Intended Use Plan

Clean Water and Drinking Water State Revolving Fund
State Fiscal Year 2027

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State of Idaho
Department of Environmental Quality

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Acknowledgments

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Executive Summary

The Idaho Department of Environmental Quality (DEQ) provides low-interest construction funding through Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) loans to qualified applicants through a competitive ranking process. These programs also provide assistance to qualified disadvantaged communities through modified loan terms, including principal forgiveness. Planning grants are also available for wastewater and drinking water systems to support the development of facility plans.

Annually, the Environmental Protection Agency (EPA) provides capitalization grants to DEQ. For this Intended Use Plan (IUP), the total resources include capitalization grants, cash and investment holdings, and estimated loan repayments. For State Fiscal Year 2027 (SFY27), DEQ has identified approximately $58 million in net available CWSRF resources and approximately $87.2 million in net DWSRF resources for new assistance agreements.

The CWSRF and DWSRF funding is available to the highest-ranking, shovel ready applicants as shown in the state fiscal year 2027* fundable lists below:

- *Attachment I. Fundable List of Clean Water Loan Projects*
- *Attachment II. Fundable List of BIL Clean Water Emerging Contaminants Projects*
- *Attachment III. Fundable List of Drinking Water Loan Projects*
- *Attachment IV. Fundable List of BIL Drinking Water Emerging Contaminants Projects*
- *Attachment V. Fundable List of BIL Lead Service Line Replacement Projects*
- Planning Grant Priority Lists:
    - *Attachment XI. Priority List of Wastewater Planning Grants*
    - *Attachment XII. Priority List of Drinking Water Planning Grants*

*Note that state fiscal year 2027 (SFY27) represents federal fiscal year 2026 (FFY26) funding.

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1 Introduction

The Idaho Department of Environmental Quality (DEQ) developed this Intended Use Plan (IUP) for both Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) state fiscal year (SFY) 2027 (7/1/2026, through 6/30/2027). This IUP provides detailed information of the sources and proposed uses of the funds available to Idaho's CWSRF and DWSRF programs and simultaneously satisfies the requirements of the Clean Water Act (CWA) § 606c and the Safe Drinking Water Act (SDWA) § 1452(b). This IUP also contains information about the sources and uses of the SRF funding through the Bipartisan Infrastructure Law (BIL) also known as the Infrastructure Investment and Jobs Act (IIJA).

The rules governing the Administration of Wastewater and Drinking Water Loans, IDAPA 58.01.12, were revised through negotiated rulemaking in 2025, adopted by the 2026 Legislature and are effective July 1, 2026. All assistance agreements executed under this IUP are subject to the revised rule. Reviewers should note that the revised rule includes updated disadvantaged community criteria under IDAPA 58.01.12.021, described in *Attachment XIII*.

Program Goals

DEQ's long-term, basic goals for both CWSRF and DWSRF (unless otherwise noted) are as follows:

1. Assist local communities as they strive to achieve and maintain statewide compliance with federal and state standards.
2. Protect public health and the waters of the state by offering financial assistance for the construction of drinking water and wastewater treatment facilities or other projects providing direct water quality benefits. Financial assistance consists of below-market-rate interest on assistance agreements and may include principal forgiveness for disadvantaged communities.
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 2.6* and *Attachment XIV* further discuss transfers.
4. Administer Idaho's SRF 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: (a) generally applying a minimum interest rate above 0%; (b) applying a 0.25% higher interest rate for assistance agreements that are repaid in 30 years; and (c) conscientiously underwriting all loans.
5. Comply with all US Environmental Protection Agency (EPA) grant conditions (e.g., Davis Bacon, Green Project Reserve, American Iron and Steel, and Build America Buy America).
6. ***DWSRF Specific***—Implement a capacity development strategy. The capacity development program assists public drinking water systems in improving or optimizing their technical, managerial, and financial framework so they can sustainably provide safe drinking water to their customers in a cost-effective manner.

7. ***DWSRF Specific***—Implement a source water assessment and protection strategy subject to availability of funding. The goal is supported through assessing public drinking water sources, developing source water assessments for PWS, promoting and supporting voluntarily implemented source water protection planning and implementation, and providing tools, education, technical assistance and subawards to support the implementation of source water protection strategies.

DEQ's short-term, basic goals for both CWSRF and DWSRF (unless otherwise noted) are as follows:

1. Ensure that current capitalization funding is disbursed to projects in a timely manner. This will be accomplished by using initial capitalization dollars prior to repayment funds, whenever practical.
2. Ensure that the floor of the capitalization grant (20% of CWSRF and 26% of DWSRF) and 49% of the BIL grant are provided as loan subsidy. See *Section 2.7* for subsidy information. 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 non-primary government units, DEQ has chosen a limited, core financial statement disclosure approach.
3. Fully utilize a cradle-to-grave assistance agreement checklist, implemented through the new Loan and Grant Tracking System comprehensive SRF software program. The software is expected to achieve reporting efficiencies and better manage the SRF funds with long-term forecasting and reduce duplicate data entry. The software was purchased with a mix of DWSRF and CWSRF assistance fees.
4. Continue efforts to explore and plan for the SRFs to implement leveraging through the Idaho State Bond Bank.
5. Implement BIL's Emerging Contaminants grant program and Lead Service Line Funding.
6. Monitor and take necessary actions to ensure the annual capitalization grant and set-asides are spent within 2 years in accordance with EPA's policy. Set-aside funds may be transferred into the loan fund, if it appears that the set-aside funds will not be disbursed within 2 years.
7. Continue to implement funding for emergencies.
8. ***DWSRF Specific***—Primarily, use a competitive process to provide a portion of the local assistance wellhead protection (WHP),set-aside funding to local governments and nonprofit organizations for the implementation of source water protection activities. This will be accomplished through the use of subgrants to promote, plan, and implement source water protection activities and education outreach. The highest-rated projects that are selected for funding will be able to apply for grant funding. DEQ staff starts at the top of the Priority Lists and continues to select projects until all the available funds are obligated. The award of new subgrants depends on the funding level provided by the DWSRF-Wellhead Protection set asides (BIL funds).

9. Due to the possible reduction of the DWSRF-WHP base set-aside for SFY 2027 by 64% and the ending of the DWSRF WHP BIL set-aside SFY 2027, DEQ's Wellhead Protection grants for SFY 2027 and beyond will likely have to be greatly reduced in its level of activities and scope of work. Once the level of funding is clearly known, better estimates of the WHP program efforts can be determined.

2 Funding Sources and Uses

In carrying out the requirements of the CWA and SDWA, DEQ will use accounting, audit, and fiscal procedures conforming to generally accepted governmental accounting and auditing standards. The sources of funding identified in this IUP include the following:

- Federal fiscal year (FFY) 2025–2026 CWSRF capitalization grants
- FFY 2025–2026 CWSRF BIL general supplemental grants
- FFY 2023-2026 DWSRF capitalization grants
- FFY 2023-2026 DWSRF supplemental grants
- FFY 2027 estimated DWSRF base capitalization grant
- FFY 2025–2026 CWSRF BIL emerging contaminants grants
- FFY 2023-2026 DWSRF BIL emerging contaminants grants
- FFY 2023 DWSRF BIL lead service line replacement grant
- Cash and investment holdings (where applicable)
- SFY 2026–2028 loans and receivables (where applicable)
- SFY 2026–2028 income on cash and investments (where applicable)
- State matching funds.

2.1 CWSRF Base and BIL Supplemental Sources and Uses

Estimation of CWSRF net resources and uses for SFY 2027 are provided in Table 1 and Table 2. Key assumptions used to develop estimated CWSRF resources include the following:

- Projects take on average, 30 months to construct and close from the date of assistance agreement signing.
- DEQ will use the Total Resources amounts for the next 27 months to support conservative cash flow projections.
- New assistance agreements will be limited to the Net Remaining Resources shown in Table 1 and Table 2.
- Projections are made quarterly. The next projection will be made on September 30, 2026. The September 30, 2026, projection may be preempted if a future assistance agreement materially alters the amount available for assistance.
- Recycled Funds are being reserved to help complete American Rescue Plan Act (ARPA) projects that are facing budget shortfalls due to higher-than-expected bids for labor and materials and that have no capacity to take on debt or additional federal requirements.

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Table 1. CWSRF sources and uses.

Sources of Funds	
Cash and Investment Holdings	$ 76,303,827
EPA Capitalization Grant FFY 2025 (remaining)	$ 7,476,480
State Match from Water Pollution Control Account *	$ 4,923,249
EPA Capitalization Grant FFY 2026 (actual)	$ 3,542,000
State Match from Water Pollution Control Account (100%)*	$ 3,542,000
EPA BIL Supplemental Grant FFY 2025 (remaining)	$ 11,610,240
State Match from Water Pollution Control Account (20%)*	$ 2,418,800
EPA BIL Supplemental Grant FFY 2026 (actual)	$ 12,216,000
State Match from Water Pollution Control Account (20%)*	$ 2,443,200
Loans Receivable SFY 2026 Mar-June (estimate)	$ 9,972,945
Loans Receivable SFY 2027 (estimate)	$ 25,798,455
Loans Receivable SFY 2028 (estimate)	$ 25,801,085
Income on Cash and Investments SFY 2026 Mar-June (estimate)	$ 997,000
Income on Cash and Investments SFY 2026 (estimate)	$ 2,520,000
Income on Cash and Investments SFY 2027 (estimate)	$ 2,120,000
Transfer from CWSRF fee account	$ 5,000,000
Add Back: 5% Project Shrinkage**	$ 6,635,996
TOTAL RESOURCES	**$ 203,321,277**

Uses of Funds	
Current Remaining Assistance Agreement Obligations***	($ 132,719,916)
Reserve for Increases and Cost Overruns	($ 10,907,118)
Set Asides	($ 725,595)
NET REMAINING RESOURCES	**$ 58,830,000**

Breakdown of CWSRF Construction Loans	
Amount of Principal Forgiveness from Base Grant	$ 708,400
Amount of Principal Forgiveness BIL Supplemental Grant	$ 5,985,840
Amount of Principal Forgiveness for emergencies and septic systems	$ 350,000
Total Principal Forgiveness	**$ 6,344,240**
Percent Principal Forgiveness Base Grant	20%
Percent Principal Forgiveness BIL Supplemental Grant	49%
Estimated Amount of Green Infrastructure	$10,944,000
Estimated Percent of Green Infrastructure****	31.6%

*See Section 2.4 State Matching Funds and Federal Payments.

**Some projects will deobligate or self-finance reducing disbursement requests from CWSRF.
***Assistance agreements in design/construction less disbursements and deobligations that have already occurred.

****Percent of sum of FFY 2025–2026 Cap Grants, and FFY 2025–2026 BIL Supplemental Grant.

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Table 2. BIL Clean Water Emerging Contaminants sources and uses.

Sources of Funds	
BIL CW Emerging Contaminants Grant FFY 2026 (estimate)	$ 1,054,000
BIL CW Emerging Contaminants Grant FFY 2025 (remaining)	$ 146,060
TOTAL RESOURCES	**$ 1,200,060**

Uses of Funds	
Set Asides (4%)	$42,160
Reserve for Increase Requests	$ —
NET REMAINING RESOURCES	**$ 1,157,900**

Breakdown of BIL Clean Water Emerging Contaminants Loans	
Amount of Principal Forgiveness from BIL Emerging Contaminants Grant	$ 1,157,900
Percent Principal Forgiveness BIL Emerging Contaminants Grant	100%

2.2 DWSRF Base and BIL Supplemental Sources and Uses

Estimation of DWSRF net resources for SFY 2027 are provided in Table 3, Table 4, and Table 5. Key assumptions used to develop estimated DWSRF resources include the following:

- Projects take an average of 28 months to construct and close from the date of loan signing.
- New assistance agreements cannot exceed net remaining resources, ensuring obligations do not exceed the program's financial capacity shown in Table 3–Table 5.
- The next projection will be made on 2/28/2027.
- Recycled Funds are being reserved to help complete ARPA projects that are facing budget shortfalls due to higher-than-expected bids for labor and materials, and that have no capacity to take on debt or additional federal requirements.

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Table 3. DWSRF sources and uses.

Sources of Funds	
Cash and Investment Holdings	$ 51,840,565
EPA Capitalization Grant FFY 2023 (remaining)	$ 3,407,220
State Match from Water Pollution Control Account*	$ 987,600
EPA BIL Supplemental Grant FFY 2023 (remaining)	$ 3,487,574
State Match from Water Pollution Control Account *	$ —
EPA Capitalization Grant FFY 2024 (remaining)	$ 3,216,090
State Match from Water Pollution Control Account*	$ 932,200
EPA BIL Supplemental Grant FFY 2024 (remaining)	$ 15,859,650
State Match from Water Pollution Control Account*	$ 4,597,000
EPA Capitalization Grant FFY 2025 (remaining)	$ 7,525,140
State Match from Water Pollution Control Account*	$ 2,181,200
EPA BIL Supplemental Grant FFY 2025 (remaining)	$ 17,179,620
State Match from Water Pollution Control Account*	$ 4,979,600
EPA Capitalization Grant FFY 2026 (actual)	$ 3,842,000
State Match from Water Pollution Control Account*	$ 3,468,559
EPA BIL Supplemental Grant FFY 2026 (actual)	$ 24,888,000
State Match from Water Pollution Control Account*	$ 4,977,600
EPA Capitalization Grant FFY 2027 (estimate)	$ 3,980,690
State Match from Water Pollution Control Account*	$ 796,138
Loans Receivable SFY 2026 Mar–June (estimate)	$ 3,298,214
Loans Receivable SFY 2027 (estimate)	$ 9,594,202
Loans Receivable SFY 2028–2030 (estimate)	$ 30,196,751
Income on Cash and Investments SFY 2026 Mar–June (estimate)	$ 640,000
Income on Cash and Investments SFY 2027 (estimate)	$ 1,920,000
Income on Cash and Investments SFY 2028–2029 (estimate)	$ 3,920,000
Transfer from CWSRF	$ —
Add Back: 5% Project Shrinkage**	$ 5,317,887
TOTAL RESOURCES	**$ 213,033,500**

Uses of Funds	
Current Remaining Assistance Agreement Obligations***	($ 106,357,736)
Amount of DWSRF Construction Loans Increases	($ 10,575,764)
Set Asides	($ 8,906,300)
NET REMAINING RESOURCES	**$ 87,193,700**

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Breakdown of DWSRF Construction Loans	
Amount of Principal Forgiveness from Base Grant	$ 998,920
Amount of Principal Forgiveness From BIL Supplemental Grant	$ 12,195,120
Amount of Principal Forgiveness for emergencies and lead	$ (1,000,000)
Total Principal Forgiveness	**$ 12,194,040**
Percent Principal Forgiveness Base Grant	26%
Percent Principal Forgiveness BIL Supplemental Grant	49%

*See Section 2.4 State Matching Funds and Federal Payments.

