat/viewer.htm b. Wilderness area www.publiclands.org/explore/spec_agency.php?agency=Wilderness%20Areas&picstate=ID c. Wild and scenic river d. EPA-designated sole-source aquifer yosemite.epa.gov/r10/water.nsf/Sole+Source+Aquifers/ssamaps	10	
(Section 5, part 3 subtotal)		0
Subtotal. Sum of section 5, parts 1, 2, and 3.	(Section 5, parts 1, 2, and 3 subtotal)	0

Section 6. Preventing Impacts to Beneficial Uses (NPS projects only)	0-100 points
<i>IDAPA 58.01.12.020.02.e. Preventing impacts to uses (nonpoint source pollution projects) – up to 100 points.</i>	

NOTE: For sponsoring a NPS project to be completed by others, the project sponsor may also check section 7, part 1 uses (contact DEQ State Office to see if proposed project qualifies as a *sustainability* effort).

1. Points will be assigned based on the documented number of designated beneficial uses impacted by NPS pollutants. Seven points will be awarded for each of the five beneficial uses designated in the "Water Quality Standards" (IDAPA 58.01.08.100) for which the proposed project will prevent future impacts.

Check all that apply:	Possible	Score
<input type="checkbox"/> Aquatic life	7	_____
<input type="checkbox"/> Recreation	7	_____
<input type="checkbox"/> Water supply (domestic, agricultural, or industrial)	7	_____
<input type="checkbox"/> Wildlife habitats	7	_____
<input type="checkbox"/> Aesthetics	7	_____
(Section 6, part 1 subtotal)		0

2. Nexus/benefit to municipality – Points are awarded based on the commitment of a municipality, governing agency, or other eligible entity (e.g., local landowner, citizen group working through eligible entity) for *implementing* or *financing* a portion of the proposed NPS project managed by a loan-eligible entity. A support letter must indicate the commitment of the municipality, governing agency, or other eligible entity to implement or fund a portion of the proposed project. More points are awarded based on the degree of project support exhibited.

Check one:	Possible	Score
<input type="checkbox"/> No support letters	0	_____
<input type="checkbox"/> One or two support letters	20	_____
<input type="checkbox"/> Three or more support letters	40	_____
(Section 6, part 2 subtotal)		0

3. State and National Priorities – Points will be assigned based upon recognition of the special status of waters or uses of those waters.

Check all that apply:	Possible	Score
<input type="checkbox"/> This project is a State Priority – Project reduces impacts to either:	10	_____
a. State park or state recreation area		
b. Recognized blue ribbon fishery		
c. Designated Nitrate Priority Area		
www.deq.idaho.gov/water-quality/ground-water/nitrate.aspx		
d. Area of high ground water vulnerability (based on source water assessments)		
e. Project enhances the state's NPS management program		
www.deq.idaho.gov/water-quality/surface-water/nonpoint-source-pollution/idaho%27s-nps-management-program		
<input type="checkbox"/> This project is a National Priority – NPS or statewide initiative project is intended to positively impact either:	10	_____
a. Threatened or endangered species		
www.fws.gov/idaho/Species.htm		
map.streamnet.org/wbsite/bluecriticalhabitat/viewer.htm		
b. Wildmess area		
www.publiclands.org/explore/spec_agency.php?agency=Wilderness%20Areas&picstate=ID		
c. Wild and scenic river		
d. EPA-designated sole-source aquifer		
yosemite.epa.gov/r10/water.nsf/Sole+Source+Aquifers/ssamaps		
(Section 6, part 3 subtotal)		0

4. For NPS-related projects, how long will the project owners, managers, or sponsoring agency operate and maintain the project after implementation.

