Idaho Board of Environmental Quality

Board Meeting

May 20, 2021
9:00 AM (MST)

In-person meeting at the DEQ State Office in Boise.

Virtual meeting set for participation via telephone and video conferencing (Zoom info below).

Zoom Meeting (click to join):
https://ideq.zoom.us/j/93229804670?pwd=dGQ1YzQ2aEUvc0NkNWVbFVnU2pzQT09

If joining by telephone, please call:  1 (253) 215-8782
Meeting ID:  932 2980 4670 #
Passcode:  823 307 #

One tap mobile:
+16699009128,,93229804670#,,,,0#,823307#
Meeting Announcement for May 20, 2021

The Idaho Board of Environmental Quality will convene May 20, 2021, at 9:00 a.m. Mountain Time at the Idaho Department of Environmental Quality (DEQ) State Office Conference Center at 1410 N Hilton St. in Boise, ID.

Following current health & safety protocols, the public may attend in person or remotely via internet or telephone. Remote attendance is encouraged at this time. Information for joining the meeting virtually via Zoom or by telephone is available on the DEQ website: https://www.deq.idaho.gov/events/board-of-environmental-quality-meeting-2/.

To request an accommodation for language or disability, please contact Darika Barnes by May 17, 2021 at (208) 373-0240 or darika.barnes@deq.idaho.gov.

AGENDA

Call to Order and Roll Call

Public Comment Period

The board will allow up to 30 minutes for the public to address the board on issues not specifically shown as agenda items.

Director’s Update

Director Jess Byrne will update the board on the following DEQ activities and initiatives:

- Legislative Update
- DEQ Budget
- COVID-19 Response
- Process for responding to Greensferry letter addressed to Ed Hagan, DEQ
Board Business

1. Minutes from Past Board Meetings  
   Action Item – Approval of minutes  
   The board will consider approval of the meeting minutes from past board meetings:  
   • November 5, 2020  
   • November 19, 2020

2. Omnibus Rulemaking – Non-Fee Rules: Docket No. 58-0000-2100  
   Action Item - Temporary rule adoption  
   Director Jess Byrne

3. FY2022 Water Pollution Control State Revolving Fund Intended Use Plan and  
   State Wastewater Loan Priority List  
   Action Item - Approval  
   Drinking Water Protection and Finance Division Administrator Jerri Henry and  
   Grants and Loans Bureau Chief MaryAnna Peavey

4. FY2022 State Wastewater Planning Grant Priority List  
   Action Item - Approval  
   Drinking Water Protection and Finance Division Administrator Jerri Henry and  
   Grants and Loans Bureau Chief MaryAnna Peavey

5. FY2022 Drinking Water State Revolving Fund Intended Use Plan and State  
   Drinking Water Loan Priority List  
   Action Item - Approval  
   Drinking Water Protection and Finance Division Administrator Jerri Henry and  
   Grants and Loans Bureau Chief MaryAnna Peavey

6. FY2022 State Drinking Water Planning Grant Priority List  
   Action Item - Approval  
   Drinking Water Protection and Finance Division Administrator Jerri Henry and  
   Grants and Loans Bureau Chief MaryAnna Peavey

7. Contested Case and Rule Docket Status Report  
   Information Item  
   DEQ Hearing Coordinator Paula Wilson

8. Other Business  
   Information Item  
   The board chairman will open the floor to board members for additional topics.
Public Comment Period

The board will allow up to 30 minutes for the public to address the board on issues not specifically shown as agenda items.
Idaho Board of Environmental Quality
May 20, 2021 Board Meeting

Director’s Update

• Legislative Update
• DEQ Budget
• COVID-19 Response
• Process for responding to Greensferry letter addressed to Ed Hagan, DEQ
Idaho Board of Environmental Quality
May 20, 2021 Board Meeting

Agenda Item 1: Approval of Meeting Minutes from
November 5, 2020 and November 19, 2020

Proposed Motion:

I move that the Idaho Board of Environmental Quality approve the meeting minutes from the board meetings held on November 5, 2020 and November 19, 2020.
Meeting Minutes
Idaho Board of Environmental Quality
November 5, 2020, 2:00 PM

DEQ State Office – Conference Room A/B
1410 N Hilton Street
Boise, Idaho

Also via Zoom and Teleconference

Approved:

_________________________________________
Beth Elroy, Chair

_________________________________________
Mark Bowen, Secretary

_________________________________________
Darika Barnes, Assistant to the Board
Board Members Participating
Beth Elroy, Chair (remotely)
Kermit Kiebert, Vice Chair (remotely)
Mark Bowen, Secretary (in person)
Kevin Boling, Member (remotely)
Dr. John R. “Randy” MacMillan, Member (remotely)
Carol Mascareñas, Member (remotely)
Nick Purdy, Member (remotely)

Department of Environmental Quality Staff Participating (in Person)
Jess Byrne, Director
Darika Barnes, Executive Assistant to the Director and Board
Lisa Carlson, Senior Deputy Attorney General for DEQ, Legal Counsel to the Board
Paula Wilson, Hearings and Rules Coordinator

Department of Environmental Quality Staff Participating (Remotely)
Jerri Henry, Drinking Water Protection & Finance Division Administrator
Dr. Mary Anne Nelson, Surface & Wastewater Division Administrator
Michael McCurdy, Waste Management and Remediation Division Administrator
Tiffany Floyd, Air Quality Division Administrator
Carl Brown, Air Quality Rules & Planning Coordinator
Caroline Moores, Hazardous Waste Rules & Policy Coordinator
MaryAnna Peavey, Grants & Loans Bureau Chief
Troy Smith, IPDES Bureau Chief
Dana Swift, Remediation Bureau Chief
Don Carpenter, Senior Mining Scientist
Anna McGeehan, Communications & Outreach Manager
Larry Waters, Wastewater Engineering Bureau Chief
Natalie Creed, Hazardous Waste Bureau Chief
Dean Ehlert, Assessment & Compliance Bureau Chief
Lisa O’Hara, Deputy Attorney General
Mark Cecchini-Beaver, Deputy Attorney General
Brent King, Deputy Attorney General
Hannah Young, Deputy Attorney General
Susan Hamlin, Deputy Attorney General
Patricia Jordan, Legal Secretary

Others Present (Remotely)
Johanna Bell, Association of Idaho Cities
Marie Kellner, Idaho Conservation League
Dan Strauss, Syman Erosion & Sediment Control
Shelley Roberts, Idaho Rural Water Association
Elizabeth Criner, Veritas Advisors
Delfo Swindlehurst, Tek Solutions
Tom Bassista, Idaho Fish & Game
John Eaton, Idaho Association of Commerce and Industry
Brenda Tominaga, Idaho Water Policy Group
Laurelei McVey, City of Meridian
Chris Shaver, Idaho Historical Society
Suzi Budge, SBS Associates
Marde Mensinger

Note: Any attachments referenced in the minutes are permanent attachments to the minutes on file at the Idaho Department of Environmental Quality (DEQ).
Call to Order and Roll Call

Chair Beth Elroy called the meeting of the Idaho Board of Environmental Quality (board) to order at 2:00p.m. She reviewed the principles of remote meeting etiquette and welcomed all meeting participants.

A voice roll call was taken with six members present via conference phone and/or Zoom video conference and one member, Mark Bowen, present in the meeting room.

Additional voice roll calls were taken for DEQ staff and for members of the public who requested access to the meeting.

Agenda Item No. 1: Public Comment

Chairman Elroy opened the floor for the public to address the board on topics not specifically on the agenda. No members of the public provided commentary.

Agenda Item No. 2: Omnibus Rulemaking – Fee Rules Docket No. 58-0000-2000F

Director Jess Byrne addressed the board to review the process of approving and adopting IDAPA 58 fee rules, and to explain why DEQ is currently operating under temporary rules. Byrne reminded the board that, by Idaho statute, pending fee rules require a concurrent resolution to be passed by the House and the Senate each year in order to become final and effective. Without passage of a concurrent resolution, the fee rule chapters would expire.

In February of 2020, the board approved as temporary all DEQ rule chapters that contain fees. This was a proactive measure, taken to ensure continuation of DEQ rules in case the 2020 Legislature did not pass the concurrent resolution before the end of the legislative session. In March 2020, the Legislature adjourned without passing the resolution. The temporary rules approved by the board became effective upon sine die (March 20, 2020), and those temporary fee rules are the same rules under which DEQ currently operates.

Omnibus docket 58-0000-2000F was published as a proposed rule in the Idaho Administrative Bulletin on September 16, with a public hearing on October 7, 2020, and comment deadline of October 16, 2020.

At this meeting, DEQ is requesting the board adopt the proposed rules as pending rules to be submitted to the 2021 legislative session for review. This docket contains six chapters that have not had any changes since February 2020 when the board adopted the temporary rules. Two chapters have minor housekeeping changes and annual incorporations by reference, and four chapters contain negotiated revisions: one with incorporation by reference modifications and two with red tape reduction modifications.

Per the instructions of the Office of the Governor’s Division of Financial Management (DFM), all of these chapters are to be included in one omnibus rule docket. Therefore, at the conclusion of the presentations on individual rule chapters, all fee rule chapters will be included in one motion.
2A: IDAPA 58 Fee Rule Chapters without Proposed Revisions

Director Jess Byrne listed the DEQ rule chapters without proposed changes:

- IDAPA 58.01.07 – Rules Regulating Underground Storage Tank Systems
- IDAPA 58.01.08 – Idaho Rules for Public Drinking Water Systems
- IDAPA 58.01.09 – Rules Regulating Swine Facilities
- IDAPA 58.01.11 – Ground Water Quality Rule
- IDAPA 58.01.14 – Rules Governing Fees for Environmental Operating Permits, Licenses, and Inspection Services
- IDAPA 58.01.18 – Idaho Land Remediation Rules

Byrne advised the board that the rule chapters with changes would be presented by division administrators and their supporting staff.

There were no questions or comments from the board or from members of the public.

2B: IDAPA 58.01.01, Rules for the Control of Air Pollution in Idaho

Air Quality Division Administrator Tiffany Floyd presented the Rules for the Control of Air Pollution in Idaho. Floyd reviewed DEQ’s program requirement to incorporate by reference any changes to federal air regulations on an annual basis as of July 1st. Meeting this requirement maintains DEQ’s primacy in enforcing the Clean Air Act in Idaho, allows DEQ to ensure its rules are up to date with federal changes, and simplifies compliance for the regulated community. Out of 27 changes to the Code of Federal Regulations, Floyd presented only those changes that have an impact on the state of Idaho.

There were no questions from the board or comments from members of the public.

2C: IDAPA 58.01.05, Rules and Standards for Hazardous Waste

Waste Management and Remediation Division Administrator Michael McCurdy presented the Rules and Standards for Hazardous Waste, with a summary overview of how the adoption and incorporation of federal regulations allows DEQ to maintain primacy of the Hazardous Waste Program in lieu of administration by the U.S. Environmental Protection Agency (EPA).

Hazardous Waste Rules and Policy Coordinator Caroline Moores discussed the two new rules being incorporated by reference. The first rule added by EPA adds aerosol cans to the universal waste program instead of hazardous waste regulations. Universal waste rules are less stringent and will ease regulatory burden for businesses. The second rule concerns management standards for hazardous waste pharmaceuticals and the listing for nicotine. This rule reduces, clarifies, and streamlines the management standards of hazardous waste regulations for industries that manage pharmaceutical and retail waste, alleviating confusion of reverse distribution for managing unsold or unused retail pharmaceutical items. The rule also removes nicotine replacement therapies from being considered a hazardous waste.

Dr. Randy MacMillan asked for clarification about reverse distribution and reverse logistics, and what characterizes a facility within that context. Ms. Moores explained how some unused non-hazardous retail items are sent backwards in the supply chain from provider to manufacturer, and these items may be redistributed or liquidated. When items sent backward in the supply chain are prescription pharmaceuticals, they almost never get used and the manufacturer ends up disposing...
of them. These items have been considered hazardous waste at the originating location (e.g. the pharmacy) and have been burdensome on retailers to dispose of.

There were no additional questions or comments from the board and no questions or comments from members of the public.

2D: **IDAPA 58.01.06, Solid Waste Management Rules**  
Revisions Negotiated Under Docket No. 58-0106-1901, Red Tape Reduction

Waste Management and Remediation Division Administrator Michael McCurdy presented the Solid Waste Management Rules. McCurdy said it was necessary to sync the revisions of this fee rule chapter with the other fee rule chapters that had been adopted by the board as temporary fee rules in February 2020. The proposed rule includes the temporary fee rule adopted by the board in February 2020 and the red tape reduction revisions negotiated in 2019. The rule docket was presented to the board at the May 2020, board meeting and adopted as a pending rule. Since that time, no further revisions have been made. No comments were provided at the public hearing, and no written comments were received.

There were no questions from the board or comments from members of the public.

2E: **IDAPA 58.01.12, Rules for Administration of Water Pollution Control Loans**  
Revisions Negotiated Under Docket No. 58-0112-1901, Red Tape Reduction

Drinking Water Protection and Finance Division Administrator Jerri Henry introduced DEQ’s new Grants and Loans Bureau Chief, MaryAnna Peavey, who replaced Tim Wendland (retired in May 2020). Henry presented the Rules for Administration of Water Pollution Control Loans negotiated under Docket No. 58-0112-1901. She said the proposed rule presented today includes the temporary fee rule that was adopted by the board in February 2020 and the red tape reduction revisions that were negotiated in 2019 and presented to the board for adoption as pending in May 2020. No comments were provided at the public hearing, and no written comments were received.

Henry reviewed the history of the docket and explained that relevant sections of the Rules for the Administration of the Drinking Water Loan Program (IDAPA 58.01.20) were merged into the Rules for Administration of Water Pollution Control Loans (IDAPA 58.01.12), resulting in a new chapter “Rules for Administration of the Wastewater and Drinking Water Loan Funds.” She went on to discuss the few minor changes made to the rule since the May 2020 board meeting.

There were no questions or comments from the board or from members of the public.

2F: **IDAPA 58.01.25, Rules Regulating the Idaho Pollutant Discharge Elimination System (IPDES) Program**  
Revisions Negotiated Under Docket No. 58-0125-2001

Surface and Wastewater Division Administrator Dr. Mary Anne Nelson presented the Rules Regulating IPDES Program, negotiated under Docket No. 58-0125-2001. Nelson reminded the board that authority for the IPES Program was delegated to DEQ in 2018 by EPA, and the agency has been working under a phased implementation schedule to take full authority for this program starting in July of 2021.
Two negotiated rulemaking meetings were held in 2020. At the conclusion of the negotiated rulemaking process, DEQ submitted the draft rule to DFM for review with Executive Order 2020-01, Zero-Based Regulation. No comments were provided at the public hearing, and no written comments were received. DEQ recommends the board adopt the final proposal as a pending rule.

IPDES Bureau Chief Troy Smith presented the board with an overview of five categories of changes made to the proposed rule:

1. Incorporations by reference
2. Update to definitions according to the Navigable Waters Protection Rule
3. Inclusion of NPDES application and program updates
4. Accounting for EPA’s e-reporting rule changes
5. Other changes made by DEQ in response to comments and to clarify ambiguities and other administrative problems in the rules as identified by DEQ

There were no questions or comments from the board or from members of the public.

2G: IDAPA 58.01.13, Rules for Ore Processing by Cyanidation
Revisions Negotiated Under Docket No. 58-0113-1901

Waste Management and Remediation Division Administrator Michael McCurdy presented the Rules for Ore Processing by Cyanidation. These rules establish the procedures and requirements for the issuance and maintenance of a permit to construct, operate, and close cyanidation facilities that are intended to contain, treat, or dispose of processed water or process contaminated water containing cyanide.

McCurdy provided an overview of the history of this issue, from the board adoption and legislatively approved rules in 2006, to a written request by the Idaho Mining Association for a rulemaking in March 2019. The proposed rule includes revisions to account for current best available technologies or best practices for design, construction, and closure of cyanidation facilities that can achieve the regulatory goals of protecting human health and the environment. Changes address design criteria for different types of cyanidation facilities, variability in design approach based on physical and chemical characteristics of impounded materials and process water, as well as the cyanidation permit application and administrative processes.

Ten negotiated rulemakings were held between May 2019 and June 2020. Written comments were received throughout the process and were discussed during negotiated rulemaking meetings. A variety of stakeholders participated including tribes, environmental groups, mining companies and consultants, and federal and state agencies. There was also coordination with the Idaho Department of Lands around their rules governing Mine Land Reclamation. No comments were provided at the public hearing; however, written comments were received from the Idaho Mining Association and Idaho Conservation League on the proposed rule.

McCurdy reviewed the intent of Idaho Code § 39-107D, which applies to all state-regulated activities that are not regulated by the federal government, including the Rules for Ore Processing by Cyanidation. Per 107D requirements, the rules were based on the best available peer-reviewed science provided by participants in the negotiated rulemaking. In addition, the requirements in the rule are industry-accepted standards and regulatory requirements that are shown to protect human health and the environment. He briefly reviewed the major revisions to
the proposed rules as compared with the 2006 rules. Changes made in response to the written comments received were covered by DEQ’s Senior Mining Scientist Don Carpenter.

Board member Dr. Randy MacMillan asked whether hydrogen cyanide was generated in these waste facilities and emitted in an aerosolized form. He requested more information in general about how cyanidation works, and whether the mining facilities actually emit cyanide. Mr. Carpenter said this is not a concern because the operator is required to prevent any emission from occurring. He explained that there are a few different ways a facility can handle this. He described the heap leach process that includes lining the facility with ore materials and then dripping, percolating, collecting, and eventually removing the product. He also explained a vat or tank process that neutralizes the waste stream prior to discharge to an impoundment or process pond. Rules require the operator to have access controls to prevent contact from process water and waste by humans and wildlife.

MacMillan also asked if the cyanidation facilities are subject to hazardous air pollutant regulations. Deputy Attorney General Lisa Carlson said emissions and federal NESHAP standards are applied and referred the board to the current Midas Gold application for permit to construct, which was out for public comment. Don carpenter stated that cyanide degrades rapidly in the environment and it is the responsibility of the facility operator to ensure that air quality concerns are regulated. McCurdy explained that a permit issued under this rule would not authorize a discharge to the air, surface water, or ground water. There are also health and safety requirements under OSHA and EPA that employers must abide by for employees. MacMillan requested a primer for board members in advance on some of these mining operations processes to determine if there are any hazards that could occur that need to be controlled, whether in the air, surface water, ground water, or any other medium.

There were no other comments or questions from the board or from members of the public.

- **Motion:** Mark Bowen moved that the Idaho Board of Environmental Quality adopt as pending fee rules the rules presented in the final proposal under Docket No. 58-0000-2000F, with the rules becoming final and effective, if approved by the Legislature, upon the adjournment sine die of the First Regular Session of the Sixty-sixth Idaho Legislature.
  
  Mark Bowen further moved that the Board adopt fee rule chapter IDAPA 58.01.13, Rules for Ore Processing by Cyanidation, as presented in the final proposal, as both a pending fee rule and as a temporary fee rule with an effective date of November 6, 2020. The November 6, 2020, temporary fee rule supersedes the March 20, 2020, temporary fee rule chapter IDAPA 58.01.13 adopted under Docket No. 58-0000-2000F.

- **Second:** The motion was seconded by Dr. Randy MacMillan. There was no discussion.

- **Vote:** There was a roll call vote. There were 6 votes in favor of the motion and no votes opposed. The motion carried unanimously.

**Adjournment**

Chair Beth Elroy declared the meeting adjourned at 3:50 P.M.
Meeting Minutes
Idaho Board of Environmental Quality
November 19, 2020, 9:00 AM

DEQ State Office – Conference Room A/B
1410 N Hilton Street
Boise, Idaho

Also via Zoom and Teleconference

Approved:

_________________________________________
Beth Elroy, Chairman

_________________________________________
Mark Bowen, Secretary

_________________________________________
Darika Barnes, Assistant to the Board
Board Members Participating
Beth Elroy, Chairman (remotely)
Kermit Kiebert, Vice Chairman (remotely)
Mark Bowen, Secretary (remotely)
Dr. John R. “Randy” MacMillan, Member (remotely)
Carol Mascareñas, Member (remotely)
Nick Purdy, Member (remotely)

Board Members Absent
Kevin Boling

Department of Environmental Quality Staff Participating (in Person)
Jess Byrne, Director
Kristin Ryan, Deputy Director
Darika Barnes, Executive Assistant to the Director & Board
Paula Wilson, Hearings and Rules Coordinator

Department of Environmental Quality Staff Participating (Remotely)
Lisa Carlson, Senior Deputy Attorney General for DEQ, Legal Counsel to the Board
Dr. Mary Anne Nelson, Surface & Wastewater Division Administrator
Jerri Henry, Drinking Water Protection & Finance Division Administrator
Michael McCurdy, Waste Management & Remediation Division Administrator
Tiffany Floyd, Air Quality Division Administrator
Anna McGeehan, Communications & Outreach Manager
Larry Waters, Wastewater Engineering Bureau Chief
Jason Pappani, Surface Water Bureau Chief
Tyler Fortunati, Drinking Water Bureau Chief
MaryAnna Peavey, Grants & Loans Bureau Chief
Natalie Creed, Hazardous Waste Bureau Chief
Dean Ehler, Assessment & Compliance Bureau Chief
Caroline Moores, Hazardous Waste Rules & Policy Coordinator
Michelle Dale, Senior Water Quality Standards Scientist
Lisa O’Hara, Deputy Attorney General
Mark Cecchini-Beaver, Deputy Attorney General
Brent King, Deputy Attorney General
Susan Hamlin, Deputy Attorney General

Other Participants
John Loffredo, Nez Perce Tribe
Dick Bachelder, Infiltrator Water Technologies
Brenda Tominaga, Idaho Water Policy Group
Norman Semanko, Parsons, Behle & Latimer
Laurelei McVey, City of Meridian
John Eaton, Idaho Association of Commerce & Industry
Call to Order and Roll Call
Chairman Beth Elroy called the meeting of the Idaho Board of Environmental Quality (board) to order at 9:00 a.m. She reviewed the principles of remote meeting etiquette and welcomed all meeting participants.

A voice roll call was taken with six members present via conference phone and/or Zoom video conference.

Additional voice roll calls were taken for DEQ staff and for members of the public who requested access to the meeting.

Agenda Item No. 1: Public Comment
Chairman Elroy opened the floor for the public to address the board on topics not specifically on the agenda. No members of the public provided commentary.

Agenda Item No. 2: Director’s Update
Director Jess Byrne provided an update to the board on current events at DEQ.

• Introduction of Staff New to DEQ
Director Byrne introduced three new staff members. Although DEQ has had many new staff members come on board, the director thought it was important to highlight the following three new staff members with whom the board is likely to have significant interaction:

1. Dan McCracken is the new Coeur d’Alene Regional Office Administrator. He replaces Dan Redline, who retired in June 2020. Dan McCracken was the head of DEQ’s Kellogg Office for about five years. Prior to that, McCracken worked as a contractor in the Coeur d’Alene Basin for a number of years.

2. Kristin Ryan is the Deputy Director for DEQ. She spent 25 years in Alaska, working chiefly with the Alaska Department of Environmental Conservation in leadership positions, and spent a year with US Environmental Protection Association (EPA) on a rotation. More recently she worked as a consultant and with the Idaho Department of Health & Welfare.

