

State of Idaho
Drinking Water State Revolving Fund
State Fiscal Years 2009 and 2010
Intended Use Plan

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IDAHO DRINKING WATER STATE REVOLVING FUND

INTENDED USE PLAN

APRIL 21, 2009 BOARD PROPOSAL

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 in financing 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) will adopt the following IUP for the remainder of the State fiscal year (SFY) 2009 (April 21, 2009 through June 30, 2009) and for the SFY 2010 (July 1, 2009 through June 30, 2010). The source of federal funding identified in this IUP is the Federal fiscal year (FFY) 2008 and 2009 Capitalization Grants and the American Recovery and Reinvestment Act (ARRA) proceeds. The DWSRF is administered by the DEQ Water Quality Division Loan Program, which also administers the Clean Water SRF.

The 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 \$48,582,755, as documented in the worksheet on the following page.

Resources:		
Cash (as of March 1, 2009)	\$16,318,913	
American Recovery and Reinvestment	19,500,000	
State Contribution	5,000,000	
EPA Capitalization Grant FFY2006	2,331,073	
State Match	675,676	
EPA Capitalization Grant FFY2007	5,678,010	
State Match	1,645,860	
EPA Capitalization Grant FFY2008	5,620,740	
State Match	1,629,200	
Est. EPA Capitalization Grant FFY2009	5,600,000	
Est. State Match	1,625,000	
Est. EPA Capitalization Grant FFY2010	5,600,000	
Est. State Match	1,625,000	
Loans Receivable:		
SFY 2009 (2/1/09-6/30/09)	1,324,793	
Est. SFY 2010	2,854,052	
Est. SFY 2011	2,854,052	
Est. SFY 2012	1,529,259	
Interest on Cash/Investments:		
SFY 2009 (2/1/09-6/30/09)	249,485	
Est. SFY 2010	653,628	
Est. SFY 2011	738,544	
Total Resources:		\$83,053,285
Current Remaining Loan Obligations:	(\$36,284,769)	
(Loans in construction less disbursements)		
Add back: 5% project shrinkage (Some projects will self-finance and reduce disbursement requests from the DWSRF)	1,814,238	
Net Remaining Loan Obligations:		(34,470,513)
NET RESOURCES AVAILABLE TO LOAN		\$48,582,755

Key Assumptions:

Projects take an average of 28 months to construct and close from date of loan signing.
New loan obligations cannot exceed NET RESOURCES AVAILABLE TO LOAN. Next

projection will be made on July 1, 2009. No transfers will be made between the CWSRF and the DWSRF.

II. List of Projects

Attachment II is the SFY 2009 and 2010 Drinking Water Loan Fundable List and Project Priority List (Project Priority List). The final project priority list was submitted for approval to the Board of Environmental Quality on April 21, 2009. 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 Fundable List and are not funded by another agency may be re-rated and carried over to the next SFY Project Priority List.

III. Program Goals

DEQ's goals associated with the ARRA grant award of \$19,500,000 are to:

1. Make loan commitments to those projects ready to proceed to construction or be able to have their loan commitment under contract by June 16, 2009 (fifty percent of ARRA funds), while the remaining fifty percent of ARRA funded projects must be projects ready to proceed to construction or be able to have their loan commitment under contract by February 17, 2010. In order to meet the requirements and deadlines of the ARRA for the expeditious and timely commitment and expenditure of funds, the State of Idaho will regularly review the data reported to EPA on the progress of assistance recipients under the statutory deadlines specified in this IUP to identify any issues with the timeliness of this progress. If such issues are identified, the State of Idaho intends to work with EPA to resolve such issues. The State will include conditions in its assistance agreements to ensure that assistant recipients make timely progress with respect to entering into contracts and/or construction. If a recipient fails to maintain progress with these conditions, they will receive funding from other DWSRF monies so that ARRA funding can be provided for a project that is ready to proceed.

The State understands that the U.S. Environmental Protection Agency may deobligate grant funds from States that fail to meet requirements on use of ARRA funds. However, if the State is eligible for additional funds made available by a reallocation of ARRA funds, the State will provide EPA with a list of projects from its project priority list that are immediately prepared to proceed to construction.

2. Comply with ARRA reporting requirements so as to demonstrate a transparent accountability and the creation or retention of jobs.
3. Provide for the subsidy level required of the ARRA projects, consistent with IDAPA 58.01.12.021. Fundable ARRA projects will be subsidized to the fifty

percent level of the total ARRA award, in the aggregate, as required in the ARRA legislation, and the subsidies will be listed for DEQ Board approval upon completion of the public comment period. The amounts of subsidies and financing terms will be determined after the prospective ARRA recipients have submitted an additional questionnaire.