Check one:					
<input type="checkbox"/>	Less than 5 years			1	
<input type="checkbox"/>	Between 5 and 10 years			3	
<input type="checkbox"/>	More than 10 years			5	
				(Section 6, part 4 subtotal): max 5 pts	0
Subtotal. Sum of section 6, parts 1, 2, 3, and 4.				(Section 6, parts 1, 2, 3, and 4 subtotal)	0

Section 7. Sustainability Efforts				0-50 points	
<i>IDAPA 58.01.12.020.02.f. Sustainability efforts (e.g., prospective efforts at energy conservation, water conservation, extending the life of capital assets, green building practices, and other environmentally innovative approaches to infrastructure repair, replacement and improvement) – up to 50 points.</i>					

Nonpoint source project sponsorship (LOI question 2)				Points	Score
<input type="checkbox"/>	Applicant is willing to sponsor NPS project (rated by State Office for FY 2014)			20	
Management-based (LOI question 3) (check all that apply):					
Applicant proposes to implement or has implemented:				Points	Score
<input type="checkbox"/>	Capital budget that is funded and is supported by capital improvement plan			20	
<input type="checkbox"/>	Usage-based, full-cost pricing for wastewater systems			20	
<input type="checkbox"/>	Formal asset management system (using a tool such as EPA's Clean Up Program for Small Systems [CUPSS])			20	
<input type="checkbox"/>	Sustainable design principles, including energy efficiency and design for disassembly			20	
<input type="checkbox"/>	Formal environmental management system (shown by International Organization for Standardization [ISO]14001 certification)			20	
<input type="checkbox"/>	Sustainable infrastructure benchmarking program			20	
<input type="checkbox"/>	Actions to become an EPA GreenPower Partner			20	
<input type="checkbox"/>	Proposed project is a consolidated system (i.e., public/private, small/large, shared resource)			20	
<input type="checkbox"/>	Implement <i>green</i> building management (based on Leadership in Energy and Environmental Design [LEED] O&M criteria)			20	
<input type="checkbox"/>	Conduct professional energy audit and intend to substantially implement its recommendations			20	
<input type="checkbox"/>	Other (contact Grant and Loan Program)			20	

Technology-based (LOI question 4) (check all that apply):					
As part of this project, the applicant proposes to implement:					
<input type="checkbox"/>	Installation of water meters and employ other water conservation measures that result in a net 20% water use savings (e.g., use of WaterSense plumbing/irrigation products, gray water distribution/collection systems, leak detection)			20	
<input type="checkbox"/>	Use/installation of energy-efficient lighting systems and other practices that result in a net 20% energy reduction:			20	
	Advanced fluorescent lighting				
	High-efficiency discharge lighting				
	Lighting controls				
	Variable frequency drive (VFD) pumps				
	Heat pumps that reclaim heat from treated effluent				
	Efficient replacements for vacuum dewatering systems				
	Energy-efficient motors that meet National Electrical Manufacturers Association (NEMA) Premium specification				
	Green roofs				
	On-site energy generation: methane clean combustion, fuel cells, solar, wind				
	Direct seeding				
	Hydromodification for riparian buffers				
	Wastewater reuse when other alternatives have been considered in the facility planning process				
	Decentralized system when other alternatives have been considered in the facility planning process				
	Gray water distribution system				
	Aeration improvements, such as fine bubble aeration, VFD blowers, or automated dissolved oxygen control				
<input type="checkbox"/>	Construct or renovate buildings to meet LEED criteria			20	
<input type="checkbox"/>	Projects that result in energy savings and payback on capital and O&M costs but do not exceed the useful life of the asset such as:			20	
	Supervisory control and data acquisition (SCADA) system installation				
	Significantly reduce infiltration/inflow or eliminate lift station(s)				
	Tertiary filtration that reduces ultraviolet disinfection power requirements				
	Pressure line replacement resulting in reduced pumping costs				
<input type="checkbox"/>	<i>Environmentally innovative</i> wastewater treatment systems that result in:			20	
	Phosphorus recovery for beneficial reuse				
	Significantly reduce or eliminate use of chemicals in treatment				
	Significantly reduce or minimize residuals toxicity				
	Land application of effluent for groundwater recharge where there are other cost effective alternatives				
<input type="checkbox"/>	Other (contact Grant and Loan Program)			20	
Construction practices (LOI question 5) (check all that apply):					
<input type="checkbox"/>	Brownfield site is being used for the facility			10	
<input type="checkbox"/>	Recycled materials are specified for facility construction			10	
<input type="checkbox"/>	Other (contact Grant and Loan Program)			10	
(Section 7 subtotal: limited to 50 pts)					0

