Customer Handbook

Grants and Loans Program

State of Idaho
Department of Environmental Quality
February 2026



Prepared by
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Revision Log

The following modifications and additions have been made to this Handbook:

Date	Description of Revisions	Sections Modified
4/1/2026	Remove reference to “council or board” and replaced with recipient’s, ”legally authorized decision-making process”.	Section 3.2, page 12

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Contact your regional DEQ office for additional project assistance
https://www.deq.idaho.gov/regional-offices/

Join our newsletter for our quarterly newsletter for updates, funding opportunity deadlines, virtual meetings, resources, and more!
E-mail *grants.loans@deq.idaho.gov* to join.

List of Attachments

Application Forms

SRF-01 – Planning and OSG Grant Application
SRF-02 – Construction Funding Application
SRF-03 – Authorizing Resolution for Grant and Loan
SRF-04 – How to Hire an Engineer
SRF-05 – Davis-Bacon Compliance Requirements for Borrowers
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Disbursement Requests

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ENG-08 – Drinking Water SRF Outline and Checklist for Operations and Maintenance (O&M) Manual
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Green Project Reserve

GPR-01 – GPR Technical Memorandum Template
GPR-02 – Cyber Informed Engineering (CIE) Analysis Guidance

1 Introduction to Idaho's State Revolving Fund Grant and Loan Program

1.1 How to Use This Handbook

This handbook is intended to assist applicants and project owners with the Department of Environmental Quality (DEQ) State Revolving Fund (SRF) application process and execution of projects. DEQ grant and loan procedures and resources are provided to satisfy requirements found in IDAPA 58.01.22, Rules for Administration of Planning Grants for Drinking Water and Wastewater Facilities and IDAPA 58.01.12, Rules for Administration of Wastewater and Drinking Water Loan Funds. This handbook is periodically updated to reflect the most current federal and state SRF funding opportunities and requirements.

1.2 Funding Opportunities

1.2.1 Drinking Water and Wastewater Planning Grants

DEQ provides financial assistance to eligible wastewater and drinking water systems (recipients) through its planning grant program. These grant funds are used to develop facility plans to identify the most cost effective, environmentally sound method of upgrading and expanding a system to achieve and maintain compliance with state and federal standards.

The number of grants offered each year is limited to the available funding and funds are committed to the highest ranked projects. Grants provide funding for up to 50% of eligible planning costs in accordance with IDAPA 58.01.22.030.02. Funding is typically subject to a maximum amount. Typically, the maximum DEQ match amount for drinking water and wastewater planning grants is $45,000 and $65,000, respectively. The remaining cost, in addition to the 50% match, is the recipient's responsibility.

1.2.2 Construction Funding

Using funds in part provided by the United States Environmental Protection Agency (EPA), DEQ provides low interest loans to qualified recipients to improve their drinking water and wastewater facilities. DEQ's SRF program provides 20-year, below-market-rate interest loans that typically result in significant cost savings to recipients over the life of the project. Principal forgiveness of a portion of the loan and up to 30-year terms is also available to recipients who qualify as a disadvantaged system in accordance with IDAPA 58.01.12.021. Availability of funding varies each year and loans of up to 100% of project costs may be awarded for project planning, design, and construction**.**

1.2.3 Emergency Funding

DEQ typically sets aside a small amount of funding on an annual basis for emergency drinking water and wastewater situations. Systems seeking emergency funding should first call the

Grant and Loan Bureau to discuss their needs and application process. Criteria for emergency funding includes:

- 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;
- Emergency funding will not be used for addressing deferred maintenance issues;
- Emergency funding is used for like-kind replacement, unless the damaged infrastructure does 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 may be considered for inclusion in the loan on a case-by-case basis; and,
- Legal debt authority must be obtained if DEQ is unable to entirely meet replacement needs with principal forgiveness.

1.2.4 Lead Service Line Replacement

In 2023, DEQ received funding through the Infrastructure Investment and Jobs Act (IIJA), 2021 Pub L. No. 117-58. This Act, otherwise known as the Bipartisan Infrastructure Law (BIL), provides funding for inventory and replacement of lead service lines within a public drinking water system. This lead service line replacement (LSLR) loan funding is anticipated to be available annually over the course of 5 years (fiscal years 2023-2027) and is made available following the same processes as SRF construction loans. Recipients that qualify as disadvantaged may also qualify for principal forgiveness as a portion of the loan. The funding must be used to investigate and identify service line material as needed to update inventories or replacement of the entire lead service line or galvanized requiring replacement service line. Replacement must include the entire service line from the main to the point at which the line connects to the customer's premise plumbing. **No partial service line replacement can be funded unless a portion of the line has previously been replaced. This funding cannot be used for the replacement of solely main lines or building fixtures.** DEQ recommends that public water systems combine LSLR projects with their Drinking Water State Revolving Fund infrastructure projects when appropriate.

1.2.5 Emerging Contaminants

In 2023, DEQ received funding through the IIJA (BIL), 2021 Pub L. No. 117-58, that is specifically intended to address emerging contaminants in drinking water and wastewater systems. The grant funding has an emphasis on addressing per- and poly-fluoroalkyl substances (PFAS) but may be used for other emerging contaminants. This emerging contaminant funding is anticipated to be available annually over the course of 5 years (fiscal years 2023-2027) and is made available following the same processes as SRF construction funding. Eligible projects include planning, design, and construction of infrastructure whose primary purpose is to

address emerging contaminants. DEQ recommends that systems combine emerging contaminants projects with their SRF infrastructure projects when appropriate.

1.2.6 Reduction of Lead and Copper Exposure

In addition to the funding identified for IIJA (BIL) Lead Service Line Replacement, public drinking water systems will have access to available funding through the DWSRF principal forgiveness funds. The total amount available statewide for the year is $500,000 for all projects that:

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

Note: This funding is not the Lead Service Line Funding noted in 1.2.4.

1.2.7 Septic Tank Replacement and Repair

DEQ has partnered with Rural Community Assistance Corp (RCAC) to provide grant and loan funding to refurbish or replace individual septic systems.

Criteria for this funding includes:

- Maximum amount of assistance - $15,000
- Residence must be in a rural area, town, or community in the state of Idaho with a population not exceeding 50,000.
- Applicants must own and occupy the home served by the septic system to be renovated or replaced.
- New home construction and septic systems serving other than the homeowner occupied dwelling are not eligible.
- Households with annual income not exceeding state's current median household income (MHI) are eligible for loan assistance.
- Households with annual income not exceeding 80% the state's current MHI are eligible for grant assistance.
- Septic system renovation or replacement must require a permit and the work must be performed by a licensed contractor.
- The homeowner's property will be encumbered by a Deed of Trust for loans and a Grant Lien Agreement for grants.
- Associated loan costs estimated not to exceed $600, e.g., credit report, recording, and RCAC loan fee are applicant expenses and can normally be included in the loan or grant.

To apply or for information on income limits, please visit *RCAC Household Septic System Program* or call 1-855-979-7322.

1.2.8 Other Funding Opportunities

DEQ provides additional assistance for water quality improvements through other funding opportunities. For more information, see DEQ's website *www.deq.idaho.gov/SRF.*

1.3 Eligibility

1.3.1 Eligible Systems

Eligible systems are described in IDAPA 58.01.12.008 and IDAPA 58.01.22.007 and generally include the following:

NOT ELIGIBLE: For-profit or privately-owned wastewater systems

Wastewater / Clean Water: Planning grants and construction funding assistance are available for counties, cities, special service districts, other governmental entities, and nonprofit corporations with authority to collect, treat, or dispose of wastewater or otherwise provide direct water quality benefits.

