Idaho Department of Environmental Quality
Drinking Water Loan
Letter of Interest and Rating Form
Fiscal Year 2028

Section I. Project Information

This funding is available to public water systems for drinking water projects involving planning, design, and construction. See *Customer Handbook* for additional eligibility requirements.

Complete the form using accurate answers to receive the highest achievable rating. DEQ recommends working with engineering consultants involved with the project whenever possible. For assistance completing this form or for additional technical assistance options contact: *grants.loans@deq.idaho.gov*.

A. System Identification

Public Water System Number:		
System Name:		
System Address:		
City:	State:	Zip:
Is the system located wholly within incorporated city limits?		Yes No
What City?	County:	
System Phone:	System Email:	
Population Served:	Owner's Name:	
Owner's Phone:	System Ownership: For Profit Not-for-Profit	
Name/Title of System Contact (if different from owner):		
Contact's Address:		
City:	State:	Zip:
Contact's Phone:	Contact's Email:	

Do you have a licensed and designated responsible charge operator for your system as described in the "Idaho Rules for Public Drinking Water Systems" (*IDAPA 58.01.08.050*)? Yes No

Name: _____ License Number: _____

B. Project Readiness	
Determine your community's readiness for Drinking Water State Revolving Fund (SRF) funding assistance by answering the following questions: **Select all that apply:**	
1.	Your system is current with all payments of fines, SRF loans, penalties, or fee assessments due to DEQ.
2.	Your community has completed a DEQ-approved drinking water facility plan (with a final environmental determination) in the last five years. Date of approval: _____ **OR** Your community is already in the process of developing a new planning document and environmental determination that will be completed and submitted to DEQ for approval by December 31, 2027. **OR** You are proposing this loan to finance a planning document and environmental determination.
If you did not select questions 1 and 2, do not complete or submit this form to DEQ. If you are interested in receiving a drinking water planning grant, fill out the Drinking Water Planning Grant Letter of Interest (LOI) form.	
If you selected questions 1 and 2, Complete all applicable sections of this form.	
3.	This LOI request is to address a budget shortfall or construction cost overrun for an existing project.
4.	When will your project be ready to begin design? Date: _____
5.	When will your project be ready to begin construction? Date: _____
	Provide a brief explanation of the project timeline:
6.	The planning document was funded by the system or by an agency other than DEQ.
	If you selected question 6, the planning document may need modifications to meet SRF Program requirements. See the *Outline and Checklist for Planning Document* in the *Grants and Loan Program Customer Handbook*.
7.	A final environmental determination has been issued.
	If you selected question 7, provide the environmental document title (if separate from the planning document), date submitted to DEQ, and DEQ environmental determination date: Title: _____ Submittal Date: _____ Determination Date: _____

C. Project Description	
1.	Describe the known or anticipated problems identified in your existing DEQ-approved facility plan for your drinking water system:
2.	Describe the alternative selected to correct the identified problem(s). Use the selected alternative in the facility plan for your drinking water system:
3.	The primary focus of this project is to address issues with future growth.
4.	The primary focus of this project is to address issues with fire flow.
	Note: *DEQ cannot fund projects that have a primary focus (greater than 50% of projected costs) on addressing issues of future growth or fire flow.*
5.	You intend to purchase water rights with this loan.
	Note: *Purchase of water rights as part of the SRF loan project requires preapproval to be considered loan eligible.*
If you selected questions 3, 4, or 5, contact the DEQ Grants and Loans Bureau at *grants.loans@deq.idaho.gov* before submitting this LOI.	
6.	You intend to address emerging contaminants (e.g., PFAS or cyanotoxins) in part or whole with this project.
If you selected question 6, contact the DEQ Grants and Loans Bureau at *grants.loans@deq.idaho.gov* to discuss additional funding opportunities before submitting this LOI.	