Section 8. Affordability		10 points maximum
<i>IDAPA 58.01.12.020.02.g. Affordability (current system user charges exceed state affordability guidelines) – 10 points.</i>		
A project is not affordable if the monthly user charge (based on operation, maintenance, replacement, and debt service) exceeds 1.5% of the monthly Median Household Income (MHI).		
1. Obtain city or community MHI from either (check one):		
<input type="checkbox"/>	factfinder2.census.gov	<input type="checkbox"/> 5-yr estimate <input type="checkbox"/> 3-yr estimate <input type="checkbox"/> 1-yr estimate
<input type="checkbox"/>	DEQ-approved community income survey	
	Community name	
	MHI (annual)	Year <u>2010</u>
2. Adjust the MHI to January 2012 dollars using the Bureau of Labor Statistics CPI-U price index.		
	http://data.bls.gov/cgi-bin/cpicalc.pl	2012 MHI (annual) <u> </u>
		Monthly user charge <u> </u>
a. Not affordable		10
b. Affordable		0
	(Section 8 subtotal)	0
Section 9. Final Score		
	Section 2 Subtotal – Public Health Emergency or Public Health Hazard (0-150)	0
	Section 3 Subtotal – Regulatory Compliance Status (0-100)	0
	Section 4 Subtotal – Watershed Restoration (0-100)	0
	Section 5 Subtotal – Watershed Protection from Impacts (Conventional WW Projects) (0-100)	0
	Section 6 Subtotal – Preventing Impacts to Beneficial Uses (NPS Projects Only) (0-100)	0
	Section 7 Subtotal – Sustainability Efforts (0-50)	0
	Section 8 Subtotal – Affordability (0-10)	0
	Total	0

ATTACHMENT IV. EPA Payment Schedule

SFY 2014			
<u>Quarter Ending</u>	<u>Payments</u>	<u>Total</u>	<u>Source</u>
09/30/2013	\$6,912,000	\$6,912,000	FFY13 Cap Grant
12/31/2013	\$288,000	\$7,200,000	FFY13 Cap Grant

Payments are defined as increases to the amount of funds available from the Automated Clearinghouse (ACH). The EPA payment schedule assumes that the FFY 2013 award will occur after July 1, 2013.

ATTACHMENT V. Public Notification and Involvement Strategy

FOR STATE FISCAL YEAR 2014 WATER QUALITY AND DRINKING WATER PRIORITY LISTS

The public will be involved in the SFY 2014 Priority List development at several points in the process. Involvement for the drinking water and water pollution control lists was solicited directly from the systems through a survey of system interest that was mailed out by DEQ early in the Priority List process. Information on the completed letter of interest forms was used by state and regional office staff in preparing draft lists. A copy of the letter of interest form will be included as attachments in the final IUP. The DEQ SRF staff has found that combining information obtained directly from eligible entities with that provided by DEQ engineering staff results in the most accurate listing of infrastructure needs.

Notification that all four SFY 2014 Priority Lists are available for public review was given in Idaho's six major (regional) newspapers for approximately 4 weeks. Notices will be published three times in each of the newspapers. Copies of proofs of publication will be included as attachments to the final IUP.

Notification of availability of the lists was also placed on DEQ's website from March 15 to April 15, 2013.

Approval packages related to the four lists will be sent to the Board of Environmental Quality prior to their meeting on May 9, 2013. Copies of the issue analyses for the CWSRF loan/extended term financing lists and the Board agenda will be included as attachments upon Board action. DEQ staff will make presentations at the Board meeting on May 9, 2013, and answer questions about the lists. The Board will be asked to approve all lists on May 9, 2013.

ATTACHMENT VI. Description of Disadvantaged Loans

In conjunction with the standard loans/extended term financing, the Department shall award loans/extended term financing to applicants deemed disadvantaged using the following criteria, to the extent required by the most recent federal capitalization grant. To qualify for a disadvantaged loan or extended term financing, an applicant must have an annual cost of waste water service for residential customers that exceeds 1.5% of the median household income. The annual cost includes all operating, maintenance, replacement, and debt service costs, both for the existing system and upgrades being financed with state revolving funds. If the applicant's service area is not within the boundaries of a municipality, the applicant may use the census data for the county in which it is located, or may use a Department-approved income survey (which details the community's median household income).

First, to set financing terms that reduce obligations below 1.5% of median household income, the repayment term will be extended to 30 years. If at a 2.25% effective interest rate and with 30-year repayment extended term financing, the annual user charge continues to exceed 1.5% of median household income, then the effective interest rate may be reduced.