Additional eligibility details can be reviewed within EPA's May 2016 *Overview of Clean Water State Revolving Fund Eligibilities.* At the time of publishing this Handbook, this guidance document could be located at *https://www.epa.gov/cwsrf/overview-clean-water-state-revolving-fund-eligibilities.*

NOT ELIGIBLE: For-profit, noncommunity drinking water systems

Drinking Water: Planning grants and construction funding assistance are available to public water systems as defined by IDAPA 58.01.08, Idaho Rules for Public Drinking Water Systems and summarized below:

- *Community Water System:* A public water system that serves at least 15 service connections used by year-round residents or regularly serves at least 25 year-round residents.
- *Non-community Water System:* A public water system that serves the public but does not serve the same people year-round. A non-community water system is either transient or non-transient.
    - Transient – Does not regularly serve at least 25 of the same people for more than 6 months per year (e.g., rest area or campground with its own water supply).
    - Non-Transient – Regularly serves at least 25 of the same people more than 6 months per year (e.g., a school or hospital with its own water supply).

Additional eligibility details can be reviewed within EPA's June 2017*, Drinking Water State Revolving Fund Eligibility Handbook.* At the time of publishing this Handbook, this guidance document could be located at *https://www.epa.gov/dwsrf/drinking-water-state-revolving-fund-eligibility-handbook.*

1.3.2 Ineligible Systems

Systems ineligible for project planning grants and construction funding are described in IDAPA 58.01.12.009 and IDAPA 58.01.22.007 and generally include the following:

- Wastewater systems that are for profit or privately owned.
- Non-community drinking water systems that are for profit.
- Systems delinquent in payment of fines, state revolving fund loans, penalties, or fee assessments due to DEQ.
- For planning grants, a system that lacks the financial capability to pay the non-grant share of a planning project.
- For construction funding, drinking water systems in significant noncompliance with any requirement of IDAPA 58.01.08 and the Safe Drinking Water Act (42 U.S.C. Section 300j et seq.) unless the funds will ensure compliance in accordance with steps outlined in IDAPA 58.01.12.008.03.
- For construction funding, drinking water systems under disapproval designation as outlined in IDAPA 58.01.08, unless funds will allow the system to return to good standing in accordance with steps outlined in IDAPA 58.01.12.008.03.

1.3.3 Eligible Costs

To qualify for DEQ's funding, costs must be directly associated with the proposed project, documented as necessary and reasonable, and not designated as ineligible in accordance with IDAPA 58.01.12.041 or IDAPA 58.01.22.032. A general summary of eligible and ineligible costs can be reviewed in *Attachment PPR-03, Cost Eligibility Summary*. **Unless preauthorized in writing by DEQ, funds may not be applied to costs incurred before a funding agreement is executed between DEQ and the recipient**. The recipient should contact DEQ to discuss preauthorization and determine required supporting documentation.

Planning grant funds **cannot** be utilized for construction activities but must be used entirely to prepare a planning document that identifies the most cost-effective alternative(s) to achieve or maintain compliance. Investigation activities, such as test wells or pipeline inspections, may be considered eligible costs on a case-by-case basis with DEQ preauthorization.



NOT ELIGIBLE:

- Previously incurred costs without DEQ preauthorization
- Costs for routine sampling, or operations and maintenance

1.4 General Funding Requirements

Funding assistance that includes any portion of federal SRF funding sources must comply with the following federal requirements:

- Environmental review: All construction projects must undergo a state environmental review process.
- Prevailing wages: Federal Davis-Bacon Wage Rates apply to all contracts over $2,000.

- American Iron and Steel or Build America, Buy America provisions (when applicable).
- Annual financial audits throughout the duration of the loan (when applicable).
- Green project reserve components (when applicable).
- Disadvantaged Business Enterprise (DBE), Minority Business Enterprise (MBE), and Women's Business Enterprise (WBE) requirements (when applicable).
- Federal Funding Accountability and Transparency Act (FFATA) reporting requirements.
- Recipients must maintain active registration with System for Award Management (SAM) (*www.sam.gov*) and obtain a Unique Entity Identifier (UEI) number pursuant to 2 CFR Part 25. Guidance for registering with SAM and applying for a UEI can be reviewed in *Attachment SRF-06 - Guidance for Registering with SAM and Obtaining a UEI Number*
- Single Audit Act requirements when required (see Section 5.3).

2 Funding Process

2.1 Overview

To meet federal requirements, DEQ solicits grant and loan interest from eligible systems annually. From October to a deadline in mid-January, eligible systems are invited to submit a letter of interest (LOI). DEQ then evaluates, rates, and ranks the LOIs for inclusion on the state's grant priority lists and the SRF intended use plan (IUP). Rating criteria are specified by IDAPA 58.01.12.020 and IDAPA 58.01.22.020 and focus on public health and environmental concerns, long-term viability of the system (e.g., sustainability), and the status of the system's compliance with state and federal regulations. The most recent annual LOI ranking forms and IUP are on the DEQ website *www.deq.idaho.gov/SRF*.

Systems on the priority list are further refined based on the applicant's readiness to proceed. The IUP, which outlines the purpose and goals of the State's drinking water and wastewater loan programs, explains how projects are selected for funding and identifies priority projects eligible for state assistance. The grant priority lists and IUP are issued for a public comment period and then approved by the Board of Environmental Quality annually, typically in May. Systems with projects on the grant priority lists and IUP are invited to apply for funding. Invitations are normally issued shortly after DEQ Board approval. Systems receiving invitations are asked to notify DEQ within 60 days regarding their intent to proceed with funding. After successful DEQ review of a complete application, a funding offer is extended to the applicant. Funding offers must be accepted within 60 days of an offer, in accordance with IDAPA 58.01.12.050.02 and IDAPA 58.01.22.050.02.

Preference is given to loan applicants that demonstrate readiness to proceed typically documented by 1) Approved facility plan, 2) Completed environmental review, and 3) Ability to incur debt. In some instances, loan funds may be used to complete a facility plan and environmental review. Upon execution of the funding offer by the applicant and DEQ, project expenses can be incurred. Figure 1 summarizes the typical annual funding process by which applicants are placed on the state's Grant Priority List and IUP.

