DRAFT

State of Idaho
Drinking Water State Revolving Fund
State Fiscal Year 2006
Intended Use Plan

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IDAHO
DRINKING WATER STATE REVOLVING FUND
STATE FISCAL YEAR 2006
INTENDED USE PLAN

I. Introduction

On August 6, 1996, the Safe Drinking Water Act (SDWA) Amendments of 1996 (P.L.104-182) were signed into law. Section 1452 of this Act authorized the Administrator of the U.S. Environmental Protection Agency (EPA) to establish a Drinking Water State Revolving Fund (DWSRF) program to assist public water systems finance the costs of infrastructure needed to achieve or maintain compliance with the SDWA requirements and to protect public health.

Section 1452(b) requires each State to annually prepare an Intended Use Plan (IUP) identifying the use of funds in the DWSRF and describe how those uses support the goal of protecting public health.

The State of Idaho, Department of Environmental Quality (DEQ) proposes to adopt the following IUP for the State Fiscal Year (SFY) 2006 (July 1, 2005 through June 30, 2006). The source of federal funding identified in this IUP is the Federal Fiscal Year (FFY) 2005 Capitalization Grant. The DWSRF is administered by the DEQ Water Quality Division Loan Program, which also administers the Clean Water SRF.

This IUP includes the following:

- A list of prospective loan projects, ranked in priority order, including size of systems, estimated project cost and a project description
- The criteria and methods for distribution of funds
- Short-term and long-term goals of the DWSRF
- DWSRF set-aside activities
- Assurances and specific proposals

Available funding for projects is estimated to be $28,456,692 as documented in the worksheet on the following page.

Resources:			
Cash (As of April 1, 2005)	$3,843,115		
EPA Capitalization Grant FFY2000	5,296,504		
State Match	1,535,218		
EPA Capitalization Grant FFY2001	5,374,479		
State Match	1,557,820		
EPA Capitalization Grant FFY2002	5,556,225		
State Match	1,610,500		
EPA Capitalization Grant FFY2003	5,522,829		
State Match	1,600,820		
EPA Capitalization Grant FFY2004	5,729,139		
State Match	1,600,620		
EPA Capitalization Grant FFY2005	5,716,995		
State Match	1,657,100		
Loans Receivable:			
SFY 2005 (4/1/05-6/30/05)	446,669		
SFY 2006	1,518,442		
SFY 2007	1,728,390		
Interest on Cash			
SFY 2005 (4/1/05-6/30/05)	25,000		
SFY 2006	105,000		
SFY 2007	110,000		

Total Resources:			$50,534,865
Current Remaining Loan Obligations:		($23,240,182)	
(Loans in construction less disbursements)			
Addback: 5% Project shrinkage		1,162,009	
(Some projects will self-finance and reduce disbursement requests from the DWSRF)		---	
Net Remaining Loan Obligations:			(22,078,173)

NET RESOURCES AVAILABLE TO LOAN			**$28,456,692**

Key Assumptions:

Projects take 28 months to construct and close from date of loan signing. **Total Resources** for next 27 months to allow best analysis, except for: FFY 2006 DWSRF Capitalization Grant and Match not yet appropriated

New loan obligations cannot exceed **NET RESOURCES AVAILABLE TO LOAN.** Next projection will be July 1, 2005 or when loans signed from April 1, 2005 forward exceed this amount, whichever event comes first.

II. List of Projects

Attachment III is the SFY 2006 Drinking Water Loan Project Priority List (Project Priority List) which was approved by the Board of Environmental Quality on June 23, 2004. Projects are arranged on the Project Priority List in priority order. The method for determining the priority rating for projects and the public involvement process are described in the latter parts of this document. Projects on the Project Priority List that are not on the Intended Use Plan (see Attachment II) and are not funded by another agency can be re-rated and carried over to the next SFY Project Priority List.

III. Program Goals

DEQ's long-term Loan Program goals are to:

1. Protect public health of citizens served by drinking water systems by offering financial assistance to construct the most cost effective drinking water facilities.

2. Assist public water systems as they strive to achieve and maintain statewide compliance with federal and state drinking water standards. DEQ will provide information and technical assistance in the form of brochures and the quarterly Drinking Water Bulletin, which contains articles on such topics as the DWSRF, operator training and certification, and GWUDI monitoring and treatment technology.