4. Provide for the green infrastructure support required of the ARRA projects. DEQ will document and support green infrastructure projects at the twenty percent (20%) level required in the ARRA (\$3,900,000). The entities on the priority list were sent questionnaires at the beginning of the public comment period to solicit from them their green infrastructure efforts. The questionnaire resulted in categorical green infrastructure projects (water metering) by Central Shoshone County Water District and Kingston Water District totaling over \$7 million.
5. Ensure that ARRA-funded projects (including ARRA funds received from the Governor's Office) are compliant with ARRA-specific requirements such as Davis-Bacon wage provisions, use of American manufactured products, and the reporting requirements needed to highlight accountability. Additionally, ensure that ARRA-funded projects will make every effort to maximize job creation and economic benefits to the communities.
6. If projects qualify for ARRA funding, and those projects were started after October 1, 2008 with the intent to receive ARRA funding, than they will be considered for placement on the Priority List.
7. The \$5 million in funding received from the Governor's Office will comply with Davis-Bacon and Buy American provisions, as per ARRA requirements.

DEQ's long-term, basic SRF 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. Financial assistance includes below-market-rate loans and may include principal forgiveness (for disadvantaged communities).
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 ground water under the direct influence (GWUDI) monitoring and treatment technology.
3. Implement a capacity development strategy. The goal of the capacity development program is to ensure that our current capacity to deliver safe, reliable water is not only maintained but is expanded to meet future needs. This goal is facilitated by supporting public water systems in the maintenance and expansion of their technical, financial, and managerial capacity.
4. Implement a source water assessment and protection strategy. A source water assessment provides information on the potential threats to public drinking water sources. (In Idaho most of those sources are groundwater.)

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

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

1. Perform the tasks necessary to assure that all appropriate loan assistance requested is provided in a timely manner.
2. Make necessary changes to the FFY 2009 EPA capitalization grant application, which may include:
 - a. Application form 424
 - b. Operating agreement
 - c. Procedures
 - d. Annual report
 - e. Organizational flow charts and descriptions
 - f. 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 for the remainder of SFY 2009 and through SFY 2010 will be 1.75%, 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 1.50%. Some projects may have a blended interest rate between 1.75% and 1.50%. Principal and interest repayments must begin no later than one year after the date the constructed facility initiates operations. Reductions in loan interest rates may be offered to offset ARRA imposed conditions.

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, lower interest rates, and principal forgiveness (see Attachment IV for an explanation of the Disadvantaged Loans program). DWSRF-specific ARRA funding and their required subsidies will be directed to those communities that are ready to proceed and that meet disadvantaged community criteria established in IDAPA 58.01.20.021.

ARRA monies originally designated by the Congress for the SRF Program will be committed with a level of principal forgiveness and interest reduction necessary for the community to pay not more than 1.50% of median household income for periodic user charges. Principal reductions will approximate, in total, fifty percent (50%) of DWSRF-specific ARRA funding. Fifty percent (50%) of projects chosen to receive DWSRF-specific ARRA funding shall be ready to proceed to construction within 120 days of ARRA enactment (June 16, 2009).

In addition to the ARRA funding directly designated by the Congress for the DWSRF, DEQ will also be receiving \$5 million from the Governor's Office (an additional distribution of ARRA discretionary funds). The additional distribution will be included in the corpus of the regular DWSRF funds and will not carry with it the additional requirements associated with the DWSRF-specific ARRA funding (with the exception that the additional distribution will require compliance with Davis-Bacon and Buy American provisions).

B. Loan-Eligible Activities

DWSRF loans will provide for construction of water supply, treatment, storage, and distribution facilities. DWSRF 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 does not plan to take set-asides out of the ARRA funding. DEQ plans to reserve four percent (4%) or \$325,840 of the FFY2009 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 \$162,920 of the FFY 2009 capitalization grant 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 \$814,600 of the FFY2009 capitalization grant 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 \$814,600 of the FFY2009 capitalization grant for wellhead (drinking water) protection. These funds will be utilized for conducting hydrologic, geotechnical, 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 \$407,300 of the FFY2009 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 is 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 of Drinking Water Loan Account.

A more detailed procedural description can also be found in the Drinking Water Loan Account Handbook (Chapter 5), located at

http://www.deq.idaho.gov/water/assist_business/pws/handbook/DW_Loan_Handbook_Dec-2-08.pdf.

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 III of this document.