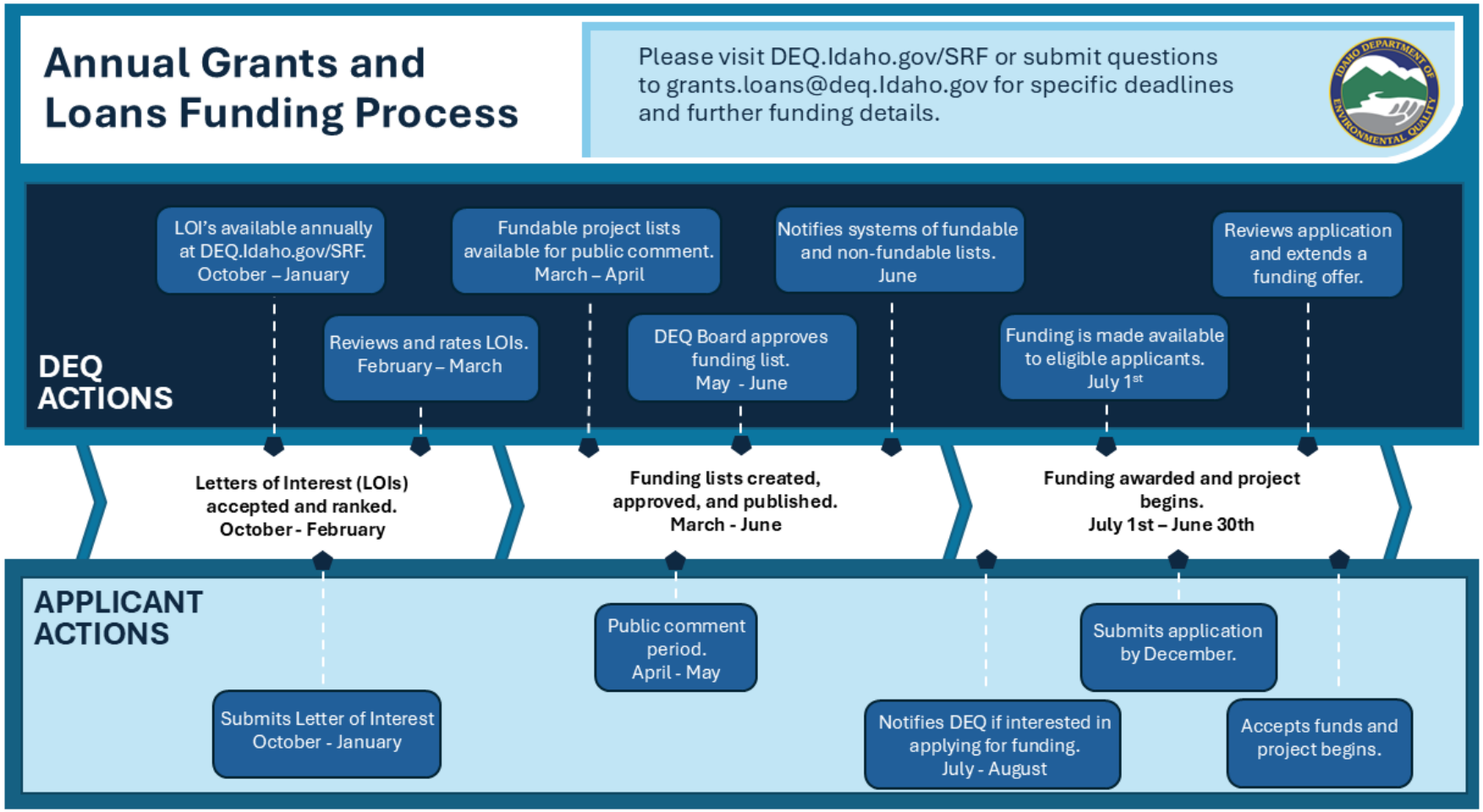


Figure 1. Annual Grants and Loans Funding Process.

2.2 Professional Engineer Selection

A crucial element for successful planning, design, and construction of a drinking water or wastewater project is employing the services of a competent professional engineer licensed in the state of Idaho. DEQ recommends recipients secure the services of an engineer as soon as practical, but no later than when they first receive the invitation to submit a grant or loan application. It may be advantageous for recipients to hire an engineer early in the process to assist in completing the LOI and application package.

Public agencies and municipalities are required to select engineering services through a qualification-based selection (QBS) process defined by Idaho Code 67-2320. The QBS process must be based on the engineer's qualifications and demonstrated competency. Disadvantaged Business Enterprise (DBE) engineering firms should be solicited as part of good faith efforts for the QBS process and reported to DEQ.

The selection cannot consider costs or fees of engineering services. After a selection is made, fees and costs can then be negotiated with the engineer. If negotiations prove unsuccessful, negotiations may be started with the next most qualified engineer.

DEQ recommends that entities not governed by Idaho Code 67-2320 (i.e., non-governmental organizations) use a competitive selection process. Additional information to satisfy QBS requirements can be reviewed in the guidance document *Attachment SRF-04, How to Hire an Engineer for Public Water System and Wastewater System Design or Modification.* Recipients should seek legal advice if they are unsure how to meet Idaho Code 67-2320 requirements.

In accordance with IDAPA 58.01.12.050.05.d and IDAPA 58.01.22.050.05.d, the selected engineer must be covered by professional liability insurance for errors and omissions in the aggregate amount of at least $100,000 or twice the amount of the engineering firm's fee, whichever is greater, and for indemnifying services rendered for all project steps funded by DEQ, recipient, or other agency during the entire period the engineer is working for the recipient. The required professional liability insurance amount may be reduced if a written waiver request is submitted to DEQ by the recipient demonstrating that the professional liability insurance is sufficient and the waiver request is approved by DEQ.

Once the QBS process has been completed, the recipient will enter a professional services contract with the selected engineer. This owner-engineer contract should include contractual requirements, engineering fees and indirect costs, schedule of deliverables, and detailed scope of work that matches the project efforts identified in the LOI and in the grant or loan application. DEQ recommends an industry standard owner-engineer contract agreement be utilized when practical, such as the latest standards published by Engineers Joint Contract Documents Committee (EJCDC). The owner-engineer contract is reviewed by DEQ as part of the grant or loan application process.

2.3 Planning Grant Application Package Requirements

Systems that receive an invitation to apply for a planning grant must submit a completed *Attachment SRF-01, Planning and OSG Grant Application*, including all required attachments identified in SRF-01, in accordance with IDAPA 58.01.22.031.

2.4 Construction Funding Application Requirements

Systems that receive an invitation to apply for construction funding assistance must submit a completed *Attachment SRF-02 Construction Funding Application,* including all required attachments and documentation identified in SRF-02, in accordance with IDAPA 58.01.12 Sections 010 and 040.

3 Project Implementation

3.1 Planning Grant Projects

Planning grant efforts and expenditures begin with a planning grant agreement between DEQ and the recipient. The recipient has 3 years from execution of the planning grant agreement to complete the planning process unless a request for extension is submitted to DEQ in writing. The planning grant process is generally summarized by the following steps:

Technical Draft Planning Document

The recipient's engineer prepares the technical draft planning document. To facilitate compliance with DEQ requirements, the planning document should follow *Attachment ENG-01, Drinking Water SRF Outline and Checklist for Planning Documents* or *Attachment ENG-02, Wastewater SRF Outline and Checklist for Planning Documents.* The technical draft planning document is sealed, signed, and dated by the engineer and submitted to the appropriate DEQ regional office for review and approval. DEQ encourages consultation with the regional office before submittal to establish common expectations for the technical draft submittal. For details regarding submittal procedures and regional office contact information, see DEQ's website at *https://www.deq.idaho.gov/public-information/assistance-and-resources/engineering-and-development/*.

Note:

If an environmental review and public comment period is not required by the planning grant agreement, the recipient may submit a single planning document that satisfies both technical draft planning document and the final planning document requirements.

Environmental Review Process

For recipients that intend to pursue SRF or federal construction funding, an environmental review and public comment period must be completed as described below in Section 3.2. Applicants that do not intend to use SRF or federal funding for construction are not required to complete an environmental review or public comment period. However, DEQ still recommends public participation efforts as a best management practice.

Final Planning Document

The recipient formally adopts the planning document with the selected project alternative(s) and the engineer prepares the final planning document that incorporates the selected alternative(s), public comment and environmental review, if applicable, funding plan, user rate impacts, and implementation procedures. The final planning document is sealed, signed, and dated by the engineer and submitted to the appropriate DEQ regional office for review and approval.

Grant is Formally Closed

After the final planning document has been reviewed and approved by DEQ, the grant is considered complete. Final reimbursement is made and DEQ notifies the recipient that the grant has been closed.

3.2 Environmental Review and Determination

Recipients who intend to pursue SRF construction loan funding are required to conduct an environmental review in accordance with IDAPA 58.01.12.042 and 58.01.22.040. The state environmental review process (SERP) can be conducted as part of a planning grant. Most projects qualify for categorical exclusions or findings of no significant impact (FONSI). Detailed SERP procedures are provided in *Attachment SERP-01, DEQ Environmental Review Procedure* and are generally summarized by the following steps:

Scoping Meeting

When the technical draft planning document is completed or in review, the recipient contacts DEQ to discuss environmental review requirements. The recipient is encouraged to initiate the environmental review process with DEQ early in the planning document development process to identify important environmental issues, avoid delays, and discuss shared expectations. A draft agenda is provided in *Attachment SERP-02, Scoping Meeting Agenda.*

Public Meeting for Technical Draft

Recipients conduct a minimum 14-day public comment period including a public meeting prior to formal adoption of the planning document. The intent of the public meeting is to discuss the technical draft planning document to include purpose of the project, the recommended alternative, environmental impacts, and any needed mitigation measures and provide opportunity for the effected community to provide comments.

Upon completion of the public meeting and comment period, the recipient must identify the selected alternative through its legally authorized decision-making process. Documentation of that action should be included in the final planning document and retained for SERP purposes.