3. Brent King is a new Deputy Attorney General, replacing Rick Grisel. Brent has a diverse background in private sector law, and also spent time with the Idaho Department of Health & Welfare’s Deputy Attorney General staff.

• Legislative Update
There are three pieces of legislation DEQ is sponsoring as an agency as part of the 2021 legislative process.

1. DEQ is proposing to repeal Idaho Code §37-2102 (Domestic Water to be Protected). This is in response to the Governor’s Office asking state agencies to identify an outdated or unnecessary section of code to be eliminated or streamlined. It is a very old piece of code.
that is not being used by DEQ or by the Idaho Department of Health & Welfare for regulating drinking water, and it contains language that conflicts with the Idaho Rules for Public Drinking Water Systems regarding public notification.

2. DEQ is requesting to establish a dedicated fund for the state’s Agricultural Best Management Practices (Ag-BMP) Program, which augments a federal program known as the Nonpoint Source 319 Program. The state’s General Fund is the current source of funding for the Ag-BMP program. DEQ has had issues in the past with disbursing the program funding within the 12-month fiscal period required when using General Fund dollars. The Ag-BMP Fund will remove the fiscal-year restrictions.

The projects in this program are 100% voluntary and dependent on landowners to complete them. DEQ does not typically disburse funding until the work is complete and the agency receives an invoice. Project completions and invoicing sometimes extend beyond the fiscal year deadline. With General Funds, DEQ has limited and complicated options for dispersing the funding to landowners after the fiscal year ends. Setting up a dedicated fund for Ag-BMP will enable DEQ to better manage disbursement of funding to landowners for approved projects, allowing the landowners time that may extend beyond the fiscal year to complete approved projects. DEQ believes this proposal will be widely supported.

3. DEQ drafted legislation in response to a recent court case which changes Idaho’s negligence standard as it relates the Idaho Pollutant Discharge Elimination System (IPDES) Program. DEQ has been phasing in the program over three years, as approved by EPA, with the final phase being completed in July of 2021. The Idaho Conservation League (ICL) challenged EPA’s approval of the IPDES Program in federal court as it relates to three specific elements:

   i. ICL argued against DEQ’s arrangement with the Idaho Department of Agriculture to conduct inspections on behalf of DEQ at dairies and feed lots. ICL misunderstood the arrangement between the agencies. Compliance authority is not actually delegated by DEQ to another agency. Only the work of inspecting is delegated.

   ii. ICL argued the current 2-year statute of limitations for program violations should be 5 years.

   iii. Regarding the negligence standard, ICL argued for a standard of “simple negligence” over the current standard of “gross negligence.”

ICL was the plaintiff in this 9th Circuit Court of Appeals case. EPA is the named defendant in this case. DEQ, the Idaho Association of Commerce and Industry, and the Association of Idaho Cities participated as interveners. The court agreed with the defendants and interveners on the first two elements, and agreed with the plaintiffs on the third element. The court ordered EPA to promptly address the IPDES deficiency with regard to the negligence standard.

DEQ’s legislation will simply address the deficiency identified by the court. It is a very simple piece of legislation that adds one sentence to define negligence as “failure to use the degree of care that someone of ordinary prudence would have exercised under a similar circumstance.”
• **Budget**

The director presented an overview of DEQ’s Fiscal Year 2022 (FY22) Budget Request to the legislature. DEQ’s total request is for approximately $70 million, with 32% in General Funds (GF), 27% in Dedicated Funds, and 41% in federal grants. This represents a 4.45% overall increase from DEQ’s Fiscal Year 2021 appropriation and includes 379 full-time equivalent positions. There were no GF enhancements or decision units included in this budget request. The only increases being requested are to cover inflationary costs. DEQ is being allowed to restore a 5% reduction implemented for the current fiscal year. Budget enhancements DEQ has included in this request are all from dedicated funding.

The FY22 GF changes, adding up to a 4.9% increase of $1,045,100, are as follows:

1. Every year DEQ includes a required 1% change in employee compensation (CEC) raise as part of the template for submitting a budget request. The GF portion of this cost is $150,100.
2. DEQ has significant increases to benefits costs for FY22. The GF portion is $340,300.
3. DEQ is being allowed to restore the 5% reduction currently in the FY21 budget, which totals $1,110,800.
4. As part of the budgeting process, DEQ removes one-time expenses from the prior year, which reduces the FY22 request by $575,800.
5. DEQ’s participation in the Information Technology Services (ITS) modernization initiative moved most of DEQ’s IT staff to the centralized agency. The cost for FY22 is $52,000 higher than what DEQ was provided for in this year’s budget.
6. Statewide costs (e.g. services from the State Controller’s Office, Attorney General’s Office, etc.) are anticipated to be reduced by $32,300 for FY22.

For the current fiscal year (FY21) that runs from July 1 through June 30, DEQ had a one-time 5% reduction in GF appropriations. DEQ absorbed this reduction by pausing the Beneficial User Reconnaissance Program field season for 2020, which worked well with COVID. DEQ also implemented a one-time fund shift in the IPDES Program, reduced agency-wide operating expenses, reduced arsenic monitoring in Surface Water, and held open 8 positions that were all or partially funded from GF. DEQ also did not implement a 2% CEC for all staff, but that was in addition to the 5% reduction.

For FY22, DEQ is requesting the following decision units and enhancements: two initiatives for the Triumph Mine relating to the rehabilitation, stabilization, and design for the permanent closure of the tunnel and treatment of water coming out of the mine; the Coeur d’Alene Lake National Academy of Sciences study; the Bunker Hill Central Treatment Plant annual appropriation as the state takes over operations; and a FY21 supplemental for the IPDES Fund shift.

• **COVID-19 Response at DEQ**

Most DEQ staff members are currently teleworking. DEQ has a plan to return to the office. However, as the numbers continue to increase, administrators are taking another look at the plan and will make updates based on the current circumstances and health of the local community. The goal for the moment is to start bringing a portion of staff back to the office by mid-January and phase in the remainder of employees from there, based on COVID trends and individual needs.
DEQ provided a guidance document to our regulated community for regulatory flexibility and compliance system modifications based on the approach taken by EPA. A number of requests were received and most were granted. New requests have declined as facilities and agencies are getting used to operating in a pandemic.

Carol Mascarenas complimented the department on their cooperation with INL to limit community exposure by allowing for flexibility. There were no comments or questions from members of the public.

**Agenda Item No. 3: Approval of Meeting Minutes**

(Action item)

The minutes from the May 14, 2020 board meeting were presented for approval. There were no comments from the board.

- **Motion:** Nick Purdy moved that the board approve minutes from the May 14, 2020 board meeting.
- **Second:** Kermit Kiebert supported the motion.
- **Vote:** The motion carried unanimously.

**Agenda Item No. 4: Water Quality Standards**

(Docket No. 58-0102-2001, Adoption of Pending Rule)

Dr. Mary Anne Nelson, Surface and Wastewater Division Administrator, and Jason Pappani, Surface Water Bureau Chief, presented the rule docket for Water Quality Standards under docket number 58-0102-2001. The rulemaking seeks to revise Idaho Water Quality Standards to address unresolved concerns of stakeholders.

Jason Pappani explained the notable revisions to the proposed rule which address stakeholder concerns, and revisions made to the general variance language to add clarity and strike obsolete language.

Dr. Randy MacMillan asked about the transition period envisioned for enterococci as an indicator. Pappani explained that E. coli has shorter time period of 6 hours than enterococci to get a sample to the lab. However, either indicator would be considered sufficient. Dr. MacMillan suggested there is not a preconceived idea for eliminating E.coli by detecting enterococci, and Pappani confirmed that notion. MacMillan followed up with current information that EPA is trying to develop a quantitative PCR test for gastrointestinal problems. Pappani responded that DEQ will be able to adopt different criteria, if it does develop and become promising, dependent upon whether EPA were to revise their testing criteria requirements. Idaho would decide at that time whether to adopt the change.

There were no other questions or comments from members of the board or from members of the public.

- **Motion:** Dr. Randy MacMillan moved that the Idaho Board of Environmental Quality adopt as pending rules the Water Quality Standards as presented in the final proposal under Docket No.58-0102-2001, with the rules becoming final and effective, if approved by the Legislature, upon the adjournment sine die of the First Regular Session of the Sixty-sixth Idaho Legislature.
- **Second:** Mark Bowen supported the motion.
Agenda Item No. 5: Individual/Subsurface Sewage Disposal Rules and Rules for Cleaning of Septic Tanks
Docket No. 58-0103-1901, Adoption of Pending Rule

Dr. Mary Anne Nelson, and Larry Waters, Wastewater Engineering Bureau Chief, presented the rule docket for Individual/Subsurface Sewage Disposal Rules and Rules for Cleaning of Septic Tanks under docket number 58-0103-190. The rulemaking was initiated early in 2019 to update portions of the rule and to provide clearer interpretation of requirements associated with alternative septic systems.

Larry Waters provided a summary of the proposed rule language. He explained the pertinent changes to the rule, abbreviations used, and references to outside sources.

Nick Purdy mentioned that there were many references in the rule to “the director,” and he wondered if it referred to the local health district or to DEQ. Dr. Nelson clarified that the reference applies to the director of DEQ.

There were no other comments or questions from the board, or from members of the public.

Motion: Carol Mascarenas moved that the Idaho Board of Environmental Quality adopt as pending rules the Individual Subsurface Sewage Disposal Rules and Rules for Cleaning of Septic Tanks as presented in the final proposal under Docket No.58-0103-1901, with the rules becoming final and effective, if approved by the Legislature, upon the adjournment sine die of the First Regular Session of the Sixty-sixth Idaho Legislature.

Second: Kermit Kiebert supported the motion.

Vote: The motion carried unanimously.

Agenda Item No. 6: Contested Case and Rule Docket Status Report
(Information item)

Paula Wilson presented a status report of contested cases and rule dockets. There are no active contested cases at this time, so the table provided contains only rule docket information.

There were no comments or questions from board members or members of the public.

Agenda Item No. 7: 2021 Board Meeting Schedule
(Information item)

Paula Wilson addressed the board about meetings dates for 2021. In anticipation of instructions likely to be received from the Department of Financial Management for the conditional adoption of temporary fee rules, Wilson suggested that a February meeting date would allow the board to follow a similar pattern as the previous year to adopt temporary rules. A meeting date of February 11th was suggested by Wilson and approved by the board.

May dates were offered for the board’s traditional business meeting. Items slated for discussion are four DEQ grant and loan priority lists. Wilson suggested a 2-day meeting scenario in case the board is able to meet off-site with a tour for one of the days. Chair Elroy stated her preference to plan for the same Southeastern Idaho location of Pocatello, as was selected in 2020, to include a tour in Soda Springs. Dr. MacMillan asked if there is a cyanidation facility in SE Idaho. The
director replied there is not a cyanidation facility in that region. Chair Elroy proposed May 19-20 as the meeting dates and board members agreed. November dates were proposed for the second business meeting of 2021, and the 18th was selected by consensus.

If health guidelines prohibit travel or if board members or staff are not comfortable traveling due to COVID, changes will be announced by DEQ.

**Agenda Item No. 8: Annual Election of Officers**
(Action item)
Chair Beth Elroy explained the traditional method of succession to officer positions within the board: the Vice Chair moves to Chair, the Secretary moves to Vice Chair, and the Secretary is selected from the newest members. Carol Mascarenas suggested Nick Purdy as the new Secretary, but Purdy stated he would decline a nomination. Carol then nominated Randy MacMillan.

- **Motion:** Randy MacMillan moved that the Idaho Board of Environmental Quality elect the following officers for the year 2021:
  - Kermit Kiebert as Chair
  - Mark Bowen as Vice-Chair
  - Randy MacMillan as Secretary

- **Second:** Nick Purdy supported the motion.
- **Vote:** The motion carried unanimously.

Beth Elroy was thanked by all for her efforts as Chair for the past two years. Elroy said she is looking forward to supporting the new officers.

**Agenda Item No. 9: Other Business**
Chair Beth Elroy called for board members to present any other business, and none was presented.

**Adjournment**
Chair Beth Elroy declared the meeting adjourned at 10:35 a.m.
Idaho Board of Environmental Quality
May 20, 2021 Board Meeting

Agenda Item 2: Omnibus Non-Fee Rules
Docket No. 58-0000-2100
Action Item – Temporary Rule Adoption

Proposed Motion:

I move that the Idaho Board of Environmental Quality adopt, as temporary rules, the rules presented in Omnibus Non-Fee Rule Docket No. 58-0000-2100. This action is for the temporary adoption of the existing and previously approved codified IDAPA 58 non-fee rule chapters, including revisions in IDAPA 58.01.02, 58.01.03, 58.01.04, and 58.01.22 adopted by this Board as pending rule dockets in 2020 and submitted to the First Regular Session of the 66th Idaho Legislature for review. The IDAPA 58 rule chapters included for adoption are as follows:

IDAPA 58.01.02, including revisions in pending rule docket 58-0102-2001
IDAPA 58.01.03, including revisions in pending rule docket 58-0103-1901
IDAPA 58.01.04, including revisions in pending rule docket 58-0104-1901
IDAPA 58.01.10
IDAPA 58.01.16
IDAPA 58.01.17
IDAPA 58.01.21
IDAPA 58.01.22, including revisions in pending rule docket 58-0122-1901
IDAPA 58.01.23
IDAPA 58.01.24

(continued on next page)
Pursuant to Section 67-5226, Idaho Code, the Governor has found that temporary adoption of these rules is appropriate to protect the public health, safety, and welfare of the citizens of Idaho and confer a benefit on its citizens.

These rules implement the duly enacted laws of the state of Idaho, provide citizens with the detailed rules and standards for complying with those laws, and assist in the orderly execution and enforcement of those laws.

The expiration of these rules without due consideration and processes would undermine the public health, safety and welfare of the citizens of Idaho and deprive them of the benefit intended by these rules.

Therefore, we are adopting these temporary fee rules to be effective July 1, 2021. This adoption is conditional and will only become effective if the rules are not otherwise approved or rejected by the Idaho Legislature and/or not extended pursuant to the Idaho Administrative Procedure Act, including Sections 67-5291 and 67-5292, Idaho Code.
OMNIBUS RULEMAKING - ADOPTION OF TEMPORARY RULES

Adoption of the temporary rules is conditional and will only become effective if the rules are not otherwise approved or rejected by the Legislature and/or not extended pursuant to the Idaho Administrative Procedure Act.

In the event it is necessary that the temporary rules become effective, the Notice of Omnibus Rulemaking – Adoption of Temporary Rules will publish in the Idaho Administrative Bulletin as soon as possible after the July 1, 2021, effective date.
EFFECTIVE DATE: The effective date of the temporary rules being adopted through this omnibus rulemaking, as listed in the descriptive summary of this notice, is July 1, 2021.

AUTHORITY: In compliance with Sections 67-5226, Idaho Code, notice is hereby given that the Idaho Board of Environmental Quality (Board) has adopted temporary rules. The action is authorized pursuant to the following Idaho Code provisions. Citations to any federal statutes that provide the basis of authority or requirement for the rulemaking are also included.

IDAPA 58.01.02 - Chapters 1 and 36, Title 39, Idaho Code; Clean Water Act, 33 U.S.C. § 1251 et seq.
IDAPA 58.01.03 - Chapters 1 and 36, Title 39, Idaho Code
IDAPA 58.01.04 - Chapters 1 and 36, Title 39, Idaho Code, Clean Water Act, 33 U.S.C. § 1251 et seq.
IDAPA 58.01.10 - Section 39-4405, Idaho Code
IDAPA 58.01.16 - Chapters 1 and 36, Title 39, Idaho Code
IDAPA 58.01.17 - Chapter 1, Title 39, Idaho Code
IDAPA 58.01.21 - Sections 39-105, 39-107, and 74-114(8), Idaho Code
IDAPA 58.01.22 - Chapters 1 and 36, Title 39, Idaho Code; Safe Drinking Water Act, 42 U.S.C. § 300f et seq.
IDAPA 58.01.23 - Sections 39-105, 39-107 and 67-5206, Idaho Code
IDAPA 58.01.24 - Chapters 1, 36, 44, 72 and 74, Title 39, Idaho Code

DESCRIPTIVE SUMMARY: The following is the required finding and concise statement of its supporting reasons for adopting temporary rules:

On May 20, 2021, the Board adopted, as temporary rules, the existing and previously approved codified IDAPA 58 non-fee rule chapters. This action includes revisions in IDAPA 58.01.02, 58.01.03, 58.01.04, and 58.01.22 adopted by the Board as pending rule dockets in 2020 and submitted to the First Regular Session of the 66th Idaho Legislature for review (2021 session). The pending rule dockets are posted in the 2021 Legislative Rules Review Books for the Senate Resources & Environment and House Environment, Energy & Technology Committees. The IDAPA 58 rule chapters and the pending rule dockets are listed below.


IDAPA 58.01.02, Water Quality Standards, including revisions in pending rule docket 58-0102-2001
IDAPA 58.01.03, Subsurface Sewage Disposal Rules and Rules for Cleaning of Septic Tanks, including revisions in pending rule docket 58-0103-1901

IDAPA 58.01.04, Rules for Administration of Wastewater Treatment Facility Grants, including revisions in pending rule docket 58-0104-1901 (chapter repeal)

IDAPA 58.01.10, Rules Regulating the Disposal of Radioactive Materials Not Regulated Under the Atomic Energy Act of 1954, As Amended

IDAPA 58.01.16, Wastewater Rules

IDAPA 58.01.17, Recycled Water Rules

IDAPA 58.01.21, Rules Governing the Protection and Disclosure of Records in the Possession of DEQ

IDAPA 58.01.22, Rules for Administration of Planning Grants for Public Drinking Water Facilities, including revisions in pending rule docket 58-0122-1901

IDAPA 58.01.23, Rules of Administrative Procedure Before the Board of Environmental Quality

IDAPA 58.01.24, Standards and Procedures for Application of Risk Based Corrective Action at Petroleum Release Sites

TEMPORARY RULE JUSTIFICATION: Pursuant to Sections 67-5226(1)(a), (b) and (c), Idaho Code, the Governor has found that temporary adoption of these rules is appropriate for the following reasons:

These temporary rules are necessary to protect the public health, safety, and welfare of the citizens of Idaho and confer a benefit on its citizens. These temporary rules implement the duly enacted laws of the state of Idaho, provide citizens with the detailed rules and standards for complying with those laws, and assist in the orderly execution and enforcement of those laws. The expiration of these rules without due consideration and processes would undermine the public health, safety and welfare of the citizens of Idaho and deprive them of the benefit intended by these rules. DEQ would not be able to fulfill its statutory obligations without these rules. The state of Idaho would lose primacy over federal environmental laws without these rules. These rules are central to DEQ’s mission to protect human health and the quality of Idaho’s air, land, and water.

FEE SUMMARY: This rulemaking does not impose a fee or charge.

ASSISTANCE ON TECHNICAL QUESTIONS: For assistance on technical questions concerning the temporary rules, contact the undersigned.

DATED this 20th day of May, 2021
Paula J. Wilson
Department of Environmental Quality
1410 N. Hilton
Boise, Idaho 83706
(208)373-0418/Fax No. (208)373-0481
paula.wilson@deq.idaho.gov
Idaho Board of Environmental Quality
May 5, 2021 Board Meeting

Agenda Item 3: FY2022 Water Pollution Control State Revolving Fund Intended Use Plan and State Wastewater Loan Priority List

Proposed Motion:

I move that the Idaho Board of Environmental Quality approve the FY2022 Water Pollution Control State Revolving Fund Intended Use Plan, which includes the State Wastewater Loan Priority List.
May 20, 2021

Caption: ISSUE ANALYSIS

APPROVAL OF THE PROPOSED FINAL DRAFT FY 2021 STATE WASTEWATER LOAN PRIORITY LIST
Prepared by MaryAnna Peavey, 373-0122

Issue: The Department of Environmental Quality (DEQ) has prepared the FINAL DRAFT FY 2022 STATE WASTEWATER LOAN PRIORITY LIST.

The question before the Board is the following: Should the Final Draft FY 2022 State Wastewater Loan Priority List be approved as presented?

Discussion: DEQ has been making low interest State Revolving Fund (SRF) loans to Idaho communities for thirty years to help them construct point and nonpoint source pollution control projects. The loan program is funded by grants to Idaho from the Environmental Protection Agency, matching state funds and loan repayments interest earnings.

Access to SRF loan funds helps many communities design and construct improved wastewater (WW) facilities that promote public health and protect water quality.

Projects placed on the list were identified through a Letter of Interest Form submitted to the DEQ by the project entities on the list.

Relevant Statutes: Title 39, Chapter 36, Idaho Code, provides the Board of Environmental Quality with through the Department of Environmental Quality the authority to provide grants and loans for drinking water and wastewater facilities as well as clean water projects through a priority list process.

Public Notification: The public was notified of the availability of the list and related information through notices in six (6) Idaho regional newspapers published once per week for three consecutive weeks. Additionally, email notices were sent to numerous stakeholders. Notification of the availability of the list and the related Intended Use Plan were also placed on the DEQ website for four weeks. The website was set up to allow public comment. In the newspaper notices and on our website the public was invited to review copies of the list and related information available on the website and at each of our Regional Offices.
Public Hearing: The Department elected not to have a public hearing this year unless requested to do so by the public. No requests for a hearing were received.

Consistency With Federal Requirements: The operation of the Clean Water SRF account is consistent with federal and state requirements.

Temporary Rule Justification: Not applicable.

Cost Impact: Approval of the list by the Board has a direct impact upon Idaho citizens in communities included on the final list. Approval will help ensure that a pool of eligible entities is available to receive state financial assistance. Preparation of the WW loan priority list is a requirement of our operating agreement with EPA.

Alternatives:
1. Reject the list for SRF WW loans. Under this alternative, DEQ will be unable to issue new WW construction loans during FY 2022.
2. Adopt the list for SRF WW loans. Under this alternative, DEQ will be able to continue offering construction SRF WW loans to Idaho communities for correction of sewage-related public health and water pollution problems.

Recommendation: The DEQ recommends Alternative 2, to promote continuing efforts to correct public health and water problems in Idaho.

Comments Concerning the List:

<table>
<thead>
<tr>
<th>Entity</th>
<th>Comment</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No Comments were received</td>
<td></td>
</tr>
</tbody>
</table>

SUMMARY - WASTEWATER LOAN LIST

The final draft Wastewater Loan List has 21 projects. All projects on the list were thoroughly reviewed by our Regional Office engineering staff with state office staff review. All projects on the list are supported by local commitment contained in a Letter of Interest. Ratings were based upon the points in the rating form in accordance with the Rules for Administration of Water Pollution Control Loans, IDAPA 58.0112. The public was given the opportunity to review the Intended Use
Plan and the associated fundable list. There were no public comments on the draft Intended Use Plan or the associated fundable list.