D. Project Costs			
1.	Project funding requested from DEQ's SRF: $_____ Project funding from other sources: $_____ Estimated total project cost: $_____		
2.	Briefly describe or attach indicators or actions reflecting the community's interest or readiness to proceed on this project (e.g., minutes from public hearings):		
3.	Does the system have the legal authority to incur the debt associated with the proposed project? **Select one:** System does not yet have the legal authority to incur this debt Bond counsel or financial consultant retained Bond election scheduled. Date: _____ Legal instrument(s) in place (e.g., bond election, judicial confirmation) Homeowners' association (debt authority given through bylaws)		
4.	What is the amount of debt that can be legally incurred? $_____		
5.	If you have already contacted an engineer licensed in the State of Idaho about your project, indicate your status and provide contact information for the engineer (or firm): Discussed with engineer Obtained quote from engineer Signed contract with engineer		
	Engineer:		
	Address:		
	City:	State:	Zip:
	Phone:	Fax:	
	Email:		

Continue to Section II. Integrated Priority Rating System

Section II. Integrated Priority Rating System

"Rules for Administration of Wastewater and Drinking Water Loan Funds" (IDAPA 58.01.12.020). Projects are identified for placement on priority lists by surveying eligible entities directly on an annual basis. Limited loan funds are awarded to projects based on priority ratings and readiness to proceed. Projects are rated by the Department on a standard priority rating form using public health, sustainability, the condition of the existing system, and water quality criteria.

Answer the questions below and provide the requested documentation. Applicants or their consultants are encouraged to contact DEQ before the submittal deadline for assistance in answering the questions. **Rating will be determined by the answers and documentation provided.**

A. Public Health Hazard

IDAPA 58.01.12.020.02.a. Public Health Hazard. Any condition that creates, or may create, a danger to the consumer's health, which may include any one (1) or more of the following: i. Documented unresolved violations of the primary drinking water standards including maximum contaminant levels, action levels, and treatment techniques (to include maximum contaminant levels for acute and chronic contaminants); ii. Documented unresolved violations of pressure requirements; iii. Documented reduction in source capacity that impacts the system's ability to reliably serve water; iv. Documented significant deficiencies (e.g., documented in a sanitary survey) in the physical system that are causing the system to not reliably serve safe drinking water; or v. Documented unregulated contaminants that have been shown by EPA to be a risk to public health. Up to 100 points.

Select all that apply:

1.	Does your system have documentation of unresolved violations of primary drinking water standards, including maximum contaminant levels (MCLs), action levels, and treatment techniques (to include MCLs for acute and chronic contaminants) as described below?	
	a.	Unresolved acute contaminant violations or conditions requiring a Tier 1 (24-hour) public notification, not including monitoring or reporting violations. *30 points*
		Note: *Examples include Escherichia coli (E. coli), nitrate, or nitrite MCLs, surface water rules or groundwater rule treatment technique violations; new source designated groundwater under the direct influence of surface water; or a chronic contaminant deemed acute by DEQ.*
	b.	Unresolved chronic contaminant violations or conditions requiring a Tier 2 (30 day) public notification, not including monitoring or reporting violations. *15 points*
		Note: *Examples include violations of chemical or radiological MCLs or maximum residual disinfection levels.*

	c.	Surface water treatment technique violations (including groundwater under the direct influence of surface water). *15 points* **OR** A newly discovered/designated water source without filtration (not yet a violation within 18 months of discovery). *15 points*
		Description:
2.	Your system has documented three or more unplanned pressure recordings less than 20 pounds per square inch (PSI) or complete loss of pressure documented through complaints in the past 24 months requiring a Tier 1 public notification. *30 points*	
	Provide copies of public notices that are required by the *Idaho Rules for Public Drinking Water Systems* and any related documentation.	
3.	Loss of source or reduction of source capacity necessitating water rationing or other documented management measures. **Attach documentation.** *30 points*	
	Note: *Source capacity does not include pump-related issues.*	
4.	Your system has defects that cause a risk to health or safety or that could affect the reliable delivery of safe drinking water (e.g., an unresolved significant deficiency documented in the most recent sanitary survey). **Attach documentation.** *20 points*	
	Description:	
	Note: *Applicants are encouraged to discuss these problems with their DEQ regional office before selecting question 4.*	
5.	Documented unregulated contaminants that have been shown by EPA to be a risk to public health. **Attach documentation.** *15 points*	
	Description:	
	Note: *Examples include unregulated or secondary contaminants with EPA-established health advisories such as manganese.*	