**Some projects will deobligate or self-finance reducing disbursement requests from DWSRF.
***Assistance agreements in design/construction less disbursements and deobligations that have already occurred.

Table 4. BIL Drinking Water Emerging Contaminants sources and uses.

Sources of Funds	
BIL DW Emerging Contaminants Grant FFY 2026 (actual)	$ 7,640,000
BIL DW Emerging Contaminants Grant FFY 2023 reallotment (estimate)	$ 29,000
BIL DW Emerging Contaminants Grant FFY 2025 (remaining)	$ 1,274,842
TOTAL RESOURCES	**$ 8,943,842**

Uses of Funds	
Set Asides (4%)	$ 305,600
Reserved for increases	$ 3,565,242
NET REMAINING RESOURCES	**$ 5,073,000**

Breakdown of BIL Drinking Water Emerging Contaminants Loans	
Amount of Principal Forgiveness	$ 8,943,842
Percent Principal Forgiveness	100%
Percent Funds to Small Systems or Disadvantage Communities	100%

Table 5. BIL Drinking Water Lead Service Line Replacement (LSLR) sources and uses.

Sources of Funds	
BIL DW LSLR Grant FFY 2023 (remaining)	$ 8,295,400
TOTAL RESOURCES	**$ 8,295,400**

Uses of Funds	
Reserve for Increase Requests	$ 1,400
NET REMAINING RESOURCES	**$ 8,294,000**

Breakdown of BIL Drinking Water LSLR Loans	
Amount of Principal Forgiveness From BIL LSLR Grant	$ 3,564,855
Percent Principal Forgiveness BIL LSLR Grant	43%

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2.3 Assistance Agreement Fees

To support administrative costs associated with operating the CWSRF and DWSRF programs, or to facilitate the operation of the SRF effort, a fee program was established in 2006. The fee is 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. The *effective interest* is 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 to borrowers.

For SFY 2026, the fee revenues for both the DWSRF and the CWSRF were $2,710,787.17 as of February 2026, and for SFY 2027, the expected fee revenue should be approximately $4,417,093.87. The CWSRF fee cash account balance, at the end February 2026, was $7,476,516.50. In SFY 2026, an estimated $300,000 was used to fund CWSRF administrative and technical support costs incurred beyond the federal capitalization grant support level.

For SFY 2027, clean water fees will support wastewater planning grants and operator training classes. DEQ plans to transfer $5,000,000 from the fee account into the SRF fund to support SRF loan increases.

For SFY 2027, DEQ expects to expend approximately $400,000 of CWSRF fee account. Approximately $350,000 will be charged to support municipal wastewater planning grant efforts and $50,000 will be used for administrative and technical support costs.

Support for wastewater and drinking water planning grants will include direct support to municipalities for their plan development and the DEQ staff time to administer the grant support. For planning grants, DEQ charges personnel costs to the fee accounts. In each regional office, the personnel charging against the fee account will be engineering staff to support wastewater and drinking water planning grants. In the State Office, the personnel time will consist of financial and environmental review staff. Support for SRF administration may include capitalization grant match, software development, and contractual costs.

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.

2.4 State Matching Funds and Federal Payments

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, when necessary. The Water Pollution Control Account derives its funding from a set amount from the state sales tax or added, as otherwise appropriated, by the legislature and is perpetually appropriated to DEQ under *Idaho Code § 63-36.*

CWSRF—DEQ agrees to deposit into the CWSRF from state monies an amount equal to 100% of the capitalization grant on or before the date on which the state receives each grant payment from EPA (Table 6 EPA Payment Schedule). For the BIL match requirement, DEQ agrees to

deposit into CWSRF from state monies an amount equal to 20% of the General Supplemental grant on or before the date on which the state receives each grant payment from EPA. No match is required for the BIL Emerging Contaminants funding. Matching funds will be transferred from Idaho's Water Pollution Control Account and/or the fee account. DEQ draws administrative funding from 100% federal funds.

Payments are defined as increases to the amount of funds available from the Automated Standard Application for Payments (ASAP). The payment schedule assumes that the FFY 2027 award will occur after 9/1/2026. Capitalization grant money for the “base” CWSRF ant and for the BIL, will be disbursed using the “expend the State Match First method.” After the State Match has been expended to projects, then the federal grant funds will be disbursed at 100% federal funds. This method ensures DEQ meets federal match requirements.

The Idaho CWSRF has cumulative binding commitments in excess of the amount required for the current capitalization grant. This allows DEQ to apply for and receive the entire federal grant..

DWSRF—DEQ agrees to deposit state monies into the DWSRF in an amount equal to 20% of the federal capitalization grant and 20% of the BIL General Supplemental grant on or before the date by which the State of Idaho receives the cash draw from EPA (e.g., Table 6 EPA Payment Schedule). These funds will be transferred from a combination of the state's Water Pollution Control Account and from the loan fee account. The FFY 2026 BIL supplemental grant requires a 20% match. There are no match requirements for the BIL Emerging Contaminants grant or the BIL Lead Service Lines grant.

Table 6. Example of EPA payment schedule CWSRF.

Quarter Ending	Payments	Total	Source
09/30/2026	$2,004,000	$2,004,000	FFY26 Cap Grant
12/31/2026	$2,004,000	$4,008,000	FFY26 Cap Grant

2.5 Administrative Costs and Technical Assistance Allowances

2.5.1 CWSRF Base and BIL Supplemental Set-Asides

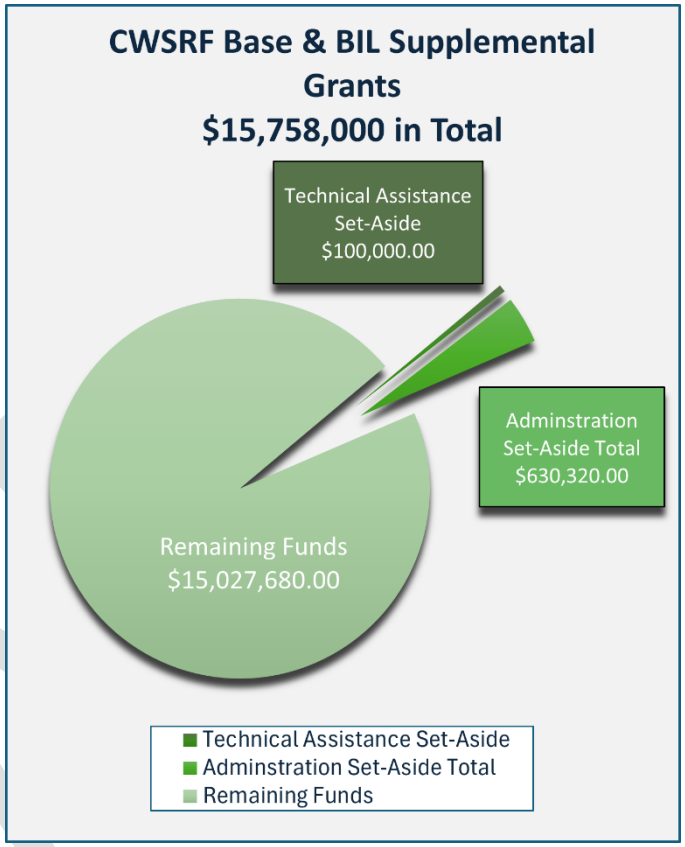
The following set-asides are based on CWSRF federal grant awards for the capitalization grant and the general supplemental grant for a total of $15,758,000.

4% Administration Set-Aside

DEQ plans to utilize 4% of the regular CWSRF capitalization grant and the BIL CWSRF General Supplemental grant for administrative expenses plus the amount of any fees collected for such a purpose. The amount that will be reserved for administrative expenses is $141,680 from the base capitalization grant and $488,640 from the BIL General Supplemental grant. The total amount for administrative expenses is $630,320. DEQ also plans to utilize 4% of the BIL CWSRF Emerging Contaminants grant for administrative expenses. The amount that will be reserved is $42,160 for administrative expenses from FFY 2026 BIL CWSRF Emerging Contaminants grants. A workplan is not required for the 4% set-aside. DEQ will use this funding for activities such as

grant application reviews, environmental reviews, tracking and reporting, and engineering reviews.

2% Technical Assistance Set-Aside



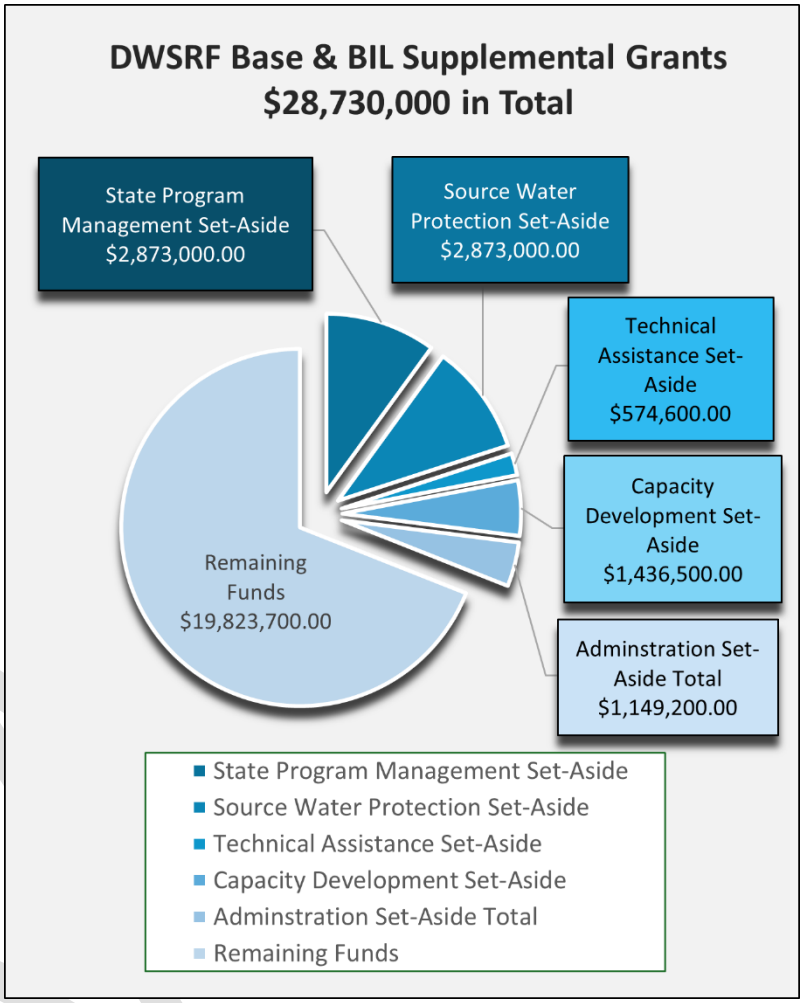
The amount that will be utilized for CWSRF technical assistance is $100,000 from CWSRF BIL supplemental grant. DEQ also plans to bank the 2% available for technical assistance from the capitalization grant. DEQ plans to utilize $100,000 of the FFY 2026 CWSRF BIL supplemental grant to fund the development of the second of two technical white papers. The white paper will identify core technical and operational guidance for recycled water reuse applications at rapid infiltration systems in the Pacific Northwest. These white papers will provide municipal wastewater treatment systems with a resource for beneficial use of recycled water in rapid infiltration systems to protect human health and the environment through risk-based strategies and fit-for-purpose treatment considerations. Typically, these are small rural municipal systems with limited resources. The resulting guidance will enhance municipalities' ability to explore opportunities for new reuse sites, provide improved resources for operators at existing sites, and improve the capacity of DEQ staff to provide recycled water compliance assistance. DEQ will provide a work plan for EPA approval that identifies the tasks and goals of the funding. No funds will be spent until EPA has approved a work plan.

2.5.2 DWSRF Base and BIL Supplemental Set-Asides

The following set-asides are based on federal grant awards for the capitalization grant and the general supplemental grant for a total estimated amount of $28,730,000. If the grants are less or more, the set-aside amounts will be proportionately reduced or increased. Set-aside use requirements are outlined in 40 CFR 35.3535.

4% Administration Set-Aside

DEQ plans to utilize 4%, or $1,149,200, of the FFY 2026 capitalization grant ($153,680) and BIL General Supplemental grant ($995,520) for administrative expenses of the DWSRF. The 4% administrative set-aside does not require a work plan unless the funds are used for technical assistance. Activities for the administrative set-aside include, but are not limited to, preparing project lists; reviewing applications, monitoring projects, reviewing environmental documents, disbursing loan funds, tracking and reporting, receipting of loan repayments; and general administration of activities funded from the DWSRF set-asides.



2% Technical Assistance Set-Aside

DEQ plans to utilize 2%, or $574,600, of the FFY 2026 capitalization grant ($76,840) and BIL General Supplemental grant ($497,760) 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 utilize 10%, or $2,873,000, of the FFY 2026 capitalization grant ($384,200) and BIL General Supplemental grant ($2,488,800) 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

Source Water Protection—DEQ plans to utilize 10%, or $2,873,000, of the FFY 2027 capitalization grant ($384,200) and BIL General Supplemental grant ($2,488,800) for source water protection. These funds will be used to assess and characterize public drinking water sources; develop source water delineations; identify and prioritize potential contaminant sources; determine the source water area of contribution and its susceptibility to identified potential contamination sources; and provide the complete source water assessment to the pertinent public drinking water system. The source water assessments will also be shared with

the Idaho Department of Water Resources for consideration in permitting and approving underground injection control systems UICs and other managed aquifer recharge projects. The source water assessments will provide a useful source of information for county and city commissioners and planning and zoning staff to use during land use and development decision-making efforts.