3. Fully implement a mandatory operator certification program, as well as, an operator training program.

4. Implement a capacity development strategy.

5. Implement a source water assessment strategy and where appropriate - provide monitoring relief.

6. Manage the Idaho DWSRF to ensure its financial integrity, viability and revolving nature in perpetuity.

DEQ's short-term Loan Program goals are to:

1. Perform the tasks necessary to assure that all loan assistance requested from FFY 2005 funding is provided for projects on the SFY 2006 Drinking Water Loan Project Priority List in a timely manner.

2. Make any changes and additions to Idaho's administrative and operating procedures that may be necessary to facilitate continued long-term DWSRF operations.

3. Prepare and make any modifications necessary for the FFY 2005 Capitalization Grant application, including:

   - Application Form 424
   - Operating Agreement
   - Procedures
   - Annual Report
   - Organizational Flow Charts & Descriptions
   - Intended Use Plan

IV. Information on the Activities to be Supported

A. Allocation of Funds

The primary type of assistance to be provided by the DWSRF is expected to be in the form of low interest loans for up to 100% of project costs. The rate of interest in SFY 2006 will be 3.25% with the exception that, portions of those projects being built to comply with requirements for additional treatment imposed by the SDWA and projects that consolidate two or more drinking water systems will be 2.0%. Some projects may have a blended interest rate between 3.25% and 2.0%. Principal and interest repayments must begin no later than one year after the date the constructed facility initiates operations. All loans, with the exception of disadvantaged loans, will be paid back over a period not to exceed twenty (20) years. Disadvantaged loans may have repayment schedules of up to thirty (30) years.

B. Loan Eligible Activities

DWSRF loans will provide for construction of water supply, treatment, storage and distribution facilities. SRF loan assistance will be provided to local communities, counties, water districts, and non-profit associations.

DEQ may award any combination of planning, design and construction loans from the DWSRF.

C. Use of Set-asides

DEQ plans to reserve four percent (4%) or **$331,420** of the capitalization grant for administrative expenses of the DWSRF. Such activities include, but are not limited to: preparation of project lists; project application, review and monitoring; review of environmental documents; disbursement of loan funds; receipting of loan repayments and administering activities funded from the DWSRF set-asides.

DEQ plans to reserve two percent (2%) or **$165,710** to provide technical assistance to small public water systems. None of these funds will be spent until EPA has approved a work plan that identifies tasks for which the funds will be used.

DEQ plans to reserve ten percent (10%) or **$828,550** to supplement the Drinking Water program. None of these funds will be spent until EPA has approved a work plan that identifies tasks for which the funds will be used.

DEQ plans to reserve ten percent (10%) or **$828,550** of the capitalization grant for wellhead (drinking water) protection. These funds will be utilized for conducting hydrologic, geo-technical, and contaminant susceptibility studies in support of the design and development of drinking water protection plans. In areas where surface or subsurface drinking water has been identified as contaminated, or has been determined to have a high potential for future contamination, DEQ will conduct or oversee the implementation of projects designed to mitigate or reduce the potential for contamination of identified waters. In addition, DEQ will use a portion of this set-aside to provide technical assistance to public water supply systems and local government entities on all aspects of drinking water protection plan development and implementation. None of these funds will be spent until EPA approves a work plan that identifies tasks for which the funds will be used.

DEQ plans to reserve five percent (5%) or **$414,275** of the capitalization grant for development and implementation of the capacity development strategy. These monies will fund the several capacity development tasks as detailed in the approved workplan. None of these funds will be spent until EPA has approved a work plan that identifies tasks for which the funds will be used.

If the amount of funds reserved are not used in the first year, the excess will be banked and used for the same purposes in future years.

V. Assurances and Specific Proposals

A. Environmental Reviews

DEQ certifies that it will conduct environmental reviews of each project receiving assistance from the DWSRF. DEQ will follow “EPA approved, NEPA-like procedures” in conjunction with environmental reviews.

These procedures are outlined in IDAHO ADMINISTRATIVE CODE IDAPA 58.01.20

- Rules for Administration Department of Environmental Quality of Drinking Water Loan Account.