B. General Conditions of Existing Facilities		
IDAPA 58.01.12.020.02.b. General Conditions of Existing Facilities. Points shall be given based on deficiencies (which would not constitute a public health hazard) for pumping, treating, storing, and delivering drinking water. Up to 60 points.		
Select all that are true but do not rise to the level of a drinking water public health hazard as in Section II.A and will be remedied by the proposed project. Attach documentation such as the engineer's evaluation from the facility plan. Give brief descriptions of each item for which you have selected. **Label each description or documentation as Section II.B, part number(s).** Each specific deficiency can only receive points in one category.		
Select all that apply – Up to a maximum of 60 points:		
1.	Treatment deficiencies (Does not include voluntary disinfection treatment):	
	a.	Water treatment facilities do not meet the requirements of the *Idaho Rules for Public Drinking Water Systems* (other than MCLs). *15 points*
		Description:
	b.	Treatment facilities have inadequate capacity and cannot reliably meet current demand without extraordinary operational procedures. *15 points*
		Description:
2.	Documented source deficiencies, such as a reduction in source capacity, that are not significant deficiencies and have not otherwise received points under Section II.A. or another criterion in Section II.B. *10 points*	
	Description:	

	3.	Distribution system deficiencies that do not constitute a public health hazard and are not otherwise accounted for in Section II.A, or this section. *10 points*
		Description:
	4.	The proposed project will address source redundancy or system reliability and resiliency. *10 points*
		Description:
C. Sustainability (Green) Infrastructure Efforts		
IDAPA 58.01.12.020.02.c. Sustainability Efforts (e.g., prospective efforts at energy conservation, water conservation, extending the life of capital assets, green building practices, and other environmentally innovative approaches to infrastructure repair, replacement, and improvement). Up to 50 points.		
Answers to the following questions can improve your overall rating. If you earn Priority List points for your responses in this section, you or your project engineer will need to evaluate or complete each item under the terms of the loan agreement.		
Although only 50 points maximum can be awarded under Section II.C, DEQ will incorporate all sustainability items selected below into the scope of the loan agreement for inclusion in the construction loan. All the items selected shall be incorporated into the project design and completed during construction.		
Select all that apply – 5 points each (unless otherwise noted), up to a maximum of 50 points.		
1.	**Management-Based/Innovative Efforts:** These efforts could include the following:	
	a.	Project design will implement cyber-informed engineering (CIE) analysis and incorporate recommended security measures into the project. The CIE analysis must be incorporated into the plan and specifications submitted to DEQ for review and approval. CIE resources are found in the *Grants and Loans Program Customer Handbook* or at the *Idaho National Laboratory page for Cyber-Informed Engineering*. *20 points*
	b.	An ongoing capital budget has been funded and supported by a capital improvement plan.
		Note: *If you are interested in receiving technical assistance to help develop a capital improvement plan, please reach out to DEQ at grants.loans@deq.gov.idaho to discuss possible opportunities*

	c.	A rate study has been completed in the last 5 years and has been or will be updated as part of the proposed project. The rate study is based on consumption-based full-cost pricing for drinking water supported by a capital budget (submit documentation). This means (1) utility rates must be based on the metered flow, and (2) utility rates must generate revenue sufficient to cover both operating and capital costs. Identify the professional (or organization) preparing the rate study: _____
		Note: *If you are interested in receiving technical assistance to help develop a rate study, please reach out to DEQ at grants.loans@deq.gov.idaho to discuss possible opportunities*
	d.	A formal asset management system has been or will be implemented and updated routinely.
		Description:
	e.	System is currently an EPA Green Power Partner (submit certification). **OR** System will evaluate becoming an EPA Green Power Partner as part of the proposed project. **Submit documentation that the system uses a minimum 100,000 kilowatts annually or points will not be awarded.** (*EPA Greenpower Website*)
	f.	System is consolidating with an existing system as part of the proposed project. This must be addressed in the facility plan environmental determination, and subsequent public participation. Identify which system(s): _____
	g.	System will implement the recommendations of a professional energy audit. Identify the auditor: _____
	h.	Proposed project will aid in preparing for adaptation to the long-term effects of climate variation, extreme weather, or drought.
		Description:
	i.	Project will significantly reduce or eliminate the use of chemicals in treatment.
	j.	Project will significantly reduce or minimize the volume or toxicity of residuals.
	k.	Project has capital improvements that provide significant source water protection benefits, such as fencing around existing unprotected well or spring sources.