In addition, the funds will be used to promote, develop, and implement source water protection plans; assist public water systems and communities in planning, developing, and implementing source water protection projects and activities; 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.

Capacity Development—DEQ plans to reserve 5%, or $1,436,500, of the FFY 2026 capitalization grant ($192,100) and BIL General Supplemental grant ($1,244,400) to implement the capacity development strategy. These monies will fund 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 $390,000 from this grant to pay for drinking water planning grants.

2.5.3 DWSRF BIL DWSRF Emerging Contaminants

The following set-asides are based on federal grant awards for the BIL DWSRF Emerging Contaminants grant for a total estimated amount of $7,640,000. If the grants are less or more, the set-aside amounts will be proportionately reduced or increased. Set-aside use requirements are outlined in 40 CFR 35.3535.

4% Administration Set-Aside

DEQ plans to utilize 4%, or $305,600, of the FFY 2026 BIL DWSRF Emerging Contaminants grant for administrative expenses of the DWSRF. The 4% administrative set-aside does not require a work plan unless the funds are used for technical assistance. Activities for the administrative set-aside include, but are not limited to, preparing project lists; reviewing applications, monitoring projects; reviewing environmental documents, disbursing loan funds; tracking and reporting; receipting of loan repayments; and general administration of activities funded from the BIL DWSRF Emerging Contaminants set-asides.

10% State Program Management Set-Aside

DEQ will not utilize 10% of the FFY 2026 BIL DWSRF Emerging Contaminants grant for state program management.

2.5.4 DWSRF Lead Service Lines Supplemental Set-Asides

DEQ will not be taking the FFY 2025 BIL Lead Service Lines grant, but will consider taking FFY 2026 if there are significantly increased requests for the loan funds through SFY 2027. The

set-asides funds that DEQ will be using are from FFY 2023 BIL Lead Service Lines grant and the amounts and usage are following SFY 2025 IUP.

2.5.5 Unused Set-Asides

If the amount of funds reserved for the set-asides is 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, unless a justification is provided by DEQ and approved by EPA. 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."

2.6 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 XIV for listings of capitalization grants and related narratives. 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 2026, $45 million in transfers will have been made from the DWSRF to the CWSRF. In SFY 2027, it is expected that there will be no transfers from CWSRF to the DWSRF or vice versa.

2.7 Principal Forgiveness

Communities that meet disadvantaged criteria, as established in IDAPA 58.01.12.021, revised and effective for loans entered into on or after July 1, 2026, can qualify for a disadvantaged loan that may include principal forgiveness. The details of disadvantaged criteria are further described in Attachment XIII. The proposed funding terms in the Fundable Lists will reflect principal forgiveness subsidy amounts shown in Table 7 and Table 8. The subsidy amounts reflect how DEQ plans to meet the minimum and maximum requirements of the SRF and BIL grants. When drafting this IUP, the principal forgiveness requirements were unknown for the FFY 2026 capitalization grants. DEQ did not want to identify specific amounts for communities only to have them potentially reduced. The criteria used remains unchanged.

Table 7. SFY 27 CWSRF principal forgiveness.

Funding Source	Total Funding	Subsidy %	Subsidy Amount
CWSRF Base Grant	$3,542,000	20.00%	$708,400
BIL Supplemental	$12,216,000	49.00%	$5,985,840
BIL Emerging Contaminants	$1,054,000	100.00%	$1,157,900
		Subtotal	**$7,852,140**
		Emergencies	($200,000)
		Septic Tank Replacement	($150,000)

	Net Available Subsidy	**$7,502,140**

Table 8. SFY 27 DWSRF principal forgiveness.

Funding Source	Total Funding	Subsidy %	Subsidy Amount
DWSRF Base Grant	$3,842,000	26%	$998,920
BIL Supplemental	$24,888,000	49%	$12,195,120
BIL Emerging Contaminants	$7,640,000	100%	$7,334,400
BIL Lead Service Line Replacement	$8,295,400	43%	$3,564,855
		Subtotal	**$24,093,295**
		Emergencies	($500,000)
		Reduction of Lead/Copper	($500,000)
		Net Available Subsidy	**$23,093,295**

3 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 and DWSRF funding. The principles and procedures provide maximum flexibility for assistance and ensure the long-term viability of the SRF program.

3.1 Priority Rating System

Letters of interest are sent to all cities, counties, and water and sewer districts in the state. Completed letters of interest are reviewed and ranked by Bureau staff in collaboration with DEQ regional office staff. CWSRF projects are rated and ranked using the criteria shown in *Attachment XV* and DWSRF projects are rated and ranked using the criteria shown in *Attachment XVI*. The results of the rating and ranking are used to develop the Priority Lists that are provided for public review and comment. The Priority Lists for SFY 2027 that are included in this IUP are as follows:

- *Attachment VI. Priority List of Clean Water Loan Projects*
- *Attachment VII. Priority List of BIL Clean Water Emerging Contaminants Projects*
- *Attachment VIII. Priority List of Drinking Water Loan Projects*
- *Attachment IX. Priority List of BIL Drinking Water Emerging Contaminants Projects*
- *Attachment X. Priority List of BIL Lead Service Line Replacement Projects*

Public Review and Comment

Projects on the IUP Priority Lists and Fundable Lists go through a review by the public in accordance with *Idaho Code § 67-52* and are then reviewed and adopted by the Board of Environmental Quality. Public review and comment procedures are described in *Attachment XVIII*.

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3.2 Fundable Projects

The highest-rated projects on the adopted Fundable Lists that are ready to proceed are selected for funding. DEQ staff starts at the top of the Priority Lists and continues to select projects ready to proceed until all the available funds are obligated. The criteria used in this process are described in *Attachment XV* and *Attachment XVI*.

The following Fundable Lists are included in this IUP:

- *Attachment I. Fundable List of Clean Water Loan Projects*
- *Attachment II. Fundable List of BIL Clean Water Emerging Contaminants Projects*
- *Attachment III. Fundable List of Drinking Water Loan Projects*
- *Attachment IV. Fundable List of BIL Drinking Water Emerging Contaminants Projects*
- *Attachment V. Fundable List of BIL Lead Service Line Replacement Projects*

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 SRF. In each case, the difference will be provided from some other source, such as cash on hand or a partner funding agency.

3.3 Invitation to Apply

Systems with projects on the Fundable List are invited to apply for funding. Invitations are normally issued shortly after DEQ's Board approval. Systems receiving invitations are asked to notify DEQ within 60 days of their intent to proceed with funding. As part of the readiness to proceed, applicants should submit completed applications by the end of the calendar year to avoid bypassing their project.

After a 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.

Bypass Procedures

A project may be bypassed in accordance with *IDAPA 58.01.12.020.05.b* and is described in *Attachment XVII*.

3.4 Disbursements

The estimated timing and amount of disbursements for the projects in 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.

4 Assistance Terms and Eligible Projects

The primary type of support provided by CWSRF and DWSRF is expected to be low-interest assistance agreements for up to 100% of project costs. The interest rate range is set based on the revised interest rate policy in a DEQ Policy Memorandum PS26-04 "Determining Interest Rate on Water Pollution Control and Drinking Water Loans," effective beginning 7/1/2026.

The range in rate of interest for all CWSRF and DWSRF assistance agreements will vary from a ceiling of 3.50% and a floor of 2.25%. The LSLR funding interest rate as approved in this IUP will range from 1.00% to 1.25%.

An interest rate floor is established to help offset the effects of inflation, support EPA's expectation that SRF program revolve into perpetuity, and to encourage communities to complete their projects in a timely manner. This rate is tied to the loans issued from the SFY 2027 IUP. All loans will be paid back over a period not to exceed 20 years unless it is a disadvantaged loan where a 30-year period is allowed. Principal and interest repayments will begin in accordance with the terms of the agreement, typically within one year of project completion.

4.1 CWSRF Construction Assistance Agreements

CWSRF construction assistance agreements will provide for the planning, design, and construction of secondary and advanced 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 (NPS) best management practices; and recycled water distribution. The CWSRF assistance will be provided to local communities, counties, special service districts, nonprofit corporations, and other non-federal governmental entities with authority to collect, treat, or dispose of wastewater or otherwise provide direct water quality benefits. The NPS projects must be consistent with the State Water Quality Management Plan.

4.2 DWSRF Construction Assistance Agreements

DWSRF construction assistance agreements will provide for the construction of water supply, treatment, storage, and distribution facilities. DWSRF loan assistance will be provided to community and non-profit non-community public water systems. If growth or fire flow is funded, they cannot constitute the primary purpose for the loan. DEQ may award any combination of planning, design, and construction loans from the DWSRF.

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Green Project Reserve Goals

As a condition to receive federal funds for infrastructure improvement projects, the Fiscal Year (FY) 2012 Appropriation Act (P.L. 112-74) requires DEQ to allocate not less than 10% of funds to CWSRF projects that address green infrastructure, water conservation, energy efficiency improvements, resiliency efforts, cyber-informed engineering, 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 near 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* found in the customer handbook. DEQ uses this information to satisfy the reporting requirements needed to maintain funding.

DEQ expects to meet the required 10% GPR goal in SFY 2027. DEQ will draw upon previous experience in identifying and documenting GPR project costs.

4.3 Emergencies

For SFY 2027, DEQ's SRF program will have available funding for emergencies. The total amount available statewide for the year is $200,000 for all wastewater system emergencies and $500,000 for all drinking water systems emergencies. Wastewater systems and public drinking water systems seeking emergency funding should call the Grant and Loan Bureau Chief in the DEQ State Office at (208) 373-0122 to discuss their needs and application process.

Use of principal forgiveness monies that were not utilized by economically disadvantaged communities will be considered on a case-by-case basis for emergency funding. If a community's emergency costs exceed the amount allotted to them, and available principal forgiveness has been fully utilized, DEQ may enter into loan terms for the remainder of the project given sufficient funding is available and the community has adequate debt authority.

Criteria for emergency funding:

- The situation must be serious, unexpected and requiring 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 to address 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 the 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.
- Legal debt authority must be obtained if DEQ is unable to entirely meet replacement needs with principal forgiveness.

- 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 overpayments 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-2s or contracts.

4.4 Emerging Contaminants

DEQ received funding through the BIL, 2021 Pub L. No. 117-58, that is specifically intended to address emerging contaminants in drinking water and wastewater systems. The grant funding emphasizes addressing per- and poly-fluoroalkyl substances (PFAS) but may be used for other emerging contaminants. This emerging contaminant funding 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.

4.5 BIL Lead Service Line Replacement

DEQ received funding through the BIL, 2021 Pub L. No. 117-58. This act provides funding for inventory and replacement of lead service lines within a public drinking water system. The LSLR loan funding 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. DEQ recommends that public water systems combine LSLR projects with their DWSRF infrastructure projects when appropriate.

Historically, this funding was to be used to replace the entire lead or galvanized service line, from *the main to the point at which the line connects to the customer's premise plumbing*. No partial lead service line replacement can be funded unless a portion of the line has previously been replaced. This funding was not to be used for main line replacement. However, the memorandum released by EPA in November 2025 regarding "Additional Eligibilities for State Implementation of the Infrastructure Investment and Jobs Act Drinking Water State Revolving Fund Lead Service Line Replacement Appropriation," states that Section 1459B(a)(4) of the Safe Drinking Water Act defines a lead service line as "a pipe and its fittings, which are not lead free (as defined in section 300g–6(d) of this title), that connect the drinking water main to the building inlet." Therefore, water mains may be directly connected to lead service lines. Water meters may be installed in a variety of locations including directly connected to a lead service line. In certain situations, the financing of replacement or installation of such components that are directly connected to lead service lines may also affect the ability of the community to replace lead service lines. Examples of integrated components include, but are not limited to, water mains, water meters, connectors, and backflow preventers directly connected to lead service lines. States may now determine that replacing these integrated components are "associated activities directly connected to" the primary LSLR project, and are eligible for

replacement with BIL DWSRF LSLR funds in limited circumstances due to economic stressors, where a project to replace lead service lines would be infeasible without also addressing integrated components.

4.6 DWSRF Reduction of Lead and Copper Exposure

In addition to the funding identified for BIL LSLR, public drinking water systems (including public schools K–12) will have access to available funding through the DWSRF subsidy. 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).

At the end of the year, unused project subsidy funds will not be rolled forward into the next year but will be added to the funds available as principal forgiveness.

Note: This funding is not the BIL Lead Service Line funding.

4.7 Facility Planning Grants

DEQ provides financial assistance to eligible wastewater and drinking water systems through its planning grant program to help communities develop projects that are ready to proceed. The wastewater planning grant funds will come from the assistance agreement fees and the drinking water planning grants funds will come from the DWSRF capacity development set-asides. This aids in ensuring a sufficient pipeline of projects necessary to obligate available SRF funds to secure water quality and public health benefits in communities through the SRF.

The planning grant funds are used by systems to develop facility plans to identify the most cost effective, environmentally sound method of upgrading and expanding a system. This allows the 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. For example, the maximum DEQ match amount for drinking water and wastewater planning grants has historically been $45,000 and $65,000, respectively. The remaining cost is the recipient's responsibility.

The highest-rated projects on the adopted drinking water and wastewater planning grant Priority Lists that are selected for funding will be invited to apply for grant funding. DEQ staff starts at the top of the Priority Lists and continues to select projects until all the available funds are obligated. The planning grant priority lists are in *Attachment IX* and *Attachment XII*.

4.8 CWSRF Septic Tank Replacement

DEQ's SRF program will provide up to $150,000 of subsidy for a system's septic system replacement program in collaboration with the Rural Community Assistance Corp (RCAC). With these funds, RCAC will provide grant and loan funding to refurbish or replace individual septic systems.

Criteria for this funding includes the following:

- Residence must be in a rural area, town or community in 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 systems serving other than the homeowner occupied dwelling are not eligible.
- Households with annual income not exceeding $63,377 are income eligible for loan assistance.
- Households with annual income not exceeding $31,689 are income eligible for grant assistance.
- 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.
- Maximum amount of assistance is $15,000.
- 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, visit the *Idaho State Revolving Fund – Household Septic System Program* or call 1-855-979-7322.

