



## REGION 7 ADMINISTRATOR

LENEXA, KS 66219

December 26, 2024

Ms. Kayla Lyon  
Director  
Iowa Department of Natural Resources  
6200 Park Avenue  
Suite 200  
Des Moines, Iowa 50321

Dear Ms. Lyon:

The Iowa State Revolving Fund Loan Program submitted a Drinking Water State Revolving Fund State Environmental Review Process for our review via email on August 13, 2024. In accordance with 40 Code of Federal Regulation Part 35.3580, Environmental Review Requirements and Appendix A to Subpart L, Criteria for Evaluating a state's proposed *National Environmental Policy Act*-like process, I am pleased to approve the proposed DWSRF SERP.

We have reviewed the proposal with example environmental decision documents and concluded the applicable regulatory requirements have been achieved. According to Appendix A, