

-BIL ANNEX A-  
to the Drinking Water State Revolving Fund (DWSRF)  
Intended Use Plan (IUP)  
**FFY 2022 Bipartisan Infrastructure Law (BIL)**  
**General Supplemental Fund**

**Introduction**

The Infrastructure Investment and Jobs Act (IIJA) was signed into law on November 15, 2021 and has since been referred to as the Bipartisan Infrastructure Law (BIL). Under this law, additional funding was appropriated and awarded to State Revolving Fund (SRF) Programs annually between Federal Fiscal Years 2022-2026 to finance loans for water and wastewater infrastructure projects. Each BIL appropriation has specific provisions and implementation requirements. This annex to the base DWSRF Program’s Intended Use Plan (Annex) includes the implementation plan for the first year’s allocation of the BIL DWSRF General Supplemental Fund.

Iowa’s Federal Fiscal Year 2022 allocation is as follows:

<b>2022</b>	<b>IA Allocation</b>	<b>Loan Forgiveness Available</b>
DWSRF General Supplemental Fund	\$28,504,000	\$13,996,960

**Annex to the DWSRF Program Intended Use Plan (IUP)**

This Annex will address programmatic and financial variations from the base DWSRF Program IUP that are specific to the implementation and distribution of funds from the BIL DWSRF General Supplemental Fund. An IUP for the BIL DWSRF General Supplemental Fund will be issued annually and updated quarterly as an ANNEX to the base SRF Program Intended Use Plan.

**Project Priority List (PPL)**

The BIL DWSRF General Supplemental Fund Project Priority List (PPL) and the base DWSRF Program PPL will be combined into one list. The methods of managing the PPL are described in Section 1 of the base DWSRF Program IUP. Due to BIL funding requirements, projects being funded through the BIL General Supplemental Fund must enter into a loan assistance agreement within one year of becoming eligible for the funds. The DWSRF staff may bypass projects that have not signed a loan obligation within one year. If an eligible project is bypassed, the applicant may be reconsidered when the project is ready to move ahead.

**Method of Amendment**

The method of amending this Annex will follow the same process described in Section V of the base DWSRF Program IUP.

**Application Process**

The initial PPL submitted with the state’s FY 2022 BIL CAP Grant application will consist of eligible projects that are currently listed on the base DWSRF Program’s PPL but have not signed a loan obligation as of **June 30, 2022**.

Project applications eligible for SRF funding under the BIL will follow the same quarterly IUP application cycle as the base DWSRF Program IUP. Additional application information may be required for projects applying for BIL General Supplemental Funds. The DWSRF Program will provide additional application materials through the DNR<sup>1</sup> and SRF websites<sup>2</sup>, as applicable.

<sup>1</sup> <https://www.iowadnr.gov/Environmental-Protection/Water-Quality/Water-Supply-Engineering/State-Revolving-Loan-Fund>

<sup>2</sup> [https://www.iowasrf.com/program/drinking\\_water\\_loan\\_program/drinking-water-intended-use-plan-iup-information/](https://www.iowasrf.com/program/drinking_water_loan_program/drinking-water-intended-use-plan-iup-information/)

The base DWSRF PPL is attached to the base DWSRF IUP as a separate document. See *DWSRF IUP Attachment 1 – DWSRF PPL*.

## I. BIL General Supplemental Fund Program Overview

All DWSRF-eligible activities may be funded from the General Supplemental Fund appropriation under BIL. U.S. EPA granted states the flexibility to determine BIL priorities and select projects to receive this funding. The Iowa SRF Program will consider all eligible projects for funding under BIL General Supplemental Fund.

The BIL mandates that 49% of the BIL funds provided to the state through the DWSRF General Supplemental Fund must be provided as additional subsidization to water systems that meet the state’s Disadvantaged Community (DAC) criteria as described in 1452(d) of the Safe Drinking Water Act (SDWA).