4.9 CWSRF Nonpoint Source Sponsorship Agreements

Some of the traditional CWSRF assistance agreements may be leveraged to provide NPS project sponsorship funding up to $250,000. Sponsorship projects may be entered into and detailed in the SFY 2027 CWSRF Annual Report. The effective interest rate charged on wastewater treatment/collection facility assistance agreements may be adjusted to accommodate NPS projects with a nexus to the CWSRF assistance recipient community. However, even with this nexus, NPS projects cannot be required by the sponsor's National Pollutant Discharge Elimination System (NPDES) permit or the Idaho Pollutant Discharge Elimination System (IPDES) permit.

The NPS projects will be administered jointly by DEQ's Clean Water Act § 319 grant staff and the CWSRF staff. The NPS project will have the same administrative conditions as any § 319 grant; however, CWSRF cost eligibility criteria will apply. Additionally, sponsorship projects will be strongly encouraged to complete their projects within the same time frame as their point source counterparts. Since NPS sponsorship projects are not using point source solutions (i.e.,

Clean Water Act § 212), they will not need environmental reviews. See DEQ's *Other Funding Opportunities* web page for details.

When a sponsorship agreement is signed, the signatories will be the point source assistance agreement recipient, DEQ's director, and community's 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 recipients' 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 an integral part of the point source project and subject to the reporting requirements of a point source project.

Unless the NPS project uses point source solutions (i.e., Clean Water Act § 212), it will not need environmental reviews. DEQ will also *not* apply federal cross cutters to the NPS sponsorship projects. To be selected, NPS projects must have a completed, technically correct § 319 grant application (i.e., in compliance with 40 CFR 35.3115 et seq.); be located in the same (6-digit hydrologic unit code) basin as their sponsor; and have their sponsor's support in the NPS effort. Separate letters of interest are sent to potential CWSRF NPS applicants.

5 Assurances and Specific Proposals

5.1 Environmental Reviews

DEQ certifies that it will conduct environmental reviews of each project receiving CWSRF[1] and DWSRF funding. 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). A detailed procedure is found in Section 3 of DEQ's *Grants and Loans Program Customer Handbook*.

5.2 Timely and Expeditious Expenditures

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

5.3 State Laws and Procedures

DEQ agrees to expend all EPA capitalization grant awards in accordance with state and federal laws and procedures.

DEQ is responsible for monitoring all subrecipients that receive federal funds passed through the SRF program, including wastewater planning grant recipients, in accordance with 2 CFR § 200.332

[1] As defined by Clean Water Act § 212 project.

and DEQ's Subrecipient Monitoring Policy. Prior to executing a subaward, DEQ conducts a risk assessment of each subrecipient to evaluate their financial capacity, prior experience with federal awards, and compliance history. Subrecipient monitoring requirements, including reporting frequency and documentation standards, are incorporated into each subaward agreement.

5.4 National Reporting Requirements

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 to notify them of the amount of federal monies received through DEQ during the past year.

Compliance with the American Iron and Steel and Davis Bacon wage provisions apply to all funds (not just the capitalization grant and BIL funds) and include reporting requirements. If any SRF funds are used for projects, these requirements also apply. For all equivalency projects, American Iron and Steel, Build America Buy America, and Davis Bacon wage provisions apply.

CWSRF— DEQ agrees to comply with and require recipients of assistance agreements from the CWSRF to comply with applicable federal cross-cutters. The basic rules for complying with cross-cutting federal authorities are stated in 40 CFR 35.3145. DEQ will notify EPA when consultation or coordination by EPA is necessary to resolve issues regarding these requirements**.** These requirements include Annual Summary Reporting on the Office of Water State Revolving Fund (OWSRF) website and Federal Funding Accountability and Transparency Act (FFATA) reporting. To minimize administrative complexity and the burden on borrowers, the CWSRF 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.

DWSRF—DEQ agrees to comply with and require recipients of assistance agreements from the DWSRF to comply with applicable federal cross-cutting requirements. The basic rules for complying with cross-cutting federal authorities are stated in 40 CFR 35.3575. DEQ will notify EPA when consultation or coordination by EPA is necessary to resolve issues regarding these requirements**.** These requirements include Annual Summary Reporting on the OWSRF website and FFATA reporting. 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 $30,000.

5.5 Binding Commitments

CWSRF—DEQ will enter into binding commitments for 120% of each quarterly payment within 1 year of receipt of that payment.

DWSRF—DEQ will enter into binding commitments in an amount equal to the most recent grant awards and proportional state match within 1 year of receipt of those funds.

5.6 Consistency with Planning

CWSRF—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 § 205(j), 208, 303(e), 319, or 320.

Sections 205(j), 208, and 303 of the CWA specify water quality planning requirements. Water Quality Management (WQM) plans drawn from these sections identify priority point and nonpoint water quality problems, consider alternative solutions, and recommend control measures, including the financial and institutional measures necessary for implementation. This means a project must be consistent with Idaho's statewide water quality management plan.

5.7 Qualifications Based Standards for Selection of Professional Service Providers

CWSRF—DEQ is in compliance with the Clean Water Act § 602(b)(14)) federal procurement standard by its adherence to *Idaho Code § 67-2320*.

5.8 Restrictions

For both the CWSRF and DWSRF, financial assistance may only be provided to projects that appear on an adopted Priority List, consistent with the requirements of Clean Water Act § 606(c) (33 U.S.C. § 1386(c)) and SDWA § 1452(b) (42 U.S.C. § 300j-12(b)), respectively.

DEQ may not provide DWSRF financial assistance to any public water system that has failed to maintain compliance with the Safe Drinking Water Act unless DEQ determines that the funded project will enable the system to return to compliance.

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Attachment I. Fundable List of Clean Water Loan Projects

State of Idaho State Revolving Fund—Period of July 1, 2026 through June 30, 2027

Rank	Project	Rating Points	Regional Office	Est. Cost of Green Infrastructure	Needs Category (for EPA use)	NPDES, Reuse or Land Application Permit #	Estimated Assistance Loan	DAC Tier / Estimated Assistance PF	Estimated Funding Terms and Commit Date	Estimated Project Cost	Project Description
1	CITY OF DRIGGS	300	IFRO	$6,454,000	II, X, I	ID0020141	$25,000,000	Tier 2 / $6,344,240	30 years at 2.50% July 2026	$25,000,000	Address deficiencies related to effluent ammonia discharge, biosolid disposal, and increased capacity needs.
2	CITY OF HARRISON	265	CRO	$3,480,000	I, IV-A, II	ID0021997	$3,480,000	Tier 1 / $0	30 years at 2.50% July 2026	$3,480,000	Address construction cost shortfalls used to increase storage and treatment capabilities while also addressing ammonia levels.
3	CITY OF BLACKFOOT	240	PRO	$1,010,000	I, II	ID0020044	$5,000,000	Tier 1 / $0	30 years at 2.50% July 2026	$5,000,000	Reduce phosphorus amounts to ensure compliance with state regulations by addressing reliability and flow levels.
4*	CITY OF BURLEY	230	TFRO	$0	I, III-A	ID-000066-3	$25,000,000	Tier 1 / $0	30 years at 2.50% July 2026	$97,500,000	Address aging infrastructure through upgrades to the treatment plant related to anaerobic treatment.
41	Rural Community Assistance Corp.	TBD	TBD	$0	XII	None	$150,000	$150,000	Date TBD All principal forgiveness	$150,000	Replacement of failing septic system
42	Emergencies	TBD	TBD	$0	TBD	TBD	$200,000	$200,000	Date TBD All principal forgiveness	$200,000	See *Section 4.3* of the Intended Use Plan
Totals:				**$10,944,000**			**$58,830,000**	**$6,694,240**		**$131,330,000**	

*Note: The Burley project will serve the following Ancillary Requirements for both the capitalization grant and the BIL supplemental grant: Davis Bacon Wage Provisions, cross-cutting requirements, American Iron and Steel, Build America Buy America, FFATA Reporting, and Single Audit Act Reporting. All other projects will be subject to Davis Bacon Wage Provisions and American Iron and Steel.

Attachment II. Fundable List of BIL Clean Water Emerging Contaminants Projects

State of Idaho Revolving Fund—Period of July 1, 2026, through June 30, 2027

Rank	Project	Rating Points	Regional Office	System Type	System Number	Pop. Served	Total Project Cost	Estimated Assistance Loan/PF	Requested DEQ Share	Project Description
1	CITY OF LEWISTON	95	LRO	Public	ID0022055	34,471	$7,840,000	$1,157,900	$3,340,000	Address PFAS, pharmaceuticals, and endocrine-disrupting chemicals by installing additional water mains for the East Orchards neighborhood and converting homes from septic to a public wastewater treatment plant.
						Totals:	**$7,840,000**	**$1,157,900**	**$3,340,000**	

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Attachment III. Fundable List of Drinking Water Loan Projects

State of Idaho State Revolving Fund—Period of July 1, 2026 through June 30, 2027

Rank	Project	Rating Points	Regional Office	System Type	System Number	Pop. Served	Estimated Assistance Loan	DAC Tier / Estimated Assistance PF	Estimated Funding Terms and Commit Date	Estimated Project Cost	Project Description
1	CEDAR SPRINGS COMMUNITY WATER	221	CRO	Private	ID1090101	100	$4,000,000	Tier 2 / $855,145	30 years at 2.50% July 2026	$4,000,000	Construction of new storage tank, distribution system upgrades, correct pressure and flow limits.
2	SANTA WATER AND SEWER DISTRICT	138	CRO	Public	ID1050023	141	$1,321,000	Tier 3 / $1,251,000	30 years at 2.50% July 2026	$1,321,000	Add standby generator and construct new well house.
3	MURRAY WATER ASSOCIATION	134	CRO	Private	ID1400039	35	$655,000	Tier 3 / $515,000	30 years at 2.50% July 2026	$655,000	Install booster station.
4	ARROWHEAD RANCH WATER COMPANY	128	CRO	Private	ID1090289	30	$750,000	Tier 2 / $750,000	30 years at 2.50% July 2026	$750,000	New storage reservoir and booster pump station improvements.
5	CITY OF HARRISON	127	CRO	Public	ID1280083	288	$340,000	Tier 1 / $0	30 years at 2.50% July 2026	$340,000	Construct Stonegate Well.
6	CITY OF CLARK FORK	123	CRO	Public	ID1090018	867	$3,070,000	Tier 1 / $0	30 years at 2.50% July 2026	$3,570,000	New well, well house, and storage tank.
7	CURLEY CREEK WATER ASSOCIATION INC.	114	CRO	Private	ID1110008	50	$500,000	Tier 3 / $200,000	30 years at 2.50% July 2026	$796,806	Add storage and second well.
8	KOOTENAI COUNTY WATER DISTRICT #1	112	CRO	Public	ID1280106	787	$4,500,000	Non DAC / $0	20 years at 2.25% July 2026	$4,550,000	Install polyphosphate dosing system and rehabilitate treatment plant and storage tank.
9	KING HILL DOMESTIC WATER AND SEWER INC.	108	BRO	Private	ID4200026	80	$203,000	Tier 3 / $203,000	30 years at 2.50% July 2026	$933,000	Two new wells to address arsenic and manganese.
10*	CITY OF MCCAMMON	106	PRO	Public	ID6030038	825	$21,210,000	Tier 2 / $771,895	30 years at 2.50% July 2026	$21,210,000	New tank and distribution system improvements project.
11	TWENTY MILE CREEK WATER USERS ASSOCIATION	106	CRO	Private	ID1110030	225	$6,000,000	Tier 3 / $5,925,000	30 years at 2.50% July 2026	$6,000,000	Replacing aging distribution system lines, PRV station, and water meters. Install backup power.

Rank	Project	Rating Points	Regional Office	System Type	System Number	Pop. Served	Estimated Assistance Loan	DAC Tier Estimated Assistance PF	Estimated Funding Terms and Commit Date	Estimated Project Cost	Project Description
12	CITY OF TETONIA	95	IFRO	Public	ID7410012	389	$1,239,700	Tier 1 $0	30 years at 2.50% July 2026	$1,239,700	The system will update distribution system, install a new storage tank, rehabilitation to existing storage tank and backup power at well.
13*	CITY OF ABERDEEN	90	PRO	Public	ID6060001	2,611	$12,000,000	Tier 1 $0	30 years at 2.50% July 2026	$12,000,000	The system will install a new well, tank, and booster station and install a separate irrigation system.
14^	CITY OF GRACE	88	PRO	Public	ID6150010	920	$14,300,000	Tier 2 $367,674	30 years at 2.50% July 2026	$14,300,000	Spring source development and replacing transmission lines.
15	FOX CREEK COUNTRY CLUB ESTATES	86	IFRO	Private	ID7410034	150	$3,842,000	Tier 2 $725,759	30 years at 2.50% July 2026	$3,842,000	New well, storage reservoir, and booster pump, and new meters at service connections.
16	SWAN LAKE CULINARY WATER COMPANY	86	PRO	Private	ID6030052	29	$748,000	Tier 1 $0	30 years at 2.50% July 2026	$748,000	Development of a new well and upgrades to existing well house.
17	WILDERNESS RANCH OWNERS ASSOCIATION	86	BRO	Private	ID4080055	525	$9,400,000	Tier 2 $629,567	30 years at 2.50% July 2026	$9,400,000	Pump station updates, new reservoir, and distribution system improvements.
18	CITY OF BOVILL	84	LRO	Public	ID2290005	275	$915,000	Tier 1 $0	30 years at 2.50% July 2026	$915,000	Replacement of undersized mains.
19	CITY OF PLUMMER	84	CRO	Public	ID1050021	1,037	$1,200,000	Tier 1 $0	30 years at 2.50% July 2026	$1,200,000	Repairing Storage Tank NO. 2 and replace water mains.
49	Systems w/Corrosive Water or Lead Fixtures Presenting a Public Health Hazard	TBD	TBD	TBD	TBD	TBD	$500,000	$500,000	Date TBD All principal forgiveness	$500,000	Fund Planning, Design and Construction to remediate corrosive/aggressive water situations that present a clear threat to public health.
50	Emergencies	TBD	TBD	TBD	TBD	TBD	$500,000	$500,000	Date TBD All principal forgiveness	$500,000	See *Section 4.3* of the Intended Use Plan
						Totals:	**$87,193,700**	**$13,194,040**		**$88,770,506**	

*Denotes projects that will meet the BIL Supplemental equivalency requirements and ^projects will meet Cap Grant requirements: Davis Bacon Wage Provisions, cross-cutting requirements, American Iron and Steel, Build America Buy America, FFATA Reporting, and Single Audit Act Reporting. All other projects will be subject to Davis Bacon Wage Provisions and American Iron and Steel.