C. Expeditious and Timely Expenditures

DEQ will strive to 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. No match is required for the ARRA funds. 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. Capitalization grant-funded recipients will be monitored for Single Audit Act compliance

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 a List of Fundable Projects and a companion comprehensive project Priority List (see Attachment II). 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 bypass 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 2009 and 2010 project Priority List are as follows:

	Points
PUBLIC HEALTH EMERGENCY	
Waterborne 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	
Necessary water treatment facilities either do not exist, are 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 is 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, or system delivers water that cannot be rendered safe by running to waste	10
Water delivered can be rendered safe by boiling or by running to waste	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 (e.g., 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 draft IUP contents, including the Project Priority List, were subjected to a thorough public participation process. Regional office staff made personal contact with drinking water systems in their respective areas that had indicated interest and rated the projects. A peer review was conducted of these ratings. Draft Project Priority Lists were also disseminated to all state and federal agencies involved in infrastructure financing. Those agencies, including Rural Development, Rural Community Assistance Corporation, and Idaho Department of Commerce and Labor (Community Development Block Grants) meet periodically to discuss potential projects.

In addition to the above, the draft IUP, including the List of Fundable Projects and the project Priority List, was posted on the DEQ Web site, and notices inviting comment were published in the major newspapers of the state during the comment period.

A summary of the public participation process is included as Attachment V.

Projects from the SFY 2009 and 2010 project Priority List for which DEQ intends to provide loan funding will be identified on the List of Fundable Projects on Attachment I.

Projects on the state fiscal year 2009 and 2010 project Priority List and the List of Fundable Projects were approved by the DEQ Board at the April 21, 2009 meeting.

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 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 funds to the highest ranked, ready-to-proceed project from the most current approved project Priority List.

ATTACHMENT I. Drinking Water State Revolving Loan Fundable Listing

State of Idaho Drinking Water State Revolving Loan Fund
State Fiscal Year 2009-2010

LIST OF FUNDABLE DRINKING WATER LOAN PROJECTS

Rank	Project	Rating Points	Reg. Office	System Type	System Number	Est. Commit. Date	DEQ Est. Loan Amount	Project Description	Expected Terms of Loan
3	City of Newdale (ARRA)	123	IFRO	P	ID7220047	Sept-2009	\$1,200,000	City needs to treat for arsenic and fluoride, and needs expanded storage capacity	1.75% interest on \$600,000 repayment obligation for 20 years, with \$600,000 of loan forgiveness
5	Caribou Acres Subdivision (ARRA)	109	PRO	PNP	ID6030005	May-2009	\$500,000	The system needs to come into compliance with lead and copper rules and improve its supply	0.5% interest on \$250,000 repayment obligation for 30 years, with \$250,000 of loan forgiveness
6	Central Shoshone County Water District (ARRA)	108	CRO	P	ID1400089	Apr-2009	\$12,274,000	Construct a microfiltration treatment plant and disinfection equipment, and install water conservation measures	0.5% interest on \$6,137,000 repayment obligation for 30 years, with \$6,137,000 of loan forgiveness
7	Kingston Water District (ARRA)	103	CRO	P	ID1400030	May-2009	\$3,200,000	Community needs to make improvements to its distribution system and make conservation improvements	0.5% interest on \$1,600,000 repayment obligation for 30 years, with \$1,600,000 of loan forgiveness
8	Mission Creek (ARRA)	102	CRO	P	ID1110019	Oct-2009	\$650,000	Design and construct the chosen alternative from the Master Plan to address high uranium levels	0.5% interest on \$325,000 repayment obligation for 30 years, with \$325,000 of loan forgiveness
10	North Pinehaven Water (ARRA)	95	IFRO	PNP	ID7220112	Aug-2009	\$900,000	City needs additional water supply, distribution system improvements and treatment improvements	0.5% interest on \$450,000 repayment obligation for 30 years, with \$450,000 of loan forgiveness
11	City of Inkom (ARRA)	93	PRO	P	ID6030025	May-2009	\$1,250,000	Copper treatment, upgrades to distribution system	0.5% interest on \$862,000 repayment obligation for 20 years, with \$388,000 of loan forgiveness

ATTACHMENT I. (CONT.)