Between the time of publication of the public comment draft of the Intended Use Plan and today, DEQ provided the City of Hagerman with the $2.5 million increase that was noted as an obligation in the draft IUP on the Fundable List, Attachment I. The resources in Section 1.1 of the IUP were updated accordingly.
Prepared by
MaryAnna Peavey, CPM
Grants & Loans Bureau Chief
Idaho Department of Environmental Quality
Drinking Water Protection and Finance Division
1410 N Hilton
Boise, Idaho 83706

Printed on recycled paper, DEQ March 2021, PID 9302, CA code 82041. Costs associated with this publication are available from the State of Idaho Department of Environmental Quality in accordance with Section 60-202, Idaho Code.
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1 Introduction

The State of Idaho, Department of Environmental Quality (DEQ) has adopted the following Intended Use Plan (IUP) for state fiscal year (SFY) 2021 (July 1, 2021 through June 30, 2022) as required under the Clean Water Act, Section 606c.

The primary purpose of the IUP is to identify the intended use of the funds available in Idaho's Clean Water State Revolving Fund. Projects on the IUP Priority List go through a review by the public in accordance with Idaho's Administrative Procedures Act (Idaho Code 67-52).

The IUP includes the following:

- Lists of assistance projects. Note: projects are technically funded via the purchase of debt but are referred to, for ease of reading, as "loan" "assistance" or "assistance agreement";
- Long-term and short-term goals;
- Assurances and specific proposals;
- Criteria and methods for distribution of funds; and
- Attachments relevant to the above.

Available funding for projects during the upcoming annual cycle is documented on the following page. The state will comply with the requirements of Title VI of the Clean Water Act. In carrying out the requirements of the Clean Water Act, Section 606(b)(8), the state will use accounting, audit, and fiscal procedures conforming to generally accepted governmental accounting and auditing standards.

One assistance agreement is currently delinquent or in default (Outlet Bay Water & Sewer District 1898-06). At this time, DEQ is collecting past due payments. The District is complying with DEQ requirements to bring the loan current.

1.1 Resources

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Investment Holdings)</td>
<td>$111,421,818</td>
</tr>
<tr>
<td>EPA Capitalization Grant FFY 2021 (actual)</td>
<td>7,779,000</td>
</tr>
<tr>
<td>State Match</td>
<td>1,555,800</td>
</tr>
<tr>
<td>EPA Capitalization Grant FFY 2022 (est.)</td>
<td>7,779,000</td>
</tr>
<tr>
<td>State Match</td>
<td>1,555,800</td>
</tr>
<tr>
<td>Assistance Agreements Receivable (est.):</td>
<td></td>
</tr>
<tr>
<td>SFY 2021 March–June</td>
<td>5,390,677</td>
</tr>
<tr>
<td>SFY 2022</td>
<td>17,357,197</td>
</tr>
<tr>
<td>SFY 2023</td>
<td>16,683,115</td>
</tr>
<tr>
<td>SFY 2024-2026</td>
<td>40,000,000</td>
</tr>
</tbody>
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Income on Cash and Investments (est.):

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>SFY 2021</td>
<td>$590,000</td>
</tr>
<tr>
<td>SFY 2022</td>
<td>$1,845,300</td>
</tr>
<tr>
<td>SFY 2023</td>
<td>$1,740,000</td>
</tr>
</tbody>
</table>

**Total Resources:** $213,697,707

Current Remaining Assistance Agreement Obligations: ($188,958,726)

(Assistance agreements in design/construction less disbursements and deobligations that have already occurred)

Reserve for multi-phase projects: ($24,000,000)

Add back: 5% project shrinkage 9,447,936

(Some projects will de-obligate, or self-finance and reduce disbursement requests from the CWSRF)

**Net Remaining Assistance Agreements Obligations:** ($208,510,790)

**Net Resources Available to Provide Assistance:** $7,686,917

**Key Assumptions:**

Projects take on average 30 months to construct and close from date of assistance agreement signing. DEQ will use the **Total Resources** amount for the next 27 months to facilitate a conservative cash flow analysis. New assistance agreement obligations cannot exceed **Net Resources Available to Provide Assistance**. Projections are made quarterly. The next projection is scheduled to be made on July 1, 2021. The July 1, 2021, projection may be preempted if a future assistance agreement materially alters the amount available for assistance. The Green Project Reserve (GPR) goal will be $777,900.

**1.2 Green Project Reserve Assistance Agreement Activity During State Fiscal Year 2022**

For SFY 2022, DEQ will draw upon previous experience in identifying and documenting goal setting for the GPR. A DEQ environmental engineer has been tasked to facilitate gathering and evaluating GPR information from assistance recipients and their consulting engineers. Business cases or categorical documentation will be required to justify GPR eligibility and costs. Once this documentation is reviewed by DEQ, it will be posted at: [https://www2.deq.idaho.gov/admin/LEIA/index.html?view=folder&id=2633](https://www2.deq.idaho.gov/admin/LEIA/index.html?view=folder&id=2633).

For SFY 2021, DEQ exceeded its 10% GPR goal and expects to use the same approach to meet its GPR goal in 2022.
1.3 Assistance Agreement Fees

To support administrative costs associated with operating the Clean Water State Revolving Fund (CWSRF) program or to otherwise facilitate the operation of the CWSRF effort, a fee program has been instituted. The fee will be 1% of the unpaid balance of the assistance agreement (unless the grand total of the interest rate and fee is less than 1%, in which case the fee will be reduced), payable when the regular repayments are made. Herein the term effective interest will be the sum of the fee and the true interest. The interest rate will be reduced by the corresponding percentage of the fee, so there is no net effect on borrowers.

For SFY 2021, the fee revenues were $1,610,923 as of April 2021, and for SFY 2021, the expected fee revenue should be approximately $1,650,439. The fee cash account balance, at the end of SFY 2020, was $3,388,110. In SFY 2021, $680,000 of fee revenues were used to fund CWSRF administrative and technical support costs incurred beyond the federal capitalization grant support level, wastewater planning grant support, and operator training classes.

For SFY 2022, DEQ expects to expend approximately $690,000 of fee revenues. Costs of approximately $250,000 will be charged to support CWSRF administration and match expense. Costs of approximately $90,000 will be charged to support of operator training and leveraging front-end costs. Approximately $350,000 will be charged to support municipal wastewater planning grant efforts.

Support for wastewater planning grants will include direct support to municipalities for their plan development and the DEQ staff time to administer the grant support. The DEQ personnel costs will be drawn from each regional office and the state office in Boise. In each regional office, the personnel charging against the fee account will be engineering staff to support wastewater planning grants. In the state office, the personnel time will consist of financial and environmental review staff. Support for CWSRF administration will include capitalization grant match, software development, and contractual costs to enable community capacity development.

Surplus fee revenues will be transferred into the assistance agreement repayment account, to increase available resources for assistance agreements. Surplus fees will earn the same interest as regular repayment idle monies and will be periodically transferred to the fund corpus. Should a cash flow deficiency arise in the fund corpus, surplus fees would be transferred ad hoc.

2 List of Projects

Attachments I and II are the SFY 2022 CWSRF Fundable List and Priority List. Upon completion of the public comment period, a final project listing will be considered and approved by the Board of Environmental Quality on May 20, 2021.
3 Long and Short-Term Goals

DEQ's long-term, basic SRF goals are as follows:

1. Protect public health and the waters of the state by offering financial assistance for the construction of wastewater treatment facilities. Financial assistance consists of below-market-rate interest on assistance agreements (e.g., 20-year repayments) and may include principal forgiveness for disadvantaged communities.

2. Assist local communities as they strive to achieve and maintain statewide compliance with federal and state water quality standards.

3. Monitor the disparity and evaluate the impact of transferring money between the CWSRF and DWSRF, and use transfers between the two funds to balance funding with relative need. Section V.K. and Attachment VII more fully discuss transfers.

4. Administer Idaho's CWSRF account to ensure its financial integrity, viability, and revolving nature in perpetuity. DEQ will continue to strive to ensure the viability of the fund by: (1) generally applying a minimum interest rate above 0%; (2) applying a 0.25% higher interest rate for assistance agreements that are repaid in 30 years; and, conscientiously underwriting all loans.

5. Comply with all EPA grant conditions (e.g. Davis Bacon, Green Project Reserve, American Iron and Steel).

DEQ's short-term, basic SRF goals are as follows:

1. Ensure that FFY 2020 and 2021 capitalization funding is disbursed to projects in a timely manner. With the exception of assistance agreement disbursement requests for projects that require the use of repayment funds (e.g., recycled assistance dollars will be used to match Federal funds), whenever practicable, initial capitalization dollars will be used prior to repayment funds being used. This practice will ensure that initial capitalization funds are used in a timely manner.

2. Ensure transparent tracking of fee revenues and expenditures while developing clear rules, policies, and procedures related to a maturing fee structure. Financial statement disclosure has continued to change to meet State Legislative Service Office and EPA concerns over disclosure adequacy. In the absence of generally accepted accounting principles for nonprimary government units, DEQ has chosen a limited, core financial statement disclosure approach.

3. Use of a cradle-to-grave assistance agreement checklist, implemented through a comprehensive SRF software program. The software is expected to achieve reporting efficiencies, better serve DEQ project managers in their day-to-day administration of assistance agreement projects, allow State Office staff to better manage the CWSRF fund with long-term forecasting, and reduce duplicate data entry. The software is being purchased with a mix of DWSRF and CWSRF assistance fees.

4. Continue to develop consistent, regular marketing of Green Project Reserve metrics through social media.
5. Continue efforts to allow the CWSRF to leverage through the Idaho State Bond Bank.

4 Information on the Activities to be Supported

4.1 Allocation of Funds/Assistance Terms

The primary type of assistance to be provided by the CWSRF is expected to be low-interest assistance agreements for up to 100% of project costs. The rates are established to help offset the effects of inflation and to encourage communities to complete their projects in a timely manner. The effective rate of interest will vary from a ceiling of 2.25% and a floor of 1.25%, for 20-year assistance agreements awarded directly by DEQ. If an assistance recipient prefers to repay their obligation over a 30-year period, the effective interest rate would be adjusted to a ceiling of 2.50% and a floor of 1.50%. All assistance agreements will need to be paid back over a period not to exceed 30 years. The current policy is stated in a DEQ Policy Memorandum. The average design life of the project must equal or exceed the repayment period. Principal and interest repayments must begin no later than one year after the initiation of operation.

To qualify for the interest rate floor, the system needs to be considered disadvantaged. CWSRF-specific disadvantaged assistance agreements will be directed to those communities that are ready to proceed and meet disadvantaged community criteria established in IDAPA 58.01.12.021. To automatically be considered for principal forgiveness, the system's annual user rates will need to exceed 2.00% of the community’s median household income. To be considered for principal forgiveness, if user rates fall between 1.50% and 2.00% of median household income, DEQ will verify that:

- the most recent census reports a decline in population for the community during the recent five year reporting period: https://www.census.gov/data.html
- unemployment exceeds the statewide average as posted on the Idaho Department of Labor's website, as of February 18, 2021: http://labor.idaho.gov/dnn

In some instances, which will be determined on a case-by-case basis, interest rates can be lowered below the floor. For example, if user rates exceed 2.00% of the median household income, then loan terms - including interest rate reduction, repayment term extension to 30 years, and principal forgiveness - can be amended to bring the user rates to 1.50% of the median household income. Additionally, the interest rate floor can be lowered for both twenty-year assistance and thirty-year assistance agreements, if the loan applicants sponsor a nonpoint source project.

Some 30-year disadvantaged assistance agreements could be available with effective interest rate lower than 1.50%. This determination will be made on a case-by-case basis. CWSRF-specific disadvantaged assistance agreements will be directed to those communities that are ready to proceed and that meet disadvantaged community criteria established in the Rules for Administration of Wastewater and Drinking Water Loan Funds, IDAPA 58.01.12.021.
Principal and interest repayments must begin no later than 1 year after the initiation of operation date.

To the extent that entities on the Fundable List qualify for principal forgiveness, they will share equally based upon user rates (see below), on an estimated final loan amount pro-rata basis, in the monies that are available for principal forgiveness. DEQ will continue to target its subsidy resources to disadvantaged communities. The FFY 2022 CWSRF capitalization grant is expected to require that DEQ shall provide additional subsidy between the maximum amount of $3,111,600 and a minimum amount of $0 (i.e. principal forgiveness is allowed up to 40% of the capitalization grant amount but is not required). DEQ will provide principal forgiveness equal to 14.5% of the capitalization grant or $1,127,955. Principal forgiveness is capped at the amount necessary to keep user rates at 1.50% of the community's median household income. To the extent that growth is funded with subsidized loans or for extended term financing, it will only be for reasonable, average growth. DEQ's CWSRF can continue to fund projects that are primarily aimed at growth but without principal forgiveness or extended terms.

Should entities that are slated for principal forgiveness on the Fundable List opt-out of the SRF loan or extended term financing process, or if the final costs are less than the initial estimates, their remaining subsidies shall be set aside in a pool. When the federal capitalization grant is ready to be closed out (that is associated with the principal forgiveness allocated for SFY 2022), the pool balance will be allocated to those disadvantaged communities that meet both of the following requirements:

- Entered into loans with DEQ during the course of the year
- Will pay user rates that exceed either 1.50% of the community's median household income (as discussed above), after taking into account the initial allocation of principal forgiveness.

### 4.1.1 Principal Forgiveness

The proposed funding terms, on Attachment I, will reflect a principal forgiveness provision of 14.5% of the FFY 2021 capitalization grant. The capitalization grant equaled $7,779,000 (for the entire state) and 14.5% of that figure is $1,127,955. With $200,000 being set aside for emergencies and $150,000 for septic tank "replacement" funding, there will be $777,955 of principal forgiveness for regular loan projects to share. Principal forgiveness is primarily aimed at assisting economically disadvantaged communities afford their infrastructure improvements; in addition, principal forgiveness may be used to rebuild a wastewater system after a declared disaster.

#### A. User Rates that Exceed $100 per Month

To the extent those entities on the Fundable List meet the following conditions, they will qualify for up to one-half of the principal forgiveness for the year, or $388,977.50, or until their user rates are driven down to $100 per month. The entities must be:

- comprised of primary residences (i.e. not communities of vacation or second homes)
• comprised of houses whose median housing tax assessed value is no greater than 50% above the county median (per Census Bureau available on City-Data.com); and,
  ▪ projected to have wastewater system user rates in excess of $100 per month. User Rates that do not Exceed $100 per Month

After the allocation or exhaustion of 50% of the initial principal forgiveness allocation for those communities that are faced with rates above $100 per month, all disadvantaged systems (with the exception of houses whose median housing tax assessed value is greater than 50% above the county median using Census Bureau data available on City-Data.com) will share equally, on a user rate pro-rata basis, in the remaining $777,955 that is available for principal forgiveness. If no communities are facing rates in excess of $100 per month, then $388,977.50 will be available, in principal forgiveness, for those communities that are disadvantaged and are facing rates of less than $100 per month.

The proposed funding terms first adjust the length of the loan interest and second adjust the loan term to reduce the monthly user rate to 1.50% of median household income. After these steps are taken, the remaining projects in disadvantaged communities will be provided principal forgiveness based on a percentage of the overall remaining project costs. Principal forgiveness is capped (on an individual loan basis) at the amount necessary to get to 1.50% of median household income.

B. Emergencies

DEQ’s SRF program will provide funding for emergency situations up to $200,000. Wastewater systems seeking emergency funding shall call the Grant and Loan Bureau Chief in the DEQ State Office at (208) 373-0502 to discuss their needs and application process.

Should there be any principal forgiveness monies that were not utilized by economically disadvantaged communities they will be considered for use on a case-by-case basis for emergency funding.

Criteria for emergency funding:
• The situation must be a serious and unexpected situation that requires immediate action;
• An emergency must be declared by a local, state, or national governmental entity;
• Public health must be at imminent risk;
• Will not be used for addressing deferred maintenance issues;
• Intended for like-kind replacement, unless the damaged infrastructure would not meet current standards. Infrastructure repairs or replacements will only be made to fix the proximate cause of the emergency;
• Replacement work should all be done in existing footprint of damaged infrastructure, unless such an approach would not allow the facility to meet current standards;
• Costs incurred for replacement prior to a loan being signed will be considered for inclusion in the loan; and,
• Legal debt authority must be obtained if DEQ is unable to entirely meet replacement needs with principal forgiveness.
• Receipts will have to be submitted to justify all costs. "All" costs include any cash advances or costs incurred prior to the funding assistance agreement having been signed.
• Any over-payments by DEQ (most likely happening in the context of an advance) will require timely reimbursement by the funding recipient.
• Rules for SRF loans will be followed to determine cost/expense eligibility.
• Volunteers will not be compensated for their time.
• All personnel time, in order to be eligible, must be supported by the existence of W-2's or contracts.

4.2 Administrative Costs of the Clean Water State Revolving Fund

DEQ plans to reserve $803,159 of the regular capitalization grant for administrative expenses plus the amount of any fees collected for such purpose.

4.3 Assistance Agreement Eligible Activities

CWSRF assistance agreements will provide for planning, design, and construction of secondary and advanced secondary wastewater treatment units, interceptors and appurtenances for infiltration/inflow correction, collector sewers and appurtenances, new interceptor sewers and appurtenances, combined sewer overflow correction, stormwater management programs, water conservation, nonpoint source best management practices, and recycled water distribution. CWSRF assistance will be provided to local communities, counties, sewer districts, and nonprofit sewer associations for the construction of publicly owned wastewater treatment facilities. Non point source (NPS) projects must be consistent with the State Water Quality Management Plan. Additionally, funding will be provided for green project reserve (GPR) activities to meet the Federal requirement for SFY 2022 of 10%.

4.4 Sponsorship Agreements

Some of the traditional CWSRF assistance agreements may be leveraged to provide NPS project funding. At the time the IUP was written there were no NPS projects actively seeking CWSRF project sponsorship. It is possible that sponsorship projects will be entered into, and these projects will be detailed in the SFY 2021 Annual Report. The effective interest rate charged on wastewater treatment/collection facility assistance agreements may be adjusted to accommodate NPS projects that have a nexus with the CWSRF assistance recipient community; however, even with a nexus, the NPS projects cannot be required by the sponsor's National Pollutant Discharge Elimination System (NPDES) permit or Idaho Pollutant Discharge Elimination System (IPDES) permit. The NPS projects will be administered jointly by the Clean Water Act, Section 319 grant staff within DEQ, and the CWSRF staff. The NPS project will have the same administrative conditions as any Section 319 grant; however, CWSRF cost eligibility
criteria will apply. Additionally, sponsorship projects will be strongly encouraged to complete their projects within the same timeframe as their point source counterparts. Since NPS sponsorship projects are not using point source solutions (i.e., Clean Water Act, Section 212), they will not need environmental reviews. See DEQ's website for details https://www.deq.idaho.gov/water-quality/grants-and-loans/other-funding-opportunities/

When a sponsorship agreement is signed, the signatories will be the point source assistance agreement recipient, the DEQ Director, and the NPS project manager. The amount of the point source assistance agreement will increase, but the interest rate will be reduced so that the point source assistance agreement recipient's rates will not be impacted by the NPS project.

Should any NPS project help to meet a municipality's NPDES or IPDES permit requirements, the NPS project will be treated as if it were an integral part of the point source project, with the reporting requirements that go along with a point source project.

Unless the NPS project uses point source solutions (i.e. Clean Water Act, Section 212) it will not need environmental reviews. DEQ will also not apply Federal cross-cutters to the NPS sponsorship projects. NPS projects, in order to be selected, will have a completed, technically correct 319 grant application (and are therefore in compliance with 40 CFR 35.3115 et seq.), be located in the same (6 digit HUC) basin as their sponsor, and have their sponsor's support in the NPS effort.
5 Assurances and Specific Proposals

5.1 Environmental Reviews—Clean Water Act, Section 602(a) and Cross-Cutter Compliance, 40 CFR 35.3145

DEQ certifies that it will conduct environmental reviews of each Clean Water Act Section 212 project receiving assistance from the CWSRF. DEQ will follow its EPA-approved State Environmental Review Process (SERP) for conducting environmental reviews.

These procedures are outlined in the "Rules for Administration of the Wastewater and Drinking Water Loan Funds" (IDAPA 58.01.12.042). More detailed procedures are included in the Clean Water State Revolving Fund Loan Handbook (Chapter 5, Forms B through E). The Chapter 5 checklists may be found at https://www2.deq.idaho.gov/admin/LEIA/index.html?view=folder&id=2630

DEQ agrees to comply with and require recipients of assistance agreements from the CWSRF to comply with applicable federal cross-cutting requirements. DEQ will notify EPA when consultation or coordination by EPA is necessary to resolve issues regarding these requirements.

5.2 State Matching Funds—Clean Water Act, Section 602(b)(2)

DEQ agrees to deposit into the CWSRF from state monies an amount equal to 20% of the capitalization grant on or before the date on which the state receives each grant payment from EPA. These funds will be transferred from Idaho's Water Pollution Control Account and/or the fee account. DEQ draws administrative funding from 100% federal funds.

5.3 Binding Commitments—Clean Water Act, Section 602(b)(3)

DEQ will enter into binding commitments for 120% of each quarterly payment within 1 year of receipt of that payment. Binding commitment dates are listed in Attachment I of this IUP.

5.4 Expeditious and Timely Expenditures—Clean Water Act, Section 602(b)(4)

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

5.5 First-Use Enforceable Requirements—Clean Water Act, Section 602(b)(5)

DEQ certifies that all major and minor wastewater treatment facilities that the state has previously identified as part of the National Municipal Policy (NMP) meet one of the following:

- Are in compliance
• Are on an enforceable schedule
• Have an enforcement action filed
• Have a funding commitment during or prior to the first year covered by an IUP.

5.6 State Laws and Procedures—Clean Water Act, Section 602(b)(7)
DEQ agrees to expend all grant payments in accordance with state laws and procedures.

5.7 Consistency with Planning
DEQ agrees that it will not provide assistance to any wastewater treatment project unless that project is consistent with plans developed under the Clean Water Act, Section 205(j), 208, 303(e), 319, or 320.

5.8 Reporting
DEQ agrees to provide data or information to EPA as may be required for national reports, public inquiries, or Congressional inquiries. Capitalization grant-funded recipients will be monitored for Single Audit Act compliance, and annual reports will be sent to assistance agreement recipients telling them the amount of federal monies they received during the past year.

DEQ will comply with reporting requirements of the EPA Order on Environmental Benefits, National Information Management System and the Federal Funding Accountability and Transparency Act. Project information will be updated at least quarterly in the Clean Water Benefits Reporting System. An environmental benefits summary report for all funded projects will also be completed. A hard copy of the summary report will be provided to the EPA with the Annual Report.

5.9 Qualifications Based Standards for Selection of Professional Service Providers
DEQ is in compliance with the Clean Water Act's (Section 602(b)(14)) Federal procurement standard by its adherence to Idaho Code 68-2320.

5.10 Transfers Between State Revolving Funds
Should transfers become needed, DEQ reserves the right to transfer surplus funds originating back to FFY 1997 capitalization grant awards. See Attachment IV for listings of capitalization grants and related narrative. Per 40 CFR 35.3550, a state may reserve the authority to transfer funds in future years. Funds may be transferred on a net basis, provided that the 33% transfer allowance associated with the DWSRF program capitalization grants received is not exceeded. Only repayments will be used for transfers. Through SFY 2021, $40 million in transfers will have been made from the DWSRF to the CWSRF.
6 Criteria and Method for Distribution of Funds

The following principles and procedures will be the basis for the administration, funding, allocation, and distribution of the CWSRF monies. The principles and procedures are designed to provide maximum flexibility for assistance and ensure long-term viability of the revolving program.