Budget estimate allocated to management based-innovative efforts*: $_____		
2.	**Green Efforts:** Green efforts could include, but are not limited to, the following**:**	
	a.	Use of recycled materials for facility construction (not including standard construction practices, such as reusing fill from excavations).
		Description:
	b.	Trenchless or low impact construction technology.
Budget estimate allocated to green efforts*: $_____		
3.	**Water Conservation Efforts:** Water conservation efforts could include, but are not limited to, the following:	
	a.	Install water meters in unmetered areas if rates will be based on metered use.
	b.	Replace existing broken water meters, upgrade to smart meters, or install leak detection equipment if rates will be based on metered use.
	c.	Install water-efficient fixtures (may include lead service line replacement funding) that would provide a savings in water or energy consumption.
	d.	Provide Class A reclaimed water distribution system (“purple pipe”) analysis showing that the improvements will save in water or energy in a unit operation.
	e.	Retrofit or replace existing irrigation systems with more efficient irrigation systems.
Budget estimate allocated to water conservation efforts*: $_____		
4.	**Energy Conservation Efforts:** Energy conservation efforts could include, but are not limited to, the following:	
	a.	Variable frequency drive (VFD) pumps.
	b.	Energy-efficient motors that meet National Electrical Manufacturers Association premium specifications.
	c.	High-efficiency lighting/lighting controls.
	d.	On-site energy generation, such as methane clean combustion, fuel cells, solar, or wind.
	e.	Supervisory control and data acquisition system installation.
Budget estimate allocated to energy conservation efforts*: $_____		
***Note:** *Points may not be awarded if an estimated budget allocation is not provided. Planning level estimates are acceptable for this purpose. Contact DEQ if further guidance is needed.*		
Examples that have been accepted for Idaho projects are found in the *Grants and Loans Program Customer Handbook*.		

D. Consent Order, Compliance Agreement Schedule, or Court Order			
IDAPA 58.01.12.020.02.d. Consent Order, Compliance Agreement Schedule, or Court Order. Points shall be given if the system is operating under, and in compliance with, a Consent Order, Compliance Agreement Schedule, or Court Order, and the proposed construction project will address the Consent Order, Compliance Agreement Schedule, or Court Order. Up to 30 points.			
Select all that apply:			
1.	**Select the level of drinking water noncompliance this project is addressing:**		
	☐ **a.**	**Moderate-Level Noncompliance:** Includes a first state or EPA warning letter, notice of violation, or equivalent that will be resolved by the proposed project. *10 points*	
	☐ **b.**	**High-Level Noncompliance:** Includes a second state or EPA warning letter, compliance agreement schedule, consent order, or equivalent that will be resolved by the proposed project. *10 points*	
		☐ **i.**	**If High-Level Noncompliance:** The system has avoided formal litigation actions, court filings, or civil or federal court orders by negotiating compliance actions described in D.1.b with DEQ and/or a federal agency to address violations that are directly related to the proposed project. *5 points*
		☐ **ii.**	**If High-Level Noncompliance:** The system has satisfied all deadlines, milestones, and submittals to date associated with the compliance actions described in D.1.b. *10 points*
2.	**Readiness to Proceed to Address Compliance Issues**. Select all that apply:		
	☐ **a.**	Current, approved facility plan and environmental determination for the proposed project: *1 point*	
	☐ **b.**	Executed engineering design contract for proposed project (provide documentation): *1 point*	
	☐ **c.**	Approved preliminary engineering report (PER) for the proposed project: *1 point*	
	☐ **d.**	Ability to incur debt for the proposed project (provide documentation): *5 points*	
E. Bonus Points/Incentives			
IDAPA 58.01.12.020.02.e. Incentives. Bonus points shall be awarded to systems that promote source water protection, conservation, economy, proper operation maintenance, and monitoring. Up to 10 points.			
Select all that apply – 2 points each, up to a maximum of 10 points:			
☐ **1.**	You have a DEQ-certified Source Drinking Water Protection Plan that is less than 5 years old.		
	Date of Plan: _____		