SERP Documentation

If it is determined in the scoping meeting that additional agency consultation and environmental documentation is necessary, then the documentation is developed after the public comment period and submitted to DEQ for review. Agency consultation lists by DEQ region and additional SERP resources are available in *Attachment SERP-03, SERP Consultation List and Resources*.

DEQ Review

The environmental documentation (when required) is submitted to the DEQ Grant and Loan Bureau to review and issue an environmental determination. DEQ reviews the potentially significant environmental impacts, environmental consequences, and mitigation efforts related to the selected project alternative(s).

DEQ Issues Final Determination

DEQ develops the environmental determination following processes in *Attachment SERP-01*. If DEQ issues a Categorical Exclusion (Cat Ex), DEQ will issue the determination and a public notice of the determination. If DEQ issues a Finding of No Significant Impact (FONSI), then DEQ will first publish a draft FONSI and hold a separate public comment period. After the public comment period, any comments will be addressed and DEQ will issue a final FONSI.. Once completed, the recipient is notified by DEQ of the final environmental determination.

3.3 Construction Projects

DEQ construction funds are intended for the design and construction of drinking water and clean water infrastructure. These expenditures include, but are not limited to, engineering fees for design and bidding, legal fees associated with project review, contracts for construction, and engineering fees for construction management services. These projects generally follow the design-bid-build construction delivery method. Recipients considering alternative delivery methods of the construction project (e.g., design-build or general manager/general contractor) should reach out to DEQ early in the planning process to determine if this is acceptable and appropriate for the DEQ funded project.

3.3.1 Construction Process Overview

The process for a construction funded project is generally summarized in the steps below:

Preliminary Engineering Report

Recipient's engineer finalizes design criteria for the project in a preliminary engineering report (PER). The PER is sealed, signed, and dated by the engineer and submitted to the appropriate DEQ regional office for review and approval. In some instances, the requirements of a PER have been previously satisfied by an approved planning document and the recipient can proceed directly to development of construction plans and specifications. Consultation with the regional office prior to submittal is encouraged and can help establish what is required for each unique project.

Construction Project Manual

After DEQ approves the PER, the recipient's engineer develops the project manual, which includes construction plans, specifications, and bidding documents. The project manual is sealed, signed, and dated by the engineer and submitted to the appropriate DEQ regional office for review and approval. In accordance with IDAPA 58.01.08.12.050.05.e, the most current edition of Idaho Standards for Public Works Construction (ISPWC) is required for bidding, construction contracts, and construction standards unless the recipient has adopted DEQ-approved, acceptable public works construction standards. For guidance and optional checklists for submitting plans and specifications, see DEQ's website *https://www.deq.idaho.gov/public-information/assistance-and-resources/engineering-and-development/*. In general, the following requirements apply to the project manual:

- **Construction Plans and Specifications:** Plans and specifications must have sufficient detail to demonstrate compliance with DEQ engineering design standards of IDAPA

58.01.08, Idaho Rules for Public Drinking Water Systems and IDAPA 58.01.16, Wastewater Rules. To meet federal funding requirements, the specifications must include SRF supplemental specifications which detail the construction contract requirements associated with SRF construction funding. *Attachment ENG-03, Idaho State Revolving Fund Supplemental Specifications Insert* is provided withing the Handbook as an example because SRF requirements can change from year to year or based on the funding sources employed. The appropriate version of Attachment ENG-03 is included as an attachment to the recipient's SRF funding agreement and can be located with the funding agreement transmittal for inclusion into the project manual. Check with your local DEQ regional office if unable to locate the correct version to include in the project manual. Wastewater loan projects funded in part or whole with SRF equivalency funds (portion of SRF funds originating directly from EPA capitalization grants) may require Attachment ENG-04, Certification of Compliance with WRRDA be included in the project manual. Attachment ENG-04 is intended to certify compliance with Water Resources Reform and Development Act of 2014 (WRRDA) which requires analysis of cost effectiveness and conservation. Projects using solely recycled state SRF funds do not require Attachment ENG-04. Check with your local DEQ regional office if Attachment ENG-04 is required for your project.

- **Bidding Documents:** ISPWC bid documents, as referenced above, are required by DEQ for SRF funded projects. DEQ may review and approve alternative bidding documents on a case-by-case basis. Bidding documents must incorporate the requirements of Attachment ENG-03 referenced above and satisfy Idaho public works bidding requirements discussed below.

DEQ Review of Project Manual

DEQ conducts plan and specification review of the project manual and ultimately provides written approval for the recipient to bid the project. DEQ's approval letter details requirements that the recipient must complete prior to awarding all or part of construction contract. The recipient and engineer should review SRF conditions included in the approval letter and closely coordinate with the DEQ regional office throughout the bidding process.

Bid Advertisement

Public agencies are required to follow public works bidding requirements found in Idaho Code §§ 67-2801 through 67-2809. DEQ recommends that recipients not subject to Idaho Code §§ 67-2801 through 67-2809, such as homeowner's associations, conduct competitive bidding to secure construction contracts.

DEQ Authorization to Award

The recipient and engineer are required to submit bid documentation as described by the DEQ approval letter. Upon reviewing bid documentation, the DEQ project manager issues a letter authorizing award of the construction contract utilizing SRF funds. DEQ's award authorization letter includes conditions that direct the recipient to furnish DEQ with post-award submittals and copies of executed contract documents. The pre-construction meeting should be scheduled by the recipient to allow for DEQ to attend, and the meeting agenda should include items

outlined in *Attachment ENG-05, Suggested Points of Discussion for Pre-Construction Meeting*. In rare instances, it may be in the best interest of recipient to reject all bids. Recipient should coordinate this decision with DEQ by providing a written request to reject all bids, the rational for doing so, and verification that it satisfies public works procurement requirements of Idaho Code §§ 67-2801 through 67-2809. The DEQ project manager issues a letter providing concurrence to reject all bids and re-bid.



Construction

Prior to the start date of the construction contract, the recipient provides DEQ with a copy of the executed Notice to Proceed. The recipient's engineer provides construction management services throughout the duration of construction and coordinates with the DEQ project manager as follows:

- **Progress Meetings:** Routine construction progress meetings should be scheduled to allow DEQ the opportunity to attend. Regardless of DEQ attendance, meeting minutes are provided to DEQ.
- **Project Changes:** All Change Orders require pre-approval from DEQ prior to execution. In some instances, Work Directives and Field Orders also require pre-approval from DEQ. Early coordination with the DEQ project manager is encouraged to minimize review time and avoid delays.
- **Daily Inspection:** Construction inspection notes should be prepared by the resident project representative and made available to DEQ upon request. Daily inspection notes should be prepared in a manner consistent with industry engineering standards and defensible in a court of law.
- **DEQ Inspections:** The DEQ project manager will periodically request access to the construction site for interim project inspection purposes. The frequency of DEQ inspections is dependent on project scope and complexity. Coordination between inspections and the routine construction progress meetings is encouraged but not required.
- **Close Out:** Project close out activities are described in Section 4 below.

3.3.2 Build America, Buy America

SRF agreements funded in part or whole with SRF funds and executed after May 14, 2022, are required to comply with Build America, Buy America (BABA) provisions as required by the Infrastructure Investment and Jobs Act, 2021 Pub L. No. 117-58. These provisions expand upon AIS requirements to require that, in addition to iron and steel, all manufactured products and construction materials purchased for the project be produced in United States. Unlike AIS, only SRF equivalency funds will be required to comply with BABA. Therefore, projects using SRF recycled state funds are not required to comply with BABA while AIS will continue to be a requirement of all SRF projects. BABA projects will reciprocally satisfy AIS requirements; thus, both BABA and AIS will not be required on the same project.

The requirements of BABA will be identified within the funding agreement and *Attachment ENG-03, Idaho State Revolving Fund Supplemental Specifications Insert*. The recipient, engineer, and contractor should review BABA requirements contained in *Attachment ENG-03* and ensure

that compliance is achieved throughout the duration of the construction contract. In general, the contractor is required to maintain an on-site compliance log of all products delivered to the site and a corresponding statement of compliance from the manufacture that satisfies the requirements outline in *ENG-03*. The recipient should periodically conduct on-site inspections to review the materials compliance logs being maintained by the contractor to ascertain the completeness of the information being recorded. Certification that the project is in compliance with BABA is required by the recipient and the engineer at each reimbursement request submittal.