Attachment IV. Fundable List of BIL Drinking Water Emerging Contaminants Projects

State of Idaho State Revolving Fund—Period of July 1, 2026 through June 30, 2027

Rank	Project	Rating Points	Regional Office	System Type	System Number	Pop. Served	Total Project Cost	Estimated Assistance Loan/PF	Requested DEQ Share	Project Description
1	MOUNTAIN HOME MIGRANT HEAD START	115	BRO	Private	ID4200090	78	$350,000	$350,000	$350,000	Developing engineering analysis to address PFAS.
2	CITY OF GREENLEAF	90	BRO	Private	ID3140041	812	$1,050,000	$1,050,000	$1,050,000	Drilling a new well to address manganese.
3	KING HILL DOMESTIC WATER AND SEWER INC.	80	BRO	Private	ID4200026	80	$1,583,000	$853,000	$853,000	Two new wells to address arsenic and manganese.
4	CITY OF PAYETTE	70	BRO	Public	ID3380009	7,560	$2,500,000	$2,500,000	$2,500,000	Developing engineering analysis to address manganese.
5	CITY OF WEISER	65	BRO	Public	ID3440011	6,056	$200,000	$200,000	$200,000	Monitoring equipment to assess harmful algae blooms.
6	TERRACE LAKES WATER COMPANY	35	BRO	Private	ID4080047	475	$120,000	$120,000	$120,000	Developing engineering analysis to address manganese.
						Totals:	**$5,803,000**	**$5,073,000**	**$5,073,000**	

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Attachment V. Fundable List of BIL Lead Service Line Replacement Projects

State of Idaho State Revolving Fund—Period of July 1, 2026 through June 30, 2027

Rank	Project	Rating Points	Regional Office	System Type	System Number	Pop. Served	Estimated Assistance Loan	DAC Tier / Estimated Assistance PF	Estimated Funding Terms and Commit Date	Project Type
1	CEDAR SPRINGS COMMUNITY WATER	30	CRO	Private	ID1090101	100	$1,500,000	Tier 2 / $560,000	30 years at 2.50% July 2026	Inventory/Replacement
2	CITY OF ASHTON	25	IFRO	Public	ID7220004	1,129	$750,000	Tier 1 / $649,100	30 years at 2.50% July 2026	Replacement
3	CITY OF RIGBY	25	IFRO	Public	ID7260032	5,400	$440,000	Tier 1 / $268,972	30 years at 2.50% July 2026	Inventory
4	CITY OF ISLAND PARK	20	IFRO	Public	ID7220043	191	$1,400,000	Tier 1 / $1,097,365	30 years at 2.50% July 2026	Inventory
5	CITY OF MCCAMMON	20	PRO	Public	ID6030038	825	$3,784,000	Tier 1 / $989,418	30 years at 2.50% July 2026	Replacement
6	ROSE LAKE WATER ASSOCIATION	10	CRO	Private	ID1280161	300	$420,000	Non DAC / $0	20 years at 2.25% July 2026	Replacement
						Totals:	**$8,294,000**	**$3,564,855**		

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Attachment VI. Priority List of Clean Water Loan Projects

State of Idaho State Revolving Fund—Period of July 1, 2026 through June 30, 2027

Rank	Project	Rating Points	Regional Office	Estimated Project Cost	Needs Category (for EPA use)	NPDES, Reuse or Land Application Permit #	Est. Cost of Green Infrastructure	Project Description
1	CITY OF DRIGGS	300	IFRO	$25,000,000	II, X, I	ID0020141	$6,454,000	Address deficiencies related to effluent ammonia discharge, biosolid disposal, and increased capacity needs.
2	CITY OF HARRISON	265	CRO	$3,480,000	I, IV-A, II	ID0021997	$3,480,000	Address construction cost shortfalls used to increase storage and treatment capabilities while also addressing ammonia levels.
3	CITY OF BLACKFOOT	240	PRO	$5,000,000	I, II	ID0020044	$1,010,000	Reduce phosphorus amounts to ensure compliance with state regulations by addressing reliability and flow levels.
4	CITY OF BURLEY	230	TFRO	$97,500,000	I, III-A	ID-000066-3	$0	Address aging infrastructure through upgrades to the treatment plant related to anaerobic treatment.
5	CITY OF NEW MEADOWS	220	BRO	$4,138,000	I, III-B	ID0023159	$3,198,000	Address regulatory deficiencies through lagoon liner replacement and repair and upgrades to aeration and treatment equipment.
6	MOOSE DRAW ASSOCIATION INC.	215	LRO	$2,750,000	III-A, I	N/A	$0	Address permitting and capacity needs through the installation of a large soil absorption system and lift station.
7	CITY OF CAREY	200	TFRO	$6,609,000	I	M-21-03	$720,000	Meet current and future permit requirements by installing a new lagoon, and installing a polishing reactor and diffusers. Project also includes repairing and replacing pipes related to the collection system to address infiltration and inflow.
8	CITY OF CHALLIS	195	IFRO	$11,500,000	I	N/A	$500,000	Cleaning, dredging, and lining the Airport Lagoons as well as improvements to the sewer collection lines by performing CCTV survey on the system. Constructing a lift station and pressure sewer line to connect the two lagoon systems and rehabilitation of the disinfection and land application systems at both of the lagoon sites.
9	CITY OF BELLEVUE	190	TFRO	$9,300,000	II, X	M-112-03	$3,765,000	Membrane bioreactor plant upgrades that include a new rapid infiltration basin, replacement of the existing headworks, and improvements to the lagoon systems.
10	CITY OF POTLATCH	180	LRO	$12,195,620	I, II	ID0022501	$15,000,000	Address regulatory compliance needs through sludge removal, reconstruction of the cell system, and installation of a disinfection system and ammonia removal process.
11	CITY OF RICHFIELD	180	TFRO	$9,900,600	I, X	ID0021211	$2,611,200	Address ammonia and phosphorous limits, and complete lift station and headworks improvements.
12	FORT HALL MINE LANDFILL	180	PRO	$1,920,000	N/A	29W-006-002	$333,000	Address leachate through the installation of a polyethylene geomembrane liner.
13	CITY OF FILER	170	TFRO	$11,000,000	I, II, X	ID0020061	$3,325,000	Upgrade the reuse system to a Class A system by upgrading membranes and replacing the UV disinfection system.

Rank	Project	Rating Points	Regional Office	Estimated Project Cost	Needs Category (for EPA use)	NPDES, Reuse or Land Application Permit #	Est. Cost of Green Infrastructure	Project Description
14	HOO DOO WATER AND SEWER DISTRICT	170	LRO	$9,749,000	IV-A, III-B	N/A	$2,050,000	Replacement of existing sand filter and installation of a disinfection system due to previous failures.
15	SOUTH FORK COEUR D'ALENE RIVER SEWER DISTRICT	170	CRO	$35,850,000	I, III-A	ID0021300	$4,420,000	Address aging infrastructure and discharge needs by relining of existing lagoons, add surface mixers, installation of a grit classifier, and replacement of force mains and lift station.
16	CITY OF REXBURG	160	IFRO	$33,667,234	III-B, I	ID0023817	$1,000,000	Address reliability and future flows through the installation additional oxidation ditch's and clarifiers.
17	IONA BONNEVILLE SEWER DISTRICT	160	IFRO	$60,454,200	II, X	N/A	$7,630,000	Construction of a new wastewater treatment plant to allow for expansion.
18	CITY OF LAVA HOT SPRINGS	150	PRO	$14,300,000	I, X	ID0021822	$14,300,000	Install flow meters, complete data logging, rehabilitate the existing lagoon and develop a land application site.
19	CITY OF MENAN	150	IFRO	$7,200,000	I, III-B	M-066-04	$2,400,000	Repair and replace portions of the collection system, construct a headworks for the wastewater treatment plant, replace aeration system and expand reuse storage.
20	CITY OF AMERICAN FALLS	135	PRO	$6,000,000	I, III-A	ID-0020753	$240,000	Address aging infrastructure and overflow at the wastewater treatment plant through collection rehabilitation. Also provide treatment upgrades to increase capacity.
21	HELMER WATER AND SEWER DISTRICT	135	LRO	$1,640,000	I	M-195-03	$120,000	Address system deficiencies through the completion of a facility plan, environmental review, relining of lagoons, seepage testing, and installation of a perimeter fence around the lagoons.
22	CITY OF ARCO	130	IFRO	$13,000,000	III-B, I	M-029-04	$25,000	Address needed upgrades to the wastewater reuse system related to the lift station and replacement of the existing treatment lagoons.
23	CITY OF CAMBRIDGE	130	BRO	$4,080,000	I, III-A, III-B	ID0021806	$585,000	Address permitting limits by reviewing methods for ammonia removal, reduce infiltration and inflow and install collection upgrades.
24	CITY OF KAMIAH	125	LRO	$6,138,000	I	ID-002846-1	$2,000,000	Address aging infrastructure through rehabilitation of the activated sludge treatment plant.
25	CITY OF MOUNTAIN HOME	120	BRO	$11,651,610	I, X	M-037-04	$561,000	Address capacity through the construction of an additional wastewater lagoon.
26	CITY OF RIGGINS	120	LRO	$6,000,000	III-B, I, II	ID0020931	$150,000	Address permitting requirements and aging infrastructure through wastewater treatment upgrades related to constructing a new clarifier, installing diffusers, and adding an additional blower.
27	CITY OF NEW PLYMOUTH	110	BRO	$4,664,000	X, IV-A	ID0020389	$611,000	Address capacity issues through the construction of a wastewater reuse facility and installation of a SCADA system.
28	CITY OF BANCROFT	100	PRO	$5,052,000	I	N/A	$4,210,000	Replace damaged lagoon liners that have exceeded their useful life to reduce infiltration and inflow into the groundwater.
29	CITY OF VICTOR	100	IFRO	$29,786,000	III-B	N/A	$5,361,000	Construction of a new wastewater treatment plant and surface water discharge system.
30	CITY OF ALBION	95	TFRO	$350,000	I	M-077-04	$350,000	Repairing and relining existing lagoon cell due to a leaking lagoon.

Rank	Project	Rating Points	Regional Office	Estimated Project Cost	Needs Category (for EPA use)	NPDES, Reuse or Land Application Permit #	Est. Cost of Green Infrastructure	Project Description
31	CITY OF CRAIGMONT	95	LRO	$450,000	I, III-B, II	ID0021288	$0	Address construction cost shortfalls related to the integration of new headworks.
32	COOLIN SEWER DISTRICT	95	CRO	$12,000,000	I, X	M-013-05	$1,200,000	Install additional winter storage capacity and remove sludge from existing lagoons at the wastewater treatment plant. Address redundancy at the reuse site by developing additional land reuse, and electrical upgrades.
33	CITY OF FRANKLIN	90	PRO	$3,423,000	I	ID0025569	$3,432,000	Installation of a new headworks and membrane treatment facilities and a winter storage lagoon for the recycled water system.
34	CITY OF PAUL	90	TFRO	$7,231,000	I, X	M-009-04	$85,000	Increase capacity and redundancy by replacing on-site lift stations, replacing lagoon liners, and installing a generator.
35	FISH HAVEN AREA RECREATIONAL SEWER DISTRICT	90	PRO	$11,100,000	III-B, I	M-087-03	$15,000	Address capacity and operational deficiencies through expansion of the wastewater treatment plant and the collection system.
36	GROVELAND WATER AND SEWER DISTRICT	70	PRO	$30,000,000	I, X	N/A	$10,600,000	Address collection line improvements by removal of two lift stations and installation of a new modular treatment plant.
37	CITY OF LEWISVILLE	60	IFRO	$22,400,000	IV-A	N/A	$500,000	Convert individual septic systems to a collection system.
38	CITY OF ROBERTS	55	IFRO	$1,388,000	III-B	N/A	$120,000	Installation of a SCADA system and variable frequency drives and replacement of failing sewer lines.
39	CITY OF MCCAMMON	35	PRO	$12,893,495	III-B, X	M-192-03	$2,000	Expand and line winter storage ponds, install wastewater treatment plant screens, install lift station upgrades and remove biosolids.
40	HAYDEN AREA REGIONAL SEWER BOARD (HARSB)	10	CRO	$7,500,000	I	ID0026590	$0	Provide redundancy through the construction of a section treatment plant discharge pipeline.
41	Rural Community Assistance Corp.	TBD	TBD	$150,000	XII	None	$0	Replacement of failing septic systems.
42	Emergencies	TBD	TBD	200,000	TBD	TBD	$0	See *Section 4.3* of the Intended Use Plan
			Totals:	**$558,610,759**			**$102,363,200**	

Attachment VII. Priority List of BIL Clean Water Emerging Contaminants Projects

State of Idaho State Revolving Fund—Period of July 1, 2026 through June 30, 2027

Rank	Project	Rating Points	Regional Office	System Type	System Number	Pop. Served	Total Project Cost	Requested DEQ Share	Project Description
1	CITY OF LEWISTON	95	LRO	Public	ID0022055	34,471	$7,840,000	$3,340,000	Address PFAS, pharmaceuticals, and endocrine-disrupting chemicals by installing additional water mains for the East Orchards neighborhood and converting homes from septic to a public wastewater treatment plant.
2	HAYDEN LAKE WATERSHED IMPROVEMENT DISTRICT	85	CRO	Public	None	1,600	$4,540,000	$1,258,000	Address harmful algal blooms through the removal of cyanotoxins with mechanical harvesting of aquatic plants.
						Totals:	**$12,380,000**	**$4,598,000**	