A more detailed procedural description can also be found in the Drinking Water Loan Account Handbook of Procedures (Chapter 5). Copies of both the Rules and Procedures were included in the application for FFY 97 funds.

B. Binding Commitments

DEQ will enter into binding commitments in an amount equal to each quarterly grant payment and proportional state match within one year of receipt of that payment. Payment dates are listed in Attachment IV of this IUP.

C. Expeditious and Timely Expenditures

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

D. State Matching Funds

DEQ agrees to deposit state monies into the DWSRF in an amount equal to twenty percent (20%) of the federal Capitalization Grant on or before the date by which the State of Idaho receives the cash draw from EPA. These funds will be transferred from the State of Idaho Water Pollution Control Account.

E. State Laws and Procedures

DEQ agrees to expend each quarterly grant payment in accordance with applicable state laws and procedures.

F. National Reporting Needs

DEQ agrees to provide data or information to EPA as may be required for national reports, and public or congressional inquiries.

VI. Criteria and Method for Distribution of Funds

Idaho drinking water systems will be queried regularly to obtain information regarding projects for which loan monies could be used. Additional information about potential projects will be obtained from DEQ Regional Office engineers, privately retained consulting engineers and other state and federal agencies. DWSRF monies will be distributed according to the methods, criteria and eligible activities as identified and described in the IDAHO ADMINISTRATIVE CODE IDAPA 58.01.20 - Rules for Administration of Drinking Water Loan Account.

The criteria and methods for distribution of funds are designed to allow maximum flexibility in providing assistance, thereby enhancing the long-term viability and revolving loan aspect of the

DWSRF Program.

DEQ will use the priority rating system outlined here for managing the DWSRF program. Only projects on the Project Priority List are eligible for funding. DEQ will use both a List of Fundable Projects (see Attachment II) and a separate Comprehensive Project Priority List (see Attachment III). DEQ will select projects for the List of Fundable Projects starting with the highest rated project on the Comprehensive Project Priority List that is ready to proceed and continue down that list as far as possible in order to use all of the available funds.

DEQ reserves the right to fund lower priority projects over higher priority projects that are not ready or willing to proceed. In such instances DEQ will comply with established by-pass procedures. DEQ may add projects to the List of Fundable Projects due to emergencies such as an unanticipated system failure or a project that is needed to prevent an imminent health threat.

No funding commitment will be made to a project until an engineering report, environmental review and a financial, managerial, and technical assessment have been completed.

The rating criteria used for the SFY 2006 Project Priority List are as follows:

Points

PUBLIC HEALTH EMERGENCY

Water borne outbreak, or Contaminated source level exceeds unreasonable risk to health, or Failed water source 100

PUBLIC HEALTH HAZARD

Evidence of waterborne illnesses 19
Reports of waterborne illnesses 10
High potential for waterborne illnesses 5

WATER QUALITY VIOLATION

Microbiological

More than 6 primary maximum contaminant level (MCL) violations in preceding 12 months 15
4-6 MCL violations in past 12 months 12
2-3 MCL violations in past 12 months 9
1 MCL violation in past 12 months 6
Positive coliform sample in last 12 months 3

Chemical

MCL exceeded- chronic chemical, radiological or lead 15
Action level exceeded for copper 11
Violation of secondary drinking water standards 8
Does not meet all applicable MCL goals 7
Surface water treatment technique violations 15

GENERAL CONDITIONS OF EXISTING FACILITIES Points

Necessary water treatment facilities either do not exist, not functioning or do not meet Idaho drinking water rules..... 14
Ground water sources are not developed or protected according to the rules 10
Source capacity not adequate to meet demand and the system occasionally goes dry or has low pressure 10
Storage, pumping and distribution facilities have inadequate capacity to meet demand..... 10
Facilities have inadequate capacity and cannot meet current demand..... 10
Existing storage tanks leak excessively or are structurally flawed.....5
Pipe leak repair greater than 4 leaks per 100 connections per year 2

OVERALL URGENCY (Only 1 selected)
System out of water, no water to flush toilets 10
Water delivered cannot be rendered safe by boiling 10
Water delivered can be rendered safe by boiling 5
System occasionally out of water.....5