### Affordability Criteria to determine Disadvantaged Communities (DAC)

A key priority of BIL is to ensure that disadvantaged communities benefit equitably from this investment in water infrastructure. The DWSRF Program has historically focused on low-to-moderate income metrics to identify borrowers that would experience a significant hardship raising the revenue necessary to finance a drinking water project. In an effort to develop a more comprehensive definition of what it means to be a disadvantaged community, the Iowa SRF Program is broadening the range of metrics by which each community is evaluated to include other social, economic, and demographic information that may indicate a lack of access to affordable and safe drinking water. These metrics are discussed in the “Socioeconomic Assessment Score” section, below, and they define the affordability criteria that will be used to evaluate the disadvantaged status of a borrower.

### Loan Forgiveness

Iowa applies additional subsidization in the form of principal forgiveness of a loan. Loan forgiveness will be awarded for up to 90% of the loan amount, or \$2 million, whichever is less. Individual projects will be capped at \$2 million dollars to allow more eligible borrowers to receive subsidization. The DWSRF Program may withdraw the individual project cap if additional funding becomes available.

The total amount of loan forgiveness available for a project will be determined by adding together the loan forgiveness percentages for the priority project, the socioeconomic assessment score and the household burden indicator. The priority project and socioeconomic assessment score information will be available at the time of application. The percent of loan forgiveness for the household burden indicator can be projected using the engineers estimate. The final household burden indicator will be determined after the project has gone to bid, the actual project costs are known, and all other funding sources have been accounted for. *Projects will be funded from the top socioeconomic score down and in priority project ranking order with consideration given to readiness to proceed.*



Loan forgiveness will be applied to the portions of the project that meet priority project criteria. The final amount of loan forgiveness offered will be based on the eligible costs related to the final amount drawn on the loan. Loan forgiveness is applied as principal forgiveness on the date of the final loan disbursement.

### Priority Project Percentage

Eligibility for loan forgiveness will first be assessed based on the type of project seeking funding. If the project is one of the priority project types listed in this Annex, the borrower will then be evaluated for disadvantaged status based on the Socioeconomic Assessment Score criteria, described below.

### Socioeconomic Assessment Score

The second element of the loan forgiveness equation is an assessment of the community or service area’s underlying socioeconomic and demographic condition that can determine the affordability of drinking water infrastructure projects. A Socioeconomic Assessment provides a comprehensive analysis of factors that typically determine whether a community is disadvantaged.

The disadvantaged status of a borrower *for the purposes of SRF loan forgiveness eligibility* will be determined by assessing 15 datapoints from publicly available sources produced by the U.S. Department of Commerce, Centers for Disease Control and Prevention (CDC), U.S. Department of Housing and Urban Development (HUD), Iowa Workforce Development, Iowa Department of Management, and the State Treasurer of Iowa. Data will be updated annually for each community and made available at IowaSRF.com.

The DWSRF Program will use this data to determine if a borrower is a Disadvantaged Community for the purpose of SRF loan forgiveness eligibility.

Category/Metric	Source
<b>Income and Poverty</b>	
• Median Household Income (MHI)	American Community Survey
• % below poverty level	American Community Survey
• % Public Assistance/SNAP	American Community Survey
• % Supplemental Security Income	American Community Survey
<b>Labor Force</b>	
• Unemployment rate of primary county	Iowa Workforce Development <sup>3</sup>
• % not in labor force	American Community Survey
<b>Demographics</b>	
• Population Trend	Decennial Census
• % Over age 65	American Community Survey
• % non-white, not Hispanic (% minority)	American Community Survey
• Social Vulnerability Index	Centers for Disease Control
<b>Housing</b>	
• % Vacant Homes	American Community Survey
• % Housing Cost Burdened	HUD Comprehensive Housing Affordability Strategy (CHAS)
<b>Education</b>	
• % with high school diploma or less	American Community Survey
<b>Property Value and Debt</b>	
• Valuation per Capita	Iowa Department of Management <sup>4</sup>
• Debt per Capita	State Treasurer of Iowa <sup>5</sup>

For each of the 15 metrics, applicants will be given a score indicating the relative disadvantage to the other communities in the state (see table below)<sup>6</sup>. Scores for each metric are totaled to produce an overall assessment of the applicant’s underlying social, economic, and demographic profile.

