



NEWS RELEASE

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State Revolving Fund more than Triples Investments in Iowa's Water in 2008 ***Bond Sale to Support Iowa Water Quality Projects to be Held in December***

Iowa's commitment to affordable water quality is evident through the State Revolving Fund's (SRF) record-breaking year. The SRF's previous average of \$60 million in loan commitments each year for water, wastewater, and nonpoint source projects soared to \$204 million in fiscal year 2008, ending June 30.

The SRF is one of Iowa's primary sources for financing projects designed to improve Iowa's water quality. Two funds, one for drinking water and one for wastewater and pollution control, have provided low-cost financing worth almost \$1 billion to Iowa communities, farmers, watershed groups and others. The program is operated jointly through the Department of Natural Resources (DNR) and the Iowa Finance Authority (IFA).

IFA will be issuing approximately \$145 million in AAA-rated, double tax-exempt bonds this week to support additional water quality projects in 2009.

"The dramatic increase in usage of the SRF is a testament to the improvements made to the program, which is now the first choice for Iowa communities to fund their water infrastructure projects. I applaud the efforts of the DNR and IFA to simplify and enhance the program for Iowa communities. The SRF provides the lowest-cost funds for water infrastructure projects, which is good for Iowa's environment as well as Iowa's economy," said Governor Culver.

During 2008, the SRF program provided loans for:

- \$121 million for the design and construction of wastewater treatment upgrades, sewer rehabilitation, combined sewer overflow correction, and new collector and interceptor sewers.
- \$65 million to design and construct water treatment, storage, and water supply projects.
- \$18.4 million for nonpoint source projects to prevent soil erosion, manage manure, replace inadequate septic systems, improve storm water management, and conserve land for water quality and habitat protection.

Since 2005, the SRF has worked to improve access of funds to communities, with the following key changes:

- Planning and design loans were introduced to assist communities with the early stages of developing drinking water or wastewater facilities at 0% interest for up to three years.
- The addition of extended term financing for up to 30 years, allowing borrowers to reduce annual payments.
- Increased outreach to potential borrowers, consulting engineers, financial advisors, and other stakeholder groups. Avenues such as an updated website, workshops, displays and presentations as well as advertising have increased awareness and understanding of the benefits of the SRF.

- Compliance with federal requirements, such as environmental review, is now handled by DNR staff.
- All requirements for construction permitting and the SRF programs have been made readily available through manuals, checklists, process maps as well as other mediums.

The SRF provides below-market interest rates, saving borrowers on their financing costs. For example, if a community borrowed \$5 million from the SRF, ratepayers could save as much as \$1.5 million in closing costs and interest expense over 20 years.

The SRF offers three types of loans to cities, public water supplies, counties, sanitary districts or utility management organizations affordably upgrade their water and wastewater systems.

- Planning and Design (P&D) loans are provided at 0% interest for up to three years to cover the cost of preparing facility plans and project specifications. The loans will be rolled into SRF construction loans or repaid by another source of permanent financing.
- Construction loans are offered at 3% interest. The loan term can extend to 30 years based on the average useful life of the project, and, for drinking water projects, the disadvantaged status of the applicant.
- Source water protection loans are offered at 0% interest. These loans can assist public water supplies acquire land and conservation easements, or work with facilities in their wellhead or source water protection areas.

Four programs were created as part of Iowa's Clean Water SRF to help Iowans in nonpoint source water quality projects related to runoff soil, nutrients, and chemicals. Loans are offered through participating lenders via a linked deposit arrangement.

- The On-Site Wastewater Systems Assistance Program (OSWAP) facilitates loans to rural homeowners for the replacement of inadequate septic systems. The average loan amount is \$6,414.
- The Local Water Protection Program (LWP) addresses soil, sediment, and nutrient control practices on agricultural land. The Iowa Department of Agriculture and Land Stewardship, Division of Soil Conservation, operates the program through local Soil and Water Conservation Districts.
- The Livestock Water Quality Facilities Program (LWQ) assists livestock producers with manure management plans, structures and equipment. This program is administered by the Soil and Water Conservation Districts with oversight by the Department of Agriculture and Land Stewardship, Division of Soil Conservation.
- The General Nonpoint Source (GNS) Program addresses a wide variety of other water quality protection efforts such as habitat and wetland restoration, urban storm water management, landfill closure, lake restoration and watershed planning.

For more information on the state revolving fund: www.iowasrf.com

The Iowa Legislature created The Iowa Finance Authority, the state's housing finance agency, in 1975 to undertake programs to assist in the attainment of low - and moderate-income Iowans. IFA also administers the State Revolving Fund (SRF) in cooperation with the Iowa Department of Natural Resources. The SRF assists communities with the costs of upgrading or constructing local wastewater and drinking water infrastructure projects.