UNDER CONSENT OR ADMINISTRATIVE ORDER..... 30
INCENTIVES
Source water assessment 2
Protective zone 2
Master or facility plan complete.....2
Replacement fund established.....2
Consolidation plan in place 2
Active back flow program in place 2
Conservation oriented rate structure (meters) 2
Current on all monitoring requirements 2
AFFORDABILITY
Project User Charge exceeds affordable criteria 10

VII. Additional Information Requirements

A. Public Review and Comment

The IUP contents including the Project Priority List were subjected to a thorough public participation process. Draft Project Priority Lists were mailed to public water systems. Regional office staff made personal contact with drinking water systems in their respective areas that had indicated interest. Draft Project Priority Lists were also disseminated to all state and federal agencies involved in infrastructure financing. Those agencies, including Rural Development, Economic Development Agency, Idaho Department of Water Resources and Idaho Department of Commerce (Community Development Block Grants) meet quarterly to discuss potential projects.

In addition to the above, the draft Intended Use Plan including the List of Fundable Projects and the Project Priority List was posted on the DEQ website during the comment period.

A public hearing was held in Boise at the DEQ State Office on May 16, 2005 to discuss the

IUP and the Project Priority List. Notices of the hearing were published in newspapers statewide 21 days in advance of the hearing. Comments received from the hearing were formally responded to by DEQ staff. A summary of the public participation process is included as Attachment VI.

Projects from the SFY 2006 Project Priority List that DEQ intends to provide loan funding for, are identified on the List of Fundable Projects on Attachment II.

The Board of Environmental Quality adopted the SFY 2006 Project Priority List and the List of Fundable Projects on June 23 2005.

B. Bypass Procedures

A project that does not or will not meet the project target date or a DEQ schedule that allows for timely utilization of loan funds may be bypassed, substituting in its place the next highest ranking project(s) that is ready to proceed, as identified and described in the IDAHO ADMINISTRATIVE CODE IDAPA 58.01.20 - Rules for Administration of Drinking Water Loan Account. DEQ intends to utilize Project Priority List ranking as much as possible when preparing the Intended Use Plan. 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 Intended Use Plan be bypassed. If a project is bypassed, DEQ will offer loan funds to the highest ranked, ready-to-proceed project from the most current approved Project Priority List.

ATTACHMENT I

IDAHO
DRINKING WATER STATE REVOLVING LOAN FUND
FUNDING BREAKDOWN
FFY 2005 Allotment = $8,285,500

Federal Capitalization Funds	**Funds Available $**	**Setasides**	**Available To DWSRF$**
4% Program Administration 1452(g)	331,420	(331,420)	-
2% Technical Assistance 1452(g)	165,710	(165,710)	-
10% PWSS Funding 1452(g)	828,550	(828,550)	-
10% Wellhead Protection 1452(k)	828,550	(828,550)	-
5% Capacity Development 1452(k)	414,275	(414,275)	-
Available for Loan Projects	5,716,995	-	5,716,995
Total Capitalization Grant	8,285,500	(2,568,505)	5,716,995
State Match	1,657,100	-	1,657,100
Additional Fund Revenues	21,082,597		21,082,597
Total Available for DWSRF Loans	$31,025,197	($2,568,505)	$28,456,692

ATTACHMENT II
LIST OF FUNDABLE PROJECTS

Project Name	Rank	System Type	Loan Amount	Estimated Commitment Date
Desert View Estates	1	PNP	$1,000,000	9/05
Purple Sage Water System	2	PNP	$70,000	3/06
Ranch Subdivision	3	PNP	$50,000	3/06
Yellowpine Water Users Association	4	PNP	$90,000	5/06
City of Inkom	5	P	$150,000	9/05
Falls Water Company	6	P	$700,000	12/05
Clearwater Water District	7	P	$400,000	3/06
Little Blacktail Ranch Water Company	8	PNP	$600,000	4/06
Central Shoshone Water District	9	P	$6,000,000	12/05
City of Atomic City	10	P	$450,000	3/06
East Shoshone County Water District - Burke*	11	P	$225,000	5/06
Kingston Water District #1*	12	P	$5,984,940	3/06
City of Castleford*	13	P	$2,500,000	12/05
Smiley Creek Water Users Association	14	PNP	$200,000	3/06
City of Teton	15	P	$400,000	12/05
City of Twin Falls	17	P	$6,726,752	9/05
City of Chubbuck*	23	P	$510,000	7/05
City of Burley*	27	P	$2,400,000	7/05
TOTAL			**$28,456,692**	

***** These projects are carried over from prior year's fundable list

- P=Public Water System PNP=Private Non-Profit Water System

This list contains projects that are the highest rated that are willing to proceed. Projects on this fundable list may be bypassed if they do not complete an engineering report that complies with DEQ requirements or do not meet DEQ requirements for financial, managerial and technical capability. A description of each of the projects listed above is provided on the following pages.