Second, the effective interest rate will be reduced from the rate established by the Director to a rate that results in an annual charge equal to 1.5% of median household income. The effective interest rate reduction may result in an effective interest rate of as low as 1.25%.

Principal forgiveness is not allowed at the time of the writing of this Intended Use Plan.

However, if the Congress allows for an increase to the CWSRF appropriation then principal forgiveness may be allowed:

If principal forgiveness is eventually required due to subsequent Congressional action and a 1.25% effective interest rate and 30-year repayment extended term financing result in the annual user charge still exceeding 1.5% of median household income, then the principal that causes the user charge to exceed 1.5% may be reduced. The amount of principal reduction for all projects will be capped at the maximum allowed by the capitalization grant. The principal reduction will be based on the pool of qualifying disadvantaged communities (projects) receiving an equal share in the amount available for principal reduction. Principal forgiveness is for disadvantaged communities and is to be spread out amongst those communities and may not be provided in excess to lower a community status to below 1.5% of the median household income.

- At the end of the state fiscal year any unallocated principal forgiveness (identified in the Fundable List – Attachment I), will be allocated to those disadvantaged entities that signed loans with DEQ during the state fiscal year and still qualify as disadvantaged. Therefore, if a project's budget increases after the Fundable List is established, any year-end reallocation of unused principal forgiveness will take into account the project's new cost.
- If a disadvantaged community accepts principal forgiveness and their project is completed under budget, their remaining principal forgiveness will be allocated to those

disadvantaged entities that signed loans with DEQ during the state fiscal year and still qualify as disadvantaged.

- If a project that is identified to receive disadvantaged assistance (on the Fundable List) opts out of the loan process and the funding thereby goes to a lower rated project, that lower rated project (if the community is disadvantaged) may receive a proportion of the disadvantaged assistance (however, the ratio of principal forgiveness to dollars loaned will remain consistent).

ATTACHMENT VII. Decision-Making Strategy for Fundable Versus Non-fundable Portions of the Priority List

FOR STATE FISCAL YEAR 2014 WATER QUALITY AND DRINKING WATER PRIORITY LISTS

To develop the fundable portion of the Priority List, several factors were taken into account. These included, but are not limited to,

- the project's timeliness in completing the facility plan/engineering report,
- completing the Environmental Information Document,
- having the legal authority to incur debt, and
- overall readiness to proceed.

The draft terms to be offered are given on the Fundable List; however, at the time of the offer these may be adjusted. The Idaho Department of Environmental Quality's Policy Memorandum 13-03 gives the Department's Director the ability to set effective interest rates for the CWSRF program. As noted in the memorandum, "there could be some 'disadvantaged loans' where the effective interest rate will be below 1.00%..." This determination is made on a case-by-case basis.

ATTACHMENT VIII. Listing of Capitalization Grants—Reference for Potential Transfers Between Funds

Excerpt from Most Recent
DWSRF Annual Report
(for State Fiscal Year
2012)

Federal Fiscal Year	Capitalization Grant Amount
1997	\$14,157,800
1998	7,121,300
1999	7,463,800
2000	7,757,000
2001	7,789,100
2002	8,052,500
2003	8,004,100
2004	8,303,100
2005	8,285,500
2006	8,229,300
2007	8,229,000
2008	8,146,000
ARRA	19,500,000
2009	8,146,000
2010	13,573,000
2011	9,418,000
Total	<u><u>\$152,175,500</u></u>

Excerpt from Most
Recent CWSRF
Annual Report (for
State Fiscal Year 2012)

Federal Fiscal Year	Capitalization Grant Amount
1989	\$4,577,200
1990	4,738,000
1991	10,343,215
1992	9,534,900
1993	9,431,000
1994	5,813,800
1995	6,007,800
1996	6,318,400
1997	6,576,800
1998	6,577,300
1999	6,577,900
2000	6,555,200
2001	6,496,100
2002	6,510,800
2003	6,467,800
2004	6,471,800
2005	5,243,500
2006	4,242,300
2007	5,207,300
2008	3,274,300
ARRA	19,239,100
2009	3,274,300
2010	10,002,000
2011	7,222,000
Totals	<u><u>\$166,702,815</u></u>