6.1 Program Administration

The $773,160 allowed in the capitalization grants provided by EPA will be set aside to be used for program administration. Program administration costs will be met by capitalization grant allocations and by fee revenues (to the extent that the annual capitalization grant is insufficient to meet our needs).

6.2 CWSRF Priority List

Letters of interest were sent to all cities, counties, and water and sewer districts in the state. Completed letters of interest and priority list rating forms were sent to project engineers in DEQ regional offices to complete a rating of projects in each region. The result of the rating and ranking was the preliminary Priority List that is presented during the public review and comment period. Separate letters of interest were sent to potential NPS applicants. Projects are rated using the following criteria:

Table 1. CWSRF Priority List Criteria

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Available Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public health emergency certified by DEQ Board or a Health District Board</td>
<td>Up to 150 Points</td>
</tr>
<tr>
<td>Regulatory Compliance Status</td>
<td>Up to 100 Points</td>
</tr>
<tr>
<td>Watershed Restoration</td>
<td>Up to 100 points</td>
</tr>
<tr>
<td>Watershed Protection</td>
<td>Up to 100 points</td>
</tr>
<tr>
<td>Preventing Impacts to Uses</td>
<td>Up to 100 points</td>
</tr>
<tr>
<td>Sustainability</td>
<td>Up to 100 points</td>
</tr>
<tr>
<td>Affordability</td>
<td>Up to 10 points</td>
</tr>
</tbody>
</table>

6.3 Fundable Projects

The highest rated projects on the adopted Priority List that are ready to proceed are selected for funding and listed in Attachment I. DEQ staff starts at the top of the Priority List and continues to select projects ready to proceed until all of the available funds are used. In cases where a lower ranked project is selected, it is because higher ranked projects have not indicated a readiness to proceed, do not meet the eligibility requirements for available funds, or additional funding has become available. A project that is ready to proceed will have shown
evidence of legal authority to enter into debt, have a completed facility plan, be able to meet applicable capitalization grant requirements, and have expressed a willingness to proceed with the CWSRF process.

In some cases, the project amount on the Fundable List may be less than the project amount on the Priority List. The Priority List amount is the estimate of the total project cost, while the costs on the Fundable List are the amount that project applicants expect to borrow from the CWSRF. In each case, the difference will be provided from some other source, such as cash on hand or a grant from the Community Development Block Grant program administered by the Idaho Department of Commerce.

6.4 Disbursements

The estimated timing and amount of disbursements for the projects on the new IUP are added to the latest cash disbursement request projections for prior year funded and projected projects. The projections are normally provided to EPA in September each year. The projections are based upon estimated disbursement schedules submitted by assistance agreement recipients and projected timing of assistance agreements, adjusted for corrections by regional project engineers and state office staff. These disbursements are tracked on an ongoing basis to project needed cash from all capitalization grants and state match. All funds will be expended in an expeditious and timely manner.

6.5 Federal Payments

The Idaho CWSRF has cumulative binding commitments in excess of the amount required for the current capitalization grant. This allows for the entire Federal payment to be made in a timely manner. Attachment III provides more detail.

6.6 State Match

Idaho's match for all capitalization grants is provided from funds that are drawn from the state Water Pollution Control Account, and from the fee account. The Water Pollution Control Account derives its funding from a set amount of $4.8 million from the state sales tax and is perpetually appropriated to DEQ under Idaho Code Title 63 Chapter 36.
7 Additional Information Requirements

The following principles and procedures will be the basis for the administration, funding, allocation, and distribution of the CWSRF monies. The principles and procedures are designed to provide maximum flexibility for assistance and ensure long-term viability of the revolving program.

7.1 Public Review and Comment

See Attachment VII

7.2 Bypass Procedures

A project may be bypassed if any of the following occur:
- The project does not support meeting GPR goals (if so designated on the Fundable List);
- The owner of the project is not ready to proceed;
- The owner of the project voluntarily opts out of the SRF process;
- The project does not meet eligibility requirements; or,
- The project schedule does not allow for timely use of funds.

In place of the bypassed project, the next highest-ranking project(s) that is ready to proceed will be used (IDAPA 58.01.12.020.05.b.). DEQ will use 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 highly ranked project on the IUP be bypassed. If a project is bypassed, DEQ will offer assistance funds to owners of the next highest ranked, ready-to-proceed project from the most current approved Priority List. Should any projects be bypassed by June 30, 2022 (end of SFY 2022), those projects and reasons for being bypassed will be included in the SFY 2022 Annual Report. Projects are normally bypassed because the project plans have changed, the owners will delay their project, or, the owners are receiving funding from another source.
## Attachment I. Fundable List
State of Idaho Clean Water State Revolving Fund for the Period of July 1, 2020 through June 30, 2021

### List of Fundable Clean Water Projects

<table>
<thead>
<tr>
<th>Rank</th>
<th>Project</th>
<th>Rating Points</th>
<th>Regional Office</th>
<th>Ancillary Requirements</th>
<th>Estimated Cost of Green Infrastructure</th>
<th>Needs Category (for EPA use)</th>
<th>NPDES or Land App. Permit #</th>
<th>Estimated Assistance Commitment Date and Est. Funding Terms</th>
<th>Estimated Project Cost</th>
<th>Project Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Kidd Island Bay Lots</td>
<td>273</td>
<td>Coeur d’Alene</td>
<td>Davis Bacon Wage Provisions, Cross-cutting Requirements, American Iron and Steel, FFATA Reporting, Single Audit Act and Disadvantaged Business Enterprise Compliance Reporting</td>
<td>$550,000</td>
<td>I, III.B</td>
<td>M-086-04</td>
<td>July 2021 30 years at 1.50% with $777,955 of principal forgiveness</td>
<td>$6,880,000</td>
<td>Upgrades to the treatment system</td>
</tr>
<tr>
<td>22</td>
<td>Rural Community Assistance Corp.</td>
<td>TBD</td>
<td>TBD</td>
<td>Davis Bacon Wage Provisions and American Iron and Steel</td>
<td>None</td>
<td>XII</td>
<td>None</td>
<td>Date TBD $150,000 of principal forgiveness</td>
<td>$150,000</td>
<td>Replacement of failing septic systems</td>
</tr>
<tr>
<td>23</td>
<td>Emergencies</td>
<td>TBD</td>
<td>TBD</td>
<td>Davis Bacon Wage Provisions and American Iron &amp; Steel</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>Date TBD $200,000 of principal forgiveness</td>
<td>$200,000</td>
<td>Emergency situations: repair of proximate cause of emergency and investigation costs to determine proximate cause</td>
</tr>
</tbody>
</table>

**Totals ➔**

$550,000

$1,127,955

$7,230,000

+ Note: As of the date of the writing of this IUP, the City of Kendrick has located alternative funding options, and the next priority ranked system was chosen to utilize the limited loan resources.

++Note: DEQ plans to increase Nampa WW1903 by $24,000,000 in FY2022
## Attachment II. Priority List

State of Idaho Clean Water State Revolving Fund
for the Period of July 1, 2020 through June 30, 2021

### Comprehensive Listing of Clean Water Projects

<table>
<thead>
<tr>
<th>Rank</th>
<th>Project</th>
<th>Rating Points</th>
<th>Regional Office</th>
<th>Est. Project Cost</th>
<th>Needs Category (for EPA)</th>
<th>NPDES, Reuse or Land Application Permit #</th>
<th>Est. Cost of Green Infrastructure</th>
<th>Project Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Kendrick</td>
<td>285</td>
<td>Lewiston</td>
<td>$3,400,000</td>
<td>I</td>
<td>ID-0024554</td>
<td>3,400,000</td>
<td>Upgrade treatment system, add new pump station, and establish infrastructure for land application</td>
</tr>
<tr>
<td>2</td>
<td>Kidd Island Bay Lots Sewer District</td>
<td>273</td>
<td>Coeur d'Alene</td>
<td>6,880,000</td>
<td>I, III-B</td>
<td>M-086-04</td>
<td>$550,000</td>
<td>Upgrade treatment, add flow meter, rehabilitate septic tanks, lift station, and sewer main.</td>
</tr>
<tr>
<td>3</td>
<td>Wilder</td>
<td>260</td>
<td>Boise</td>
<td>$5,649,000</td>
<td>I</td>
<td>ID-0020265</td>
<td>$4,288,000</td>
<td>Upgrade treatment system, add new pump station and storage pond, purchase land and implement land application</td>
</tr>
<tr>
<td>4</td>
<td>Nez Perce</td>
<td>255</td>
<td>Lewiston</td>
<td>$7,750,000</td>
<td>I</td>
<td>ID-0020397</td>
<td>$0</td>
<td>Upgrade treatment system and establish infrastructure for land application</td>
</tr>
<tr>
<td>5</td>
<td>Homedale</td>
<td>252</td>
<td>Boise</td>
<td>$10,344,000</td>
<td>I, III-B</td>
<td>ID-0020427</td>
<td>$1,777,000</td>
<td>Upgrade treatment system, and repair collection system</td>
</tr>
<tr>
<td>6</td>
<td>Elk River</td>
<td>240</td>
<td>Lewiston</td>
<td>$4,183,000</td>
<td>I</td>
<td>ID-0020362</td>
<td>$840,000</td>
<td>Upgrade to the treatment system</td>
</tr>
<tr>
<td>7</td>
<td>Troy</td>
<td>240</td>
<td>Lewiston</td>
<td>$5,127,000</td>
<td>I</td>
<td>ID-0023604</td>
<td>$1,000,000</td>
<td>Upgrade to the treatment system</td>
</tr>
<tr>
<td>8</td>
<td>Gooding</td>
<td>236</td>
<td>Twin Falls</td>
<td>$19,750,000</td>
<td>I, II, III-B</td>
<td>ID-002002-8</td>
<td>$100,000</td>
<td>Upgrade treatment system and repair collection system</td>
</tr>
<tr>
<td>9</td>
<td>Sandpiper Shores Master Utility</td>
<td>233</td>
<td>Coeur d'Alene</td>
<td>$1,650,000</td>
<td>I, III-B</td>
<td>M-072-03</td>
<td>$16,000</td>
<td>Upgrade treatment system and repair collection system</td>
</tr>
<tr>
<td>10</td>
<td>Winchester</td>
<td>208</td>
<td>Lewiston</td>
<td>$3,000,000</td>
<td>I, III-B</td>
<td>ID-0020184</td>
<td>$0</td>
<td>Upgrade treatment system and repair collection system</td>
</tr>
<tr>
<td>11</td>
<td>Boise</td>
<td>205</td>
<td>Boise</td>
<td>$258,730,000</td>
<td>I, II</td>
<td>ID-0023981/ID-0020443</td>
<td>$184,000,000</td>
<td>Upgrade to Lander Street and West Boise treatment systems</td>
</tr>
<tr>
<td>12</td>
<td>Grand View</td>
<td>195</td>
<td>Boise</td>
<td>$1,379,000</td>
<td>I</td>
<td>unknown</td>
<td>$10,000</td>
<td>Upgrade to the treatment system</td>
</tr>
<tr>
<td>Rank</td>
<td>Project</td>
<td>Rating Points</td>
<td>Regional Office</td>
<td>Est. Project Cost</td>
<td>Needs Category (for EPA use)</td>
<td>NPDES, Reuse or Land Application Permit #</td>
<td>Est. Cost of Green Infrastructure</td>
<td>Project Description</td>
</tr>
<tr>
<td>------</td>
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<td>------------------</td>
<td>-----------------------------</td>
<td>------------------------------------------</td>
<td>----------------------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>13</td>
<td>Kingston-Cataldo Sewer Dist.</td>
<td>195</td>
<td>Coeur d'Alene</td>
<td>$3,950,000</td>
<td>I, III-B</td>
<td>unknown</td>
<td>$2,500,000</td>
<td>Construct new treatment system and lift station</td>
</tr>
<tr>
<td>14</td>
<td>Garfield Bay Water &amp; Sewer Dist.</td>
<td>148</td>
<td>Coeur d'Alene</td>
<td>$1,250,000</td>
<td>I, III-B</td>
<td>M-003-04</td>
<td>$215,000</td>
<td>Upgrade treatment system, repair and/or replace lift stations</td>
</tr>
<tr>
<td>15</td>
<td>Rigby</td>
<td>124</td>
<td>Idaho Falls</td>
<td>$4,600,000</td>
<td>I, II</td>
<td>ID-0020010</td>
<td>$0</td>
<td>Upgrade to the treatment system</td>
</tr>
<tr>
<td>16</td>
<td>Grace</td>
<td>119</td>
<td>Pocatello</td>
<td>$5,000,000</td>
<td>I, III-B</td>
<td>ID-0023825</td>
<td>$0</td>
<td>Upgrade treatment system and repair collection system</td>
</tr>
<tr>
<td>17</td>
<td>Roberts</td>
<td>82</td>
<td>Idaho Falls</td>
<td>$2,059,000</td>
<td>III-B</td>
<td>ID-0026913</td>
<td>$62,000</td>
<td>Upgrade and repair collection system and lift stations</td>
</tr>
<tr>
<td>18</td>
<td>Idaho Water Trust, Inc.</td>
<td>53</td>
<td>Boise</td>
<td>$28,500,000</td>
<td>VI-C</td>
<td>ID-0030031</td>
<td>$28,500,000</td>
<td>Levee repair and tributary, irrigation system, and construction of wetland</td>
</tr>
<tr>
<td>19</td>
<td>Grangeville</td>
<td>42</td>
<td>Lewiston</td>
<td>$4,500,000</td>
<td>III-B</td>
<td>ID-0020036</td>
<td>$0</td>
<td>Upgrade and repair collection system</td>
</tr>
<tr>
<td>20</td>
<td>Hidden Springs Sewer Company</td>
<td>35</td>
<td>Boise</td>
<td>$1,200,000</td>
<td>I</td>
<td>M-174-05</td>
<td>$240,000</td>
<td>Upgrade to the treatment system</td>
</tr>
<tr>
<td>21</td>
<td>Fremont County – Last Chance &amp; Mack's Inn</td>
<td>10</td>
<td>Idaho Falls</td>
<td>$15,500,000</td>
<td>I</td>
<td>M-057-04 M-058-04</td>
<td>$4,500,000</td>
<td>Upgrade to the treatment system</td>
</tr>
<tr>
<td>22</td>
<td>Rural Community Assistance Corp.</td>
<td>TBD</td>
<td>TBD</td>
<td>$150,000</td>
<td>XII</td>
<td>None</td>
<td>$150,000</td>
<td>Replacement of failing septic systems</td>
</tr>
<tr>
<td>23</td>
<td>Emergencies</td>
<td>TBD</td>
<td>TBD</td>
<td>$200,000</td>
<td>TBD</td>
<td>TBD</td>
<td>$200,000</td>
<td>Emergency situations: repair of proximate cause of emergency and investigation costs to determine proximate cause</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>TBD</strong></td>
<td><strong>TBD</strong></td>
<td><strong>TBD</strong></td>
<td><strong>$394,751,000</strong></td>
<td><strong>TBD</strong></td>
<td><strong>TBD</strong></td>
<td><strong>$232,348,000</strong></td>
<td></td>
</tr>
</tbody>
</table>
Attachment III. EPA Payment Schedule

<table>
<thead>
<tr>
<th>Quarter Ending</th>
<th>Payments</th>
<th>Total</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>09/30/2021</td>
<td>$6,975,841</td>
<td>$6,975,841</td>
<td>FFY21 Cap Grant</td>
</tr>
<tr>
<td>12/31/2021</td>
<td>$803,159</td>
<td>$803,159</td>
<td>FFY21 Cap Grant</td>
</tr>
</tbody>
</table>

Payments are defined as increases to the amount of funds available from the Automated Clearinghouse (ACH). The EPA payment schedule assumes that the FFY 2022 award will occur after July 1, 2022. Capitalization grant money will be exclusively disbursed to projects at a ratio of 83.33% Federal to 16.67% State Match until the full amount of state match required by the capitalization grant has been disbursed. The remaining grant draws will be at 100% Federal.
Attachment IV. Description of Disadvantaged Assistance

To qualify for disadvantaged assistance, an applicant must have an annual cost of wastewater service for residential customers that exceeds 1.50% of the local median household income (as reported by American FactFinder). The annual cost includes all operating, maintenance, replacement, and debt service costs, both for the existing system and upgrades being financed with debt. If the applicant's service area is not within the boundaries of a municipality, the applicant may use the American FactFinder data for the county in which it is located, or may use a DEQ-approved income survey (which details the community's median household income).

First, the assistance agreement interest rate will be reduced from the rate established by the Director for standard assistance agreements to a rate that results in an annual charge equal to 1.50% of median household income. The interest rate reduction may result in an assistance agreement interest rate of as low as 1.50% (in some instances the rate may be set at 0.00%).

Second, if a 1.50% interest rate and 20-year repayment assistance agreement terms and conditions result in the annual user charge exceeding 1.50% of median household income, then the length of the assistance agreement repayment will be extended in increments of 1 year up to a maximum of 30 years until the annual user charges equals 1.50% of median household income. Thirty-year assistance agreements will be charged a 0.25% higher interest rate than otherwise comparable 20-year assistance agreements.

Third, if at 1.50% interest and a 30-year repayment, the annual user charge still exceeds 1.50% of median household income, the principal may be reduced. The amount of principal reduction for all projects will be capped at $777,955. The principal reduction will be based on the pool of qualifying disadvantaged communities (projects) receiving a proportionate share in the amount available for principal reduction. Principal forgiveness is for disadvantaged communities and may not be provided to lower a community status to below 1.50% of the median household income.

- At the end of the state fiscal year any unallocated principal forgiveness (identified in the Fundable List – Attachment I), will be allocated to those disadvantaged entities that signed loans with DEQ during the state fiscal year and still qualify as disadvantaged. If a project's budget increases after the Fundable List is established, any year-end reallocation of unused principal forgiveness will take into account the project’s new cost.
- If a disadvantaged community accepts principal forgiveness and their project is completed under budget, their remaining principal forgiveness will be allocated to those disadvantaged entities that signed loans with DEQ during the state fiscal year and still qualify as disadvantaged.
- If a project that has a claim to disadvantaged assistance (on the Fundable List) opts out of the loan process and the funding thereby goes to a lower rated project, that lower rated project (if the community is disadvantaged) can lay claim to the disadvantaged assistance (however, the ratio of principal forgiveness to dollars loaned will remain consistent).

If a disadvantaged community's user rates exceed 2.00% of median household income there will be no more qualification requirements for that community in order to receive principal forgiveness. If the user rates fall in between 1.50% - 2.00% of median household income, see requirements in Section 4.1 (page 8).
Attachment V. Decision-Making Strategy for Fundable Versus Non-fundable Portions of the Priority List
State Fiscal Year 2022
Clean Water and Drinking Water Priority Lists

To develop the Fundable List, several factors were taken into account. These included, but were not limited to:

- the project's timeliness in completing the facility plan/engineering report,
- completing the Environmental Information Document,
- having the legal authority to incur debt; and,
- overall readiness to proceed.

The draft terms to be offered are given on the Fundable List; however, at the time of the offer these may be adjusted. The Idaho Department of Environmental Quality's Policy Memorandum gives the Department's Director the ability to set effective interest rates for the CWSRF program.
Attachment VI. Listing of Capitalization Grants—Reference for Potential Transfers Between Funds

Drinking Water SRF

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Capitalization Grant Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>$14,157,800</td>
</tr>
<tr>
<td>1998</td>
<td>7,121,300</td>
</tr>
<tr>
<td>1999</td>
<td>7,463,800</td>
</tr>
<tr>
<td>2000</td>
<td>7,757,000</td>
</tr>
<tr>
<td>2001</td>
<td>7,789,100</td>
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<tr>
<td>2002</td>
<td>8,052,500</td>
</tr>
<tr>
<td>2003</td>
<td>8,004,100</td>
</tr>
<tr>
<td>2004</td>
<td>8,303,100</td>
</tr>
<tr>
<td>2005</td>
<td>8,285,500</td>
</tr>
<tr>
<td>2006</td>
<td>8,229,300</td>
</tr>
<tr>
<td>2007</td>
<td>8,229,000</td>
</tr>
<tr>
<td>2008</td>
<td>8,146,000</td>
</tr>
<tr>
<td>ARRA</td>
<td>19,500,000</td>
</tr>
<tr>
<td>2009</td>
<td>8,146,000</td>
</tr>
<tr>
<td>2010</td>
<td>13,573,000</td>
</tr>
<tr>
<td>2011</td>
<td>9,418,000</td>
</tr>
<tr>
<td>2012</td>
<td>9,080,824</td>
</tr>
<tr>
<td>2013</td>
<td>8,421,000</td>
</tr>
<tr>
<td>2014</td>
<td>8,845,000</td>
</tr>
<tr>
<td>2015</td>
<td>8,787,000</td>
</tr>
<tr>
<td>2016</td>
<td>8,312,000</td>
</tr>
<tr>
<td>2017</td>
<td>8,241,000</td>
</tr>
<tr>
<td>2018</td>
<td>11,107,000</td>
</tr>
<tr>
<td>2019</td>
<td>11,004,000</td>
</tr>
<tr>
<td>2020</td>
<td>11,011,000</td>
</tr>
<tr>
<td>Total</td>
<td>$236,984,324</td>
</tr>
</tbody>
</table>

Note: The Drinking Water SRF fund is used to measure how much in transfers may be made, between the two funds, because the Drinking Water fund has received the lesser of capitalization grants and is therefore the limiting factor.

Only one transfer may be made each year. Per 40 CFR 35.3550 a state may reserve the authority to transfer funds in future years. Funds may be transferred on a net basis, provided that the 33% transfer allowance associated with the DWSRF program capitalization grants received is not exceeded. Only repayments will be used for transfers.

The recent past has highlighted an imbalance in demand between the two funds, with the CWSRF having a much higher demand than the DWSRF:

- Demand in SFY 2012 for DWSRF $68m vs. CWSRF $117m
- Demand in SFY 2013 for DWSRF $27m vs. CWSRF $149m
- Demand in SFY 2014 for DWSRF $37m vs. CWSRF $162m
• Demand in SFY 2015 for DWSRF $45m vs. CWSRF $69m
• Demand in SFY 2016 for DWSRF $48m vs. CWSRF $69m
• Demand in SFY 2017 for DWSRF $24m vs. CWSRF $92m
• Demand in SFY 2018 for DWSRF $35m vs. CWSRF $264m
• Demand in SFY 2019 for DWSRF $39m vs. CWSRF $137m
• Demand in SFY 2020 for DWSRF $75m vs. CWSRF $78m
• Demand in SFY 2021 for DWSRF $19m vs. CWSRF $80m
• Demand in SFY 2022 for DWSRF $47m vs. CWSRF $394m

The two types of projects (DW vs. CW) have the same funding sources to apply to, and so there is no offsetting relief for the CW entities to seek additional funds. Typically, CW projects are more expensive than DW projects. The current expectation is that the transferred funds into the CWSRF will reside there for some period of years; however, the transfer may be reversed in the future if the relative needs change.