Rank	Project	Rating Points	Reg. Office	System Type	System Number	Est. Commit. Date	DEQ Est. Loan Amount	Project Description	Expected Terms of Loan
12	City of Tensed (ARRA)	91	CRO	P	ID1050026	Aug-2009	\$250,000	City needs to improve its system pressure, build a pump house and improve its treatment methodology	0% interest for 30 years
13	City of Twin Falls	89	TFRO	P	ID5420058	Aug-2009	\$13,200,755	City needs to address arsenic treatment, additional storage and distribution modifications	1.75% interest for 20 years
15	Shari Hills Estates	86	BRO	PNP	ID3370034	July-2009	\$24,000	Point-of-use to treat arsenic	1.75% interest for 20 years
16	Cub River Acres Subdivision (ARRA)	84	PRO	PNP	ID6210003	Sept-2009	\$428,000	Construct improvements to the two wells, repair the storage facilities, replace distribution piping and reconstruct the treatment facilities	0.5 % interest for 30 years
17	El Rancho Heights HOA (ARRA)	84	BRO	PNP	ID3140034	Nov-2009	\$348,000	Apply central treatment for high arsenic levels	0.5 % interest for 30 years
19	Evergreen Terrace Water Association	82	CRO	PNP	ID1050010	Sept-2009	\$250,000	Community needs to drill a new well, repair its reservoir and improve treatment	1.75% interest for 20 years
24	City of Weston (ARRA)	73	PRO	P	ID6210019	Dec-2009	\$600,000	The City needs to improve its distribution system, drill a new well and install emergency power	0.5% interest for 20 years
25	City of Iona (ARRA)	72	IFRO	P	ID710004	Aug-2009	\$2,900,000	City needs additional water supply, distribution system improvements and treatment improvements	0.5% interest for 20 years
28	Oden Water System	69	CRO	PNP	ID1090092	Sept-2009	\$450,000	System needs distribution improvements and treatment upgrades	1.75% interest for 20 years
34	City of Soda Springs	62	PRO	P	ID6150017	Dec-2009	\$2,500,000	The City needs to replace valves controlling pressure zones and institute conservation measures	1.75% interest for 20 years
38	City of Grace	55	PRO	P	ID6150010	Mar-2010	\$4,858,000	City needs additional storage, back-up power supply and distribution system improvements	1.75% interest for 20 years
46*	City of Blackfoot	48	PRO	P	ID6060007	April-2009	\$4,000,000	Construct storage reservoir and booster pump station to help solve low pressure and	1.75% interest for 20 years

ATTACHMENT I. (CONT.)

Rank	Project	Rating Points	Reg. Office	System Type	System Number	Est. Commit. Date	DEQ Est. Loan Amount	Project Description	Expected Terms of Loan
								fire flow issues	
P = Public System PNP = Private Non-profit System					<u>\$48,582,755</u>				
This list contains projects that are the highest rated that are ready to proceed. Projects on this fundable list may be bypassed if they do not complete a timely loan application.									

*Note: Projects with an asterisk in the "Rank" column are carried over from fiscal year's 2009 list. These communities had began the loan process during fiscal year 2009; however, the loan process was not completed during the same fiscal year and so the projects were carried forward. The number following the asterisk is the entity's ranking on the FY 2009-10 Priority List. Projects with "ARRA" following their name are being funded as part of the American Recovery and Reinvestment Act.

NOTE: The available resources amount of \$48,582,755 is contingent upon the receipt of a \$5,000,000 Legislative appropriation. If the appropriation is withdrawn the amount will be reduced.

ATTACHMENT II. Priority List of Drinking Water Loan Projects

State of Idaho, Drinking Water State Revolving Loan Fund
for the Period of April 21, 2009 through June 30, 2010
PRIORITY LIST OF DRINKING WATER LOAN PROJECTS

Rank	Project	Rating Points	Reg. Office	System Type	System Number	Est. Cost Per SRF Letter of Interest	Est. Cost Per Request to Governor's Office	Project Description
1	Kanaka Rapids Ranch	140	TFRO	PNP	ID5420089	\$1,000,000	\$1,000,000	Provide arsenic treatment for the system's sources
2	Clearwater Water District	130	LRO	PNP	ID2250011	\$1,214,000	\$1,214,000	Repair/replace water filter to meet turbidity standards
3	City of Newdale	123	IFRO	P	ID7220047	\$1,000,000	\$0	City needs to treat for arsenic and fluoride, and needs expanded storage capacity
4	Meridian Heights Water and Sewer	112	BRO	PNP	ID4010098	\$425,000	\$0	Establish connection to City of Meridian and improve distribution
5	Caribou Acres Subdivision	109	PRO	PNP	ID6030005	\$500,000	\$0	The system needs to come into compliance with lead and copper rules and improve its supply
6	Central Shoshone County Water District	108	CRO	P	ID1400089	\$13,050,000	\$7,500,000	Construct a microfiltration treatment plant and disinfection equipment, and install water conservation measures
7	Kingston Water District	103	CRO	P	ID1400030	\$3,200,000	\$3,500,000	Community needs to make improvements to its distribution system and make conservation improvements
8	Mission Creek Water Assoc.	102	CRO	PNP	ID1110019	\$250,000	\$0	Design and construct the chosen alternative from the Master Plan to address high uranium levels
9	City of Buhl	101	TFRO	P	ID5420007	\$8,000,000	\$0	Refinance existing loan with the Idaho Municipal Bond Bank
10	North Pinehaven Water Assoc.	95	IFRO	PNP	ID7220112	\$900,000	\$0	City needs additional water supply, distribution system improvements and treatment improvements

ATTACHMENT II. (CONT.)

