

Financing Options for Water and Wastewater Systems

Community Development Block Grants (CDBG)

About \$11 million in federal Community Development Block Grant (CDBG) funds is available annually to cities and counties on an annual competitive basis through the Water/Sewer Fund. All incorporated cities and all counties in the state of Iowa, except those designated as entitlement areas by the U.S. Department of Housing and Urban Development, are eligible to apply for and receive funds under this program.

Assisted activities include sanitary sewer system improvements, water system improvements, water and wastewater treatment facilities, storm sewer projects related to sanitary sewer system improvements, and rural water connections. The Department of Economic Development administers this program in Iowa. For planning purposes, applications are normally due in December and award decisions are announced in March.

Clean Water State Revolving Loan Fund, Drinking Water State Revolving Loan Fund

The Drinking Water State Revolving Loan Fund (DWSRF) makes loans to drinking water systems to ensure public health through the provision of safe drinking water.

Community public water supplies (PWS) and nonprofit nontransient, noncommunity PWS are eligible to receive funds through this program. Projects eligible for this funding include capital improvements, conservation easements for source water protection, and others. Design and construction costs are eligible for loan assistance once the system has applied for a loan and the project is approved by the IDNR Environmental Protection Commission as part of the annual Intended Use Plan. A DWSRF loan can be used to complement other financial assistance. Applications are accepted throughout the year.

The Clean Water State Revolving Fund (CWSRF) loan program administered by the Iowa Department of Natural Resources provides financing for new wastewater construction projects. The CWSRF loan funds can be used by municipalities and sanitary districts to finance the design and construction of almost all publicly owned wastewater treatment and conveyance improvements. Applications are accepted throughout the year.

Both programs feature below market interest rate of three percent; no preset limit on the amount that may be borrowed; loans for up to 20 years; multiple year financing; no local match required; can be used in conjunction with Community Development Block Grant funds or Rural Development loans; and public and privately owned systems are eligible.

Onsite Wastewater Assistance Program

The Onsite Wastewater Systems Assistance Program (OSWAP) offers low-interest loans through participating lenders to credit-worthy homeowners who need to replace their inadequate or failing onsite septic system. Lenders issue the loans at interest rates of 3% or less, for amounts of between \$2,000 and \$10,000, for a maximum repayment period of 10 years. The program limits eligibility to owners of existing homes only, in unincorporated areas not served by a public sewer.

U.S. Department of Agriculture Rural Development Loan and Grant Fund

Water and Waste Disposal Loans: To develop water and waste disposal (including solid waste disposal and storm drainage) systems in rural areas and towns with a population not in excess of 10,000. The funds are available to public entities such as municipalities, counties, special-purpose districts, Indian tribes, and corporations not operated for profit.

Water and Waste Disposal Grants: To reduce water and waste disposal costs to a reasonable level for rural users. Grants may be made for up to 75 percent of eligible project costs in some cases. The same types of applicants are eligible for grants as are for loans.

Emergency Community Water Assistance Grants: To assist rural communities that have had a significant decline in quantity or quality of drinking water. Grants can be made in rural areas and cities or towns with a population not in excess of 10,000 and a median household income of 100 percent of a State's non-metropolitan median household income. Grants may be made for 100 percent of project costs. The maximum grant is \$500,000 when a significant decline in quantity or quality of water occurred within 2 years, or \$150,000 to make emergency repairs and replacement of facilities on existing systems.