The total amount of authority being reserved is 33% of $236,984,324 or $78,204,826. With the actual transfers of $10,000,000 in SFYs 2015, 2016, 2017, and 2019 there will remain $38,204,826 of reserve that could be transferred from the Drinking Water SRF to the Clean Water SRF, until the reserve is increased by new Federal grants. For SFY 2022, there are no plans to make transfers. Any transfer will be taken from repayments and will not affect set-asides. The potential for long-term diminution of DWSRF fund resources will be known as future, relative needs become known. DEQ will continue to monitor and conduct financial assessment/modeling to determine potential long-term impacts to the DWSRF fund.
Attachment VII. Public Notification and Involvement Strategy
State Fiscal Year 2022
Clean Water and Drinking Water Priority Lists

The public was involved in the SFY 2022 Priority List development at several points in the process. Involvement for the drinking water and clean water lists was solicited directly from the systems through a survey that was mailed out by DEQ early in the Priority List process. Information on the completed letter of interest forms was used by state and regional office staff in preparing the Priority lists. The DEQ SRF staff found that combining information obtained directly from eligible entities with information provided by DEQ engineering staff results in the most accurate and equitable listing of infrastructure needs.

Notification of all four SFY 2022 Priority Lists were provided through DEQ's website from April 1, 2021, to April 30, 2021, and published in Idaho's six major (regional) newspapers. Copies of proofs of publication will be included as attachments to the final IUP. Public comment was accepted for 30 days.

DRAFT FINAL LANGUAGE: Approval packages related to the four lists were sent to the Board of Environmental Quality prior to their meeting on May 20, 2021. Copies of the issue analyses for the CWSRF grants and loans lists and the Board agenda were included as attachments for Board action.

References
## Attachment I. Fundable List
State of Idaho Clean Water State Revolving Fund for the Period of July 1, 2020 through June 30, 2021

### List of Fundable Clean Water Projects

<table>
<thead>
<tr>
<th>Rank</th>
<th>Project</th>
<th>Rating Points</th>
<th>Regional Office</th>
<th>Ancillary Requirements</th>
<th>Estimated Cost of Green Infrastructure</th>
<th>Needs Category (for EPA use)</th>
<th>NPDES or Land App. Permit #</th>
<th>Estimated Assistance Commitment Date and Est. Funding Terms</th>
<th>Estimated Project Cost</th>
<th>Project Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Kidd Island Bay Lots</td>
<td>273</td>
<td>Coeur d'Alene</td>
<td>Davis Bacon Wage Provisions, Cross-cutting Requirements, American Iron and Steel, FFATA Reporting, Single Audit Act and Disadvantaged Business Enterprise Compliance Reporting</td>
<td>$550,000</td>
<td>I, III.B</td>
<td>M-086-04</td>
<td>July 2021 30 years at 1.50% with $777,955 of principal forgiveness</td>
<td>$6,880,000</td>
<td>Upgrades to the treatment system</td>
</tr>
<tr>
<td>22</td>
<td>Rural Community Assistance Corp.</td>
<td>TBD</td>
<td>TBD</td>
<td>Davis Bacon Wage Provisions and American Iron and Steel</td>
<td>None</td>
<td>XII</td>
<td>None</td>
<td>Date TBD $150,000 of principal forgiveness</td>
<td>$150,000</td>
<td>Replacement of failing septic systems</td>
</tr>
<tr>
<td>23</td>
<td>Emergencies</td>
<td>TBD</td>
<td>TBD</td>
<td>Davis Bacon Wage Provisions and American Iron &amp; Steel</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>Date TBD $200,000 of principal forgiveness</td>
<td>$200,000</td>
<td>Emergency situations: repair of proximate cause of emergency and investigation costs to determine proximate cause</td>
</tr>
</tbody>
</table>

**Totals**

|                     | $550,000              | $1,127,955       | $7,230,000   |

+ Note: As of the date of the writing of this IUP, the City of Kendrick has located alternative funding options, and the next priority ranked system was chosen to utilize the limited loan resources.

++Note: DEQ plans to increase Nampa WW1903 by $24,000,000 in FY2022
# Attachment II. Priority List

State of Idaho Clean Water State Revolving Fund  
for the Period of July 1, 2020 through June 30, 2021

## Comprehensive Listing of Clean Water Projects

<table>
<thead>
<tr>
<th>Rank</th>
<th>Project</th>
<th>Rating Points</th>
<th>Regional Office</th>
<th>Est. Project Cost</th>
<th>Needs Category (for EPA use)</th>
<th>NPDES, Reuse or Land Application Permit #</th>
<th>Est. Cost of Green Infrastructure</th>
<th>Project Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Kendrick</td>
<td>285</td>
<td>Lewiston</td>
<td>$3,400,000</td>
<td>I</td>
<td>ID-0024554</td>
<td>3,400,000</td>
<td>Upgrade treatment system, add new pump station, and establish infrastructure for land application</td>
</tr>
<tr>
<td>2</td>
<td>Kidd Island Bay Lots Sewer District</td>
<td>273</td>
<td>Coeur d'Alene</td>
<td>6,880,000</td>
<td>I, III-B</td>
<td>M-086-04</td>
<td>$550,000</td>
<td>Upgrade treatment, add flow meter, rehabilitate septic tanks, lift station, and sewer main.</td>
</tr>
<tr>
<td>3</td>
<td>Wilder</td>
<td>260</td>
<td>Boise</td>
<td>$5,649,000</td>
<td>I</td>
<td>ID-0020265</td>
<td>$4,288,000</td>
<td>Upgrade treatment system, add new pump station and storage pond, purchase land and implement land application</td>
</tr>
<tr>
<td>4</td>
<td>Nez Perce</td>
<td>255</td>
<td>Lewiston</td>
<td>$7,750,000</td>
<td>I</td>
<td>ID-0020397</td>
<td>$0</td>
<td>Upgrade treatment system and establish infrastructure for land application</td>
</tr>
<tr>
<td>5</td>
<td>Homedale</td>
<td>252</td>
<td>Boise</td>
<td>$10,344,000</td>
<td>I, III-B</td>
<td>ID-0020427</td>
<td>$1,777,000</td>
<td>Upgrade treatment system, and repair collection system</td>
</tr>
<tr>
<td>6</td>
<td>Elk River</td>
<td>240</td>
<td>Lewiston</td>
<td>$4,183,000</td>
<td>I</td>
<td>ID-0020362</td>
<td>$840,000</td>
<td>Upgrade to the treatment system</td>
</tr>
<tr>
<td>7</td>
<td>Troy</td>
<td>240</td>
<td>Lewiston</td>
<td>$5,127,000</td>
<td>I</td>
<td>ID-0023604</td>
<td>$1,000,000</td>
<td>Upgrade to the treatment system</td>
</tr>
<tr>
<td>8</td>
<td>Gooding</td>
<td>236</td>
<td>Twin Falls</td>
<td>$19,750,000</td>
<td>I, II, III-B</td>
<td>ID-002002-8</td>
<td>$100,000</td>
<td>Upgrade treatment system and repair collection system</td>
</tr>
<tr>
<td>9</td>
<td>Sandpiper Shores Master Utility</td>
<td>233</td>
<td>Coeur d'Alene</td>
<td>$1,650,000</td>
<td>I, III-B</td>
<td>M-072-03</td>
<td>$16,000</td>
<td>Upgrade treatment system and repair collection system</td>
</tr>
<tr>
<td>10</td>
<td>Winchester</td>
<td>208</td>
<td>Lewiston</td>
<td>$3,000,000</td>
<td>I, III-B</td>
<td>ID-0020184</td>
<td>$0</td>
<td>Upgrade treatment system and repair collection system</td>
</tr>
<tr>
<td>11</td>
<td>Boise</td>
<td>205</td>
<td>Boise</td>
<td>$258,730,000</td>
<td>I, II</td>
<td>ID-0023981/ID-0020443</td>
<td>$184,000,000</td>
<td>Upgrade to Lander Street and West Boise treatment systems</td>
</tr>
<tr>
<td>12</td>
<td>Grand View</td>
<td>195</td>
<td>Boise</td>
<td>$1,379,000</td>
<td>I</td>
<td>unknown</td>
<td>$10,000</td>
<td>Upgrade to the treatment system</td>
</tr>
<tr>
<td>Rank</td>
<td>Project</td>
<td>Rating Points</td>
<td>Regional Office</td>
<td>Est. Project Cost</td>
<td>Needs Category (for EPA use)</td>
<td>NPDES, Reuse or Land Application Permit #</td>
<td>Est. Cost of Green Infrastructure</td>
<td>Project Description</td>
</tr>
<tr>
<td>------</td>
<td>--------------------------------</td>
<td>---------------</td>
<td>------------------</td>
<td>-------------------</td>
<td>------------------------------</td>
<td>------------------------------------------</td>
<td>----------------------------------</td>
<td>----------------------------------------------------------</td>
</tr>
<tr>
<td>13</td>
<td>Kingston-Cataldo Sewer Dist.</td>
<td>195</td>
<td>Coeur d'Alene</td>
<td>$3,950,000</td>
<td>I, III-B</td>
<td>unknown</td>
<td>$2,500,000</td>
<td>Construct new treatment system and lift station</td>
</tr>
<tr>
<td>14</td>
<td>Garfield Bay Water &amp; Sewer Dist.</td>
<td>148</td>
<td>Coeur d'Alene</td>
<td>$1,250,000</td>
<td>I, III-B</td>
<td>M-003-04</td>
<td>$215,000</td>
<td>Upgrade treatment system, repair and/or replace lift stations</td>
</tr>
<tr>
<td>15</td>
<td>Rigby</td>
<td>124</td>
<td>Idaho Falls</td>
<td>$4,600,000</td>
<td>I, II</td>
<td>ID-0020010</td>
<td>$0</td>
<td>Upgrade to the treatment system</td>
</tr>
<tr>
<td>16</td>
<td>Grace</td>
<td>119</td>
<td>Pocatello</td>
<td>$5,000,000</td>
<td>I, III-B</td>
<td>ID-0023825</td>
<td>$0</td>
<td>Upgrade treatment system and repair collection system</td>
</tr>
<tr>
<td>17</td>
<td>Roberts</td>
<td>82</td>
<td>Idaho Falls</td>
<td>$2,059,000</td>
<td>III-B</td>
<td>ID-0026913</td>
<td>$62,000</td>
<td>Upgrade and repair collection system and lift stations</td>
</tr>
<tr>
<td>18</td>
<td>Idaho Water Trust, Inc.</td>
<td>53</td>
<td>Boise</td>
<td>$28,500,000</td>
<td>VI-C</td>
<td>ID-0030031</td>
<td>$28,500,000</td>
<td>Levee repair and tributary, irrigation system, and construction of wetland</td>
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<tr>
<td>19</td>
<td>Grangeville</td>
<td>42</td>
<td>Lewiston</td>
<td>$4,500,000</td>
<td>III-B</td>
<td>ID-0020036</td>
<td>$0</td>
<td>Upgrade and repair collection system</td>
</tr>
<tr>
<td>20</td>
<td>Hidden Springs Sewer Company</td>
<td>35</td>
<td>Boise</td>
<td>$1,200,000</td>
<td>I</td>
<td>M-174-05</td>
<td>$240,000</td>
<td>Upgrade to the treatment system</td>
</tr>
<tr>
<td>21</td>
<td>Fremont County – Last Chance &amp; Mack’s Inn</td>
<td>10</td>
<td>Idaho Falls</td>
<td>$15,500,000</td>
<td>I</td>
<td>M-057-04 M-058-04</td>
<td>$4,500,000</td>
<td>Upgrade to the treatment system</td>
</tr>
<tr>
<td>22</td>
<td>Rural Community Assistance Corp.</td>
<td>TBD</td>
<td>TBD</td>
<td>$150,000</td>
<td>XII</td>
<td>None</td>
<td>$150,000</td>
<td>Replacement of failing septic systems</td>
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<td>23</td>
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<td>TBD</td>
<td>TBD</td>
<td>$200,000</td>
<td>TBD</td>
<td>TBD</td>
<td>$200,000</td>
<td>Emergency situations: repair of proximate cause of emergency and investigation costs to determine proximate cause</td>
</tr>
<tr>
<td>Totals</td>
<td></td>
<td></td>
<td></td>
<td>$394,751,000</td>
<td></td>
<td>$232,488,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Idaho Board of Environmental Quality
May 5, 2021 Board Meeting

Agenda Item 4: FY2022 State Wastewater Planning Grant Priority List

Proposed Motion:

I move that the Idaho Board of Environmental Quality approve the FY2022 State Wastewater Planning Grant Priority List.
May 20, 2021

Caption: ISSUE ANALYSIS

APPROVAL OF THE PROPOSED FINAL DRAFT FY 2022 STATE WASTEWATER GRANT PRIORITY LIST
Prepared by MaryAnna Peavey, 373-0122

Issue:
The Department of Environmental Quality (DEQ) has prepared the FINAL DRAFT FY 2022 STATE WASTEWATER GRANT PRIORITY LIST.

The question before the Board is the following: Should the Final Draft FY 2022 State Wastewater Grant Priority List be approved as presented?

Issue Discussion:
A wastewater facilities grant program was started by the Department in the early 1980s under authority granted in Title 39, Chapter 36, Idaho Code. DEQ for many years has administered this program. In the early years of the program grants were available for all three steps of a construction project: planning, design and construction. In recent years, however, grant monies have been available for facility planning work only.

Projects placed on the list were identified through a Letter of Interest Form submitted to the DEQ by the project entities on the list.

Relevant Statutes:
Title 39, Chapter 36, Idaho Code, provides the Board of Environmental Quality with through the Department of Environmental Quality the authority to provide grants and loans for drinking water and wastewater facilities as well as clean water projects through a priority list process.

Public Notification:
The public was notified of the availability of the list and related information through notices in six (6) Idaho regional newspapers published once per week for three consecutive weeks. Additionally, email notices were sent to numerous stakeholders. Notification of the availability of the list and the related Intended Use Plan was also placed on the DEQ website for four weeks. The website was set up to facilitate public comments. In the newspaper notices and on our website, the public was invited to review copies of the list and related information on the website and in the DEQ Regional Offices.

Public Hearing:
DEQ elected not to have a public hearing this year unless requested to do so by the public. No requests for a hearing were received.

Consistency With Federal Requirements:
Not applicable.
Temporary Rule

Justification: Not applicable.

Cost Impact: Approval of the list by the Board has a direct impact upon Idaho citizens in communities listed on the final list. Approval will help assure that a pool of eligible entities is available to receive state financial assistance.

Alternatives: 1. Reject the list for wastewater planning grants. Under this alternative, DEQ will be unable to issue new wastewater planning grants during FY 2022. Idaho communities will have to self-fund facility planning studies and fewer cities and districts will be eligible for Clean Water SRF loans.

2. Adopt the list for wastewater planning grants. Under this alternative, DEQ will provide wastewater planning grants to Idaho’s communities to mitigate sewage-related public health and water pollution problems.

Recommendation: DEQ recommends Alternative 2 since it will result in continuing efforts to correct public health and water problems in Idaho.

Comments Concerning the List:

<table>
<thead>
<tr>
<th>Entity</th>
<th>Comment</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Challis</td>
<td>The City of Challis requested a higher rating. The City stated that II.D.1 of the LOI was originally marked ‘No’, however it should have been marked ‘Yes.’ In addition, the City stated that II.D.4.a of the LOI was not marked, but should have been.</td>
<td>DEQ engineers reviewed the comments, and they had already given points for II.D.1 and gave additional 10 points to II.D.4. This increased the overall score to 142 from 132. The increased points changed the overall ranking from number 10 to number 8. It also put the City in the fundable zone, and the City of Paul and Southside Water &amp; Sewer District were lowered below the fundable range.</td>
</tr>
</tbody>
</table>

II.D.1 is “Will you analyze the implementation of a new or refurbishing of an existing reuse or lagoon site or converting/replacing septic tanks? II.D.4.a is “Planning study will evaluate one or more of the following: Conversion of individual septic systems to community system, Removal of stormwater outlets, Conversion of combined sewer to separate
SUMMARY - WASTEWATER PLANNING GRANT LIST

All 16 projects on the list were thoroughly reviewed by DEQ’s Regional Office engineering staff and have been peer-reviewed by DEQ State Office staff. Ratings have been compiled under the criteria outlined in the Rules for Administration for Wastewater Treatment Facilities Grants, IDAPA 58.01.04.
<table>
<thead>
<tr>
<th>Rank</th>
<th>Wastewater System Name</th>
<th>Rating Points</th>
<th>Region</th>
<th>Total Project Cost</th>
<th>DEQ Amount Funded</th>
<th>Project Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1*</td>
<td>City of Rupert</td>
<td>215</td>
<td>Twin Falls</td>
<td>$100,000</td>
<td>$50,000</td>
<td>Study to address the capacity of the existing lagoon system and aging infrastructure.</td>
</tr>
<tr>
<td>2*</td>
<td>Moore Water &amp; Sewer Association</td>
<td>190</td>
<td>Idaho Falls</td>
<td>$40,000</td>
<td>$20,000</td>
<td>Address capacity of the existing lagoon system and issues caused by inflow events.</td>
</tr>
<tr>
<td>3*</td>
<td>Kingston-Cataldo Sewer District</td>
<td>189</td>
<td>Coeur d'Alene</td>
<td>$30,000</td>
<td>$15,000</td>
<td>Study to evaluate alternative treatment options due to capacity issues; possible land use application.</td>
</tr>
<tr>
<td>4*</td>
<td>City of Potlatch</td>
<td>189</td>
<td>Lewiston</td>
<td>$68,500</td>
<td>$34,250</td>
<td>Address contaminants under new IPDES permit requirements and identify viable alternatives to minimize permitted discharge.</td>
</tr>
<tr>
<td>5*#</td>
<td>City of Bellevue</td>
<td>162</td>
<td>Twin Falls</td>
<td>$140,000</td>
<td>$65,000</td>
<td>Evaluate infiltration issues, along with capacity of pumps and pipes. Address aging infrastructure and determine future treatment needs.</td>
</tr>
<tr>
<td>6*#</td>
<td>North Lake Recreational Sewer and Water District</td>
<td>152</td>
<td>Boise</td>
<td>$206,000</td>
<td>$65,000</td>
<td>Study to evaluate treatment/collection capacity, and address infiltration/inflow events and possible land application.</td>
</tr>
<tr>
<td>7*</td>
<td>City of Challis</td>
<td>142</td>
<td>Idaho Falls</td>
<td>$60,000</td>
<td>$30,000</td>
<td>Develop capital improvement plan to address aging infrastructure, treatment/collection, and leaking lagoons.</td>
</tr>
<tr>
<td>8*</td>
<td>City of Ririe</td>
<td>140</td>
<td>Idaho Falls</td>
<td>$60,000</td>
<td>$30,000</td>
<td>Address inflow issues, and evaluate system capacity/upgrade options.</td>
</tr>
<tr>
<td>9*</td>
<td>City of Paul</td>
<td>138</td>
<td>Twin Falls</td>
<td>$50,000</td>
<td>$25,000</td>
<td>Study to address the capacity of the existing lagoon system and reuse site.</td>
</tr>
<tr>
<td>10</td>
<td>Southside Water &amp; Sewer District</td>
<td>137</td>
<td>Coeur d'Alene</td>
<td>$85,000</td>
<td>$42,500</td>
<td>Update existing facility plan with particular attention on treatment/collection, system capacity, and future requirements of the reuse site.</td>
</tr>
<tr>
<td>11</td>
<td>City of Moyie Springs</td>
<td>130</td>
<td>Coeur d'Alene</td>
<td>$38,950</td>
<td>$19,475</td>
<td>Complete joint planning study (Boundary County) to create a regionalized sewer system.</td>
</tr>
<tr>
<td>12</td>
<td>City of Juliaetta</td>
<td>126</td>
<td>Lewiston</td>
<td>$75,000</td>
<td>$37,500</td>
<td>Address aging infrastructure, infiltration/inflow issues, and determine future treatment needs.</td>
</tr>
<tr>
<td>13</td>
<td>City of Teton</td>
<td>125</td>
<td>Idaho Falls</td>
<td>$50,000</td>
<td>$25,000</td>
<td>Evaluate ways to maintain compliance and address aging infrastructure of collection system and transmission line at treatment plant.</td>
</tr>
<tr>
<td>14</td>
<td>City of St. Charles</td>
<td>72</td>
<td>Pocatello</td>
<td>$50,000</td>
<td>$25,000</td>
<td>Study to address infiltration issues and evaluate necessary lift station improvements.</td>
</tr>
<tr>
<td>15#</td>
<td>City of Orofino</td>
<td>70</td>
<td>Lewiston</td>
<td>$130,000</td>
<td>$65,000</td>
<td>Address inflow/infiltration issues into the collection system.</td>
</tr>
<tr>
<td>16</td>
<td>Iona Bonneville Sewer District</td>
<td>50</td>
<td>Idaho Falls</td>
<td>$100,000</td>
<td>$50,000</td>
<td>Address aging infrastructure and evaluate possible joint facility with City of Ucon.</td>
</tr>
</tbody>
</table>

| Total | $1,283,450 | $598,725 |

*Denotes entities that will receive grant funding ($350,000 total available).
# Maximum grant amount is $65,000.
Agenda Item 5: FY2022 Drinking Water State Revolving Fund Intended Use Plan and State Drinking Water Loan Priority List

Proposed Motion:

I move that the Idaho Board of Environmental Quality approve the FY2022 Drinking Water State Revolving Fund Intended Use Plan which includes the State Drinking Water Loan Priority List.
May 20, 2021

Caption: ISSUE ANALYSIS: APPROVAL OF THE FINAL DRAFT FY 2022 STATE DRINKING WATER LOAN PRIORITY LIST
Prepared by: MaryAnna Peavey, 373-0122

Issue: The Department of Environmental Quality (DEQ) has prepared the FINAL DRAFT FY 2022 STATE DRINKING WATER LOAN PROJECT PRIORITY LIST.

The question before the Board is the following: Should the Final Draft FY 2022 State Drinking Water Loan Project Priority List be approved as presented?

Issue Discussion: The 1996 Amendments to the Safe Drinking Water Act provide a method for financing needed drinking water infrastructure improvements with a revolving loan program. This loan program is funded by capitalization grants to Idaho from the Environmental Protection Agency, matching state funds from the Water Pollution Control Account, loan repayments, and interest earnings.

State Revolving Fund (SRF) loan funds help many communities design and construct improved water facilities that promote public health while protecting the environment.

Projects on the list were identified through a Letter of Interest Form submitted directly to the DEQ by the entities.

Relevant Statutes: Title 39, Chapters 1 and 2, Idaho Code, provides the Board of Environmental Quality with, through the Department of Environmental Quality the authority to provide grants and loans for drinking water and wastewater facilities as well as clean water projects through a priority list process.

Public Notification: The public was notified of the availability of the list and related information through notices in six (6) Idaho regional newspapers published once per week for three consecutive weeks. Additionally, email notices were sent to numerous stakeholders. Notification of the availability of the list and the related Intended Use Plan were also placed on the DEQ website for four weeks. The website was designed to facilitate public comment. In the newspaper notices and on our website the public was invited to review copies of the list and related information available on the website and in hard copy at each of DEQ’s Regional Offices.
Public Hearing: DEQ elected not to have a public hearing this year unless requested to do so by the public. No requests for a hearing were received.

Consistency With Federal Requirements: The operation of the Drinking Water SRF account is consistent with federal and state requirements.

Temporary Rule Justification: Not applicable.

Cost Impact: Approval of the list by the Board has a direct financial impact upon Idaho citizens in communities listed on the final list. Approval will help assure that a pool of eligible entities is available to receive state financial assistance.