LIST OF FUNDABLE PROJECTS - PROJECT DESCRIPTIONS

Desert View Estates (Ada County, Boise Regional Office) $1,000,000
#1 on the Project Priority List. Desert View Estates will use the loan to reduce the levels of uranium and gross alpha below the maximum contaminant level limits.

Purple Sage Water System (Canyon County, Boise Regional Office) $70,000
#2 on the Project Priority List. Purple Sage will use the loan funds to reduce arsenic in the system to bring the system into compliance with the Arsenic Rule and also to eliminate periodic coliform contamination.

Ranch Subdivision (Boise County, Boise Regional Office) $50,000
#3 on the Project Priority List. The association will use the loan funds to upgrade the system to meet copper and arsenic requirements.

Yellowpine Water Users, Inc. (Valley County, Boise Regional Office) $90,000
#4 on the Project Priority List. Yellowpine will use the loan funds to replace the existing sand filter and install enough storage capacity to meet current demand and provide sufficient contact time.

City of Inkom (Bannock County, Pocatello Regional Office) $150,000
#5 on the Project Priority List. The City of Inkom will use the loan funds to bring their system into compliance with the Lead and Copper Rule.

Falls Water Company (Bonneville County, Idaho Falls Regional Office) $700,000
#6 on the Project Priority List. The Falls Water Co. previously received a DEQ Drinking Water Planning Grant in 2003, and has completed the first upgrade to the supply, treatment, pumping, storage, and distribution components of their system. This second project will increase storage as well as correct low pressure problems and dead-end lines in another part of the system.

Clearwater Water District (Idaho County, Lewiston Regional Office) $400,000
#7 on the Project Priority List. The District will use the loan to design and construct improvements to their existing filter system.

Little Blacktail Ranch Water Co. (Bonner County, Coeur d'Alene Regional Office) $600,000
#8 on the Project Priority List. This project will bring the system into compliance with the Surface Water Treatment Rule and provide for the replacement of a transmission line.

Central Shoshone Water District (Shoshone County, Coeur d'Alene Regional Office) $6,000,000
#9 on the Project Priority List. The District is working on a drinking water planning grant. The loan will provide funding to design and construct improvements to their water supply, storage and distribution system bringing the system into compliance with the Surface Water Treatment Rule.

City of Atomic City (Bingham County, Pocatello Regional Office) $450,000
#10 on the Project Priority List. Atomic City has been awarded a planning grant and will use the loan funds to design and construct an upgrade to a well, replace part of the distribution system, add a new reservoir, meters and a new booster pump.

East Shoshone County Water District -Burke (Shoshone County, Coeur d'Alene Regional Office)

$225,000

#11 on the Project Priority List. East Shoshone County Water District previously received a DEQ Drinking Water Planning Grant in 2001. Burke is a small Northern Idaho community whose drinking water system serves ~ 20 connections. This project has two objectives; one is to achieve compliance with the Surface Water Treatment Rule by adding filtration, and secondly to replace the existing distribution system because of leaks in the piping. Burke has also received a STAG grant.

Kingston Water District #1 (Shoshone County, Coeur d'Alene Regional Office) $5,984,940

#12 on the Project Priority List. The District previously received a DEQ Drinking Water Planning Grant to develop their facilities plan. The well for this system is located in a flood plain and has experienced a flood event in the past. The District has signed a voluntary consent order to either find a new water source and relocate their well or add filtration capacity to the present facility in order to meet requirements of the Surface Water Treatment Rule. Because of the breakdown of some materials in the distribution system, this project will also provide for the implementation of corrosion control measures in order to meet requirements of the Safe Drinking Water Act.