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Attachment VIII. Priority List of Drinking Water Loan Projects

State of Idaho State Revolving Fund—Period of July 1, 2026, through June 30, 2027

Rank	Project	Rating Points	Regional Office	System Type	System Number	Pop. Served	Estimated Project Cost	Project Description
1	CEDAR SPRINGS COMMUNITY WATER	221	CRO	Private	ID1090101	100	$4,000,000	Construction of new storage tank, distribution system upgrades, correct pressure and flow limits.
2	SANTA WATER AND SEWER DISTRICT	138	CRO	Public	ID1050023	141	$1,321,000	Add standby generator and construct new well house.
3	MURRAY WATER ASSOCIATION	134	CRO	Private	ID1400039	35	$655,000	Install booster station.
4	ARROWHEAD RANCH WATER COMPANY	128	CRO	Private	ID1090289	30	$750,000	New storage reservoir and booster pump station improvements.
5	CITY OF HARRISON	127	CRO	Public	ID1280083	288	$340,000	Construct Stonegate Well.
6	CITY OF CLARK FORK	123	CRO	Public	ID1090018	867	$3,570,000	New well, well house, and storage tank.
7	CURLEY CREEK WATER ASSOCIATION INC.	114	CRO	Private	ID1110008	50	$796,806	Add storage and second well.
8	KOOTENAI COUNTY WATER DISTRICT #1	112	CRO	Public	ID1280106	787	$4,550,000	Install polyphosphate dosing system and rehabilitate treatment plant and storage tank.
9	KING HILL DOMESTIC WATER AND SEWER INC.	108	BRO	Private	ID4200026	80	$933,000	Two new wells to address arsenic and manganese.
10	CITY OF MCCAMMON	106	PRO	Public	ID6030038	825	$21,210,000	New tank and distribution system improvements project.
11	TWENTY MILE CREEK WATER USERS ASSOCIATION	106	CRO	Private	ID1110030	225	$6,000,000	Replacing aging distribution system lines, PRV station, and water meters. Install backup power.
12	CITY OF TETONIA	95	IFRO	Public	ID7410012	389	$1,239,700	The system will update distribution system, install a new storage tank, rehabilitation to existing storage tank and backup power at well.
13	CITY OF ABERDEEN	90	PRO	Public	ID6060001	2,611	$12,000,000	The system will install a new well, tank, and booster station and install a separate irrigation system.
14	CITY OF GRACE	88	PRO	Public	ID6150010	920	$14,300,000	Spring source development and replacing transmission lines.
15	FOX CREEK COUNTRY CLUB ESTATES	86	IFRO	Private	ID7410034	150	$3,842,000	New well, storage reservoir, and booster pump, and new meters at service connections.
16	SWAN LAKE CULINARY WATER COMPANY	86	PRO	Private	ID6030052	29	$748,000	Development of a new well and upgrades to existing well house.
17	WILDERNESS RANCH OWNERS ASSOCIATION	86	BRO	Private	ID4080055	525	$9,400,000	Pump station updates, new reservoir, and distribution system improvements.
18	CITY OF BOVILL	84	LRO	Public	ID2290005	275	$915,000	Replacement of undersized mains.
19	CITY OF PLUMMER	84	CRO	Public	ID1050021	1,037	$1,200,000	Repairing Storage Tank NO. 2 and replace water mains.
20	CITY OF WENDELL	83	TFRO	Public	ID5240028	2,917	$20,439,750	Construct a new well, storage tank, and booster pump station.

Rank	Project	Rating Points	Regional Office	System Type	System Number	Pop. Served	Estimated Project Cost	Project Description
21	CITY OF REXBURG	80	IFRO	Public	ID7330022	41,911	$19,230,000	New well, refurbish existing well, new tank and distribution system improvements.
22	CITY OF CHUBBUCK	78	PRO	Public	ID6030008	15,638	$13,805,000	New tank, booster station, well, and transmission line improvements.
23	CITY OF MACKAY	78	IFRO	Public	ID7190032	719	$10,000,000	New well and water line replacement project.
24	COUGAR CREEK WATER USERS ASSOCIATION	78	CRO	Private	ID1090030	250	$4,500,000	Construct new well and reservoir along with distribution system work.
25	CARIBOU ACRES WATER DISTRICT	77	PRO	Private	ID6030005	120	$3,200,000	The system will replace a lower storage tank and address distribution system issues as well as improvements at the well and booster station.
26	CITY OF PRESTON	76	PRO	Public	ID6210014	5,545	$4,900,000	Installation of new storage tank.
27	CITY OF ST. ANTHONY	76	IFRO	Public	ID7220067	3,348	$4,000,000	Distribution system improvements.
28	WOODLAND SHORES WATER AND SEWER ASSOCIATION	76	CRO	Private	ID1280203	175	$850,000	Install water meters and portions of distribution system.
29	BEAR CLAW SUBDIVISION PROPERTY OWNERS ASSOCIATION	74	CRO	Private	ID1090231	70	$1,700,000	Construction of Secondary well.
30	GROVELAND WATER AND SEWER DISTRICT	74	PRO	Private	ID6060095	1,480	$2,000,000	Purchase of a well and distribution system improvements.
31	CITY OF NEW PLYMOUTH	71	BRO	Public	ID3380008	1,645	$2,083,000	New well to address arsenic and water line replacement project.
32	LAKEVIEW ESTATES SUBDIVISION HOMEOWNERS ASSOCIATION	71	LRO	Private	ID2180020	34	$2,135,920	Move from wells to surface water.
33	MEADOW CREEK PROPERTY OWNERS ASSOCIATION	71	BRO	Private	ID3020009	800	$5,717,250	New storage reservoir and distribution system.
34	CITY OF RIGBY	68	IFRO	Public	ID7260032	5,400	$9,400,000	New storage reservoir, booster pump, and new meters at service connections.
35	MCGUIRE ESTATES WATER USERS ASSOCIATION	68	CRO	Private	ID1280118	150	$129,000	Add emergency power.
36	HILLSDALE ESTATES HOMEOWNERS ASSOCIATION	66	BRO	Private	ID4010218	1,000	$3,500,000	Well house improvements.
37	DRAKE SUBDIVISION PROPERTY OWNERS ASSOCIATION	64	BRO	Private	ID3140028	175	$1,560,500	New meters and distribution system improvements.
38	CITY OF LAVA HOT SPRINGS	63	PRO	Public	ID6030030	358	$5,090,000	Well rehabilitation and distribution system improvements with SCADA.
39	MELLEN SUBDIVISION WATER DISTRICT	59	BRO	Private	ID4200089	119	$535,000	Construct a new well.
40	BEAR LAKE WEST HOMEOWNERS ASSOCIATION	58	PRO	Private	ID1050021	1,400	$5,440,000	The system will address undersized water mains and other distribution system issues.
41	COTTONWOOD POINT WATER USERS ASSOCIATION	58	CRO	Private	ID1050008	150	$578,760	Construct new well and install pre-cast storage tank.

Rank	Project	Rating Points	Regional Office	System Type	System Number	Pop. Served	Estimated Project Cost	Project Description
42	CITY OF CAMBRIDGE	56	BRO	Public	ID3440002	326	$2,100,000	Well #1 improvements to treat arsenic and replace galvanized pipes.
43	TROW CREEK WATER ASSOCIATION	52	CRO	Private	ID1110029	96	$0	Replace storage tank and portions of distribution system.
44	CITY OF HORSESHOE BEND	39	BRO	Public	ID4080024	802	$1,200,000	Construct new storage reservoir to replace failing tank.
45	CITY OF RUPERT	39	TFRO	Public	ID5340017	4,152	$2,000,000	Booster pump station, generators for back-up power.
46	CITY OF GEORGETOWN	38	PRO	Public	ID6040013	757	$1,980,000	Replacing approximately 7,500 feet asbestos concrete and steel lines with PVC pipe.
47	CITY OF EDEN	24	TFRO	Public	ID5270006	416	$1,650,000	Replace distribution lines less than 4 " with 8 " line.
48	FAIRVIEW WATER DISTRICT	22	PRO	Private	ID6210006	1,300	$24,003,400	Distribution and transmission line replacement project.
49	Systems w/Corrosive Water or Lead Fixtures Presenting a Public Health Hazard	TBD	TBD	TBD	TBD	TBD	$500,000	Fund Planning, Design and Construction to remediate corrosive/aggressive water situations that present a clear threat to public health.
50	Emergencies	TBD	TBD	TBD	TBD	TBD	$500,000	See *Section 4.3* of the Intended Use Plan
						Totals:	**$242,498,086**	

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Attachment IX. Priority List of BIL Drinking Water Emerging Contaminants Projects

State of Idaho State Revolving Fund—Period of July 1, 2026 through June 30, 2027

Rank	Project	Rating Points	Regional Office	System Type	System Number	Pop. Served	Total Project Cost	Requested DEQ Share	Project Description
1	MOUNTAIN HOME MIGRANT HEAD START	115	BRO	Private	ID4200090	78	$350,000	$350,000	Developing engineering analysis to address PFAS.
2	CITY OF GREENLEAF	90	BRO	Private	ID3140041	812	$1,050,000	$1,050,000	Drilling a new well to address manganese.
3	KING HILL DOMESTIC WATER AND SEWER INC.	80	BRO	Private	ID4200026	80	$1,583,000	$853,000	Two new wells to address arsenic and manganese.
4	CITY OF PAYETTE	70	BRO	Public	ID3380009	7,560	$2,500,000	$2,500,000	Developing engineering analysis to address manganese.
5	CITY OF WEISER	65	BRO	Public	ID3440011	6,056	$200,000	$200,000	Monitoring equipment to assess harmful algae blooms.
6	TERRACE LAKES WATER COMPANY	35	BRO	Private	ID4080047	475	$120,000	$120,000	Developing engineering analysis to address manganese.
						Totals:	**$5,803,000**	**$5,073,000**	

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Attachment X. Priority List of BIL Lead Service Line Replacement Projects

State of Idaho State Revolving Fund—Period of July 1, 2026 through June 30, 2027

Rank	Project	Rating Points	Regional Office	System Type	System Number	Pop. Served	Estimated Project Cost	Project Type
1	CEDAR SPRINGS COMMUNITY WATER	30	CRO	Private	ID1090101	100	$1,500,000	Inventory/Replacement
2	CITY OF ASHTON	25	IFRO	Public	ID7220004	1,129	$750,000	Replacement
3	CITY OF RIGBY	25	IFRO	Public	ID7260032	5,400	$440,000	Inventory
4	CITY OF ISLAND PARK	20	IFRO	Public	ID7220043	191	$1,400,000	Inventory
5	CITY OF MCCAMMON	20	PRO	Public	ID6030038	825	$3,784,000	Replacement
6	ROSE LAKE WATER ASSOCIATION	10	CRO	Private	ID1280161	300	$420,000	Replacement
						Totals:	**$8,294,000**	

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Attachment XI. Priority List of Wastewater Planning Grants

Rank	Project	Rating Points	Regional Office	Total Project Cost	Funding Amount	Project Description
1*#	SOUTH FORK COEUR D'ALENE RIVER SEWER DISTRICT	210	CRO	$229,500	$65,000	Evaluate current capacity of the facility and review options for influent screening, solids dewatering, and removal of regulated components.
2*	CITY OF GREENLEAF	205	BRO	$130,000	$65,000	Address aging infrastructure by evaluating capacity needs, reviewing alternatives for a solid management system, and planning for upcoming regulatory permitting changes.
3*#	HAYDEN AREA REGIONAL SEWER BOARD (HARSB)	195	CRO	$300,000	$65,000	Update a current facility plan to include population changes and its impact on the wastewater treatment plant for future treatment and discharge capacities.
4*	CITY OF BOVILL	170	LRO	$110,000	$55,000	Evaluate the existing wastewater treatment system for future needs and identify needed upgrades to meet regulatory and environmental requirements.
5*	CITY OF POTLATCH	170	LRO	$130,000	$65,000	Assess the city's wastewater needs while also evaluating regionalization options with Hoodoo Water and Sewer District and Princeton-Hampton Sewer District.
6*	HELMER WATER AND SEWER DISTRICT	150	LRO	$80,000	$40,000	Review existing conditions related to an unfenced lagoon system and deteriorating lagoon liner conditions.
7	CITY OF HANSEN	145	TFRO	$65,000	$32,500	Update the current facility plan and evaluate needs associated with upcoming permitting requirements, capacity needs, and redundancy.
8	CITY OF GRACE	130	PRO	$120,000	$60,000	Update facility plan to address current and future permitting requirements and allow for long term system planning.
9	CITY OF HEYBURN	125	TFRO	$130,000	$65,000	Update to the current facility plan including an evaluation of expected growth and current deficiencies in the headwork and address redundancy.
10#	CITY OF PAYETTE	105	BRO	$150,000	$65,000	Address reliability and regulatory compliance by updating the current facility plan and evaluating treatment capacity and aging pipelines.
11	CITY OF MURTAUGH	100	TFRO	$116,000	$58,000	Review capacity needs for the treatment lagoons and rapid infiltration basins due to increased growth.
12	SOUTH LAKE RECREATIONAL WATER AND SEWER DISTRICT	90	BRO	$100,000	$50,000	Address nutrient loading through the evaluation of converting onsite septic systems to a centralized or decentralized wastewater treatment system.
13	YELLOWSTONE ACRES AT HENRY'S LAKE	80	IFRO	$60,000	$30,000	Create a facility plan to evaluate replacing the failing central LSAS system and connecting the remaining individual systems to septic.
14#	CITY OF BURLEY	75	TFRO	$150,000	$65,000	Creation of a facility plan to evaluate existing flow and load issues and project future needs.
15^	CITY OF ROBERTS	75	IFRO	$115,000	$57,500	Update current facility plan to address aging infrastructure and additional controls.
16#	CITY OF AMMON	40	IFRO	$140,000	$65,000	Address aging infrastructure by evaluating existing conditions and priorities in the Capital Improvement Plan for future needs.
17	CITY OF DOWNEY	35	PRO	$70,000	$35,000	Review needs related to aging pipelines, root intrusion, and a sewer main concrete wall failure.