Rank	Project	Rating Points	Reg. Office	System Type	System Number	Est. Cost Per SRF Letter of Interest	Est. Cost Per Request to Governor's Office	Project Description
11	City of Inkom	93	PRO	P	ID6030025	\$1,000,000	\$0	Copper treatment, upgrades to distribution system
12	City of Tensed	91	CRO	P	ID1050026	\$500,000	\$0	City needs to improve its system pressure, build a pump house and improve its treatment methodology
13	City of Twin Falls	89	TFRO	P	ID5420058	\$13,200,755	\$6,500,000	City needs to address arsenic treatment, additional storage and distribution modifications
14	City of Rigby	86	IFRO	P	ID7260032	\$5,800,000	\$0	City needs improvements to its current storage, and wants to install metering; additionally, it expects an increase in population and its current system is at maximum capacity
15	Shari Hills Estates Property Owners Association, Inc.	86	BRO	PNP	ID3370034	\$24,000	\$0	Point-of-use to treat arsenic
16	Cub River Acres Subdivision	84	PRO	PNP	ID6210003	\$428,000	\$0	Construct improvements to the two wells, repair the storage facilities, replace distribution piping and reconstruct the treatment facilities
17	El Rancho Heights Home Owners Association	84	BRO	PNP	ID3140034	\$348,000	\$0	Apply central treatment for high arsenic levels
18	East Lizard Butte Water Corporation	82	BRO	PNP	ID3140042	\$300,000	\$0	Drill new well and possibly treat groundwater for arsenic
19	Evergreen Terrace Water Association	82	CRO	PNP	ID1050010	\$250,000	\$0	Community needs to drill a new well, repair its reservoir and improve treatment
20	North Kootenai Water and Sewer District - Rimrock Annexation	78	CRO	P	ID1280009	\$1,600,000	\$0	Extension of service to currently unserved subdivision
21	City of Troy	76	LRO	P	ID2290041	\$1,100,000	\$1,292,500	Complete new well and storage tank
22	Yellow Pine Water Users	76	BRO	PNP	ID4430059	\$156,250	\$0	Community needs to improve treatment, upgrade pressure zones and provide for more storage
23	Loma Linda Water Corp	76	BRO	PNP	ID3380007	\$32,000	\$0	Point-of-use reverse osmosis devices are needed to treat for arsenic

ATTACHMENT II. (CONT.)

Rank	Project	Rating Points	Reg. Office	System Type	System Number	Est. Cost Per SRF Letter of Interest	Est. Cost Per Request to Governor's Office	Project Description
24	City of Weston	73	PRO	P	ID6210019	\$500,000	\$0	The City needs to improve its distribution system, drill a new well and install emergency power
25	City of Iona	72	IFRO	P	ID710004	\$2,700,000	\$0	City needs additional water supply, distribution system improvements and treatment improvements
26	Maverick Water Corporation	71	BRO	PNP	ID3140069	\$10,000	\$0	Community has identified point-of-use as the means to treat for high arsenic
27	Country Acres Mobile Home Park	71	BRO	PNP	ID3140208	\$10,000	\$0	Point-of-use to treat arsenic
28	Oden Water System	69	CRO	PNP	ID1090092	\$450,000	\$0	System needs distribution improvements and treatment upgrades
29	Terrace Lakes Recreational Ranch, Inc.	67	BRO	PNP	ID4080047	\$850,000	\$0	Community needs to address treatment for fluoride, inadequate system pressure and storage capacity
30	Harpster Water District	66	LRO	P	ID2250026	\$236,000	\$0	Replace existing tank; set water meters; replace and hookup distribution piping
31	City of Horseshoe Bend	64	BRO	P	ID4080024	\$699,021	\$0	Replace intake; replace main; new clarifier; booster pumps; sprinklers & hydrants at school
32	City of Soda Springs	62	PRO	P	ID6150017	\$2,500,000	\$0	The City needs to replace valves controlling pressure zones and institute conservation measures
33	City of Tetonia	61	IFRO	P	ID7410012	\$1,837,000	\$0	City needs an additional well
34	City of Kuna	59	BRO	P	ID4010085	\$3,900,000	\$0	Improve storage, supply and distribution
35	City of Dayton	58	PRO	P	ID6210004	\$2,178,000	\$0	The City needs an improved supply and distribution system
36	City of Filer	58	TFRO	P	ID5420021	\$1,253,000	\$0	Storage and supply modifications to comply with Arsenic Rule
37	City of Dubois	57	IFRO	P	ID7170003	\$2,200,000	\$0	City needs to improve its system pressure and storage
38	City of Grace	55	PRO	P	ID6150010	\$7,563,219	\$0	City needs additional storage, back-up power supply and distribution system improvements

ATTACHMENT II. (CONT.)