Recipients may be eligible for coverage under a general applicability waiver as follows:

- **Small Projects:** Recipients whose total SRF agreement is less than $250,000 are not required to comply with BABA.
- **De Minimis Waiver:** Products (not project wide) eligible for a de minimis waiver must be considered incidental to the project and the sum of the total of the combined products does not exceed 5% of the total cost of the project. A detailed log of de minimis material shall be kept by the Contractor on site.
- **Minor (Ferrous) Components of Iron and Steel Products:** The waiver allows up to five percent of the total material cost to include non-domestically produced miscellaneous minor iron or steel components without further need for a product-specific waiver.

Note: AIS de minimis waiver considers the total *material cost* while BABA considers the total *project cost*

Project specific BABA waivers may be issued on a case-by case basis by Office of Management and Budget (OMB) in coordination with EPA for the following categories: 1) applying these requirements would be inconsistent with the public interest; 2) iron and steel, manufactured products, and construction materials are not produced in the US in sufficient and reasonably available quantities and of a satisfactory quality; or 3) inclusion of iron and steel, manufactured products, and construction materials produced in the US will increase the cost of the overall project by more than 25%.

- **Project Specific Waiver Application:** The recipient, in coordination with the contractor, may apply for a BABA waiver by submitting a complete *Attachment ENG-06 Waiver Application for BABA & AIS* to the DEQ project manager. Once the DEQ project manager determines the application is complete, a copy will be submitted by DEQ to OMB and EPA on behalf of the recipient.

Additional BABA guidance and resources can be found at EPA's website at *https://www.epa.gov/cwsrf/build-america-buy-america-baba.*

3.3.3 American Iron and Steel

Provisions of P.L. 113-76, Consolidated Appropriations Act, 2014 includes American Iron and Steel (AIS) provisions that all iron and steel products used for SRF funded projects be produced in the United States, except those for which a waiver has been issued. This requires that all manufacturing processes, including the application of a coating, must take place in the United States. The requirements of AIS will be identified within the funding agreement and *Attachment*

ENG-03, Idaho State Revolving Fund Supplemental Specifications Insert. The recipient, engineer, and contractor should review AIS requirements contained in *Attachment ENG-03* and ensure that compliance is achieved through the duration of the construction contract. The recipient should periodically conduct on-site inspections to review the materials compliance logs being maintained by the contractor to ascertain the completeness of the information being recorded. In addition, the recipient should spot-check stored iron and steel products against the log information to ensure the consistency and accuracy of the documentation.

Recipients may be eligible for coverage under a general applicability waiver as follows:

- **De Minimis Waiver:** Products eligible for a de minimis waiver must be considered incidental to the project and: (1) the sum total of the combined products does not exceed 5% of the total cost of materials for the project, and (2) any single product does not exceed 1% of the total materials cost of the project. A detailed log of de minimis material shall be kept by the Contractor on site.

Project specific AIS waivers, similar to BABA, may be issued on a case-by case basis when (1) applying these requirements would be inconsistent with the public interest; (2) iron and steel products are not produced in the US in sufficient and reasonably available quantities and of a satisfactory quality; or (3) inclusion of iron and steel products produced in the US will increase the cost of the overall project by more than 25%. A wavier application can be submitted using *Attachment ENG-06 - Waiver Application for BABA & AIS*. The recipient, in coordination with the contractor, may apply for AIS waiver by submitting the completed documentation listed in *Attachment ENG-06* to the DEQ project manager. Once the DEQ project manager determines the application is complete, a copy will be submitted by DEQ to EPA on behalf of the recipient.

Additional AIS guidance and resources can be found at EPA's website at *https://www.epa.gov/cwsrf/american-iron-and-steel-requirement-guidance-and-questions-and-answers*

3.3.4 Davis-Bacon Wages

The Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6) requires that prevailing wage requirements (Davis-Bacon) apply to all construction carried out in whole or in part with assistance made available by the SRF loans for construction contracts that exceed $2,000. The recipient's responsibilities regarding implementation of Davis-Bacon wages are included as a condition in funding agreements and can be reviewed in *SRF-05 – Davis-Bacon Compliance Requirements for Borrowers*. The requirements for contractor(s) and subcontractors are incorporated into the construction contract through DEQ's supplemental specification insert, *Attachment ENG-03*. These responsibilities and requirements should be reviewed in detail by the recipient, engineer, and contractor(s).

To meet federal grant requirements, the actual wage determination(s) that were in effect up until 10 days before close of the bids must be included in the project manual. If the construction contract is not signed within 90 days of bid opening, then the latest wage determination(s), if any, must be included in the construction contract. As of the publication date of this Handbook, the website to locate current wage determinations is *www.sam.gov*.

The default wage category for SRF projects is "heavy." If another category of work is performed that exceeds 20% of the total project cost or exceeds $2.5 million, then the project labor costs must use the additional wage category(ies) (i.e., roads, buildings, residential). If additional wage rate job classification(s) is needed, the recipient is required to submit a completed *Attachment ENG-07, DOL Form SF1444; Request for Additional Labor Classification* to the DEQ project manager. DEQ will review and submit the completed request to Department of Labor on behalf of the recipient.

Recipients have often found it advantageous to utilize the services of grant administrators who are familiar with Davis-Bacon requirements. These specialists can aid during the initial plans and specifications and through contract administration during the course of project construction. The costs for retaining grant administrators are loan eligible. As of the publication date of this Handbook, additional wage information, resources, and guidance is located *https://www.dol.gov/agencies/whd/government-contracts*.

3.3.5 Green Project Reserve

As a condition for DEQ to receive federal funds for wastewater infrastructure improvement projects, the Fiscal Year (FY) 2012 Appropriation Act (P.L. 112-74) requires that DEQ allocate not less than 10% of SRF funds to projects that address green infrastructure, water conservation, energy efficiency improvements, or other environmentally innovative activities which are commonly known as green project reserve (GPR). Each year DEQ solicits and incentivizes projects that include GPR components through the LOI process. In their LOI, applicants identify potential GPR components and associated cost estimates. These GPR components are incorporated in the funding agreements and prior to completion of the project, recipients are required to submit documentation of the actual construction costs in a GPR technical memorandum using *Attachment GPR-01 – GPR Technical Memorandum Template.* DEQ uses this information to satisfy the reporting requirements needed to maintain funding. DEQ has continued the GPR efforts to drinking water projects to encourage long-term sustainability. For assistance in developing the format and content of the GPR technical memorandum, please contact DEQ grant and loan program.

3.3.6 Cybersecurity

Cybersecurity is a critical consideration for the successful design and operation of drinking water and wastewater infrastructure. Although not explicitly required by SRF programs, DEQ incentivizes cyber-informed engineering (CIE) through the letter of interest process. CIE is a common-sense approach to making design and operational decisions that limit the consequences of cyber vulnerabilities in engineered systems. Building on traditional information technology cyber protections, CIE integrates cyber protections by proactively adding engineering design or operational controls to mitigate damage during the event of a cyberattack (Figure 2). As of the publication date of this Handbook, additional information about CIE can be found at *Idaho National Laboratories – Cyber-Informed Engineering.*