<sup>3</sup> [Local Area Unemployment Statistics](#), rolling 12-month average unemployment rate of the primary county

<sup>4</sup> [Local Government Valuation & Finance](#), 100% Valuations as of 1/1/2020 for SFY 2021-22

<sup>5</sup> [Outstanding Obligations Report](#)

<sup>6</sup> The only exception is Population Trend. No points for positive or 0% growth, 1 point for negative growth up to -10%, 2 points for more than -10% population growth.

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

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

With 15 total metrics, equally weighted, the maximum number of points will be 30. Communities or service areas with a cumulative score of 11 and up (e.g., falling in the top 2/3 of the total possible cumulative score) indicates that the community or service area is socially, economically, and/or demographically disadvantaged relative to the other communities in the state. Conversely, applicants who score in the bottom 1/3 of total cumulative points (e.g., 10 total points or less), will not be eligible to receive principal forgiveness. The amount of principal forgiveness available to a community will be established on a point scale as detailed below and may be adjusted annually in the IUP. Applicants with a socioeconomic score between 11-30 points will be eligible for consideration of SRF loan forgiveness and may qualify to receive loan forgiveness from the FFY 2022 BIL General DWSRF Supplemental Fund (when combined with the other elements of the loan forgiveness equation).

	Point Range	Principal Forgiveness
Low	0-10	0%
Moderate-Low	11-15	15%
Moderate	16-20	20%
Moderate-High	21-25	25%
High	26-30	30%

One of the primary benefits of the Socioeconomic Assessment is that it provides a baseline view of the amount of loan forgiveness a community or service area will be eligible to receive at the time an IUP application is submitted. Then, when the project type is taken into consideration and construction bids are received and approved, the full extent of eligible loan forgiveness can be realized.

Upon approval of this Annex by the Department’s Environmental Protection Commission following a public review and comment period, the Socioeconomic Assessment Tool will be available to the public through the SRF website homepage at [www.lowaSRF.com](http://www.lowaSRF.com).

#### *Household Burden Indicator*

The third element of the loan forgiveness equation is an assessment of a community or service area’s household’s ability to afford the proposed project. The Household Affordability Assessment is made up of two components<sup>7</sup>:

- **Household Burden Indicator:** Total water costs for combined water and sewer service, including the project being financed by SRF, as a percent of the 20th percentile of community household income (lowest quintile income, or LQI)
- **Poverty Prevalence Indicator:** The percentage of community households at or below 200% of the Federal Poverty Level

Using this combination of factors will further indicate both the water cost burden borne by lower-income households as well as the overall affordability challenges facing the community.

<sup>7</sup> Credit to R Raucher, E Rothstein, and J Mastracchio’s [Developing a New Framework for Household Affordability and Financial Capability Assessment in the Water Sector](#), 2019

The Household Burden Indicator may be computed with assistance from the Municipal Advisor after the construction bid has been awarded and other funding sources have been deducted. The borrower begins by determining the monthly water and sewer bill for residential users, assuming 5,000 gallons of usage per month (note that it may be normal for the service area for drinking water utility to differ from that of a sewer utility). The monthly total is then annualized and divided by the upper bound of the lowest quintile income from Table B19080 of the American Community Survey. The Poverty Prevalence Indicator for the community or service area is provided in the Socioeconomic Assessment analysis.

**Assuming 5,000 gal/month**

Monthly Water/Sewer Bill	\$145
Annual Water/Sewer Bill	\$1740
Lowest Quintile Income (LQI)	\$25,214
Total Water Costs as Percent of LQI	6.90%

The resulting benchmarks for the Household Burden and Poverty Prevalence Indicators are as follows. The amount of loan forgiveness attributed to the Household Affordability Assessment will correspond to the resulting category of unaffordability.

**Percent of Households Below 200% of Poverty Level**

Water Costs as a Percent of Income at Lowest Quintile	<= 20%	> 20% and <= 35%	> 35%
> 10%	Moderate-High Burden	Moderate-High Burden	High Burden
7% to 10%	Moderate-Low Burden	Moderate Burden	Moderate-High Burden
< 7%	Low Burden	Moderate-Low Burden	Moderate-High Burden

Burden	Principal Forgiveness
Low	0%
Moderate-Low	15%
Moderate	20%
Moderate-High	25%
High	30%

In the example above, a community with a Household Burden Indicator of 6.90% and Poverty Prevalence Indicator of, say, 22%, would fall in the “Moderate-Low Burden” classification. This would correspond to an additional 15% of loan forgiveness toward their project.