Rank	Project	Rating Points	Reg. Office	System Type	System Number	Est. Cost Per SRF Letter of Interest	Est. Cost Per Request to Governor's Office	Project Description
39	Hidden Estates Property Owner's Association	53	IFRO	PNP	ID7220143	\$750,000	\$0	System needs a new well and expanded storage capacity
40	County Court Mobile Home Park	51	LRO	PNP	ID2250014	\$30,000	\$0	System needs new well house and improvements to treatment methodology
41	City of Dietrich	50	TFRO	P	ID5320008	\$800,000	\$925,000	Improve supply, add booster station and make distribution modifications
42	City of St Maries	50	CRO	P	ID1050024	\$142,000	\$0	Installation of a corrosion control system
43	City of Fairfield	50	TFRO	P	ID5130001	\$2,220,000	\$0	Improve supply, add booster station and make distribution modifications
44	City of Idaho City	48	BRO	P	ID4080025	\$2,500,000	\$2,500,000	The City's distribution system is in need of replacement, additionally the City needs to develop additional supply and storage capacity
45	City of American Falls	47	PRO	P	ID6390001	\$1,000,000	\$1,000,000	Construct additional storage, replace leaking distribution system and correct rising arsenic levels
46*	City of Blackfoot	47	PRO	P	ID6060007	\$4,000,000	\$0	Construct storage reservoir and booster pump station to help solve low pressure and fire flow issues
47	City of Wendell	47	TFRO	P	ID5240028	\$3,000,000	\$0	Well and booster improvements, disinfection and separate pressure irrigation system
48	Grouse Point Water Company	45	BRO	P	ID4010232	\$40,000	\$0	Replace well due to uranium
49	City of Sandpoint	45	CRO	P	ID1090121	\$24,600,000	\$0	The City needs to improve its treatment methodology and provide for additional storage
50	City of Chubbuck	40	PRO	P	ID6030008	\$2,500,000	\$0	City needs a new well, storage tank, well house and booster pump station
51	City of Hagerman	40	TFRO	P	ID5240012	\$800,000	\$0	Improve storage, add booster station and make distribution modifications
52	Bee Line Water Association	40	CRO	PNP	ID1110001	\$400,000	\$991,000	Design and build a new sand filter and water storage reservoir

ATTACHMENT II. (CONT.)

Rank	Project	Rating Points	Reg. Office	System Type	System Number	Est. Cost Per SRF Letter of Interest	Est. Cost Per Request to Governor's Office	Project Description
53	Konkolville Water Company	38	LRO	PNP	ID2180019	\$635,290	\$0	The City needs distribution system improvements and improved treatment
54	City of Richfield	36	TFRO	P	ID5320005	\$5,306,000	\$0	Improve supply, add booster station and make distribution modifications
55	City of Priest River	35	CRO	P	ID1090107	\$3,680,000	\$0	New storage reservoir, drill a new well and make distribution system improvements
56	City of Shelley	34	PRO	P	ID6060071	\$9,700,000	\$0	The City needs distribution system improvements and additional storage and supply
57	City of Kimberly	33	TFRO	P	ID540033	\$6,000,000	\$6,336,845	System needs a new well, additional storage, distribution system improvements and implementation of conservation measures
58	City of Burley	33	TFRO	P	ID5160008	\$2,830,500	\$0	City needs to improve its distribution system and improve its supply
59	City of Garden City	32	BRO	P	ID4010066	\$11,941,000	\$0	The City has inadequate water storage, needs additional supply, requires a distribution system upgrade and their treatment methodology is in need of improvement
60	Cabinet Mountains Water District	31	CRO	PNP	ID1110042	\$500,000	\$315,000	The District needs to address lack of water pressure and improve system capacity for fire protection
61	City of Rexburg	29	IFRO	P	ID7330022	\$3,000,000	\$0	City expects an increase in population and its current system is at maximum capacity
62	City of Glens Ferry	29	BRO	P	ID4200022	\$2,150,000	\$0	City needs additional supply and repairs to its distribution system
63	City of Emmett	29	BRO	P	ID3230012	\$2,500,000	\$0	City lacks adequate storage capacity
64	City of New Meadows	29	BRO	P	ID3020012	\$573,338	\$1,506,339	The City needs to improve storage, supply and the electrical system
65	City of Riggins	29	LRO	P	ID2250053	\$104,075	\$0	Replace water line servicing Cemetery Hill
66	Greenhorn Subdivision	28	TFRO	PNP	ID5070020	\$2,052,000	\$0	Improve storage, add booster station and make distribution modifications

ATTACHMENT II. (CONT.)

