



Iowa's Expeditious Use of Clean Water State Revolving Funds

Brief Description:

Several milestones affect the CWSRF grant timeline

- When Congress finalizes appropriations and EPA announces funding availability.
- When the state submits a grant application.
- When EPA awards the grant funds.
- When the grant funds are fully disbursed.

The key features of the Iowa CWSRF program include:

- Improvements and streamlining in the wastewater construction permitting process, which reduced timelines for project review and approval.
- Allowing applicants to pursue a phased approach to projects to enable individual projects to proceed timely to construction instead of waiting for approval on a large project.
- Planning and design loans at 0% interest for three years to provide upfront capital to get projects started and ready for construction and loan closing.
- Year-round application process with quarterly updates to the Intended Use Plan, which keeps projects in the loan pipeline on a continual basis.
- Expansion of nonpoint source and green infrastructure programs to include loans for farmers, livestock producers, watershed organizations, and others.
- Extended term financing, based on project useful life, which allows more utilities to benefit from the CWSRF.
- Environmental review services to complete assessments of impacts to natural and cultural resources, reducing costs and barriers to participating in the loan program.
- Focus on marketing, customer and consultant education, and coordination with other funders.

Subobjective:

Water Quality

Type:

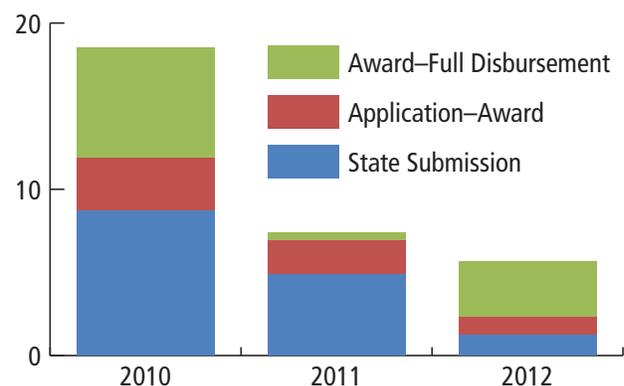
Financial Planning

Highlights:

- **What:** The state of Iowa's Clean Water State Revolving Fund (CWSRF) uses its federal capitalization grant funds as expeditiously as possible by implementing various innovative approaches, such as streamlining permitting processes, short-term low interest loans, expanding eligibility of nonpoint source loan programs, and coordinating marketing with other funders.
- **Who:** State of Iowa
- **Why:** The Iowa CWSRF is committed to improving and streamlining its program in order to generate more interest from potential borrowers, and to continue to use the CWSRF funds in a timely and expeditious manner.

Grant Timelines

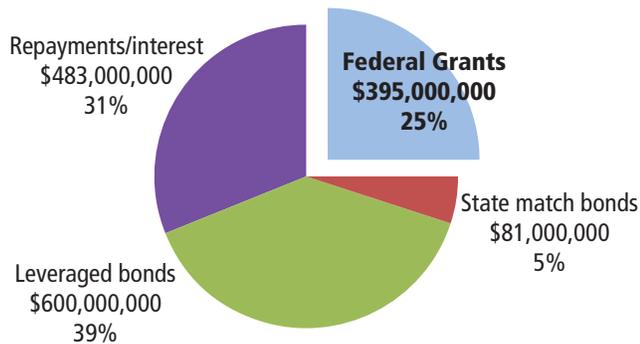
(number of months between milestones)



Financial management also contributes to the timely use of federal funds. The Iowa CWSRF program uses its principal and interest repayments to originate new loans. When additional funds are needed, the SRF program issues bonds, backed by those CWSRF loans, and uses the bond proceeds to replenish the equity fund.

Iowa's SRF program generally issues bonds annually. These bond issues include the state match for the next federal capitalization grants. After the bonds are issued, the state match is spent first so that the capitalization grant can be drawn down at 100% when it is received. Iowa chooses several large projects to receive grant disbursements, thus allowing the grant to be drawn down more quickly. Loan disbursements are made weekly. Iowa's CWSRF disbursements average about \$14 million per month. Iowa's CWSRF capitalization grant in FY 2012 was \$19,128,000.

CWSRF Sources—Iowa



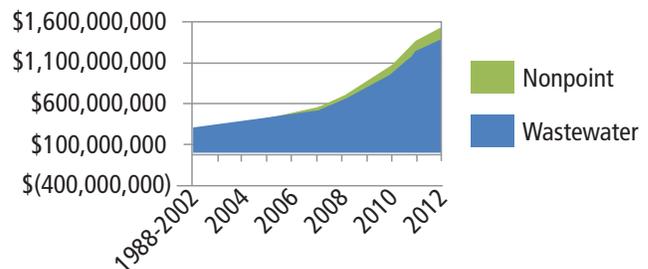
Iowa statute directs the Iowa Department of Natural Resources (DNR) and the Iowa Finance Authority (IFA) to jointly operate the CWSRF. DNR handles program prioritization, project permitting, environmental review, and EPA compliance. IFA covers financial management, issues bonds, and disburses loan funds. While each partner carries out its individual responsibilities, the two coordinate on programmatic and financial strategies to make the most effective use of the funding.

Outcome:

The timeline in Iowa has been reduced significantly over the last three grant cycles.

Iowa has been able to use its federal capitalization grant funds in a timely manner due to a robust and sustained demand for loans. Iowa's annual loan commitment amounts have increased from an average of \$30 million per year to an average of \$190 million in recent years.

Growth in Loan Commitments, Iowa CWSRF



Lessons Learned/Recommendations:

Both the Iowa DNR and IFA are committed to continuous improvement and streamlining efforts to adapt to changes in the program requirements and needs. Many of the strategies for timely use of funds are also recommended by the Council of Infrastructure Financing Authorities (CIFA) in the white paper, "Potential State and Regional Best Practices to consider in Accelerating SRF Funds." As CIFA points out, not all practices are applicable to each state program, depending on program structure and state statutory requirements. The practices described above are currently working well for Iowa.

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