Water Costs as a Percent of Income at Lowest Quintile	<= 20%	> 20% and <= 35%	> 35%
> 10%	Moderate-High Burden	Moderate-High Burden	High Burden
7% to 10%	Moderate-Low Burden	Moderate Burden	Moderate-High Burden
< 7%	Low Burden	Moderate-Low Burden	Moderate-High Burden

**Priority Projects for Loan Forgiveness**

In this first year of BIL funding, the DWSRF Program will prioritize loan forgiveness for eligible projects that address non-compliance issues or a significant deficiency identified in the sanitary survey. This includes systems with the maximum permissible level of a contaminant in their water; or systems with a defect in design, operation, or maintenance, or a

failure or malfunction of the sources, treatment, storage, or distribution system that U.S. EPA determines to be causing, or has the potential for causing the introduction of contamination into the water delivered to consumers. The following list of priority projects was developed in coordination with the regulatory authorities of the DNR.

Priority Projects for BIL DWSRF General Supplemental Loan Forgiveness	% Loan Forgiveness
<ul style="list-style-type: none"> <li>Non-Compliance Issues (e.g. SDWA compliance issues and Maximum Contaminant Levels (MCL) Violations)</li> </ul>	30%
<ul style="list-style-type: none"> <li>Consolidation/Regionalization</li> </ul> <p>This priority is intended for communities who are consolidating with another system to obtain healthy drinking water or due to Technical/Managerial/Financial (TMF) issues. Systems are eligible even if there is no violation. Loan forgiveness is not being offered to systems that are buying viable systems just to franchise</p>	20%
<ul style="list-style-type: none"> <li>Resiliency Projects (flood/drought, redundancy and cyber security)</li> </ul>	20%
<ul style="list-style-type: none"> <li>New Public Water System (PWS) for communities served by private wells</li> </ul>	20%

Non-compliance projects are awarded a higher percentage of loan forgiveness than the other priority projects because providing safe drinking water to the public is the primary goal of the SDWA. If a single SRF project includes more than one priority project type, the percentage of loan forgiveness awarded will be based on the amount assigned to the highest applicable project type. Loan forgiveness will be applied to the portions of the project that meet priority project criteria.

### Types of Financing and Interest Rates

Construction Loans are offered with 20-year terms. An extended term loan is available up to 30 years, based on the average life of the project components. The interest rates for construction loans made from the DWSRF BIL General Supplemental Fund are as follows:

Loan Term	Applicant Type	Interest Rate	Servicing Fee	Total
Standard Tax-Exempt (up to 20 years)	All	1.75%	0.25%	2.00%
Extended (21 to 30 years based on useful life)	All	2.75%	0.25%	3.00%
Taxable Loans (up to 20 years)	All	2.75%	0.25%	3.00%
Taxable Loans (up to 20 years)	All loans executed on or after April 1, 2023	3.57%	0.25%	3.82%

The SRF Program continually monitors the market to ensure that our loan interest rates are appropriate while taking the Program’s cost of funds into account. Any necessary changes to loan interest rates will be communicated via future IUPs.

### Fees

#### *Loan initiation fees.*

A 0.50% loan origination fee will be charged on new DWSRF loans up to a maximum fee of \$100,000. Under U.S. EPA rules, because Iowa’s origination fees are financed through the loans, the proceeds are considered Program Income. Program Income can only be used for the purposes of administering the DWSRF Program or for making new loans. **Loan initiation fees will not be assessed on loans to borrowers that meet the affordability criteria and are receiving loan forgiveness due to their score on the Socioeconomic Tool.**

### *Loan servicing fees.*

A servicing fee of 0.25% on the outstanding principal is charged on DWSRF loans. Payment of the loan servicing fee is made semi-annually along with scheduled interest payments. Loan servicing fees are calculated based on the outstanding principal balance. Under U.S. EPA rules, only servicing fees received from loans made above and beyond the amount of the Capitalization Grant and after the Capitalization Grant under which the loan was made has been closed are considered Non-Program Income. Non-Program Income can be used to administer the DWSRF Program or for other water quality purposes. The uses of Non-Program Income are discussed in Section I of the base DWSRF Program IUP.