Alternatives: 1. Reject the proposed list for drinking water loans. Under this alternative, DEQ will be unable to issue drinking water construction loans during FY 2022.

2. Adopt the list for drinking water loans. Under this alternative, the DEQ will be able to offer drinking water construction SRF loans to Idaho communities during FY 2022.

Recommendation: DEQ recommends Alternative 2, since it will result in continuing efforts to correct public health problems related to drinking water.

Comments Concerning the List:

<table>
<thead>
<tr>
<th>Entity</th>
<th>Comment</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Dayton</td>
<td>Pg. 7 Section 5.1 - typo in 2nd sentence. The effective rate of interest will vary from a ceiling of 2.25% and a floor of 1.25%. It should be 2.25%  Pg 16 Attachment I. Fundable List of Drinking Water Loan Project. The City of Dayton is being offered a 20-yr loan at the interest rate ceiling of 2.25%. This is the highest interest rate and shortest term offered. Was the 2019 City of Dayton Income Survey MHI [median household income] $53,400 used in determining the offered rate</td>
<td>Pg 7 Section 5.1, the typo was corrected. Pg 16 Remains unchanged. DEQ accepted City’s income survey MHI and the City still does not qualify for disadvantaged community loan terms. DEQ notified the City of Dayton of the result.</td>
</tr>
<tr>
<td>City of Grangeville</td>
<td>and term or some other MHI? If the 2019 MHI is used, does Dayton qualify for a lower rate or longer-term loan offer?</td>
<td></td>
</tr>
<tr>
<td>---------------------</td>
<td>---------------------------------------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The information for the City of Grangeville project is incorrect. They are in the Lewiston region, the loan funding request is $4.4M, the project is for a new well and a storage reservoir (tank) that are needed for source and fire flow redundancy. Update the project information and confirm the ranking is accurate.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>DEQ reviewed the comment, and no changes were made to the IUP. The amount listed was the total project cost and not the loan amount. The information in the IUP is correct. DEQ added the storage reservoir to the Priority List description. DEQ notified the City of Grangeville.</td>
<td></td>
</tr>
</tbody>
</table>

**SUMMARY**

The final draft FY 2022 State Drinking Water Loan Project Priority List contains 18 projects. These have been placed on the list at the request of the listed entity through a letter of interest. All projects on the list were thoroughly reviewed and rated by DEQ Regional Office engineers and state office staff. The ratings were done with a standard form that was developed in accordance with Rules for Administration of Drinking Water Loan Program, IDAPA 58.01.20.
Prepared by
MaryAnna Peavey, CPM
Grants & Loans Bureau Chief

Idaho Department of Environmental Quality
Drinking Water Protection and Finance Division
1410 N Hilton
Boise, Idaho 83706

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List of Tables

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1 Introduction

On August 6, 1996, the Safe Drinking Water Act (SDWA) Amendments of 1996 (Public Law 104-182) were signed into law. SDWA, Section 1452 authorized the Administrator of the United States 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. The DWSRF is administered by the Idaho Department of Environmental Quality (DEQ) Water Quality Division Loan Program, which also administers the Clean Water State Revolving Fund (CWSRF).

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

The IUP will be finalized for the state fiscal year 2022 (SFY 2022 is from July 1, 2021 through June 30, 2022 after a 30-day public comment period and an adoption by the Board of Environmental Quality.

The source of federal funding identified in this IUP is the federal fiscal year (FFY) 2022, 2021, 2020, and 2019 capitalization grants.

The IUP includes the following:

- A list of prospective loan projects, ranked in priority order, including the size of systems, estimated project cost, and a project description Note: projects are technically funded via the purchase of debt but are referred to, for ease of reading, as "loans"
- 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

2 Estimated Funds Availability

<table>
<thead>
<tr>
<th>Cash and Investments Holdings</th>
<th>$62,822,753</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPA Capitalization Grant FFY 2019 (remainder)</td>
<td>99,000</td>
</tr>
<tr>
<td>State Match</td>
<td>19,800</td>
</tr>
<tr>
<td>EPA Capitalization Grant FFY 2020 (remainder)</td>
<td>1,470,242</td>
</tr>
<tr>
<td>State Match</td>
<td>426,354</td>
</tr>
<tr>
<td>EPA Capitalization Grant FFY 2021</td>
<td>7,590,690</td>
</tr>
<tr>
<td>State Match</td>
<td>2,200,200</td>
</tr>
<tr>
<td>EPA Capitalization Grant FFY 2022 (estimated)</td>
<td>7,590,690</td>
</tr>
</tbody>
</table>
State Match 2,200,200

Loans Receivable:
- SFY 2021 Mar-June (4 months) 2,167,587
- SFY 2022 6,062,738
- SFY 2023 6,076,133

Income on Cash/Investments:
- SFY 2020 Mar-June (4 months) 261,000
- SFY 2021 862,500
- SFY 2022 925,000

Total Resources: $100,774,887
Current Remaining Loan Obligations: ($92,302,985)
(Loans in construction less disbursements)

Add back: project shrinkage
4,615,149
(Some projects will self-finance and reduce disbursement requests from the DWSRF)

NET RESOURCES AVAILABLE TO PROVIDE ASSISTANCE: $13,087,052

Key Assumptions:
Projects take an average of 28 months to construct and close from the date of loan signing. New loan obligations cannot exceed NET RESOURCES AVAILABLE TO PROVIDE ASSISTANCE. The next projection will be made on July 1, 2022.

3 List of Projects

Attachment I is the SFY 2022 Drinking Water Loan Fundable, and Attachment II is the SFY 2022 Drinking Water Loan Priority List. Upon completion of the public comment period, a final Priority List will be presented to the Board of Environmental Quality on May 19, 2021 for final approval. Projects are arranged on the 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.

4 Program Goals

DEQ's long-term, basic SRF Loan Program goals are as follows:

1. Protect the public health of citizens served by drinking water systems by offering financial assistance to construct cost-effective drinking water facilities. Financial assistance includes below-market-rate loans, longer loan terms and may include principal forgiveness for disadvantaged communities.
2. Assist public water systems in achieving and maintaining statewide compliance with federal and state drinking water standards. DEQ provides information on the public water system switchboard, which has several web-based technical and compliance assistance tools available on it.

3. Implement a capacity development strategy. The goal of the capacity development program is to assist public drinking water system’s improve or optimize their technical, managerial, and financial framework so they can sustainably provide safe drinking water to their customers in a cost-effective manner.

4. Implement a source water assessment and protection strategy. The goal is supported through the assessing public drinking water sources, source water protection planning, and providing tools and technical assistance to support the implementation of protection strategies.

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

6. Manage the imbalance between the demand upon DWSRF and CWSRF resources. See Attachment V for further discussion of inter-fund transfers.

DEQ’s short-term, basic SRF Loan Program goals are as follows:

1. Ensure all appropriate loan assistance requested is provided in a timely manner.

2. Maintain the on-line DWSRF loan handbook, by making technical corrections and providing timely, up-to-date guidance.

3. Direct a minimum of approximately 10% of the capitalization grant to sustainability efforts (i.e., Green Project Reserve) and ensure that a minimum of 20% of the capitalization grant award is provided as a loan subsidy (i.e., principal forgiveness). See Section IV.A. Allocation of Funds.

4. Make necessary changes to the FFY 2022 EPA capitalization grant application.

5. Finalize and implement a new loan servicing software application. The software is expected to achieve reporting efficiencies, better serve DEQ project managers in their day-to-day administration of loan projects, allow DEQ State Office staff to better manage the loan fund with long-term forecasting, and reduce duplicate data entry. The software is being purchased with a mix of DWSRF and CWSRF loan fees.

6. Dedicate a portion of the additional subsidization to reduce the risk of lead in systems that are influenced by corrosive water (see Fundable List, Attachment I).

7. Monitor and take necessary actions to ensure annual capitalization grant and set-asides are spent within two years. Set-aside funds may be transferred into the loan fund, if it appears that the set-aside funds will not be disbursed within two years.

8. Implement the ability to provide funding for emergencies.

9. Implement the creation of the administrative framework needed to leverage through the Idaho State Bond Bank.
5 Information on the Activities to be Supported

5.1 Allocation of Funds

The primary type of assistance provided by the DWSRF is expected to be in the form of low-interest loans for up to 100% of project costs. The effective rate of interest will vary from a ceiling of 2.25% and a floor of 1.25%. The current policy is stated in DEQ Policy Memorandum. An interest rate floor is established to help offset the effects of inflation and to encourage communities to complete their projects in a timely manner.

All loans will be paid back over a period not to exceed 30 years. Principal and interest repayments will begin no later than one year after the date the constructed facility initiates operations.

Disadvantaged loans may have lower interest rates, and principal forgiveness (see Attachment III for an explanation of the Disadvantaged Loans program). The average design life of the project must equal or exceed the repayment term.

The FFY 2021 capitalization grant funding is expected to require $2,202,200 (20% of the $11,001,000 capitalization grant, or the "floor") be distributed as a subsidy or principal forgiveness; however, Idaho can allow up to 50% of the capitalization grant to be provided as principal forgiveness for disadvantaged communities (the "ceiling" which equals $5,505,500). Idaho will accomplish the principal forgiveness requirement through compliance with the "Rules for Administration of the Wastewater and Drinking Water Loan Funds" (IDAPA 58.01.1212.021) requirements for disadvantaged communities and will document the proposed funding terms on Attachment I, Fundable List.

5.2 Principal Forgiveness, Project Subsidies, and Emergencies

Idaho will adopt a 20-25% (of the capitalization grant) principal forgiveness allocation to include $700,000 for emergencies and lead remediation. The proposed funding terms, on Attachment I, will reflect a principal forgiveness provision of 20% of the FFY 2021 capitalization grant. The capitalization grant equaled $11,001,000 (for the entire state) and 20% of that figure is $2,200,200. Disadvantaged systems will share equally, on a project cost pro-rata basis, in $1,500,200 of the $2,200,200. The remaining $700,000 will be used for emergencies and lead remediation.

Principal forgiveness is allocated to systems that have long-term loan repayments to the DWSRF program. Interim financing is not considered a long term loan with DEQ. Interim financing given by DEQ could affect any principal forgiveness the system is slated to receive. If the minimum percentage of principal forgiveness is not reached by the end of the fiscal year, loans receiving interim financing, that qualify for principal forgiveness, may receive principal forgiveness.
To automatically be considered for principal forgiveness, the system's annual user rates will need to exceed 2.00% of the community's median household income. To be considered for principal forgiveness, if user rates fall between 1.50% and 2.00% of median household income, DEQ will verify that:

- the most recent census reports a decline in population for the community during the recent five year reporting period: https://www.census.gov/data.html
- unemployment exceeds 4.4%, the statewide average, as posted on the Idaho Department of Labor's website, as of February 22, 2021: http://labor.idaho.gov/dnn

To the extent those entities on the Fundable List exceed user rates of $100 per month, up to 50% of the $1,500,200 will be allocated proportionally. After the allocation of the initial 50% of principal forgiveness, all disadvantaged systems will share equally, on a project cost pro-rata basis, in the remaining $750,100 that is available for principal forgiveness. The proposed funding terms first adjust the length of the loan term and secondly the interest rate is adjusted to the disadvantage rate without lowering the monthly user rate below 1.50% of median household income. After these steps are taken, the remaining projects in disadvantaged communities will be provided principal forgiveness based on the highest rates amongst the fundable systems. Principal forgiveness is capped (on an individual loan basis) at the amount necessary to get to 1.50% of median household income.

**Reduction of Lead and Copper Exposure**

Public drinking water systems (and including public schools (K-12)) will have access to $500,000, per year for the entire state, for projects that:

- Address corrosion control treatment requirements for lead; or,
- Address lead service line replacement requirements; and,
- The system has triggered the requirement to implement a lead service line replacement program or other approved lead mitigation practices under the small flexibility allowances (i.e., Corrosion Control Treatment, Lead Service Line Replacement, provision of point of use for lead, or replacement of all lead-bearing materials).

At the end of the year unused project subsidy funds will not be rolled forward into the next year.

**Emergencies**

DEQ's SRF program will provide funding for emergency situations up to a total of $200,000 for the state. Public water systems seeking emergency funding shall call the DEQ State Office (208) 373-0122 to discuss their needs and application process.

Should there be any principal forgiveness monies that were not utilized by economically disadvantaged communities, they will be considered for emergency use on a case-by-case basis.

Criteria for emergency funding:
The situation must be a serious and unexpected situation that requires immediate action.

- An emergency must be declared by a local, state, or national governmental entity.
- Public health must be at imminent risk.
- Will not be used for addressing deferred maintenance issues.
- Intended for like-kind replacement, unless the damaged infrastructure would not meet current standards.
- Replacement work should all be done in existing footprint of damaged infrastructure, unless such an approach would not allow the facility to meet current standards.

Infrastructure repairs or replacements will only be made to fix the proximate cause of the emergency.

- Costs incurred for replacement prior to a loan being signed will be considered for inclusion in the loan.
- Legal debt authority must be obtained if DEQ is unable to entirely meet replacement needs with project subsidy.
- Receipts must be submitted to justify all costs. "All" costs include any cash advances or costs incurred prior to the funding assistance agreement having been signed.
- Any over-payments by DEQ (most likely happening in the context of an advance) will require reimbursement by the funding recipient.
- Rules for SRF loans will be followed to determine cost/expense eligibility.
- Volunteers will not be compensated for their time. All personnel time, in order to be eligible, must be supported by the existence of W-2’s or contracts.

Loan-Eligible Activities

DWSRF loans will provide for the construction of water supply, treatment, storage, and distribution facilities. DWSRF loan assistance will be provided to local communities, counties, water districts, and nonprofit associations. If growth or fire flow are funded, they cannot constitute the primary purpose for the loan.

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

Use of Set-Asides

The following set-asides are based on a federal grant award of $11,001,000. If the grant is less or more, the set-aside amounts will be proportionately reduced or increased. Set-aside use requirements are outlined in the Code of Federal Regulations, 40 CFR 35.3535.

4% Administration and technical assistance set-aside.

DEQ plans to reserve 4% or $440,040 of the FFY 2021 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.
2% Technical assistance set-aside.

DEQ plans to reserve 2% or $220,020 of the FFY 2021 capitalization grant to provide technical assistance to small public water systems serving fewer than 10,000 people. None of these funds will be spent until EPA has approved a work plan that identifies tasks for which the funds will be used.

10% State program management set-aside. DEQ plans to reserve 10% or $1,100,100 of the FFY 2021 capitalization grant to supplement the administration of the Drinking Water Bureau. None of these funds will be spent until EPA has approved a work plan that identifies tasks for which the funds will be used.

15% Local assistance and other state programs set-aside.

DEQ plans to reserve 10% or $1,100,100 of the FFY 2021 capitalization grant for source water protection. These funds will be used to assess public drinking water sources to characterize the water source and determine its susceptibility to contamination; assist with developing and implementing source water protection plans; implement source water protection projects and develop tools and resources to facilitate source water protection implementation efforts; and provide source water protection education, outreach, training, and technical assistance to owners and operators of public water systems, staff at local governments, schools, businesses, and the public. 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 5% or $550,050 of the FFY 2021 capitalization grant for implementation of the capacity development strategy. These monies will fund the several capacity development tasks as detailed in the approved work plan. 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 will utilize $350,000 from this grant to pay for drinking water planning grants.

If the amount of funds reserved for the set-asides are not projected to be used by the end of the second year, or as agreed upon between EPA Region 10 and DEQ, the excess funds will be transferred into the loan corpus. When 2%, 4%, or 10% set-asides are transferred to the loan corpus, the amounts transferred may be considered as "banked" and if additional set-aside funds are needed in the future, the programs needing set-aside funds may draw upon these "banked" funds. However, the 15% set-asides (used for Source Water Protection and for Capacity Development) cannot be "banked."

**Assistance Agreement Fees**

In order to support administrative costs associated with operating the Drinking Water State Revolving Fund (DWSRF) program, a fee program was instituted. The fee will be 1% of the unpaid balance of the assistance agreement (unless the grand total of the interest rate and fee is less than 1%, in which case the fee will be reduced), payable when the regular repayments are made. Herein the term effective interest will be the sum of the fee and the true interest. The interest rate will be reduced by the corresponding percentage of the fee, so there is no net
effect on borrowers. Fees are only being charged on new assistance agreements or on projects in progress for which an assistance agreement offer amendment is required.

For SFY 2020, the fee revenues were $421,945, and for SFY 2021 the expected fee revenue should total $215,436.05. The fee cash balance, mid-way through SFY 2021, was $1,188,937.83. In the second half of SFY 2021, approximately $150,000 of fee revenues will be used to fund DWSRF administrative and technical support costs incurred beyond the federal capitalization grant support level and drinking water planning grant support.

For SFY 2022, DEQ expects to expend approximately $350,000 of fee revenues, to fund Capacity Development costs and to support the planning grant efforts. Additionally, $250,000 of fees will be used for capitalization grant match, along with $50,000 for leveraging, and $150,000 for database software.

Support for drinking water planning grants will include direct support to municipalities for their plan development and the DEQ staff time to administer the grant support. The DEQ personnel costs will be drawn from each regional office and the state office in Boise. In each regional office, the personnel charging against the fee account will be engineering staff to support drinking water planning grants. In the state office, the personnel time will consist of financial and environmental review staff.

Surplus fee revenues will be transferred into the assistance agreement repayment account, to increase available resources for assistance agreements. Surplus fees will earn the same interest as regular repayment idle monies and will be periodically transferred to the fund corpus. Should a cash flow deficiency arise in the fund corpus, surplus fees would be transferred ad hoc.

6 Assurances and Specific Proposals

6.1 Environmental Reviews

DEQ certifies that it will conduct environmental reviews of each project receiving assistance from the DWSRF. DEQ will follow the EPA-approved State Environmental Review Process (SERP) for conducting environmental reviews.

The rules are outlined in IDAPA 58.01.1212.

A more detailed procedural description is found in the Drinking Water Loan Account Handbook (Chapter 5), located at https://www2.deq.idaho.gov/admin/LEIA/index.html?view=folder&id=2630

6.2 Binding Commitments

DEQ will enter into binding commitments in an amount equal to the most recent grant award and proportional state match within one year of receipt of those funds.
6.3 Expeditious and Timely Expenditures

DEQ will strive to expend all funds in the DWSRF in a timely and expeditious manner. Should additional funds be made available to the Idaho DWSRF during the course of SFY 2022, the Idaho DWSRF will use the existing Priority List to allocate and commit those additional funds.

6.4 State Matching Funds

DEQ agrees to deposit state monies into the DWSRF in an amount equal to 20% of the federal capitalization grant on or before the date by which the State of Idaho receives the cash draw from EPA. These funds will be transferred from a combination of the state's Water Pollution Control Account and from the loan fee account.

6.5 State Laws and Procedures

DEQ agrees to make expenditures according to applicable state laws and procedures.

6.6 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 (by DEQ's Fiscal Section) for Single Audit Act compliance. Many federal requirements apply in an amount equal to the capitalization grant. These requirements include Disadvantaged Business Enterprise (DBE) compliance and Federal Funding Accountability and Transparency Act (FFATA) reporting. American Iron and Steel and Davis Bacon wage provisions compliance apply to all funds (not just the capitalization grant funds) in the DWSRF and carry reporting and compliance requirements.

In order to minimize administrative complexity and the burden on borrowers, the DWSRF program will select projects with a dollar value equaling the most recent federal capitalization grant award that is reserved for loans, to comply with the FFATA requirements. Additionally, FFATA reporting will be conducted for set-aside single transactions that equal or exceed $25,000.

6.7 Transfers Between State Revolving Fund Loan Funds

Should transfers become needed, DEQ reserves the right to transfer surplus funds originating back to FFY 1997 capitalization grant awards. See Attachment IV for listings of capitalization grants and the related narrative. Per 40 CFR 35.3550, a state may reserve the authority to transfer funds in future years. Funds may be transferred on a net basis, provided that the 33% transfer allowance associated with the DWSRF program capitalization grants received is not exceeded. Only repayments will be used for transfers. Through SFY 2022, $40 million in transfers will have been made from the DWSRF to the CWSRF.
7 Criteria and Method for Distribution of Funds

Idaho public 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 IDAPA 58.01.12.

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 joint Fundable/Priority List are eligible for funding.

DEQ reserves the right to fund lower priority projects over higher priority projects that are not ready to proceed. In such instances, DEQ will comply with established bypass procedures. DEQ may add projects to the Fundable List 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, although any project without a repayment obligation would not require underwriting.

The rating criteria used for the SFY 2022 Fundable/Priority List are as follows:

Table 1. SFY 2022 DWSRF Rating Criteria

<table>
<thead>
<tr>
<th>Public Health Hazard</th>
<th>(Maximum section points = 126)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Maximum Points</td>
</tr>
<tr>
<td>▪ Microbiological violations</td>
<td>26</td>
</tr>
<tr>
<td>▪ Chemical violations</td>
<td>10</td>
</tr>
<tr>
<td>▪ Surface water treatment technique</td>
<td>12</td>
</tr>
<tr>
<td>▪ Low pressure events</td>
<td>24</td>
</tr>
<tr>
<td>▪ Reduction in source capacity</td>
<td>24</td>
</tr>
<tr>
<td>▪ Significant system deficiencies</td>
<td>18</td>
</tr>
<tr>
<td>▪ Unregulated contaminants</td>
<td>12</td>
</tr>
<tr>
<td>General Conditions of Existing Facility</td>
<td>(Maximum section points = 60)</td>
</tr>
<tr>
<td>▪ Treatment deficiencies</td>
<td>21</td>
</tr>
<tr>
<td>▪ Source deficiencies</td>
<td>17</td>
</tr>
<tr>
<td>▪ Distribution deficiencies</td>
<td>14</td>
</tr>
</tbody>
</table>
Redundancy and standby power 5

Sustainability Efforts (Maximum section points = 50)
- Management-based efforts 25
- Technology-based efforts 60
- Construction practices 10

Consent Order, Compliance Agreement Schedule, or Court Order (Maximum section points = 30)
- Funding solves technical issues 30

Incentives (Maximum section points = 12)
- Current source water protection plan 2
- Cross-connection control program 2
- No significant deficiencies in the last sanitary survey 2
- Using properly licensed Substitute Responsible Charge Operator 2
- No more than one failure to monitor violations in past 5 years for all analyses 2
- Project develops or updates an Asset Management Plan 2

Affordability (Maximum section points = 10)
- Project user charge exceeds affordable criteria 10

8 Additional Information Requirements

8.1 Public Review and Comment

The IUP contents, including the Priority List, are subject 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. Priority Lists were also disseminated to all state and federal agencies involved in infrastructure financing. Those agencies, including the United States Department of Agriculture-Rural Development, Rural Community Assistance Corporation, and Idaho Department of Commerce (Community Development Block Grants), meet periodically to discuss potential projects.

In addition to the above, the IUP, including the Fundable List and the Priority List, was posted on the DEQ website, and notices inviting comment were published in the state's major newspapers during the comment period.
A summary of the public participation process is included as Attachment III.

Projects from the SFY 2022 Priority List for which DEQ intends to provide loan funding are identified in Attachment I. These projects will be considered for approval by the DEQ Board at the May 20, 2021, meeting.