City of Castleford (Twin Falls County, Twin Falls Regional Office) $2,500,000

#13 on the Project Priority List. The City previously received a DEQ Drinking Water Planning Grant in 2004 to develop their facilities plan. This project would provide resources for the City to upgrade the capacity of their existing system in order to remove arsenic and also to provide additional storage and upgrade distribution lines.

Smiley Creek Water Users Assn. (Blaine County, Twin Falls Regional Office) $200,000

#14 on the Project Priority List. The Association will use the loan funds to install new valves and meters as well as install an arsenic filtration system.

City of Teton (Fremont County, Idaho Falls Regional Office) $400,000

#15 on the Project Priority List. The City of Teton previously received a DEQ Drinking Water Planning Grant. The City wants to install meters, upgrade pumps and distribution lines as well as install chlorination.

City of Twin Falls (Twin Falls County, Twin Falls Regional Office) $6,726,752

#17 on the Project Priority List. The City will use the loan funds to design and construct an upgrade of their system to provide an additional source of water and to keep in compliance with the Arsenic Rule.

City of Chubbuck (Bannock County, Pocatello Regional Office) $510,000

#23 on the Project Project List. The City of Chubbuck previously received a DEQ Drinking Water Planning grant in 2001. These funds will be used to purchase and install an additional storage tank or reservoir.

City of Burley (Cassia County, Twin Falls Regional Office) $2,400,000

#27 on the Project Priority List. The City of Burley will use the loan funds to install additional storage, improve the distribution system and develop a new source of water.

ATTACHMENT III

FY 2006 STATE DRINKING LOAN PRIORITY LIST **DRAFT**

DW LOAN

Rank	Project	FY 2006 Rating	PWS	POP	Regional Office	DEQ Est. Loan Amt.	Project Description
1	Desert View Estates Water Corporation	182	ID4010042	650	BRO	1,000,000	Make necessary changes to reduce the levels of uranium and gross alpha below MCL limits
2	Purple Sage Water System	173	ID3140091	250	BRO	70,000	Make necessary changes to reduce arsenic in the system and to eliminate periodic coliform contamination
3	Ranch Subdivision	171	ID4080036	65	BRO	50,000	Upgrade drinking water facility to meet State copper and arsenic requirements.
4	Yellowpine Water Users, Inc.	165	ID4430059	75	BRO	90,000	Replace the sand filter and install enough storage to provide needed capacity and sufficient contact time.
5	City of Inkom	122	ID6030025	732	PRO	150,000	Upgrade existing drinking water system to bring it into compliance with EPA lead and copper rules.
6	Falls Water Company	103	ID7100030	8,250	IFRO	700,000	Increase storage, correct low pressure problems, and correct dead-end lines
7	Clearwater Water District	103	ID2250011	98	LRO	400,000	Upgrade existing filter system
8	Little Blacktail Ranch Water District	96	ID1090182	120	CRO	600,000	SWTR compliance and replacement of transmission line
9	Central Shoshone Water District	92	ID1400089	4,052	CRO	6,000,000	SWTR compliance, increase supply, storage rehab/ increase and distribution system improvements.
10	City of Atomic City	89	ID6060003	30	PRO	450,000	Upgrade well, replace distribution system, new reservoir, add meters and a new booster pump
11	East Shoshone County Water District-Burke	89	ID1400016	40	CRO	225,000	SWTR compliance and replacement of distribution system
12	Kingston Water District #1	86	ID1400030	700	CRO	5,984,940	Install filtration or well (SWTR) and Corrosion Control(SWTR)