### **Co-Funding**

The BIL General Supplemental Fund can be combined with base DWSRF loan dollars and loans and grants from other agencies. A single SRF assistance agreement will be used for projects that co-fund projects using both base DWSRF and BIL General Supplemental Funds.

See Special Conditions below for **Build America, Buy American Act (BABA)** rules as they apply to co-funded projects.

### **Special Conditions**

Projects identified as “equivalency projects” are those projects that receive loan disbursements directly from Iowa’s federal allocation for the BIL General Supplement Fund. Equivalency projects are required to comply with all federal law regulating the BIL General Supplemental Fund, including but not limited to BABA. The DWSRF Program will work directly with projects identified as equivalency projects to ensure a full understanding of compliance requirements.

SRF Projects that are not equivalency projects may still be subject to BABA compliance if the infrastructure project is being co-funded by another federal agency. If this occurs, the entire project will be required to comply with BABA requirements. In these cases, the DWSRF Program will only need to document compliance with AIS domestic provisions. The DWSRF Program will coordinate with the SRF borrower and the co-funding agency to avoid duplicating efforts to document and demonstrate AIS compliance.

### **Signage**

The BIL signage term and condition requires a physical sign displaying the official Building a Better America emblem and EPA logo be placed at construction sites for BIL-funded projects. This requirement applies only to the following projects:

- Construction projects identified as “equivalency projects” for BIL general supplemental capitalization grants;
- Construction projects that receive additional subsidization (grants or forgivable loans) made available by BIL general supplemental capitalization grants

The sign must be placed at construction sites in an easily visible location that can be directly linked to the work taking place and must be maintained in good condition throughout the construction period. In cases where the construction site covers a large area (e.g., lead service line replacement or septic tank repair/replacement projects), a sign should be placed in an easily visible location near where the work is being performed (e.g., entrance to the neighborhood, along a main road through town, etc.). Signage costs are considered an allowable SRF expense, provided the costs associated with the signage are reasonable. Additionally, to increase public awareness of projects serving communities where English is not the predominant language, assistance recipients are encouraged to translate the language on signs (excluding the official Building a Better America emblem or EPA logo or seal) into the appropriate nonEnglish language(s). The costs of such translation are allowable SRF expenses, provided the costs are reasonable.

#### *Signage Requirements:*

- a. Building A Better America Emblem: The SRF recipient will ensure that a sign is placed at construction sites supported under this award displaying the official Building A Better America emblem and must identify the project as a “project funded by President Biden’s Bipartisan Infrastructure Law.” See guidelines and design specifications for using the official Building A Better America emblem and corresponding logomark.<sup>8</sup>

---

<sup>8</sup> <https://www.whitehouse.gov/wp-content/uploads/2022/08/Building-A-Better-America-Brand-Guide.pdf>

- b. EPA Logo: The SRF recipient will ensure that signage displays the EPA logo along with the official Building A Better America emblem. The EPA logo must not be displayed in a manner that implies that EPA itself is conducting the project. Instead, the EPA logo must be accompanied with a statement indicating that the recipient received financial assistance from EPA for the project. Information on compliance with the EPA sign specifications is provided by the EPA Office of Public Affairs (OPA)<sup>9</sup>. Additional information on obtaining the appropriate EPA logo or seal graphic file is available on the EPA Seal and Logo page<sup>10</sup>.

## II. Criteria and Method for Distribution of Funds

### Project Ranking

The project ranking criteria for BIL General Supplemental Fund will be the same as described in Appendix B of the base DWSRF Program IUP.

### Description of contingency procedures

Eligible projects on the base DWSRF PPL will be funded by BIL General DWSRF Supplemental Fund until the total amount of needs exceeds the year's BIL General DWSRF Supplemental loan funding. Projects will be funded from the top down in the ranking order of the PPL with consideration given to readiness to proceed. A contingency status will be placed on the remaining eligible projects and they will remain on the funding PPL the base DWSRF Program IUP. Projects on contingency status can be moved from the base DWSRF Program to the BIL General DWSRF Supplemental Fund PPL when funds are available or when the project is ready to proceed, whichever is applicable.