Rank	Project	Rating Points	Regional Office	Total Project Cost	Funding Amount	Project Description
18	FENN COMMUNITY WATER AND SEWER	35	LRO	$100,000	$60,000	Address aging infrastructure, debris entrance into the system, and power redundancy.
19	CITY OF ARIMO	35	PRO	$75,000	$37,500	Creation of a facility plan to evaluate converting individual septic systems to a centralized wastewater treatment system, possibly through regionalization.
			Totals:	**$2,370,500**	**$1,035,500**	

#Maximum grant amount is $65,000.

*Denotes entities within the anticipated available grant funding range.
^Project #15 received wastewater planning grant funding in the previous fiscal year.

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Attachment XII. Priority List of Drinking Water Planning Grants

Rank	Project	Rating Points	Regional Office	Total Project Cost	Funding Amount	Project Description
1*	NUR WATER ASSOCIATION	182	IFRO	$75,000	$37,500	Complete facility plan for complete replacement of depreciating water mains and re-evaluate available capacity.
2*	CITY OF PECK	149	LRO	$80,000	$40,000	Create facility plan to address intake concerns, outdated infrastructure, and lack of system controls to gain reliable water service.
3*	WEST MOUNTAIN COTTAGES, INC.	143	BRO	$50,000	$25,000	Complete facility plan to assess and determine appropriate treatment improvements to return system to compliance with public drinking water standards.
4*	CEDAR SPRINGS COMMUNITY WATER	129	CRO	$40,000	$20,000	Facility plan to rehabilitate or replace water supply, distribution system and change disinfection phase from chlorine gas to liquid chlorine injection system.
5*	WENDLEMERE WATER SYSTEM	102	CRO	$50,000	$25,000	Complete facility plan to determine water storage, pump controller updates and map current piping network.
6*#	CITY OF PAYETTE	95	BRO	$120,000	$45,000	Complete facility plan for replacement of control valves and flow meters on transmission line from spring, replacement of control valves and flow meters on storage tanks and replacement of chlorination system.
7*	WAHA GLEN WATER DISTRICT	94	LRO	$80,000	$40,000	Complete facility plan for compliance, assess aging supply sources, including well pump, well house reliability and contamination risk.
8*	CITY OF RIRIE	92	IFRO	$70,000	$35,000	Update facility plan to address 2" and 4" waterlines, inadequate valves, asbestos concrete waterlines, development of well and construction of storage tank.
9*	ONAWAY WATER AND SEWER ASSOCIATION	88	LRO	$80,000	$40,000	Complete facility plan to assess deficiencies and capacity.
10*#	CATALDO WATER DISTRICT	86	CRO	$100,000	$45,000	Complete Facility plan to review water usage, conservation, leak detection, water resource management, and evaluate rates.
11*	CITY OF BASALT	86	PRO	$65,000	$32,500	Update facility plan to determine redundancy sources, evaluate rehabilitation options for the Clay Peak Reservoir, establish an inventory and replacement schedule for asbestos cement and aging pipelines, and address backup power issues at existing facilities.
12	CITY OF BLOOMINGTON	84	PRO	$60,000	$30,000	Update facility plan to address intake site concerns, outdated infrastructure, and lack of system controls.
13	CONKLING PARK WATER ASSOCIATION	80	CRO	$60,000	$30,000	Complete facility plan to evaluate the existing system, identify deficiencies, provide infrastructure recommendations, determine corrosion control treatment recommendation, create 20-year planning document
14#	ALPINE MEADOWS WATER AND SEWER	78	CRO	$105,000	$45,000	Creation of facility plan to analyze system need and aging water system.

Rank	Project	Rating Points	Regional Office	Total Project Cost	Funding Amount	Project Description
15	CITY OF CRAIGMONT	78	LRO	$80,000	$40,000	Create facility plan to review options for full use of primary storage tank capacity.
16	EAST SHOSHONE COUNTY WATER DISTRICT	78	CRO	$90,000	$45,000	Complete facility plan to evaluate the existing system, identify deficiencies, provide infrastructure recommendations, determine corrosion control treatment recommendation, create 20-year planning document
17	CITY OF HANSEN	74	TFRO	$85,000	$42,500	Create facility plan to evaluate condition of aging infrastructure including waterlines, isolation valves, storage tanks, and undersized mains to meet minimum size requirement.
18	PARADISE POINT CAMP	74	BRO	$85,000	$42,500	Drill new well to increase water pressure and availability. (Project is currently ineligible for grant funding. Contact DEQ for to discuss eligibility).
19	VALLEY VIEW ESTATES	74	PRO	$50,000	$25,000	Complete facility plan to address sessional supply issues, well and storage tank deficiencies, water pressure and review source redundancy and system reliability.
20	CITY OF ROCKLAND	73	PRO	$60,000	$30,000	Create facility plan for installation of additional storage reservoir and upgrading of supporting equipment.
21	LAKEVIEW HOMEOWERS ASSOCIATION INC. (Idaho Falls)	72	IFRO	$80,000	$40,000	Complete facility plan for source treatment and distribution upgrades to meet health and safety risk regulations.
22#	ROSE LAKE WATER ASSOCIATION	60	CRO	$100,000	$45,000	Complete facility plan for source water capacity and distribution system upgrades to meet IDAPA regulations for health and safety.
23	CITY OF KENDRICK	59	LRO	$100,000	$45,000	Complete facility plan to assess water system infrastructure for deficiencies and plan project(s) to address issues in the system.
24	MIDAS WATER CORPORATION	51	CRO	$35,000	$17,500	Update facility plan to assess current system infrastructure and determine what improvements need to be made.
25#	CITY OF MINIDOKA	50	TFRO	$3,500	$45,000	Complete facility plan to analyze the water system and any deficiencies that need to be corrected.
26	WOODVILLE WATER AND SEWER DISTRICT	46	PRO	$250	$6,000	Facility plan for upsizing of undersized facilities, installing redundant well, repairing and replacing aging water storage reservoir, water mains, and meters.
27	CITY OF ARIMO	39	PRO	$75,000	$37,500	Create facility plan to address minimum pressure deficiencies found in last sanitary survey.
28#	CITY OF WEIPPE	36	LRO	$100,000	$45,000	Complete facility plan for treatment improvements necessary to achieve compliance public drinking water standards and provide long term reliability.
29	HARPSTER	0	LRO	$2,000	$1,000	Installation of replacement meters. Project is currently ineligible for grant funding. Contact DEQ to discuss eligibility.
			Totals:	**$1,980,750**	**$997,000**	

#Maximum grant amount is $45,000.

*Denotes entities within the anticipated available grant funding range.

Attachment XIII. Description of Disadvantaged Assistance

Disadvantaged Community Determination

To qualify for a disadvantaged loan, an applicant must meet the DEQ criteria for a disadvantaged community as defined in IDAPA 58.01.12.021, revised and effective for loans entered on or after July 1, 2026. DEQ uses a tiered structure based upon affordability indicators to identify disadvantaged communities and to prioritize principal forgiveness and loan modifications. Tier 1 is the broadest category and captures communities with general affordability challenges. Tier 2 identifies communities with greater affordability challenges. Tier 3 identifies communities with the greatest financial hardships.:

Tier	Criteria
Tier 1	The applicant has a local median household income (MHI) that is equal to or less than the current state MHI; **or** the applicant has a local MHI that is equal to or less than 125% of the current state MHI and meets at least one of the following criteria: (1) poverty rate above the state average; (2) population over the most recent five years is stagnant or decreasing; (3) unemployment rate above the state average; or (4) annual user rate exceeds 1.5% of the community's MHI.
Tier 2	The applicant qualifies for Tier 1 disadvantaged assistance and the annual cost of drinking water or wastewater service for residential customers exceeds 2.0% of the community's MHI.
Tier 3	The applicant qualifies for Tier 2 disadvantaged assistance and has an MHI that is 80% or less of the current state MHI.

Median Household Income (MHI) and Poverty Rates

In January 2026, DEQ utilized the following sources for MHI and poverty rate for Idaho.

Current MHI used for the evaluation of this IUP was $81,166 (in 2024 dollars) from the US Census (*Census Reporter*). Communities submit LOI data with local MHI using

Poverty rate for Idaho was 10.5% from the American Community Survey (*What is the poverty rate in Idaho? | USAFacts*).

Communities apply for disadvantaged status through the Letter of Interest (LOI) process by submitting their local MHI using Census Reporter (censusreporter.org) and providing supporting documentation, including the applicable American Community Survey citation. Communities whose annual residential user rates exceed 1.5% but do not exceed 2.0% of their local MHI may still qualify by providing evidence from the U.S. Census, Bureau of Labor Statistics, or Idaho

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Department of Labor demonstrating that their unemployment rate exceeds the statewide average and that their community population is stagnant or declining**.**

IUP Implementation Methodology

The rule criteria above establish whether an applicant qualifies as a disadvantaged community. The provisions below describe DEQ's implementation methodology for applying those criteria in the IUP for this funding year. These provisions identify the data sources, calculations, and administrative steps DEQ will use to evaluate disadvantaged community eligibility and affordability, consistent with IDAPA 58.01.12.021 and with available funding.

DEQ will use the data sources and methods identified to determine local median household income, state median household income, poverty rate, unemployment rate, population trend, annual user rate, and annual residential cost of service. For example, DEQ may use Census Reporter data, county-level data where a service area is not within municipal boundaries, or a DEQ-approved income survey, as applicable. DEQ may also use other current and appropriate replicable data sources identified in the Intended Use Plan for this funding year to evaluate the affordability criteria

If an applicant's service area is not within the boundaries of a municipality, DEQ may use the county in which the applicant is located or a DEQ-approved income survey, as applicable, to determine local MHI for purposes of this methodology. The survey is identified in the Letter of Interest forms in which the systems were rated. DEQ will apply the same implementation approach consistently across applicants in the applicable funding year.

Loan Modification for Disadvantaged Communities

All communities that are deemed disadvantaged within the tiered structure will qualify for a disadvantaged loan. Available loan modifications may include an extended repayment term, a reduced interest rate, and principal forgiveness, consistent with the IUP and available funding. DEQ will prioritize disadvantaged loan modifications first to Tier 3 communities, then Tier 2 communities, and then Tier 1 communities. Loan modifications will not result in user rates below 2.0% of MHI.

Extended Repayment Term:
A disadvantaged community may take an extended loan term of thirty (30) years unless the design life of the project is documented to be less than thirty years or unless otherwise requested.

Reduced Interest Rate:
The interest rate for a disadvantaged community loan may be reduced from the rate established by the Department's policy. For SFY 2027 thirty (30) year disadvantage community rate is set at 2.50% and the twenty (20) year disadvantage community rate is 2.25%.

Principal Forgiveness Allocation:
Once a community is determined to qualify as a disadvantaged community and is placed in a disadvantaged tier, DEQ will proportionally allocate available principal forgiveness among qualified projects. DEQ will allocate available principal forgiveness in the following order:

a. Tier 3 disadvantaged communities, to the extent principal forgiveness can be awarded without reducing user rates below 2.0% MHI.
b. Any remaining principal forgiveness to Tier 2 disadvantaged communities under the same standard.
c. Any remaining principal forgiveness to Tier 1 disadvantaged communities under the same standard.

Principal forgiveness estimates identified in the Intended Use Plan may be revised based on total project indebtedness, available funding, and final loan terms. For example, if a community wants the loan for interim financing instead of a final loan with DEQ, this will affect final loan terms, and the amount of principal forgiveness may be reduced or withdrawn.

Principal forgiveness is generally not available for interim financing assistance agreements. Communities seeking permanent financing through DEQ may be considered for principal forgiveness, subject to available funding and continued qualification as a disadvantaged community.

Reallocation of Principal Forgiveness

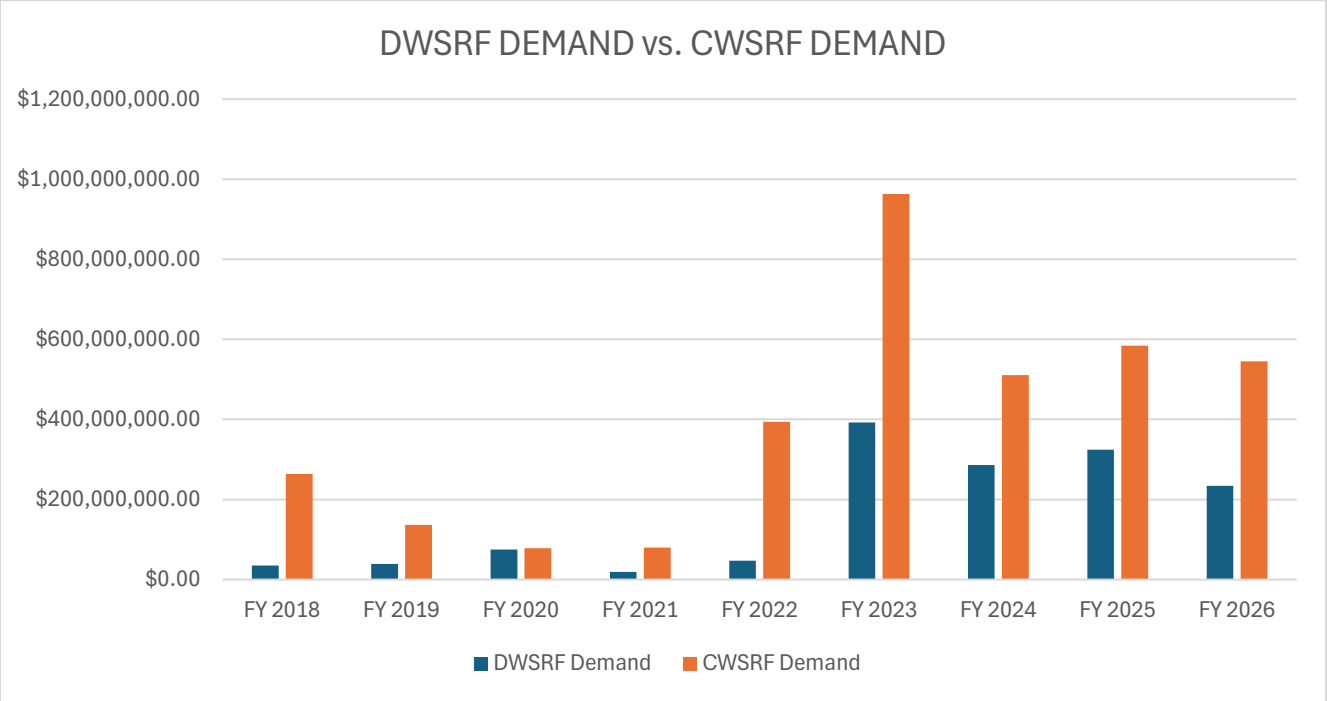
- At the end of the state fiscal year, any unallocated principal forgiveness identified in the Fundable Lists, will be allocated to those disadvantaged entities that signed loans with DEQ during the state fiscal year and still qualify as disadvantaged.
- If a project's budget increases after the Fundable List is approved by the Board of Environmental Quality, any year-end reallocation of unused principal forgiveness will consider the project's revised cost. If a disadvantaged community accepts principal forgiveness and their project is completed under budget, the remaining principal forgiveness will be allocated to disadvantaged communities that signed loans with DEQ during the state fiscal year and still qualify as disadvantaged.
- If a project identified for principal forgiveness on the Fundable List opts out of the loan process and the funding goes to a lower rated project, that lower rated project may receive principal forgiveness if the community is disadvantaged; however, the ratio of principal forgiveness to dollars loaned will remain consistent.