☐ **2.**	Cross-connection: Community Water System: You have an active Cross-Connection Control Plan. **Provide a copy or link to this plan.** Link to plan: _____ **OR** ☐ Noncommunity Water System: Your most recent sanitary survey does not note any potential backflow or cross-connection issues. **Provide date of and most recent sanitary survey.** Date: _____
☐ **3.**	The water system was free of significant deficiencies in its last sanitary survey. **OR** ☐ The water system has completed all corrective actions identified in the last sanitary survey.
☐ **4.**	You have a designated and licensed "Substitute Responsible Charge Operator" for your system as described in *IDAPA 58.01.08.554.03.* Name: _____ License Number: _____
☐ **5.**	Your system has completed all DEQ required monitoring and sampling in the last 5 years and is free of Failure to Monitor violations for all monitoring schedules.
☐ **6.**	In the past year, all active members in your controlling government body (i.e., city council or water board) have completed at least three professional development credits. **Include documentation of professional development credits.**
F. Affordability / Disadvantaged Status	
IDAPA 58.01.12.020.02.f. Affordability. Systems that meet the state affordability criteria and are defined as a disadvantaged community. Up to fifty (50) points.	
Provide information for Section II.F. If you qualify as a disadvantaged community, you will receive 10 points.	
1.	How many equivalent dwelling unit (EDU) connections does your system serve? _____
2.	What is the current average user rate? $/month/EDU_____ Type of rate structure: ☐ Flat Fee - Fee amount: $_____ ☐ Consumptive Use - Description: _____ ☐ Other: _____
3.	What is the most recent date that user rates have been increased: _____
4.	Expected change in operation and maintenance costs upon completion: (not including debt service) $/month/EDU_____

5.	Does the current average user rate include charges to retire the SRF debt for which you are applying? ☐ Yes ☐ No		
	a.	**If YES,** how much of the rate is devoted to debt retirement? $/month/EDU_____	
	b.	**If NO,** how much will rates be increased to cover debt retirement? $/month/EDU_____	
6.	**Disadvantaged Community Loans:**		
	This section is intended to assist lower-income communities. Principal forgiveness and other potential loan adjustments are available to communities that demonstrate that they are disadvantaged according to *IDAPA 58.01.12.021.01*. Contact the DEQ's Grants and Loans staff if you have any questions.		
	a.	Median household income calculation instructions:	
		i.	Go to the *Census Reporter website*.
		ii.	Either select "Use your current location" or enter an address for any residence or location in your community and select the choice provided by the application.
		iii.	Hover your cursor over each item in the list on the left of the screen and view the corresponding green area represented on the map.
		iv.	Click on the smallest and most representative area for your community either on the map or in the list for the data.
		v.	Scroll down to economics and enter the MHI: $_____ **If there was N/A for median income, choose the next largest area from the list.**
		vi.	Provide the data to DEQ. Either take a screenshot of the data (label attached documents as "Section II.F, part number(s)") and include it with your application or provide the citation (scroll to the bottom of the page and copy/paste the information after "Citation") here:

	b.	Income Survey Results: If the MHI listed above in Section F.6.a.v does not reflect your community's income, provide alternative MHI based on DEQ approved income survey. Income Survey MHI: $_____
		Note: *To conduct an income survey, contact the DEQ Grants and Loans Bureau (grants.loans@deq.idaho.gov) for additional information prior to submitting this LOI.*
	c.	If the system's MHI is at or below the state MHI listed on *censusreporter.org/profiles/04000US16-idaho* as of January 8, 2027, the system will qualify as disadvantaged. **Or** if the system's MHI is equal to or less than 125% of the state MHI it may still be deemed disadvantaged if at least one of the following also apply: • System's poverty rate is higher than state average • Unemployment rate is above state average • Has stagnant or declining population • User rates exceed 1.5% of MHI
Label attached documents as "Section II.F, part number(s)".		

Continue to Section III. Authorized Submitter

Section III. Authorized Submitter	
Are you willing to allow us to share your LOI with other federal funding agencies? Yes No	
	I understand that if awarded funding, costs incurred prior to the award are not eligible for reimbursement unless a written request and justification are submitted to and approved by DEQ.
I certify that, to the best of my knowledge, all information provided here is valid and correct: Submitter Name: _____ Title: _____ Company: _____ Date: _____	
If the submitter is different from the system contact, does the submitter have the authority to submit this LOI on behalf of the system contact? N/A Yes No	

Return completed form by January 8, 2027, to:

Idaho Department of Environmental Quality
Attn: Katelyn Faretra
1410 North Hilton St.
Boise, ID 83706
grants.loans@deq.idaho.gov
Phone: (208) 373-0249 Fax: (208) 373-0576