Rank	Project	Rating Points	Reg. Office	System Type	System Number	Est. Cost Per SRF Letter of Interest	Est. Cost Per Request to Governor's Office	Project Description
67	City of Bellevue	27	TFRO	P	ID5070004	\$6,164,000	\$0	The City's distribution system is in need of replacement, additionally the City needs to repair its well
68	City of Heyburn	27	TFRO	P	ID5340006	\$2,300,000	\$0	The City wants to consolidate with an adjoining District and needs to extend its distribution system to make the consolidation work
69	City of Donnelly	25	BRO	P	ID4430019	\$1,440,000	\$0	City needs a new well, storage tank, well house, generator and booster pump station
70	City of Nampa	24	BRO	P	ID3140080	\$825,000	\$825,000	Add a new well
71	City of Hailey	24	TFRO	P	ID5070022	\$2,500,000	\$0	The City's distribution system is in need of improvement
72	Dalton Water Association	21	CRO	PNP	ID1280059	TBD	\$0	System is seeking distribution upgrades
73	Star Water and Sewer District	20	BRO	P	ID4010220	\$2,466,900	\$0	Improve storage and distribution
74	City of Cascade	20	BRO	P	ID4430012	\$350,000	\$0	Install a 12" water main on Highway 55
75	City of Kamiah	19	LRO	P	ID2310003	\$2,500,000	\$3,200,000	Upgrade distribution and treatment systems
76	City of Parma	19	BRO	P	ID3140089	\$350,000	\$350,000	The City needs to drill a new well to improve its system capacity
77	Hulen Meadows Subdivision	18	TFRO	PNP	ID5070026	\$4,000,000	\$0	The system needs to make distribution modifications
78	Carlin Bay Property Owners Assoc.	18	CRO	PNP	ID1280039	\$307,500	\$0	Upgrade 4" distribution system to 6" lines
79	City of Kooskia	16	LRO	P	ID2250032	\$425,000	\$0	Replace and upgrade aging potable water distribution system; add treatment to address taste and odor; install hydrants
80	City of Idaho Falls	16	IFRO	P	ID7100039	\$4,500,000	\$0	City needs an additional storage tank and booster station, and to replace existing distribution lines
81	City of Genesee	15	LRO	P	ID2290015	\$295,000	\$0	New storage tank

ATTACHMENT II. (CONT.)

Rank	Project	Rating Points	Reg. Office	System Type	System Number	Est. Cost Per SRF Letter of Interest	Est. Cost Per Request to Governor's Office	Project Description
82	City of Hansen	14	TFRO	P	ID5420027	\$3,500,000	\$0	The City's distribution system requires refurbishment, storage needs to be enhanced, water conservation measures
83	Daystar	14	BRO	PNP	ID4430011	\$329,500	\$0	Connect to existing systems. Need mains, hydrants and meters
84	City of Wilder	13	BRO	P	ID3140138	\$335,000	\$0	City needs additional storage capacity, improved treatment, a new well and a monitoring system
85	North Lake Recreational Sewer and Water District	12	BRO	P	ID4430100	\$270,000	\$0	The system needs to install five additional pressure reducing valves
86	City of Marsing	11	BRO	P	ID3370013	\$125,000	\$0	Install water metering
87	City of Mountain Home	10	BRO	P	ID4200032	\$2,300,000	\$678,000	City needs two wells
88	City of Meridian	5	BRO	P	ID4010097	\$5,200,000	\$5,200,000	City needs additional storage and supply
89	City of Meridian	5	BRO	P	ID4010097	\$800,000	\$800,000	City needs to establish a new pressure zone and to establish connections to underserved parts of the community
90	Bogus Basin	3	BRO	PNP	ID4080003	\$1,594,000	\$0	Distribution line improvements, improve treatment and increase size of well
91	City of Arco	0	IFRO	P	ID6120001	No response to ratings questionnaire; therefore, unable to assign point value (original submission directly to Governor's Office)	\$5,000,000	Upgrade and maintenance of water system
92	City of Carey	0	TFRO	P	ID5070010	No response to ratings questionnaire; therefore, unable to assign point value (original submission directly to Governor's Office)	\$820,000	Water main, ground storage tank, well generator

ATTACHMENT II. (CONT.)

Rank	Project	Rating Points	Reg. Office	System Type	System Number	Est. Cost Per SRF Letter of Interest	Est. Cost Per Request to Governor's Office	Project Description
93	City of Council	0	BRO	P	ID3020002	No response to ratings questionnaire; therefore, unable to assign point value (original submission directly to Governor's Office)	\$35,000	Install water meters
94	City of Lewiston	0	LRO	P	ID2350014	No response to ratings questionnaire; therefore, unable to assign point value (original submission directly to Governor's Office)	\$2,300,000	Water metering and distribution improvements
95	City of Orofino	0	LRO	P	ID2180024	No response to ratings questionnaire; therefore, unable to assign point value (original submission directly to Governor's Office)	\$13,175,000	New treatment plant, new distribution lines, new reservoir
96	City of Pierce	0	LRO	P	ID2180027	No response to ratings questionnaire; therefore, unable to assign point value (original submission directly to Governor's Office)	\$250,000	Expand distribution network
97	City of Pocatello	0	PRO	P	ID6030043	No response to ratings questionnaire; therefore, unable to assign point value (original submission directly to Governor's Office)	\$750,000	Replacment of distribution line

ATTACHMENT II. (CONT.)