Case by Case Adjustments
The Department may adjust the disadvantaged loan terms on a case-by-case basis when special conditions or circumstances exist that are not otherwise addressed in the IUP, provided those conditions or circumstances and are outlined in the Intended Use Plan for Board approval.

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Attachment XIV. Listing of Capitalization Grants—Reference for Potential Transfers Between Funds

Since 2012, the demand for CWSRF has exceeded the demand for DWSRF. Typically, CW projects are more expensive than DW projects. To meet demand appropriately, DEQ transferred funds from DWSRF to CWSRF to address this discrepancy. The current expectation is that the funds transferred 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 chart below shows the annual difference in demand between DWSRF and CWSRF funding based on federal fiscal year.



The DWSRF fund is used to measure how much in transfers may be made. In addition, the amount of the DWSRF fund is evaluated. Table 9 shows the inflow of DWSRF and the evaluation between the demand. The CWSRF has received the lesser of capitalization grants, which is 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 the 33% transfer allowance associated with the DWSRF program capitalization grants received is not exceeded. Only repayments will be used for transfers. The total amount of authority is 33% of $504,641,442 or $238,750,487.

Table 9. DWSRF grants versus DWSRF and CWSRF demand.

Federal Fiscal Year	DWSRF Grant Amounts	Demand DWSRF (SFY)	CWSRF Grant Amounts	Demand CWSRF (SFY)
1997 to 2011*	152,175,500		166,710,768	
2012	9,080,824	68,000,000	6,908,000	117,000,000
2013	8,421,000	27,000,000	6,520,000	149,000,000
2014	8,845,000	37,000,000	6,853,000	162,000,000
2015	8,787,000	45,000,000	6,817,000	69,000,000
2016	8,312,000	48,000,000	6,525,000	69,000,000
2017	8,241,000	24,000,000	6,474,000	92,000,000
2018	11,107,000	35,000,000	7,859,000	264,000,000
2019	11,004,000	39,000,000	7,779,000	137,000,000
2020	11,011,000	75,000,000	7,780,000	78,000,000
2021	11,001,000	19,000,000	7,779,000	80,000,000
2022**	24,930,000	47,000,000	14,419,000	394,000,000
2023**	25,993,000	392,000,000	13,916,000	963,000,000
2024**	27,923,000	285,925,028	15,172,000	510,404,101
2025**	35,804,000	324,412,132	19,882,000	584,293,441
2026**	28,878,690	234,082,280	15,639,876	544,860,654
Total:	**$354,477,324**	**$1,466,337,160**	**$296,683,768**	**$3,668,697,542**

*Includes: ARRA funding 19,500,000.
**Includes: BIL funding.

Actual transfers included $10,000,000 in SFYs 2015, 2016, 2017, 2019,and 2024 and $5,000,000 in SFY 2023, leaving $71,977,516.92 of available reserve that could be transferred from DWSRF to CWSRF, until the reserve is increased by new federal grants. 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 determined 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.

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Attachment XV. CWSRF Priority Rating Criteria

Clean Water Priority Rating Criteria

Criteria		Points
A.	*Public Health Emergency*	*Maximum 150*
	Emergency certified by DEQ Board or a Health District Board	150
B.	*Regulatory Compliance*	*Maximum 100*
	Low-Level Noncompliance	10
	Moderate-Level Noncompliance	25
	High-Level Noncompliance	50
	Negotiating compliance with DEQ	25
	Meeting all compliance deadline	25
	Draft permit issued causing noncompliance	75
C.	*Watershed Restoration*	*Maximum 100*
	Will reduce impacts to surface water	10
	Discharges to impaired water body	10
	Project reduces pollutant of concern to impaired water body	10
	Exceeding waste load allocation	10
	Nonpoint source project reduces pollutant of concern	10
	Project reduces pollutant of concern to sole-source aquifer	10
	Project reduces nitrate in designated NPA	10
	Project reduces nitrate in designated critical groundwater area	10
	Willing to sponsor a nonpoint source project	10
	NPS reduces overall pollutant loading to the watershed	25
D.	*Preventing Impacts to Beneficial Uses*	*Maximum 100*
	New or refurbishing recycled water system	50
	Converting septic to centralized treatment	25
	Refurbishing existing lagoon	10
	Biosolids removal or seepage testing lagoons	10
	Preventing impacts to aquatic life	25
	Preventing impacts to recreation	15
	Preventing impacts to other beneficial uses	10
	State priority water body	10
	Wild and scenic designation	10
	Other special status water body	10
	Removal of stormwater outlets	5
	Conversion of combined sewer	5
	Other similar state priority projects	5

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E.	*Sustainability Efforts*	*Maximum 50*
	Management-based efforts (including CIE analysis and climate variation preparation)	75
	Green Efforts	20
	Water Conservation Efforts	15
	Energy Conservation Efforts	60
F.	*Affordability*	*Maximum 10*
	Project user charge exceeds affordable criteria	10
	Total Points Available	**510**

Supplemental - Clean Water Emerging Contaminants Rating Criteria [2]

Criteria		Points
A.	*Emerging Contaminants Project*	*Maximum 100*
	Water quality testing of emerging contaminants	20
	Project will reduce or eliminate emerging contaminants	10
	Project has completed an engineering alternative analysis to address emerging contaminants.	10
	Persistent organic pollutants	25
	Pharmaceuticals and personal care products	10
	Endocrine-disrupting chemicals	10
	Other	5
	The project will provide ultimate disposal of persistent organic pollutants by means of destruction or contained long-term storage	10
B.	*Sustainability Efforts*	*Maximum 50*
	Management-based efforts (including CIE analysis and climate variation preparation)	55
	Green Efforts	20
	Water Conservation Efforts	15
	Energy Conservation Efforts	60
C.	*Affordability*	*Maximum 10*
	Project user charge exceeds affordable criteria	10
	Total Points Available	**160**

[2] When the Emerging Contaminants LOI is submitted in conjunction with a CWSRF LOI, the projects are ranked jointly, and ranking points are additive. When submitted separately, ranking points are not additive and ranked separately.

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Attachment XVI. DWSRF Priority Rating Criteria

Drinking Water Priority Rating Criteria

	Criteria	Points
A.	*Public Health Hazard*	*Maximum 100*
	Unresolved acute contaminant violations	30
	Unresolved chronic contaminant violations	15
	Surface water treatment technique	15
	Depressurization events	30
	Reduction in source capacity	30
	Defects that cause a risk to health or safety	20
	Unregulated contaminants	15
B.	*General Conditions of Existing Facility*	*Maximum 60*
	Treatment design deficiencies	15
	Treatment capacity deficiencies	15
	Source deficiencies	10
	Distribution deficiencies	10
	Redundancy, reliability, and resiliency	10
C.	*Sustainability Efforts*	*Maximum 50*
	Management-based efforts (including CIE analysis and climate variation preparation)	70
	Green Efforts	10
	Water Conservation Efforts	25
	Energy Conservation Efforts	25
D.	*Consent Order, Compliance Agreement Schedule, or Court Order*	*Maximum 30*
	Moderate-Level Noncompliance	10
	High-Level Noncompliance	10
	Negotiating compliance with DEQ	10
	Meeting all compliance deadlines	10
E.	*Incentives*	*Maximum 10*
	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	2
	Government body continuing education	2
F.	*Affordability*	*Maximum 10*
	Project user charge exceeds affordable criteria	10
	Total Points Available	**260**

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Supplemental – Drinking Water Emerging Contaminants Rating Criteria [3]

	Criteria	Points
A.	*Emerging Contaminants Project*	*Maximum 205*
	Project will include sampling, testing, and data collection of the emerging contaminant(s) that is reasonably expected to result in a capital project to address the emerging contaminants	10
	Project will purchase testing equipment specifically to identify the emerging contaminant(s)	10
	Project will include an engineering alternative analysis (preliminary engineering report) specifically to develop capital improvement alternatives to address the emerging contaminant(s)	10
	The selected project alternative in the approved engineering analysis includes consolidation or new source development to address emerging contaminants	25
	The selected project alternative in the approved engineering analysis includes centralized treatment to address emerging contaminants	10
	The selected project alternative in the approved engineering analysis includes one other capital improvement project with the primary purpose to address emerging contaminants	5
	The project has documented sample results of per- and poly-fluoroalkyl substances (PFAS) present in one or more drinking water sources that will be addressed by the project	35
	PFAS sample results exceed one or more of the individual maximum contaminant levels or the hazard index	30
	PFAS sample results exceed one or more of the maximum contaminant level goals described in EPA's FAQ	15
	The project will provide ultimate disposal of PFAS by means of destruction or contained long-term storage	10
	The system has documented sample results of cyanotoxins in the drinking water source and the project will address the cyanotoxins	20
	The project will address a contaminant or contaminants on any of the EPA Contaminant Candidate Lists other than PFAS or cyanotoxins	5
	The contaminant listed above is exceeding a published EPA health advisory	10
	Your production sources are impacted by emerging contaminants listed above such that the system is unable to meet maximum day demands with the contaminated source(s) offline	10

Table continued on next page.

[3] When the Emerging Contaminants LOI is submitted in conjunction with a DWSRF LOI, the projects are ranked jointly, and ranking points are additive. When submitted separately, ranking points are not additive and ranked separately.

B.	*Sustainability Efforts*	*Maximum 50*
	Management-based efforts (including CIE analysis and climate variation preparation)	50
	Green Efforts	10
	Water Conservation Efforts	25
	Energy Conservation Efforts	25
C.	*Affordability*	*Maximum 10*
	Project user charge exceeds affordable criteria	10
	Total Points Available	**265**

Supplemental - Drinking Water Lead Service Line Replacement [4]

	Criteria	Points
A.	*LSLR Project Description*	*Maximum 65*
	Complete or update a lead service line inventory	10
	Conducting field investigations for lead service line inventory	10
	Has exceeded the lead action level within the last 5 years	10
	Completed corrosion control studies or corrosion control measures	10
	The system has completed a lead service line inventory documenting the existence of lead service lines within the distribution system that will be replaced by the project	25
B.	*Affordability*	*Maximum 10*
	Project user charge exceeds affordable criteria	10
	Total Points Available	**75**

[4] When the Lead Service Line Replacement LOI is submitted in conjunction with a CWSRF LOI, the projects are ranked jointly, and ranking points are additive. When submitted separately, ranking points are not additive and ranked separately.

Attachment XVII. Decision-Making Strategy for Fundable Versus Nonfundable Portions of the Priority List

State Fiscal Year 2027
Clean Water and Drinking Water Priority Lists

To develop the Fundable List, several ready to proceed factors are considered. These include, but are not limited to, the following:

- The project's timeliness in completing the facility plan/engineering report
- Completing the Environmental Information Document
- Having the legal authority to incur debt
- 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 PS26-04, “Determining Interest Rate on Water Pollution Control and Drinking Water Loans” gives the agency’s director the ability to set effective interest rates for the CWSRF program. A project on the Fundable List may be bypassed if one or more of the following conditions are present:

- The owner of the project is not ready to proceed by December 31, 2026.
- The owner of the project voluntarily opts out of the SRF process.
- The project does not meet eligibility requirements.
- The project schedule does not allow for timely use of funds.
- The owner of the project does not enter into an assistance agreement by June 30, 2027.
- The project does not support meeting green project reserve goals (if so designated on the Fundable List).

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 Intended Use Plan (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, 2027 (end of SFY 2027), those projects and reasons for the bypass will be included in the SFY 2027 Annual Report. Projects are normally bypassed because the project plans have changed, the owners must delay their project, or the owners are receiving funding from another source.

References

DEQ (Idaho Department of Environmental Quality). February 2026. *Customer Handbook Grant and Loan Program* Boise, ID: DEQ.

Attachment XVIII. Public Notification and Involvement Strategy

State Fiscal Year 2027
Clean Water and Drinking Water Priority Lists

The Idaho Department of Environmental Quality (DEQ) reached out to the public at several points in the annual process, for comment on the Priority List process. Involvement for the drinking water and clean water lists was solicited directly from the systems through an invitation to submit a letter of interest (LOI) that was mailed out by DEQ early in the Priority List process. Information on the completed LOI forms is used by the State Office 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.

Notifications of all state fiscal year 2027 Priority Lists were provided through DEQ's website from April 20, 2026, to May 18, 2026, and were published in Idaho's six major (regional) newspapers. Copies of proof of publication are available through a Public Records Request to DEQ. Public comments will be accepted for 29 days. The public comments received and DEQ's responses will be posted on DEQ website with the final lists and Intended Use Plan.

Once public comments are received, modifications to the IUP may be made, and the final IUP will be presented to the Board of Environmental Quality for review and approval. Additional public comment may be made at that time.

Revision Log

The following modifications and additions have been made to this Intended Use Plan:

Date	Description of Revisions	Sections Modified