FY 2006 STATE DRINKING LOAN PRIORITY LIST **DRAFT**

DW LOAN

Rank	Project	FY 2006 Rating	PWS	POP	Regional Office	DEQ Est. Loan Amt.	Project Description
13	City of Castleford	78	ID5420010	300	TFRO	2,500,000	Complete improvements to the existing system including more storage, improved distribution and treatment for arsenic
14	Smiley Creek Water Users Association	71	ID5070087	50	TFRO	200,000	Install new valves and meters and install an arsenic filtration system
15	City of Teton	70	ID7220072	583	IFRO	400,000	Install meters, upgrade pumps, upgrade distribution, and install chlorination.
16	Howe Townsite	68	ID2160006	36	IFRO	33,000	Install telemetry and pressure regulation system to control water level in the storage tank.
17	City of Twin Falls	68	ID5420058	37,500	TFRO	10,000,000	Upgrade of system to provide more water and to stay in compliance with the arsenic rule.
18	City of Bloomington	67	ID6040007	250	PRO	300,000	Develop a second source of drinking water for the city of Bloomington
19	City of Hope	63	ID1090185	100	CRO	240,000	Add filtration to help Star meet SWTR requirements
20	City of Buhl	60	ID5420007	6,000	TFRO	2,000,000	Upgrade the existing drinking water system to reduce levels of arsenic
21	City of Bonners Ferry	51	ID1110003	4,210	CRO	3,500,000	SWTR compliance, additional storage, distribution system work
22	City of Nampa	44	ID3140080	75,000	BRO	2,500,000	Construction of a new 3MG storage tank and related transmission trunk
23	City of Chubbuck	44	ID6030008	10,000	PRO	300,000	Additional storage
24	Splendid Acres Water Association	43	ID4200048	94	BRO	100,000	Upgrade pumping equipment and pressure tank to handle peak demand.
25	Terrace Lakes Resort	41	ID4080047	330	BRO	1,500,000	Develop new well and upgrade distribution lines and storage facilities
26	Scriver Woods Homeowners Assn.	39	ID4080034	190	BRO	120,000	Loope lines, install larger storage reservoir, add a new well and install more isolation valves
27	City of Burley	36	ID5160008	9,500	TFRO	4,000,000	Install additional storage, distribution improvements and develop a new source of water
28	City of Weiser	34	ID3440011	5,443	BRO	300,000	Construct a new storage reservoir.

FY 2006 STATE DRINKING LOAN PRIORITY LIST **DRAFT**

DW LOAN

Rank	Project	FY 2006 Rating	PWS	POP	Regional Office	DEQ Est. Loan Amt.	Project Description
29	Sagle Valley W&S District	32	ID1090118	75	CRO	1,600,000	Correct distribution line inadequacies and expand the system to provide for regionalization opportunities
30	City of Kuna	32	ID4010085	10,832	BRO	3,500,000	Construction of a new water storage tank and associated pipelines to serve the growing population in Kuna
31	City of Hailey	31	ID5070022	7,200	TFRO	3,000,000	Reservoir and water distribution improvement.
32	City of Albion	30	ID5160001	311	TFRO	705,000	Non-potable water system (pressure irrigation system installation project)
33	City of Star Drinking Water System	30	ID4010220	2,200	BRO	700,000	Install treatment for iron, manganese and hydrogen sulfide, and develop an additional water supply and extend main transmission lines
34	City of Eagle	30	ID4010201	3,750	BRO	2,100,000	Develop second water source and build a water storage tank
35	Sunnyridge Property Owners Assoc.	29	ID3140122	40	BRO	100,000	Upgrade a drinking water system to meet the state standard for pressure.
36	City of Huetter	28	ID1280100	41	CRO	465,625	Construct 2nd well and additional storage
37	City of Dover	28	ID1090193	600	CRO	400,000	Install additional storage facilities.
38	City of Homedale	26	ID3370012	2,500	BRO	308,800	Loop and upgrade aging distribution lines
39	Gypsy Bay HOA	20	ID1090046	25	CRO	50,000	Upgrade distribution system and source pumps.
40	City of Kimberly	18	ID5420033	2,000	TFRO	500,000	Upsize distribution lines, develop a new well and storage facility
41	Rustic Acres Mobil Home Park	18	ID4010126	590	BRO	73,000	Drill a new well, upgrade pump equipment, test new well

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 IV

IDAHO
DRINKING WATER STATE REVOLVING LOAN FUND
FFY 2005 PROJECT PAYMENT SCHEDULE

Payment #	Quarter Ending	Project Fund Payments	Set-Aside Payments	Total Payments
1	September 2005	0	1,947,092	1,947,092
2	December 2005	0	207,137	207,137
3	March 2006	500,000	207,138	707,138
4	June 2006	500,000	207,138	707,138
5	September 2006	1,000,000	0	1,000,000
6	December 2006	1,000,000	0	1,000,000
7	March 2007	1,000,000	0	1,000,000
8	June 2007	1,716,995	0	1,716,995
Total		5,716,995	2,568,505	8,285,500

A payment is defined as an increase to the ceiling in the Automated Clearinghouse Payment System. Commitments cannot be made until the ceiling on the letter of credit is adequate to cover that commitment.