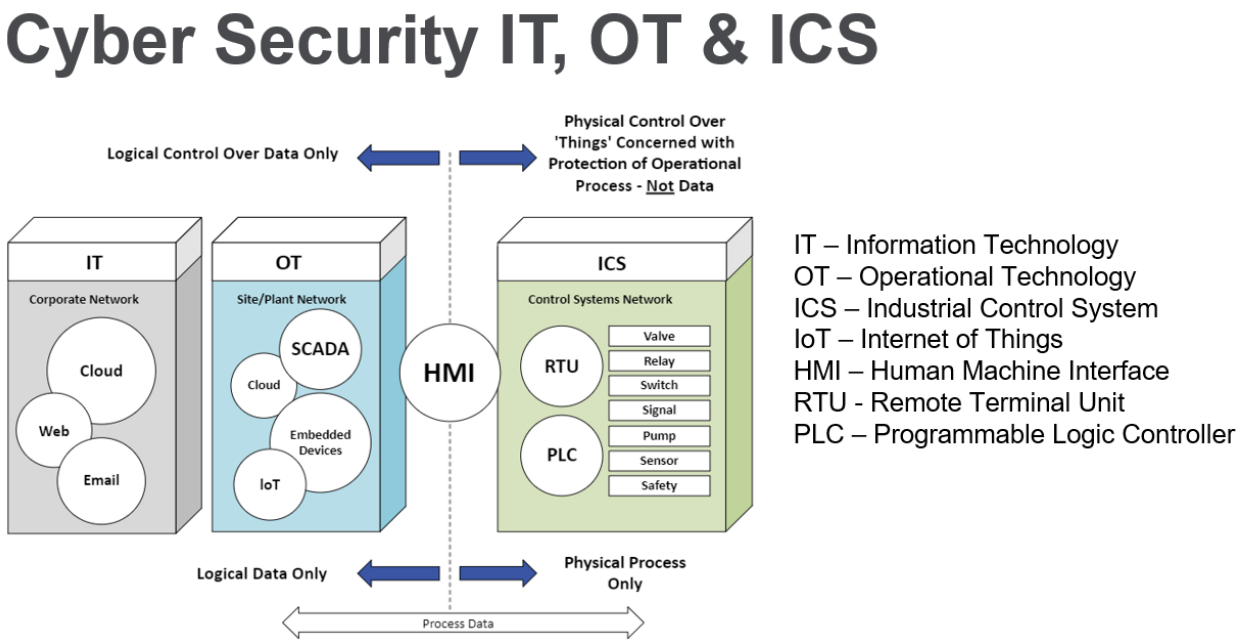


Figure 2. Cybersecurity Controls for IT, OT, and ICS.

A CIE analysis is required only when committed to by recipients in their letter of interest and is then incorporated as a requirement of the funding agreement. A CIE analysis can be part of either a planning grant or SRF construction loan. Guidance is provided in *Attachment GPR 02-Cyber Informed Engineering (CIE) Analysis Guidance*. Recipients are encouraged to begin developing the CIE analysis early in the planning and design phase of the project. For additional assistance in developing the CIE analysis, contact the DEQ grant and loan program.

3.3.7 Project Sign

DEQ does not typically require a project sign to be installed at the construction site. If a project sign requirement is not included in the funding agreement, then a project sign is optional. However, it is not uncommon for partner funding agencies to require a project of sign. If a sign is required by a different funding agency, the project sign must meet DEQ's requirements found in supplemental specification insert, *Attachment ENG-03*. Costs associated with preparing and installing the project sign are loan eligible. If you have questions regarding project sign requirements, please contact your DEQ project manager.

3.3.8 Force Account

Force account is when the recipient constructs all or part of the project utilizing its own employees instead of bidding and contracting for the project. SRF funds can be used to pay for force account labor on public drinking water and wastewater projects. However, the recipient is encouraged to consult with DEQ when considering utilizing force account on part or all of an SRF project. Several differences exist for SRF projects when using force account and generally include the following:

- Davis-Bacon: Recipients using force account labor are not required to pay Davis-Bacon wages to their own employees.

- Documentation: Force account labor needs to be documented in each reimbursement requests including at a minimum:
    - A statement of the number of hours worked/miles travelled on each date (by each employee, identified by name)
    - A certification statement that the hours and miles were related to the project, not to normal operational activities.
- Time Sheets: Force account time sheets need to be authorized by the respective city worker and a suitable system board member or city official to certify the documentation. Therefore, two signatures are necessary at the bottom of each timesheet (employee & employer).
- Reimbursement of materials that are purchased and stored as part of force account may be partially reimbursed by DEQ and the remaining cost reimbursed at time of actual installation. Reimbursement of stored materials under force account should generally follow the procedures of stored materials outlined in Section 3.3.10.

3.3.9 Equipment Procurement Procedures

For some projects it may be advantageous for the recipient to pre-purchase or pre-select project equipment or materials ahead of securing the construction contract. Some of the potential advantages of pre-procurement may include:

- Can reduce the long lead times for critical equipment and thus shorten the overall construction schedule.
- Allows the engineer to complete the design based on criteria specific to the pre-selected equipment and can thus help ensure quality of project delivery.
- Can help reduce changes or surprises during construction and thus reduce overall project costs.
- Can allow the project to be phased utilizing different funding sources while keeping the project moving forward.

Not all SRF projects are suitable for equipment pre-procurement and should be discussed with the DEQ project manager ahead of time. Equipment pre-procurement must follow public works bidding requirements found in Idaho Code §§ 67-2801 through 67-2809 for the cost-effective procurement of goods, services and public works construction. The process to obtain DEQ approval and authorization to award follows the same processes outlined above in Section 3.3.1. In general, the recipient must receive DEQ approval to advertise for bids for the procurement and then receive DEQ authorization to award the procurement contract.

Non-project specific equipment that is not permanently affixed to the project such as vehicles, inspection equipment, laptops, etc. can be considered an eligible expense if the sole purpose of the equipment is for the project and not for ongoing operation and maintenance. A common example is a dump truck or skid steer that is dedicated to the function of removing and hauling solids generated at the treatment plant which is part of a SRF funded project. Typically, these equipment purchases are completed outside of a construction contract. For non-project specific equipment to be eligible for reimbursement, the recipient should notify DEQ ahead of purchase that the following conditions will be met:

- That the equipment will be dedicated to the sole use of the facility/project receiving the funding.
- That the equipment's primary purpose isn't for operation and maintenance activities and is integral to the project for the infrastructure to function as designed.
- That procurement of the equipment is in compliance with Idaho Code §§ 67-2801 through 67-2809
- That the equipment is new (not used).

Reimbursement of non-project specific equipment follows processes described in Section 3.4 and includes equipment invoices needed to document purchase.

Cooperative purchasing mechanisms can be used to quickly procure equipment while also meeting procurement requirements found in Idaho Code §§ 67-2801 through 67-2809. For cooperative purchasing to be SRF eligible, DEQ requests that recipients provide a legal opinion that the cooperative purchase mechanism and contracting is in compliance with Idaho Code §§ 67-2801 through 67-2809 and reimbursement follows processes described in Section 3.4

3.3.10 Land Purchase or Easements for New Projects

Certain projects, such as new treatment facilities or new recycled water irrigation systems, require the purchase of land ahead of design and construction. In addition, some projects may require purchase of easements for new infrastructure such as pipelines. In these instances, land or easement purchase is an eligible SRF expense. IDAPA 58.01.12.041.04.v requires that land or easement purchase be from a willing seller. Condemnation or eminent domain mechanisms used to secure land, or easements are not SRF eligible. In addition, recipients must follow land purchase requirements specific to their jurisdiction.

The following procedures should be followed to ensure that the land purchase is a reimbursable expense:

- The land purchase should be generally in accordance with site(s) presented in the approved planning document and SERP determination. If the proposed land purchase site was not identified in the approved planning document and SERP determination, then the DEQ project manager should be contacted prior to initiating a purchase agreement as additional coordination may be required.
- Recipients should negotiate the land purchase agreement with a willing seller that is within the project budget provided by SRF funding. When appropriate, it is advisable that recipients obtain an appraisal for the land to ensure that the purchase price is within the project budget. Costs associated with an appraisal are typically an SRF eligible expense.
- As part of the purchase agreement, recipients should perform due diligence to ensure that the land is technically and operationally compatible with the proposed project. This may include geotechnical investigations, test wells, land surveys, or other necessary investigations. These investigations are typically SRF eligible expenses.
- It is advisable that the recipient coordinate with the DEQ project manager during the purchase negotiation process and provide a copy of the draft purchase agreement to

DEQ. This coordination helps ensure that DEQ's review of plans and specifications and reimbursement of the purchase price is not delayed.