## III. BIL Supplemental Program Goals

The FFY 2022 BIL General Supplemental Fund short-term and long-term goals and objectives are the same as the base DWSRF Program IUP goals and objectives identified in Section I of the SFY 2023 DWSRF Program IUP, with the following additions:

- Goal: Commit FFY 2022 BIL General Supplemental loan funds to as many recipients as possible in accordance with the state priority rating system, the IUP, staff resources, and available funding.  
  
Objective: Identify projects on the current DWSRF PPL eligible to be funded with FFY 2022 BIL General Supplemental Funds. Accept applications quarterly and add additional projects to the PPL, as applicable, until all funding is obligated.
- Goal: Identify eligible applicants for loan forgiveness.  
  
Objective: Using the new disadvantaged community criteria (described in this Annex) and priority projects, identify projects on the current DWSRF PPL eligible to receive loan forgiveness from the FFY 2022 BIL General Supplemental Fund. Accept applications quarterly and add additional projects to the PPL, as applicable, until all loan forgiveness funding is obligated.

## IV. Assurances and Special Proposals

Iowa will provide the necessary assurances and certifications according to the Operating Agreement and between the State of Iowa and the U.S. EPA grant terms and conditions.

## V. Financial

### Summary of State's Financial Plan

See "Financial Management Strategies" located in Section 1 of the base DWSRF Program IUP.

### Sources and Uses

See "Sources and Uses of Available DWSRF Funds" located in Section II and Appendix A of the base DWSRF Program IUP.

---

<sup>9</sup> <https://www.epa.gov/grants/epa-logo-seal-specifications-signage-produced-epa-assistance-agreement-recipients>

<sup>10</sup> <https://www.epa.gov/aboutepa/using-epa-seal-and-logo>



## Planned Use of Fee Revenue

DWSRF expenses for administering the SRF include the work of drinking water engineering section project managers, administrative staff, specialists in environmental review, financial officers, loan coordinators, and program managers. It also covers expenses for financial and legal advisors. These program expenses will first be paid out of the base DWSRF Program Income and then BIL General Supplemental Program Income. They will then be paid from Non-Program Income once Program Income has been fully expended.

DNR intends to use a portion of Non-Program Income funds during SFY 2023 to support staffing to the Field Services Bureau for drinking water compliance activities including inspections, investigations and technical assistance and to support staffing in the Water Quality Bureau for construction permitting, drinking water permitting, AIS/BABA Site Inspections, and other programmatic staffing needs.

Estimates of Program Income and Non-Program Income resulting from BIL General DWSRF Supplemental Funds cannot be made at this time but will be provided in future updates to this Annex.

## Loan Policies

### *Project Scope*

The scope of the project must be outlined on the IUP application and in the preliminary engineering report. Additional project information may be required at the time of application for BIL General Supplemental Funds. Changes to the scope are allowed prior to loan closing. Significant changes in scope that cause delays and/or additional work required by the project manager or environmental review specialist, may result in loss of financing through the BIL General Supplemental Fund. Once a loan is signed, only minor changes to the scope will be allowed and only if they do not require additional technical or environmental review.

### *Project Readiness*

Applicants cannot be offered SRF financial assistance until they meet DWSRF Program requirements. More information can be found in the *Water Supply Construction Manual*.<sup>11</sup>

### *Compliance with Public Bidding Law*

To the extent applicable, applicants must provide certification evidencing compliance with public bidding law, pursuant to Iowa Code Chapter 26, prior to closing a construction loan.

### *Compliance with Civil Rights Law*

All programs, projects, and activities undertaken in the SRF Programs are subject to federal anti-discrimination laws, including the Civil Rights Act of 1964, section 504 of the Rehabilitation Act of 1973, and section 13 of the Federal Water Pollution Control Amendments of 1972. These laws prohibit discrimination in any federally assisted program on the basis of race, color, national origin, sex, disability, or age. These laws apply by their own terms to the entire organization receiving federal financial assistance, not just to the project itself. Iowa is in the process of reviewing program activities to ensure compliance with federal civil rights laws.