8.2 Bypass Procedures

A project that does not or will not meet the project target date or a DEQ schedule that allows for timely use of loan funds may be bypassed, substituting the next highest ranking project(s) that is ready to proceed, as identified and described in IDAPA 58.01.12. DEQ intends to use Priority List ranking as much as possible when preparing the list of fundable projects. However, a 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 Priority List 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 Priority List. Bypassed projects will be listed in the Annual Report.
## ATTACHMENT I. Fundable List of Drinking Water Loan Projects

State of Idaho, Drinking Water State Revolving Loan Fund for the Period of July 1, 2021 through June 30, 2022

<table>
<thead>
<tr>
<th>Rank</th>
<th>Project</th>
<th>Rating Points</th>
<th>Regional Office</th>
<th>System Type</th>
<th>Green Infrastructure Cost</th>
<th>System Number</th>
<th>Pop. Served</th>
<th>Proposed Funding Terms</th>
<th>Loan Amt. &amp; Est. Loan Date</th>
<th>Project Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Murray Water Association</td>
<td>125</td>
<td>Coeur d'Alene</td>
<td>Private</td>
<td>$0</td>
<td>ID1400039</td>
<td>32</td>
<td>30 years at 1.50% with $373,826 of PF</td>
<td>$735,000 July 2021</td>
<td>Add new wells, pumps, generator, and upgrade distribution system</td>
</tr>
<tr>
<td>2*</td>
<td>City of Challis</td>
<td>99</td>
<td>Idaho Falls</td>
<td>Public</td>
<td>$100,000</td>
<td>ID7190013</td>
<td>1020</td>
<td>30 years at 1.50% with $68,108 of PF</td>
<td>$3,000,000 November 2021</td>
<td>Upgrade treatment, well house and booster pumps</td>
</tr>
<tr>
<td>3</td>
<td>City of Grand View</td>
<td>94</td>
<td>Boise</td>
<td>Public</td>
<td>$20,000</td>
<td>ID3370010</td>
<td>470</td>
<td>30 years at 1.50% with $63,655 of PF</td>
<td>$2,000,000 July 2021</td>
<td>Upgrade treatment and distribution system</td>
</tr>
<tr>
<td>5**</td>
<td>City of Dayton</td>
<td>85</td>
<td>Pocatello</td>
<td>Public</td>
<td>$226,000</td>
<td>ID6210004</td>
<td>487</td>
<td>20 years at 2.25%</td>
<td>$1,032,000 July 2021</td>
<td>Add new wells, upgrade to treatment and distribution system</td>
</tr>
<tr>
<td>6*</td>
<td>Laclede Water District</td>
<td>73</td>
<td>Coeur d'Alene</td>
<td>Public</td>
<td>$850,000</td>
<td>ID1090073</td>
<td>615</td>
<td>30 years at 1.50% with $721,321 of PF</td>
<td>$5,320,000 July 2021</td>
<td>Upgrade treatment, intake and distribution system</td>
</tr>
<tr>
<td>7</td>
<td>Oden View Estates Improvement Association</td>
<td>69</td>
<td>Coeur d'Alene</td>
<td>Private</td>
<td>$0</td>
<td>ID1090091</td>
<td>64</td>
<td>30 years at 1.50% with $273,290 of PF</td>
<td>$300,000 July 2021</td>
<td>Development of Planning document</td>
</tr>
<tr>
<td>19</td>
<td>Systems w/Corrosive Water or Lead Fixtures Presenting a Public Health Hazard</td>
<td>Unk</td>
<td>All</td>
<td>All</td>
<td>Unk</td>
<td>Unk</td>
<td>Unk</td>
<td>$500,000 of principal forgiveness</td>
<td>$500,000</td>
<td>Fund Planning, Design and Construction to remediate corrosive/aggressive water situations that present a clear threat to public health</td>
</tr>
<tr>
<td>20</td>
<td>Emergency</td>
<td>Unk</td>
<td>All</td>
<td>All</td>
<td>Unknown</td>
<td>Unk</td>
<td>Unk</td>
<td>$200,000 of principal forgiveness</td>
<td>$200,000</td>
<td>See Section 5.2 of Intended Use Plan</td>
</tr>
</tbody>
</table>

**NOTES:**
* Challis and Laclede Water District are expected to meet the state's cross-cutting and reporting requirements which are required of loans that equal the state’s annual capitalization grant award amount.
** Increase of $359,000 is required in the following fiscal year to fully fund project.*

<table>
<thead>
<tr>
<th>Total</th>
<th>Project Description</th>
<th>Loan Amt. &amp; Est. Loan Date</th>
<th>Project Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,196,000</td>
<td>$2,200,200</td>
<td>$13,087,000</td>
<td>$1,196,000</td>
</tr>
</tbody>
</table>
## ATTACHMENT II. Priority List of Drinking Water Loan Projects

State of Idaho, Drinking Water State Revolving Loan Fund for the Period of July 1, 2021 through June 30, 2022

<table>
<thead>
<tr>
<th>Rank</th>
<th>Project</th>
<th>Rating Points</th>
<th>Regional Office</th>
<th>System Type</th>
<th>System Number</th>
<th>Pop. Served</th>
<th>Project Cost</th>
<th>Project Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Murray Water Association</td>
<td>125</td>
<td>Coeur d’Alene</td>
<td>Private</td>
<td>ID14000039</td>
<td>32</td>
<td>$735,000</td>
<td>Add new wells, pumps, generator, and upgrade distribution system</td>
</tr>
<tr>
<td>2</td>
<td>City of Challis</td>
<td>99</td>
<td>Idaho Falls</td>
<td>Public</td>
<td>ID7190013</td>
<td>1020</td>
<td>$3,000,000</td>
<td>Upgrade treatment, well house and booster pumps</td>
</tr>
<tr>
<td>3</td>
<td>City of Grand View</td>
<td>94</td>
<td>Boise</td>
<td>Public</td>
<td>ID3370010</td>
<td>470</td>
<td>$2,000,000</td>
<td>Upgrade treatment and distribution system</td>
</tr>
<tr>
<td>4</td>
<td>City of Genesee</td>
<td>89</td>
<td>Lewiston</td>
<td>Public</td>
<td>ID2290015</td>
<td>959</td>
<td>$3,500,000</td>
<td>Add new well, well house, replace booster station and make distribution improvements</td>
</tr>
<tr>
<td>5</td>
<td>City of Dayton</td>
<td>85</td>
<td>Pocatello</td>
<td>Public</td>
<td>ID6210004</td>
<td>487</td>
<td>$1,891,000</td>
<td>Add new wells, upgrade to treatment and distribution system</td>
</tr>
<tr>
<td>6</td>
<td>Laclede Water District</td>
<td>73</td>
<td>Coeur d’Alene</td>
<td>Public</td>
<td>ID1090073</td>
<td>615</td>
<td>$5,320,000</td>
<td>Upgrade treatment, intake and distribution system</td>
</tr>
<tr>
<td>7</td>
<td>Oden View Estates Improvement Association</td>
<td>69</td>
<td>Coeur d’Alene</td>
<td>Private</td>
<td>ID1090091</td>
<td>64</td>
<td>$300,000</td>
<td>Development of planning document</td>
</tr>
<tr>
<td>8</td>
<td>Cave Bay Community System</td>
<td>64</td>
<td>Coeur d’Alene</td>
<td>Private</td>
<td>ID1280041</td>
<td>437</td>
<td>3,500,000</td>
<td>Upgrade distribution system, existing well house, add new well source and storage.</td>
</tr>
<tr>
<td>9</td>
<td>Scenic Properties Water Association, Inc.</td>
<td>60</td>
<td>Boise</td>
<td>Private</td>
<td>ID1090136</td>
<td>490</td>
<td>$2,100,000</td>
<td>Upgrades to booster station and distribution system</td>
</tr>
<tr>
<td>10</td>
<td>City of McCammon</td>
<td>54</td>
<td>Pocatello</td>
<td>Public</td>
<td>ID6030038</td>
<td>849</td>
<td>$7,778,000</td>
<td>Upgrade distribution system, improve storage tank, and install water meters</td>
</tr>
<tr>
<td>Rank</td>
<td>Project</td>
<td>Rating Points</td>
<td>Regional Office</td>
<td>System Type</td>
<td>System Number</td>
<td>Pop. Served</td>
<td>Project Cost</td>
<td>Project Description</td>
</tr>
<tr>
<td>------</td>
<td>----------------------------------------------</td>
<td>---------------</td>
<td>----------------</td>
<td>-------------</td>
<td>---------------</td>
<td>-------------</td>
<td>---------------</td>
<td>----------------------------------------------------------</td>
</tr>
<tr>
<td>11</td>
<td>Evans Water Corporation &amp; Homeowners Association</td>
<td>47</td>
<td>Boise</td>
<td>Private</td>
<td>ID4010055</td>
<td>138</td>
<td>$200,000</td>
<td>Replace distribution system</td>
</tr>
<tr>
<td>12</td>
<td>City of Grangeville</td>
<td>45</td>
<td>Boise</td>
<td>Public</td>
<td>ID2250023</td>
<td>3,182</td>
<td>$12,127,800</td>
<td>Add new well and storage reservoir.</td>
</tr>
<tr>
<td>13</td>
<td>Remington Recreational Water &amp; Sewer District</td>
<td>42</td>
<td>Coeur d'Alene</td>
<td>Public</td>
<td>ID1280270</td>
<td>900</td>
<td>$2,835,000</td>
<td>Improve or add wells</td>
</tr>
<tr>
<td>14</td>
<td>City of Blackfoot</td>
<td>42</td>
<td>Pocatello</td>
<td>Public</td>
<td>ID6060007</td>
<td>11,584</td>
<td>$10,000,000</td>
<td>Upgrade distribution system</td>
</tr>
<tr>
<td>15</td>
<td>City of Wilder</td>
<td>41</td>
<td>Boise</td>
<td>Public</td>
<td>ID3140138</td>
<td>1,533</td>
<td>$2,742,000</td>
<td>Upgrade distribution system and add booster pump station</td>
</tr>
<tr>
<td>16</td>
<td>Meander Point HOA</td>
<td>34</td>
<td>Twin Falls</td>
<td>Private</td>
<td>ID5420040</td>
<td>140</td>
<td>$40,000</td>
<td>Install treatments system</td>
</tr>
<tr>
<td>17</td>
<td>Syringa Heights Water District</td>
<td>23</td>
<td>Coeur d'Alene</td>
<td>Public</td>
<td>ID1090136</td>
<td>490</td>
<td>$550,000</td>
<td>Upgrade booster station and distribution system</td>
</tr>
<tr>
<td>18</td>
<td>Country Haven Utilities Association</td>
<td>16</td>
<td>Pocatello</td>
<td>Private</td>
<td>ID6060013</td>
<td>150</td>
<td>$744,000</td>
<td>Upgrade treatment system, distribution system and install water meters</td>
</tr>
<tr>
<td>19</td>
<td>Systems w/Corrosive Water or Lead Fixtures Presenting a Public Health Hazard</td>
<td>20</td>
<td>All</td>
<td>All</td>
<td>All</td>
<td>Unk</td>
<td>$500,000</td>
<td>Fund Planning, Design and Construction to remediate corrosive/aggressive water situations that present a clear threat to public health.</td>
</tr>
<tr>
<td>20</td>
<td>Emergency</td>
<td>Unk</td>
<td>All</td>
<td>All</td>
<td>All</td>
<td>Unk</td>
<td>$200,000</td>
<td>See section IV.A. of the Intended Use Plan</td>
</tr>
</tbody>
</table>

**Totals**

- **Unk**
- **$60,262,800**
ATTACHMENT III. Description of Disadvantaged Loans

Idaho Drinking Water Revolving Loan Fund

To initially qualify for a disadvantaged loan, a loan applicant must have an annual cost of drinking water service for residential customers that exceeds 1.50% 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 debt. If the applicant’s service area is not within the boundaries of a municipality, the applicant may use census data for the county in which it is located, or may use a DEQ-approved income survey (which details the community's median household income).

First, the loan interest rate will be reduced from the rate established by the DEQ director for standard loans to a rate that results in an annual charge equal to 1.50% of median household income. The interest rate reduction may result in a loan interest rate of as low as 1.50% for a 20-year loan (in rare instances the rate may be set at 0.00%). Loans for 30 years have a 0.25% higher interest rate than a 20-year loan but will result in lower annual repayments.

Second, if a 1.50% interest rate and 20-year repayment loan terms and conditions result in the annual user charge exceeding 1.50% of median household income, then the length of the loan repayment will be extended in yearly increments up to a maximum of 30 years until the annual user charges equals 1.50% of median household income.

Last, (assuming that a 30 year repayment period is acceptable to the applicant) if at 1.75% interest and a 30-year repayment, the annual user charge still exceeds 1.50% of median household income, the principal may be reduced. If a disadvantaged community's user rates exceed 2.00% of median household income there will be no more qualification requirements for that community in order to receive principal forgiveness. If the user rates fall in between 1.50% - 2.00% of median household income see requirements in Section IV.A (page 6).

The principal reduction will be based on the pool of qualifying disadvantaged communities (projects) and communities in need of emergency assistance. Principal forgiveness may not be to lower a community status to below 1.50% of the median household income.

- When the federal capitalization grant is ready to be closed out (that is associated with the principal forgiveness allocated for SFY 2022) any unallocated principal forgiveness for disadvantaged communities (identified in the Fundable List – Attachment I), will be allocated to those disadvantaged entities that signed loans with DEQ during state fiscal year 2022 and still qualify as disadvantaged. If a project's budget increases after the Fundable List is established, any year-end reallocation of unused principal forgiveness will take into account the project's new cost.
- If a disadvantaged community accepts principal forgiveness and their project is completed under budget, their remaining principal forgiveness will be allocated to those disadvantaged entities that signed loans with DEQ during the state fiscal year and still qualify as disadvantaged.
• If a project that has a claim to disadvantaged assistance (on the Fundable List) opts out of the loan process and the funding thereby goes to a lower rated project, that lower rated project (if the community is disadvantaged) can lay claim to the disadvantaged assistance (however, the ratio of principal forgiveness to dollars loaned will remain consistent).
ATTACHMENT IV. Listing of Capitalization Grants—Reference for Potential Transfers Between Funds

**Drinking Water SRF**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Capitalization Grant Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>$14,157,800</td>
</tr>
<tr>
<td>1998</td>
<td>7,121,300</td>
</tr>
<tr>
<td>1999</td>
<td>7,463,800</td>
</tr>
<tr>
<td>2000</td>
<td>7,757,000</td>
</tr>
<tr>
<td>2001</td>
<td>7,789,100</td>
</tr>
<tr>
<td>2002</td>
<td>8,052,500</td>
</tr>
<tr>
<td>2003</td>
<td>8,004,100</td>
</tr>
<tr>
<td>2004</td>
<td>8,303,100</td>
</tr>
<tr>
<td>2005</td>
<td>8,285,500</td>
</tr>
<tr>
<td>2006</td>
<td>8,229,300</td>
</tr>
<tr>
<td>2007</td>
<td>8,229,000</td>
</tr>
<tr>
<td>2008</td>
<td>8,146,000</td>
</tr>
<tr>
<td>ARRA</td>
<td>19,500,000</td>
</tr>
<tr>
<td>2009</td>
<td>8,146,000</td>
</tr>
<tr>
<td>2010</td>
<td>13,573,000</td>
</tr>
<tr>
<td>2011</td>
<td>9,418,000</td>
</tr>
<tr>
<td>2012</td>
<td>9,080,824</td>
</tr>
<tr>
<td>2013</td>
<td>8,421,000</td>
</tr>
<tr>
<td>2014</td>
<td>8,845,000</td>
</tr>
<tr>
<td>2015</td>
<td>8,787,000</td>
</tr>
<tr>
<td>2016</td>
<td>8,312,000</td>
</tr>
<tr>
<td>2017</td>
<td>8,241,000</td>
</tr>
<tr>
<td>2018</td>
<td>11,107,000</td>
</tr>
<tr>
<td>2019</td>
<td>11,004,000</td>
</tr>
<tr>
<td>2020</td>
<td>11,011,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$236,984,324</strong></td>
</tr>
</tbody>
</table>

Note: The Drinking Water SRF fund is used to measure how much in transfers may be made, between the two loan funds.

Only one transfer may be made each year. For SFY 2022 $10 million may be transferred from the Drinking Water SRF to the Clean Water SRF, dependent upon whether or not systems on the DWSRF 2022 Fundable List opt out of the loan process, thereby freeing up funds to be used by CWSRF borrowers. Per 40 CFR 35.3550 a state may reserve the authority to transfer funds in future years. Funds may be transferred on a net basis, provided that the 33% transfer allowance associated with the DWSRF program capitalization grants received is not exceeded. Only repayments will be used for transfers.
The recent past has highlighted an imbalance in demand between the two loan funds, with the CWSRF having a much higher demand than the DWSRF:

- Demand in SFY 2012 for DWSRF $68m vs. CWSRF $117m
- Demand in SFY 2013 for DWSRF $27m vs. CWSRF $149m
- Demand in SFY 2014 for DWSRF $37m vs. CWSRF $162m
- Demand in SFY 2015 for DWSRF $45m vs. CWSRF $69m
- Demand in SFY 2016 for DWSRF $46m vs. CWSRF $67m
- Demand in SFY 2017 for DWSRF $24m vs. CWSRF $92m
- Demand in SFY 2018 for DWSRF $36m vs. CWSRF $264m
- Demand in SFY 2019 for DWSRF $39m vs CWSRF $137m
- Demand in SFY 2020 for DWSRF $71m vs CWSRF $78m
- Demand in SFY 2021 for DWSRF $29m vs CWSRF $80m
- Demand in SFY 2022 for DWSRF $47m vs CWSRF $394m

The two types of projects (DW vs. CW) have the same funding sources to apply to, so there is no offsetting relief for the CW entities from which to seek additional funds. Typically CW projects are more expensive than DW projects (this year the ratio is $2.75m: $1.0m per project, respectively). The current expectation is that the transferred funds into the CWSRF will reside there for some period of years; however, the transfer may be reversed in the future if the relative needs change.

The total amount of authority being reserved is 33% of $236,984,324 or $78,204,826. With the actual transfers of $10,000,000 in SFYs 2015, 2016, 2017, and 2019 there will remain $38,204,826 of reserve that could be transferred from the Drinking Water SRF to the Clean Water SRF, until the reserve is increased by new Federal grants. Transfers will be taken from repayments and will not affect set-asides. The potential for long-term diminution of DWSRF fund resources will be known as future, relative needs become known. DEQ will continue to monitor and conduct financial assessment/modeling to determine potential long-term impacts to the DWSRF fund.
ATTACHMENT V. Public Notification and Involvement Strategy

For SFY 2022 Clean Water and Drinking Water Priority Lists

The public was involved in the SFY 2022 Priority List development at several points in the process. Involvement for the drinking water and clean water lists was solicited directly from the systems through a survey that was mailed out by DEQ early in the Priority List process. Information on the completed letter of interest forms was used by state and regional office staff in preparing the Priority lists. The DEQ SRF staff found that combining information obtained directly from eligible entities with information provided by DEQ engineering staff results in the most accurate listing of infrastructure needs.

Notification of all four SFY 2022 Priority Lists were provided through DEQ's website from April 1, 2021, to April 30, 2021, and published in Idaho's six major (regional) newspapers. Copies of proofs of publication will be included as attachments to the final IUP. Public comment was accepted for 30 days.

DRAFT FINAL LANGUAGE: Approval packages related to the four lists were sent to the Board of Environmental Quality prior to their meeting on May 20, 2021. Copies of the issue analyses for the CWSRF grants and loans lists and the Board agenda were included as attachments for Board action.
## ATTACHMENT I. Fundable List of Drinking Water Loan Projects

**State of Idaho, Drinking Water State Revolving Loan Fund**
for the Period of July 1, 2021 through June 30, 2022

<table>
<thead>
<tr>
<th>Rank</th>
<th>Project</th>
<th>Rating Points</th>
<th>Regional Office</th>
<th>System Type</th>
<th>System Type</th>
<th>System Type</th>
<th>Green Infrastructure Cost</th>
<th>System Type</th>
<th>Green Infrastructure Cost</th>
<th>System Type</th>
<th>Pop. Served</th>
<th>Proposed Funding Terms</th>
<th>Loan Amt. &amp; Est. Loan Date</th>
<th>Project Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Murray Water Association</td>
<td>125</td>
<td>Coeur d’Alene</td>
<td>Private</td>
<td>ID1400039</td>
<td>32</td>
<td>30 years at 1.50%</td>
<td>$0</td>
<td>30 years at 1.50%</td>
<td>$0</td>
<td>$735,000</td>
<td>July 2021</td>
<td>$13,087,000</td>
<td>Add new wells, pumps, generator, and upgrade distribution system</td>
</tr>
<tr>
<td>2</td>
<td>City of Challis</td>
<td>99</td>
<td>Idaho Falls</td>
<td>Public</td>
<td>ID7190013</td>
<td>1020</td>
<td>30 years at 1.50%</td>
<td>$100,000</td>
<td>30 years at 1.50%</td>
<td>$68,108</td>
<td>$3,000,000</td>
<td>November 2021</td>
<td>$13,087,000</td>
<td>Upgrade treatment, well house and booster pumps</td>
</tr>
<tr>
<td>3</td>
<td>City of Grand View</td>
<td>94</td>
<td>Boise</td>
<td>Public</td>
<td>ID3370010</td>
<td>470</td>
<td>30 years at 1.50%</td>
<td>$20,000</td>
<td>30 years at 1.50%</td>
<td>$63,655</td>
<td>$2,000,000</td>
<td>July 2021</td>
<td>$13,087,000</td>
<td>Upgrade treatment and distribution system</td>
</tr>
<tr>
<td>5</td>
<td>City of Dayton</td>
<td>85</td>
<td>Pocatello</td>
<td>Public</td>
<td>ID6210004</td>
<td>487</td>
<td>20 years at 2.25%</td>
<td>$226,000</td>
<td>20 years at 2.25%</td>
<td>$63,655</td>
<td>$1,032,000</td>
<td>July 2021</td>
<td>$13,087,000</td>
<td>Add new wells, upgrade to treatment and distribution system</td>
</tr>
<tr>
<td>6</td>
<td>Lac Steele Water District</td>
<td>73</td>
<td>Coeur d’Alene</td>
<td>Public</td>
<td>ID1090073</td>
<td>615</td>
<td>30 years at 1.50%</td>
<td>$850,000</td>
<td>30 years at 1.50%</td>
<td>$721,321</td>
<td>$5,320,000</td>
<td>July 2021</td>
<td>$13,087,000</td>
<td>Upgrade treatment, intake and distribution system</td>
</tr>
<tr>
<td>7</td>
<td>Oden View Estates Improvement Assoc</td>
<td>69</td>
<td>Coeur d’Alene</td>
<td>Private</td>
<td>ID1090091</td>
<td>64</td>
<td>30 years at 1.50%</td>
<td>$0</td>
<td>30 years at 1.50%</td>
<td>$273,290</td>
<td>$300,000</td>
<td>July 2021</td>
<td>$13,087,000</td>
<td>Development of Planning document</td>
</tr>
<tr>
<td>19</td>
<td>Systems w/C corrosive Water or Lead Fixtures Presenting a Public Health Hazard</td>
<td>Unk</td>
<td>All</td>
<td>All</td>
<td>Unk</td>
<td>Unk</td>
<td>$500,000 of principal forgiveness</td>
<td>$500,000</td>
<td>Fund Planning, Design and Construction to remediate corrosive/aggressive water situations that present a clear threat to public health</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Emergency</td>
<td>Unk</td>
<td>All</td>
<td>Unknown</td>
<td>Unk</td>
<td>Unk</td>
<td>$200,000 of principal forgiveness</td>
<td>$200,000</td>
<td>See Section 5.2 of Intended Use Plan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**NOTES:**
* Challis and Lac Steele Water District are expected to meet the state’s cross-cutting and reporting requirements which are required of loans that equal the state’s annual capitalization grant award amount.
**Increase of $359,000 is required in the following fiscal year to fully fund project.
# ATTACHMENT II. Priority List of Drinking Water Loan Projects