Rank	Project	Rating Points	Reg. Office	System Type	System Number	Est. Cost Per SRF Letter of Interest	Est. Cost Per Request to Governor's Office	Project Description
98	City of Weiser	0	BRO	P	ID3440011	No response to ratings questionnaire; therefore, unable to assign point value (original submission directly to Governor's Office)	\$225,000	Replace distribution line
99	City of Homedale	0	BRO	P	ID3370012	No response to ratings questionnaire; therefore, unable to assign point value (original submission directly to Governor's Office)	\$550,000	Add a new well

\$217,795,348 \$68,738,684

*Note: Projects with an asterisk in the "Rank" column are carried over from fiscal year's 2008 list. These communities had began the loan process during fiscal year 2008; however, the loan process was not completed during the same fiscal year and so the projects were carried forward. The number following the asterisk is the entity's ranking on the FY 2009 Priority List.

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. Payment Schedule

IDAHO DRINKING WATER STATE REVOLVING LOAN FUND AND AMERICAN RECOVERY AND REINVESTMENT ACT PROJECT

Payment #	Quarter Ending	Project Fund Payments	Set-Aside Payments	Total Payments
1	September 2008	\$0	\$1,893,946	\$1,893,946
2	December 2008	0	210,438	210,438
3	March 2009	20,000,000	210,438	20,210,438
4	June 2009	500,000	210,438	710,438
5	September 2009	1,000,000	0	1,000,000
6	December 2009	1,000,000	0	1,000,000
7	March 2010	1,000,000	0	1,000,000
8	June 2010	1,620,740	0	1,620,740
Total		\$25,120,740	\$2,525,260	\$27,646,000

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 IV. Description of Disadvantaged Loans

IDAHO DRINKING WATER REVOLVING LOAN FUND

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 an annual cost of drinking water service for residential customers which 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.

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 1.5% of median household income. The interest rate reduction may result in a loan interest rate of as low as 0%. If at a 0% and a 20 year repayment the annual charge exceeds 1.5% 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 1.5% of median household income. If at 0% interest and a 30-year repayment, the annual charge per residential user still exceeds 1.5% of median household income, the principal which causes the user charge to exceed 1.5% 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 \$2,443,800 (this amount will be used for the FFY 2008 capitalization grant and is the amount that will be used for the FFY 2009 capitalization grant).

ATTACHMENT V. Public Notification and Involvement Strategy

FOR STATE FY 2009 AND 2010 WASTEWATER AND DRINKING WATER PRIORITY LISTS

The public was involved in the State FY 2009 and FY 2010 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 letter of interest mailed out by the DEQ early in the priority list process. Information on the completed letter of interest forms was used in part by the State and Regional office staff in preparing draft lists. A copy of the letter of interest form is available on the Department's website. We are finding that combining information obtained directly from eligible entities with that provided by our engineering staff results in the most accurate listing of infrastructure needs. Additionally, possible funding recipients were drawn from ARRA submissions made directly to the Governor's Office.

Notification that all four FY 2009 and FY 2010 priority lists were available for public review was given in Idaho's six major (regional) newspapers for approximately four weeks. Notices were published four 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 web site from March 17- April 8, 2009 and then from April 14– April 21, 2009.

Approval packages related to the four lists were sent to the Board of Environmental Quality prior to their meeting on April 21, 2009. Copies of the Issue Analyses for the CWSRF loan lists and the Board agenda will be included as attachments upon Board action. DEQ staff will make presentations at the Board meeting on April 21, 2009 and answer questions about the lists. The Board approved all lists on April 21, 2009.

ATTACHMENT VI. Documentation of Matching Requirement for Program Management (10%) Set-Aside Public Notification and Involvement Strategy

IDAHO DRINKING WATER REVOLVING LOAN FUND

State match required for the 1452(g) set-asides	\$814,600
Federal fiscal year 2007 State funds applied towards PWSS program	\$1,448,027
Required match for PWSS grant	<u>(375,233)</u>
Over-match available from Federal fiscal year 2007 funds	\$1,072,794
State fiscal year 1993 funds applied to PWSS program	\$892,674
Total available for State match	\$1,965,468

More match is available than is needed since only \$814,600 is needed for the match. 50% (\$407,300) will come from the Federal fiscal year 2007 over-match and 50% (\$407,300) will come from the State fiscal year 1993 credit. Expenditure of Federal fiscal year 2008 over-match will be documented in the Financial Status Reports (FSRs) submitted for the PWSS program.