### *Utility Rate Recommendations*

Prior to closing a construction loan, applicants must demonstrate that appropriate action has been taken to implement the utility rate recommendations of their Municipal Advisor set forth in the 5-year pro-forma cash flow analysis.

### *Municipal Advisor*

Borrowers will be asked to identify their Municipal Advisor for the project as part of the IUP application.

## State Match

See Appendix F -State Match of the base DWSRF Program IUP.

---

<sup>11</sup> <https://www.iowadnr.gov/Environmental-Protection/Water-Quality/Water-Supply-Engineering/State-Revolving-Loan-Fund>

## VI. Set-Asides

States are allowed to take or reserve set-aside amounts from the BIL General DWSRF Supplemental Fund for a number of activities that enhance the technical, financial, and managerial capacity of public water systems and protect sources of drinking water. DNR is following the SFY 2022 DWSRF workplan and will switch to the SFY 2023 workplan during the fiscal year. Since the BIL General Supplemental Funds have the same objectives and eligibilities of the base DWSRF Program, the set-aside activities for this Annex will be the same as the base DWSRF Program (see “*Intended Uses of Set-Asides*” located Section II of the base DWSRF Program IUP for additional information on planned activities). For FFY 2022, Iowa plans to take or reserve funds from the Admin, Technical Assistance, and Capacity Development set-asides.

## VII. Public Review and Comment

Stakeholder engagement webinars were hosted on June 26, 2022 to present the preliminary implementation plans for BIL General DWSRF Supplemental funds. Comments were accepted through July 8, 2022. Questions and comments from stakeholders were taken into consideration and some changes were incorporated into this Annex as described above. A new dedicated web page was developed on the Iowa SRF website titled “Bipartisan Infrastructure Law (BIL) Funding Opportunities”<sup>12</sup> to inform stakeholders of the latest BIL updates in a timely manner. A new dedicated email “[water-infrastructure@dnr.iowa.gov](mailto:water-infrastructure@dnr.iowa.gov)” was created for stakeholders to easily submit questions and comments pertaining to BIL.

A public meeting to allow input into this Annex and PPL was held August 11, 2022, 10:00 a.m. via virtual conference call. This meeting was announced in a notice provided to the public, stakeholder organizations representing city officials, consulting engineers, county governments, councils of government, area planning agencies, and other groups which might have an interest. Written comments were accepted until August 18, 2022.

A public meeting to allow input to Iowa’s SFY 2023 IUP third quarter update and Project Priority List, including this Annex, was held November 17, 2022, 10:00 a.m. via virtual conference call. This meeting was announced in a notice provided to stakeholder organizations representing city officials, consulting engineers, county governments, councils of government, area planning agencies, and other groups which might have an interest. Written comments were accepted until December 10, 2022.

A public meeting to allow input to Iowa’s SFY 2023 IUP fourth quarter update and Project Priority List was held February 9, 2023, 10:00 a.m. via virtual conference call. This meeting was announced in a notice provided to stakeholder organizations representing city officials, consulting engineers, county governments, councils of government, area planning agencies, and other groups which might have an interest. Written comments were accepted until February 24, 2023.

The following comment was received from the Iowa Finance Authority and content from this comment was incorporated into this IUP update:

*“Pursuant to IAC 265-26.5, Iowa Finance Authority respectfully recommends that the Base and Supplemental FY 2023 Q4 IUP incorporate the following change to the interest rate for taxable SRF loans:*

<b>Loan Terms</b>	<b>Applicant Type</b>	<b>Interest Rate</b>	<b>Servicing Fee</b>	<b>Total</b>
Taxable Loans (up to 20 years)	All	3.57%	0.25%	3.82%

*This proposed interest rate would apply to all taxable loans executed on or after April 1, 2023 and represents a 25% discount of the current 20-year BVAL AAA Taxable Revenue Municipal index yield of 4.76%.”*

## VIII. Project Priority List (PPL)

See Attachment 1- DWSRF PPL, to the base DWSRF Program IUP. This PPL includes projects that will be funded by the BIL General Supplemental Fund as well as the base DWSRF Program. The PPL is included as a separate, sortable Excel file.

<sup>12</sup> <https://www.iowasrf.com/infrastructure-bill-funding-opportunities/>