- Recipients may submit a reimbursement request to DEQ for a land purchase once all due diligence elements are complete and a purchase agreement has been executed. Reimbursement requests for land purchases follow the same steps outlined in section 3.4.

3.3.11 Stored Materials

It is not uncommon for contractors to request payment for materials or equipment that have been purchased but will be installed at a later date in the project. This is often referred to as payment of stored materials and can be reimbursed by DEQ when the following conditions are met.

- The project engineer must obtain invoices or receipts from the contractor documenting the value of stored materials requested for payment.
- The project engineer must track stored materials in accordance with industry standard methods. Contractor's Application For Payment form ISPWC 00620 or EJCDC C-620 includes methods for authorizing and tracking payment of stored materials and should be utilized unless equivalent methods are employed and agreed to by the DEQ project manager.
- Stored materials must be secured and protected in a manner to ensure that the product is not damaged, or the integrity compromised. For sensitive equipment, such as filtration or mechanical systems, climate-controlled storage may be necessary and should be assessed by the engineer.
- Prior to payment for stored materials, the project engineer must inspect stored materials and document type, quantity, and condition of stored materials. Offsite storage areas must be secured to prevent potential of vandalism or theft and should be periodically inspected by the project engineer when feasible.
- Stored materials must be verified as compliant with AIS or BABA and certification letters must be secured by the project engineer prior to reimbursement.
- Reimbursement request for stored materials follow the same steps outlined in section 3.4.

3.4 Reimbursement Requests

Note: Recipient should allow at least 30 business days to receive reimbursement of funds.

Throughout the planning grant and SRF project process outlined above, recipients submit monthly reimbursement requests to DEQ. IDAPA 58.01.12.060.01 and IDAPA 58.01.22.060.02 require that recipients make these requests using the forms provided by DEQ, *Attachment PPR-01, Planning Grant Request for Reimbursement* or *Attachment PPR-02, Construction Funding Request for Reimbursement.* The recipient and the DEQ project

manager coordinate setting up reimbursement forms to match contractual expenditures of the respective grant or loan project.

Reimbursement may be requested any time after the funding agreement between DEQ and the recipient is executed. DEQ recommends that recipients submit reimbursement requests no less than once per month. Reimbursement is limited to eligible costs described above in Section 1.3.3. In accordance with IDAPA 58.01.12.060.04, supporting documentation, such as invoices, receipts, and contractor's application for payment are required to be attached to each associated reimbursement request. Reimbursement of funds are subject to DEQ determining that the recipient has complied with all agreement conditions and has prudently managed the project.

For construction project reimbursements, DEQ approval of contractor's application for payment is not required but should be provided as supporting documentation. A manufacturer's certification letter for products meeting AIS is required for materials covered under each reimbursement request. On larger projects, it is often helpful for the recipient, or their engineer, to submit a log of AIS materials that denotes products covered by each reimbursement request.

Note: Manufacturer's certification letter of BABA compliance is NOT required with reimbursement requests.

If actual construction and planning costs exceed the funding award amount, the recipient may request a funding increase in accordance with IDAPA 58.01.12.060.02, approval of which will be subject to available funding and DEQ priorities. Documentation and justification for an increase must be submitted **before** additional costs are incurred. Construction loan recipients must also demonstrate the legal ability to incur additional debt. If approved, an amended funding contract will be signed by DEQ and the recipient.

Note: Previously incurred costs without DEQ preauthorization are not eligible for reimbursement.

If actual project costs are lower than the awarded amount, DEQ reimbursements will be reduced in accordance with IDAPA 58.01.12.060.03. DEQ may conduct a final project review to determine actual eligible costs and the recipient's financial records may be reviewed by DEQ.

3.5 Termination or Suspension

IDAPA 58.01.12.080 allows for termination or suspension of a loan contract when there is a good cause. This may include, but is not limited to, activities by recipient or its agents such as fraud, embezzlement, theft, violation of loan terms, debarment, and other similar activates. Full details of termination or suspension procedures may be reviewed under IDAPA 58.01.12.080.

4 Project Completion

4.1 Planning Grant Close-out

Upon completion of the planning effort, recipients are directed to submit a final reimbursement request for remaining costs. In accordance with IDAPA 58.01.08.22.060.06, a minimum 5% retainage is withheld until verifying the recipient has satisfied all the terms of the grant agreement which may include but are not limited to:

- Securing the services of a licensed responsible charge operator,
- Final DEQ approval of the planning document,
- Completing the environmental review process (if required)

If a final reimbursement request is not received within 2 months of the final planning document approval, DEQ will typically close the grant after notifying the recipient in writing.

4.2 Construction Project Close-out

As the construction project nears completion, the recipient will need to coordinate a final SRF inspection and project close-out. In accordance with IDAPA 58.01.08.12.060.05, DEQ withholds a minimum 5% retainage until the project is ready for final inspection and payment, and all conditions of the funding agreement have been satisfied. A list of documents required prior to the final inspection is provided to the recipient by DEQ. In general, these items typically include:

- **Substantial Completion**: The recipient provides DEQ with a copy of the issued notice of substantial completion. This indicates that the project is nearing final completion and ready for DEQ to schedule a final inspection.
- **Operations and Maintenance Manual:** Recipient submits an operation and maintenance (O&M) manual along with any required startup reports to DEQ for review and approval.
- **Record Drawings:** Recipient submits the project record drawings to DEQ for review and acceptance. The record drawings depict the actual construction of facilities. The professional engineer must confirm material compliance with the approved plans or disclose any material deviations therefrom in accordance with Idaho Code 39-118.
- **GPR Technical Memo** (if applicable)**:** The GPR technical memorandum is submitted to DEQ as required by the SRF funding agreement. The GPR technical memorandum includes actual construction costs based on installed GPR items.
- **User Charge Ordinance:** A copy of the final water system protection ordinance, and user charge system is submitted to DEQ for review.
- **Final Disbursement:** A final reimbursement request with supporting documentation of project completion. This includes but is not limited to:
    - Final construction contract payment request covering the value of work in place, quantity adjustments, and materials and equipment delivered and installed.
    - Invoices for all remaining expenses (e.g., engineering, legal, administrative).

The DEQ project engineer conducts a final inspection and verifies preceding items have been completed along with any special conditions identified in the funding agreement. The final disbursement of funds is made, and the recipient is notified by DEQ of project completeness.

4.3 Loan Repayments

Once the project is complete and the loan has been formally closed, a repayment schedule will be provided to the recipient by DEQ. The recipient may elect for either a schedule of semi-annual or annual repayments. DEQ first applies repayment against accrued interest, with the remainder of the payment being applied against principal. Additional information of repayment procedures for each loan can be reviewed in recipients loan agreement.

Note: Interest starts accruing on the loan balance after the first loan reimbursement is made by DEQ.

4.4 Record Keeping and Accounting

Recipients and contractor(s) are required to maintain project files in accordance with funding agreement terms; typically for up to 3 years from the project completion. Accounting practices for recipients will follow generally accepted accounting practice guidelines. DEQ will document generally accepted accounting practice activities in the project file.

5 Additional Resources

5.1 Annual Loan Fees

DEQ typically includes a loan fee to offset administrative costs. DEQ considers the imposition of such a fee on new loans prudent if it is expected at the beginning of the year that loan fee reserves will be less than 100% of expected annual fee-related costs. The maintenance of a 100% floor is to provide for continued funding of the loan program in the event that loan fees are unable to meet administrative costs and capitalization funds have been exhausted and to meet other costs associated with fees in the Intended Use Plan. To the extent that loan fee reserves and expected fee revenues on existing loans exceed the 100% floor, excess fees may be transferred to the loan fund.

5.2 Policy Memo for Interest Rate Setting

The method for determining the annual interest rate to be charged on loans and extended term financing from the Water Pollution Control and Drinking Water Loan Account is established in DEQ policy memo PS24-02.