Each payment is for the beginning of each quarter with planned commitments to be made through the end of that quarter. Each payment must be committed within one year of the payment date, in accordance with the Safe Drinking Water Act of 1996.

ATTACHMENT V

IDAHO
DRINKING WATER REVOLVING LOAN FUND
DESCRIPTION OF DISADVANTAGED LOANS

In conjunction with the standard loans, the Department may award loans to applicants deemed disadvantaged using the following criteria. In order to qualify for a disadvantaged loan, a loan applicant must have a median household income that does not exceed 80% of the statewide non-metropolitan median household income from the most recent census data and an annual cost of drinking water service for residential customers which exceeds 2% 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.

First the loan interest rate will be reduced from the rate established by the Administrator for standard loans to a rate that results in an annual charge equal to 2% of median household income. The interest rate reduction may be as low as 0%. If at a 0% and a 20 year repayment the annual charge exceeds 2% of median household income, the length of the loan repayment will be extended in increments of years up to a maximum of 30 years until the annual cost equals 2% of median household income. If even at 0% interest and a 30-year repayment, the annual charge per residential user still exceeds 2% of median household income, the principal which causes the user charge to exceed 2% may be reduced. Before an applicant's principal will be reduced, the applicant must have been either declined assistance or only received partial assistance from all other state and federal agencies offering grants. The principal reduction cannot exceed 50% of the cost of an individual project. The amount of principal reduction for all projects cannot exceed 30% of the capitalization grant or $2,485,650.

ATTACHMENT VI

PUBLIC NOTIFICATION AND INVOLVEMENT STRATEGY

FOR

SFY 2006 WASTEWATER AND DRINKING WATER PROJECT PRIORITY LISTS

The public was involved in the SFY 2006 Project Priority List development at several points in the process. Involvement for the drinking water and water pollution control Lists were the same - needs were solicited directly from the systems through a survey mailed out by the DEQ early in the Project Priority List development process. Information on the completed survey forms was used in part by the State and Regional office staff in preparing draft lists. A copy of the survey form and cover letter that were sent with it are included as attachments here. Our experience shows that combining the information obtained directly from eligible entities with that provided by our engineering staff results in the most accurate listing of state infrastructure needs.

Notification that all four SFY 2006 Project Priority Lists were available for public review was given in Idaho's six major (regional) newspapers for approximately twenty-one days prior to a hearing on the lists in Boise. Notices were published three times in each of the newspapers. Copies of proofs of publication are included as attachments here.

The hearing was held on May 16, 2005.

Notification of availability of the lists was also placed on DEQ's web site starting twenty-one days prior to the hearing. A copy of the web site cover page is included here.

Separate letters of Notification of Availability of the lists were sent to all entities included on all four lists approximately twenty-one days prior to the hearing. In those letters DEQ explained that the lists would be available for review at our regional and state offices and on the Internet.

Approval packages related to the four lists were sent to the Board of Environmental Quality prior to their meeting on June 23, 2005. Copies of the Issue Analyses for the SRF loan lists and the Board agenda are included as attachments here. DEQ staff made presentations at the Board meeting on June 23, 2005 and answered questions about the lists. All lists were approved by the Board on June 23, 2005.

ATTACHMENT VII

IDAHO
DRINKING WATER REVOLVING LOAN FUND
DOCUMENTATION OF MATCHING FUNDS FOR SET-ASIDES

State match required for the 1452(g) set-asides	$828,550
Federal Fiscal Year 2005 State funds applied towards PWSS Program:	$1,156,900
Required match for PWSS grant:	(385,633)
Over-match available from Federal Fiscal Year 2004 funds	$771,267
State Fiscal Year 1993 funds applied to PWSS Program:	$892,674
Total available for State Match	$1,663,941

More match is available than is needed since only $828,550 is needed for the match. 50% ($414,275) will come from the Federal Fiscal Year 2004 over-match and 50% ($414,275) will come from the State Fiscal Year 1993 credit. Expenditure of Federal Fiscal Year 2005 over-match will be documented in the Financial Status Reports (FSRs) submitted for the PWSS program.