State of Idaho, Drinking Water State Revolving Loan Fund for the Period of July 1, 2021 through June 30, 2022

<table>
<thead>
<tr>
<th>Rank</th>
<th>Project</th>
<th>Rating Points</th>
<th>Regional Office</th>
<th>System Type</th>
<th>System Number</th>
<th>Pop. Served</th>
<th>Project Cost</th>
<th>Project Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Murray Water Association</td>
<td>125</td>
<td>Coeur d’Alene</td>
<td>Private</td>
<td>ID1400039</td>
<td>32</td>
<td>$735,000</td>
<td>Add new wells, pumps, generator, and upgrade distribution system</td>
</tr>
<tr>
<td>2</td>
<td>City of Challis</td>
<td>99</td>
<td>Idaho Falls</td>
<td>Public</td>
<td>ID7190013</td>
<td>1020</td>
<td>$3,000,000</td>
<td>Upgrade treatment, well house and booster pumps</td>
</tr>
<tr>
<td>3</td>
<td>City of Grand View</td>
<td>94</td>
<td>Boise</td>
<td>Public</td>
<td>ID3370010</td>
<td>470</td>
<td>$2,000,000</td>
<td>Upgrade treatment and distribution system</td>
</tr>
<tr>
<td>4</td>
<td>City of Genesee</td>
<td>89</td>
<td>Lewiston</td>
<td>Public</td>
<td>ID2290015</td>
<td>959</td>
<td>$3,500,000</td>
<td>Add new well, well house, replace booster station and make distribution improvements</td>
</tr>
<tr>
<td>5</td>
<td>City of Dayton</td>
<td>85</td>
<td>Pocatello</td>
<td>Public</td>
<td>ID6210004</td>
<td>487</td>
<td>$1,891,000</td>
<td>Add new wells, upgrade to treatment and distribution system</td>
</tr>
<tr>
<td>6</td>
<td>Laclede Water District</td>
<td>73</td>
<td>Coeur d’Alene</td>
<td>Public</td>
<td>ID1090073</td>
<td>615</td>
<td>$5,320,000</td>
<td>Upgrade treatment, intake and distribution system</td>
</tr>
<tr>
<td>7</td>
<td>Oden View Estates Improvement Association</td>
<td>69</td>
<td>Coeur d’Alene</td>
<td>Private</td>
<td>ID1090091</td>
<td>64</td>
<td>$300,000</td>
<td>Development of planning document</td>
</tr>
<tr>
<td>8</td>
<td>Cave Bay Community System</td>
<td>64</td>
<td>Coeur d’Alene</td>
<td>Private</td>
<td>ID1280041</td>
<td>437</td>
<td>$3,500,000</td>
<td>Upgrade distribution system, existing well house, add new well source and storage.</td>
</tr>
<tr>
<td>9</td>
<td>Scenic Properties Water Association, Inc.</td>
<td>60</td>
<td>Boise</td>
<td>Private</td>
<td>ID1090136</td>
<td>490</td>
<td>$2,100,000</td>
<td>Upgrades to booster station and distribution system</td>
</tr>
<tr>
<td>10</td>
<td>City of McCammon</td>
<td>54</td>
<td>Pocatello</td>
<td>Public</td>
<td>ID6030038</td>
<td>849</td>
<td>$7,778,000</td>
<td>Upgrade distribution system, improve storage tank, and install water meters</td>
</tr>
<tr>
<td>Rank</td>
<td>Project</td>
<td>Rating Points</td>
<td>Regional Office</td>
<td>System Type</td>
<td>System Number</td>
<td>Pop. Served</td>
<td>Project Cost</td>
<td>Project Description</td>
</tr>
<tr>
<td>------</td>
<td>-------------------------------------------------------------------------</td>
<td>---------------</td>
<td>-----------------</td>
<td>-------------</td>
<td>---------------</td>
<td>-------------</td>
<td>----------------</td>
<td>-------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>11</td>
<td>Evans Water Corporation &amp; Homeowners Association</td>
<td>47</td>
<td>Boise</td>
<td>Private</td>
<td>ID4010055</td>
<td>138</td>
<td>$200,000</td>
<td>Replace distribution system</td>
</tr>
<tr>
<td>12</td>
<td>City of Grangeville</td>
<td>45</td>
<td>Boise</td>
<td>Public</td>
<td>ID2250023</td>
<td>3,182</td>
<td>$12,127,800</td>
<td>Add new well and storage reservoir.</td>
</tr>
<tr>
<td>13</td>
<td>Remington Recreational Water &amp; Sewer District</td>
<td>42</td>
<td>Coeur d’Alene</td>
<td>Public</td>
<td>ID1280270</td>
<td>900</td>
<td>$2,835,000</td>
<td>Improve or add wells</td>
</tr>
<tr>
<td>14</td>
<td>City of Blackfoot</td>
<td>42</td>
<td>Pocatello</td>
<td>Public</td>
<td>ID6060007</td>
<td>11,584</td>
<td>$10,000,000</td>
<td>Upgrade distribution system</td>
</tr>
<tr>
<td>15</td>
<td>City of Wilder</td>
<td>41</td>
<td>Boise</td>
<td>Public</td>
<td>ID3140138</td>
<td>1,533</td>
<td>$2,742,000</td>
<td>Upgrade distribution system and add booster pump station</td>
</tr>
<tr>
<td>16</td>
<td>Meander Point HOA</td>
<td>34</td>
<td>Twin Falls</td>
<td>Private</td>
<td>ID5420040</td>
<td>140</td>
<td>$40,000</td>
<td>Install treatments system</td>
</tr>
<tr>
<td>17</td>
<td>Syringa Heights Water District</td>
<td>23</td>
<td>Coeur d’Alene</td>
<td>Public</td>
<td>ID1090136</td>
<td>490</td>
<td>$550,000</td>
<td>Upgrade booster station and distribution system</td>
</tr>
<tr>
<td>18</td>
<td>Country Haven Utilities Association</td>
<td>16</td>
<td>Pocatello</td>
<td>Private</td>
<td>ID6060013</td>
<td>150</td>
<td>$744,000</td>
<td>Upgrade treatment system, distribution system and install water meters</td>
</tr>
<tr>
<td>19</td>
<td>Systems w/Corrosive Water or Lead Fixtures Presenting a Public Health Hazard</td>
<td>20</td>
<td>All</td>
<td>All</td>
<td>Unk</td>
<td>Unk</td>
<td>$500,000</td>
<td>Fund Planning, Design and Construction to remediate corrosive/aggressive water situations that present a clear threat to public health.</td>
</tr>
<tr>
<td>20</td>
<td>Emergency</td>
<td>Unk</td>
<td>All</td>
<td>All</td>
<td>Unk</td>
<td>Unk</td>
<td>$200,000</td>
<td>See section IV.A. of the Intended Use Plan</td>
</tr>
</tbody>
</table>

Totals: $60,262,800
Idaho Board of Environmental Quality
May 5, 2021 Board Meeting

Agenda Item 6: FY2022 State Drinking Water Planning Grant Priority List

Proposed Motion:

I move that the Idaho Board of Environmental Quality approve the FY2022 State Drinking Water Planning Grant Priority List.
May 20, 2021

**Caption:**  
**ISSUE ANALYSIS**  
**APPROVAL OF THE PROPOSED FINAL DRAFT FY 2021 STATE DRINKING WATER PLANNING GRANT PRIORITY LIST**  
Prepared by MaryAnna Peavey, (208) 373-0122

**Issue:**  
The Department of Environmental Quality (DEQ) has prepared the **FINAL DRAFT FY 2022 STATE DRINKING WATER PLANNING GRANT PRIORITY LIST.**

The question before the Board is the following: **Should the Final Draft FY 2022 State Drinking Water Planning Grant Priority List be approved as presented?**

**Issue Discussion:**  
The Department was given authority to establish such a program by the 2000 Legislature in Senate Bill 1378.

Planning grant assistance is important for many communities in their efforts to understand the scope and need for drinking water infrastructure improvements. Once communities have completed critical planning work, they may choose to move to the design and construction phases using DEQ’s state revolving fund loan program. This funding will both speed the correction of deficiencies in many public water systems in Idaho and increase participation in the drinking water loan program.

The projects on the list were identified through a **Letter of Interest** form sent directly to DEQ from the entities in Idaho who are eligible to be on the list.

**Relevant Statutes:**  
Title 39, Chapter 36, Idaho Code, provides the Board of Environmental Quality with, through the Department of Environmental Quality the authority to provide grants and loans for drinking water and wastewater facilities as well as clean water projects through a priority list process.

**Public Notification:**  
The public was notified of the availability of the list and related information through notices in six (6) Idaho regional newspapers published once per week for three consecutive weeks. Additionally, email notices were sent to numerous stakeholders. Notification of the availability of the list and the related Intended Use Plan were also placed on the DEQ website for four weeks. The website was set up to facilitate public comment. In the newspaper notices and on our website the public was invited to review copies of the list and related information on the website and in our Regional Offices.
Public Hearing: The Department elected not to have a public hearing this year unless requested to do so by the public. No requests for a hearing were received.

Consistency With Federal Requirements: The operation of the Drinking Water Planning Grant effort is consistent with federal and state requirements.

Temporary Rule Justification: Not applicable.

Cost Impact: Approval of the list by the Board has a direct impact upon Idaho citizens in communities included on the final list. Approval will help assure that a pool of eligible entities is available to receive state financial assistance for drinking water planning projects.

Alternatives:

1. Reject the proposed list for drinking water grants. Under this alternative, DEQ will be unable to award drinking water planning grants during FY 2022. Idaho communities would have to self-fund Drinking Water planning grants, and it is likely that fewer communities would be eligible to enter into a Drinking Water SRF loan.

2. Adopt the proposed list for drinking water grants. Under this alternative, DEQ will be able to offer grants to communities to complete their facility planning effort, which is the critical first step in any project. These grants will act as a catalyst for needed drinking water infrastructure construction projects intended to ensure safe and reliable drinking water in Idaho’s communities.

Recommendation: DEQ recommends Alternative 2, since it will result in continuing efforts to correct public health problems related to drinking water.

Comments Concerning the List:

<table>
<thead>
<tr>
<th>Entity</th>
<th>Comment</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No comments received.</td>
<td></td>
</tr>
</tbody>
</table>

SUMMARY – DRINKING WATER GRANT LIST

All 23 projects on the list were thoroughly reviewed by DEQ’s Regional Office engineering staff and have been peer reviewed by DEQ State Office staff. Ratings have been compiled under the criteria outlined in the Rules for Administration of Planning Grants for Drinking Water Facilities, IDAPA 58.01.22.
<table>
<thead>
<tr>
<th>Rank</th>
<th>Water System Name</th>
<th>Rating Points</th>
<th>Region</th>
<th>Total Project Cost</th>
<th>DEQ Amount Funded</th>
<th>Project Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1*</td>
<td>Yellow Pine Water Users Association</td>
<td>144</td>
<td>Boise</td>
<td>$85,000</td>
<td>$42,500</td>
<td>Address storage, distribution, redundancy, standby power deficiencies, and aging infrastructure to return system into compliance.</td>
</tr>
<tr>
<td>2*</td>
<td>Drake Subdivision Water &amp; Irrigation Corporation</td>
<td>130</td>
<td>Boise</td>
<td>$40,000</td>
<td>$20,000</td>
<td>Evaluate current wells to address compliance issues. Address aging distribution system and standby power deficiencies.</td>
</tr>
<tr>
<td>3*</td>
<td>Big 12 Water Association</td>
<td>111</td>
<td>Idaho Falls</td>
<td>$20,000</td>
<td>$10,000</td>
<td>Evaluate treatment deficiencies and address aging distribution system. Possibly develop a new well.</td>
</tr>
<tr>
<td>4*</td>
<td>Hoodoo Harvard Water &amp; Sewer District</td>
<td>105</td>
<td>Lewiston</td>
<td>$40,000</td>
<td>$20,000</td>
<td>Address distribution, capacity, redundancy, standby power, and treatment deficiencies. Possibly develop a new well.</td>
</tr>
<tr>
<td>5*</td>
<td>Garden Valley High School</td>
<td>92</td>
<td>Boise</td>
<td>$37,500</td>
<td>$18,750</td>
<td>Address storage, distribution, redundancy and standby power deficiencies. Evaluate current system for future growth.</td>
</tr>
<tr>
<td>6*</td>
<td>Country Haven Utilities Association</td>
<td>90</td>
<td>Pocatello</td>
<td>$25,000</td>
<td>$12,500</td>
<td>Evaluate current system, wells, and leakage sources. Address distribution, capacity, and standby power deficiencies.</td>
</tr>
<tr>
<td>7*</td>
<td>Elk City Water &amp; Sewer Association</td>
<td>89</td>
<td>Lewiston</td>
<td>$50,000</td>
<td>$25,000</td>
<td>Address infrastructure, treatment, and standby power deficiencies.</td>
</tr>
<tr>
<td>8*</td>
<td>Oden View Estates Improvement Association</td>
<td>87</td>
<td>Coeur d'Alene</td>
<td>$60,000</td>
<td>$30,000</td>
<td>Evaluate current system for future growth. Address storage, redundancy, and standby power deficiencies.</td>
</tr>
<tr>
<td>9*</td>
<td>Terrace Lakes Water Company</td>
<td>80</td>
<td>Boise</td>
<td>$60,000</td>
<td>$30,000</td>
<td>Address storage, redundancy, standby power deficiencies, leaking water mains, and aging infrastructure.</td>
</tr>
<tr>
<td>10*#</td>
<td>City of Wendell</td>
<td>74</td>
<td>Twin Falls</td>
<td>$100,000</td>
<td>$45,000</td>
<td>Address source, distribution, capacity, redundancy, standby power, and infrastructure deficiencies. Develop Capital Improvement Plan.</td>
</tr>
<tr>
<td>11*</td>
<td>Evans Water Corporation &amp; Homeowner's Association</td>
<td>67</td>
<td>Boise</td>
<td>$35,000</td>
<td>$17,500</td>
<td>Address aging system, storage, distribution, redundancy and standby power deficiencies.</td>
</tr>
<tr>
<td>12*</td>
<td>City of Rigby</td>
<td>65</td>
<td>Idaho Falls</td>
<td>$70,000</td>
<td>$35,000</td>
<td>Evaluate current system for future growth. Address distribution, storage, and standby power deficiencies. Develop Capital Improvement Plan.</td>
</tr>
<tr>
<td>13*</td>
<td>City of St. Charles</td>
<td>64</td>
<td>Pocatello</td>
<td>$50,000</td>
<td>$25,000</td>
<td>Evaluate current system for future growth. Address aging infrastructure and source deficiencies.</td>
</tr>
<tr>
<td>14*</td>
<td>Duquette Pines Homeowners Association</td>
<td>63</td>
<td>Boise</td>
<td>$30,000</td>
<td>$15,000</td>
<td>Evaluate current system, address deficient infrastructure, and create a Capital Improvement Plan.</td>
</tr>
<tr>
<td>15#</td>
<td>North Lake Recreational Sewer and Water District</td>
<td>63</td>
<td>Boise</td>
<td>$206,000</td>
<td>$45,000</td>
<td>Update existing facility plan. Address distribution and standby power deficiencies. Develop Capital Improvement Plan.</td>
</tr>
<tr>
<td>16</td>
<td>City of Murtaugh</td>
<td>61</td>
<td>Twin Falls</td>
<td>$75,000</td>
<td>$37,500</td>
<td>Update existing facility plan. Address distribution, redundancy, and standby power deficiencies.</td>
</tr>
<tr>
<td>17</td>
<td>City of Notus</td>
<td>54</td>
<td>Boise</td>
<td>$50,000</td>
<td>$25,000</td>
<td>Evaluate source supply, address deficient infrastructure, capacity, redundancy, and standby power deficiencies.</td>
</tr>
<tr>
<td>18</td>
<td>City of Preston</td>
<td>53</td>
<td>Pocatello</td>
<td>$70,000</td>
<td>$35,000</td>
<td>Update existing facility plan. Address source deficiencies, capacity, and redundancy.</td>
</tr>
<tr>
<td>19#</td>
<td>City of Burley</td>
<td>51</td>
<td>Twin Falls</td>
<td>$120,000</td>
<td>$45,000</td>
<td>Evaluate current system for future growth. Address infrastructure, distribution, storage, and standby power deficiencies.</td>
</tr>
<tr>
<td>20</td>
<td>Panorama Hills Water Company</td>
<td>44</td>
<td>Idaho Falls</td>
<td>$51,000</td>
<td>$25,000</td>
<td>Address distribution, storage and standby power deficiencies.</td>
</tr>
<tr>
<td>21#</td>
<td>Central Shoshone County Water District</td>
<td>42</td>
<td>Coeur d'Alene</td>
<td>$115,000</td>
<td>$45,000</td>
<td>Address deficient infrastructure, distribution, redundancy, standby power.</td>
</tr>
<tr>
<td>22#</td>
<td>City of Orofino</td>
<td>16</td>
<td>Lewiston</td>
<td>$90,000</td>
<td>$45,000</td>
<td>Address leakage sources in storage tank, pumping, and distribution system.</td>
</tr>
<tr>
<td>23#</td>
<td>Garden City</td>
<td>13</td>
<td>Boise</td>
<td>$100,000</td>
<td>$45,000</td>
<td>Address fire suppression and standby power deficiencies. Evaluate current system for future growth.</td>
</tr>
</tbody>
</table>

**Total: $1,579,500 $694,250**

# Maximum grant amount is $45,000.

*Denotes systems that will receive grant funding (total of $350,000 available)
Agenda Item 7: Contested Case and Rule Docket Status
Contested Case Status Report

Petitions filed with the Idaho Board of Environmental Quality
Pursuant to IDAPA 58.01.23

<table>
<thead>
<tr>
<th>Case Docket No. Subject of Petition</th>
<th>Date Filed</th>
<th>Parties to Case</th>
<th>Status of Case</th>
</tr>
</thead>
<tbody>
<tr>
<td>No petitions filed at this time.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Page 102 of 106
# RULE PROMULGATION STATUS REPORT
## DEQ ADMINISTRATIVE RULEMAKING
### May 2021

<table>
<thead>
<tr>
<th>Rule Chapter Docket Number</th>
<th>Summary of Rule Change</th>
<th>Promulgation Status</th>
<th>Anticipated Date for Board Adoption</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Omnibus Rulemaking</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Omnibus Rulemaking 58-0000-2100F Fee Rules</td>
<td>Adopt IDAPA 58 fee rule chapters adopted by the Board in 2020 and submitted to the First Regular Session of the 66th Idaho Legislature for review</td>
<td>Temporary Fee Rules: adopted 2/11/21</td>
<td>February 2021 Board Meeting Temporary Rule Fee Rules Adopted</td>
</tr>
<tr>
<td>Omnibus Rulemaking 58-0000-2100 Non-Fee Rules</td>
<td>Adopt existing and previously approved codified IDAPA 58 non-fee rule chapters</td>
<td>Temporary Rules scheduled for adoption on 5/20/21</td>
<td>May 2021 Board Meeting Temporary Rule</td>
</tr>
</tbody>
</table>

### Administration

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Contact: Kristin Ryan</td>
<td></td>
</tr>
<tr>
<td>Air Quality Division</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>----------------------</td>
<td>---------------------</td>
<td>---------------------</td>
<td></td>
</tr>
<tr>
<td><strong>Air Quality</strong></td>
<td><strong>58-0101-1901</strong></td>
<td>Update the rules applicable to prescribed burning to ensure that smoke from this type of burning is properly managed and public health is protected.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Notice of Negotiated Rulemaking: 3/6/19 Bulletin</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1st Negotiated Rulemaking Meeting: 4/9/19</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Contact: Tiffany Floyd</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>To be determined</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Air Quality</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>58-0101-1902</strong></td>
</tr>
<tr>
<td>Rulemaking initiated to revise the fee structure of a Clean Air Act mandated air permitting program.</td>
</tr>
<tr>
<td>Notice of Negotiated Rulemaking: 5/1/19 Bulletin</td>
</tr>
<tr>
<td>1st Negotiated Rulemaking Meeting: 5/7/19</td>
</tr>
<tr>
<td>Contact: Tiffany Floyd</td>
</tr>
<tr>
<td>Negotiated rulemaking postponed until more information is available after the 2020 legislative session.</td>
</tr>
<tr>
<td>To be determined</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Surface &amp; Wastewater Division</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Water Quality Standards</strong></td>
</tr>
<tr>
<td><strong>58-0102-1801</strong></td>
</tr>
<tr>
<td>Update Idaho’s human health criteria for arsenic</td>
</tr>
<tr>
<td>Notice of Negotiated Rulemaking: 4/4/18 Bulletin</td>
</tr>
<tr>
<td>1st Negotiated Rulemaking Meeting: 4/19/18</td>
</tr>
<tr>
<td>Contact: Mary Anne Nelson</td>
</tr>
<tr>
<td>Rulemaking extended until 2022</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Swine Facilities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>58-0109-2101</strong></td>
</tr>
<tr>
<td>Zero-Based Regulation Rulemaking, Executive Order No. 2020-01</td>
</tr>
<tr>
<td>Notice of Negotiated Rulemaking: 4/7/21 Bulletin</td>
</tr>
<tr>
<td>Negotiated Rulemaking Meeting: 5/5/21</td>
</tr>
<tr>
<td>Contact: Mary Anne Nelson</td>
</tr>
<tr>
<td>November 2021</td>
</tr>
<tr>
<td>Waste Management &amp; Remediation Division</td>
</tr>
<tr>
<td>------------------------------------------</td>
</tr>
<tr>
<td><strong>Design and Construction of Phosphogypsum Stacks</strong></td>
</tr>
</tbody>
</table>
| **Rulemaking initiated for the promulgation of rules for the design and construction of phosphogypsum stacks as directed by the 2020 Idaho Legislature.** | **Notice of Negotiated Rulemaking:** 4/1/20 Bulletin  
**1st Negotiated Rulemaking Meeting:** 4/16/20  
**Contact:** Michael McCurdy | **Rulemaking vacated** |
| **Hazardous Waste** | **Notice of Negotiated Rulemaking:** 4/7/21 Bulletin  
**Negotiated Rulemaking Meeting:** 4/14/21  
**Contact:** Michael McCurdy | **November 2021** |
| **Land Remediation** | **Notice of Negotiated Rulemaking:** 4/7/21 Bulletin  
**Negotiated Rulemaking Meeting:** 4/23/21  
**Contact:** Michael McCurdy | **November 2021** |
Agenda Item 8: Other Business