5.3 Single Audit Act (SSA) Requirements

Funding assistance that includes any portion of federal SRF funding sources must comply with the Single Audit Act of 1984 as amended by the Single Audit Act (SAA) Amendments of 1996, 31 U.S.C. §§7501-7507. A recipient qualifies for the SAA if they have received federal funding in the form of disbursements, from DEQ or other funding sources, for any reason, totaling over $1,000,000. If a recipient is disbursed federal funds, DEQ will provide a notice at the end of the recipient's fiscal year informing them of the amount of federal funds received and request confirmation if the recipient has received $1,000,000 or more in federal funding during their fiscal year within 30 days of the date of the letter.

If the recipient has met this threshold, they will need to submit a completed audit to the Federal Audit Clearinghouse at *https://www.fac.gov*. This audit must be conducted by an independent auditor who utilizes Generally Accepted Auditing Standards (GAAS), and Uniform Guidance to review the recipient's financial statements and ensure the recipient has followed all federal award requirements. Once the audit has been submitted to the Federal Audit Clearinghouse, the recipient will notify DEQ in writing of the audit completion date and any findings or recommendations pertaining to the State Revolving Fund (SRF) contained in the completed audit.

Glossary

Record Drawings—Drawings of the completed project prepared by the engineer of record that discloses changes from the DEQ approved plans and specifications and depict the actual construction details.

Bidding—See Procurement Requirements.

Categorical Exclusion—A category of actions that do not individually or cumulatively have a significant effect on the human environment and for which neither an environmental information document (EID) nor an environmental impact statement (EIS) is required.

Change Order—A document that authorizes changes to the original construction contract. Some causes for construction change orders include, but are not limited to, changed site conditions; requests by the recipient, engineer, or contractor; omissions in the plans and specifications; differences between contract amounts and installed quantities; and regulatory changes.

Disadvantaged Business Enterprise (DBE)—An entity owned, controlled, or both, by an individual who is socially and economically disadvantaged under either EPA's 8% or 10% statutes, as well as a small business enterprise, a labor surplus area firm, or a small business in a rural area.

Disbursement—The paying out of grant or loan funds from DEQ to the recipient.

Environmental Information Document (EID)— An EID is a concisely written environmental document prepared by an applicant or consultant briefly describing the environmental impacts of a proposed construction project. This document will enable the responsible official to assess the environmental impacts of the proposed project and ultimately determine if a FONSI is warranted, or if the project is not feasible. The scope of environmental information developed, and the depth of analysis, will correlate to the severity and probability of a proposed action's potential environmental effects.

Environmental Impact Statement (EIS) – During the environmental review process, if a project is determined to significantly affect the quality of the environment, the recipient will prepare an EIS.. The EIS analyzes potential environmental impacts, compares reasonable alternatives, and identifies mitigation measures to minimize harm. A draft and final EIS is submitted to the Federal Register through the EPA. The EIS process ends with the issuance of the Record of Decision (ROD). Due to the level of effort and added project cost associated with an EIS, it is unlikely that an SRF project alternative would be funded.

Environmental Review—For each potential state revolving fund (SRF) loan project, DEQ carries out an environmental review, which is the overall process to determine whether the project may have a significant impact on the environment. The level of environmental review determines whether a categorical exclusion, a finding of no significant impact (FONSI), or an environmental impact statement (EIS) will be needed.

Equal Employment Opportunity (EEO)—EEO refers to six federal laws that prohibit job discrimination: (1) Title VII of the Civil Rights Act of 1964, (2) the Equal Pay Act of 1963, (3) the

Age Discrimination in Employment Act of 1967, (4) Title I and Title V of the Americans with Disabilities Act of 1990, (5) Sections 501 and 505 of the Rehabilitation Act of 1973, and (6) the Civil Rights Act of 1991. The United States Equal Employment Opportunity Commission enforces these laws.

Finding of No Significant Impact (FONSI)—A determination document prepared by DEQ briefly presenting the reasons why an action not otherwise categorically excluded will not have a significant effect on the human environment and for which an environmental impact statement (EIS) is not prepared. AFONSI determination will require applicant to develop an EID. The EID shall include the environmental conditions, , detail mitigation measures, and shall note any environmental impacts related to the construction project..

Force Account—Labor directly employed by the borrower (for example, a city's public works department staff).

Idaho Administrative Procedures Act (IDAPA)—A numbering designation for all administrative rules in Idaho promulgated in accordance with the Idaho Administrative Procedures act.

Minority Business Enterprise (MBE)—A business that is owned and controlled by at least 51% minority member(s). Minority group members are citizens of the United States who are African American, Hispanic American, Native American, Asian Pacific American, or Subcontinent Asian American. EPA carries out the MBE/WBE program to ensure that MBEs and women's business enterprises (WBEs) are given the opportunity to participate in contract and procurement for supplies, construction, equipment, and services under any EPA grant or cooperative agreement.

Operations and Maintenance (O&M) Manual—Provides technical guidance on how a system is operated, including guidance for monitoring and reporting of samples and testing results. The O&M manual is likely to be a system's most detailed guidance document and helps to ensure continuity of quality service in the event of staff turnover.

Plans and Specifications—The engineering design of a project, including engineering drawings, maps, technical specifications, design reports, and construction contract documents in sufficient detail to allow contractors to bid on and construct the work.

Priority List—A list prepared by DEQ that ranks the projects interested in receiving grants or loans. Funding is offered to systems based on their ranking on the priority list. Priority is given to those eligible projects that: (1) address the most serious risk to human health, (2) are necessary to ensure compliance and (3) assist systems most in need, on a per household basis, according to state-determined affordability criteria.

Procurement Requirements—The legal requirements (commonly referred to as *bidding*) under which recipients acquire goods and services.

SRF Funds – State revolving fund (SRF) funds are a state-administered, federal-state partnership that provides low-interest loans, grants, and other financial assistance for water infrastructure, including public drinking water systems and wastewater systems. Capitalized by federal grants and state match funds, this program "revolves" as loan repayments return to the state. SRF funds can be comprised of **Equivalency Funds, Recycled State Funds, State Match Funds,** or **Principal Forgiveness Funds** as defined below:

Equivalency Funds – The portion of SRF Funds equal in amount to the federal capitalization grant provided by EPA. Projects funded with equalization funds must comply with all federal cross-cutting regulations including but not limited to WRRDA, BABA, Single Audit Act, and FFATA reporting. Equivalency funds are identified in the intended use plan and associated requirements incorporated into funding agreements.

Recycled State Funds – The portion of SRF Funds from loan principal repayments and interest earnings returned to DEQ from previous drinking water or wastewater projects. These recycled state funds can be reinvested into new SRF drinking water and wastewater infrastructure projects.

State Match Funds – The portion of SRF Funds that are mandatory, non-federal funds that DEQ must deposit into the SRF program to receive federal funding. These funds ensure the program remains self-sustaining, allowing for continued, low-interest loans for water infrastructure.

Principal Forgiveness Funds – The portion of SRF Funds that reduces the total principal amount a borrower must repay on a loan for water infrastructure projects. It acts like a grant, lowering the debt burden for eligible communities, while reducing interest payments during the loan term.

US Environmental Protection Agency (EPA)—The federal agency responsible for distributing state revolving fund funds allocated by Congress. These funds are used by each state to provide loans to eligible systems.

User Charge System (UCS)—A written description of the methodology by which a system will recover the costs of building, operating, and maintaining the project. A UCS should be designed to distribute costs equitably among all users and produce sufficient revenue to fund costs of operation, maintenance, replacement, and debt retirement.

Women's Business Enterprise (WBE)—A business that is at least 51% owned and controlled by a woman or women who are citizens of the United States. EPA carries out the MBE/WBE program to ensure that MBEs and women's business enterprises (WBEs) are given the opportunity to participate in contract and procurement for supplies, construction, equipment, and services under any EPA grant or cooperative agreement.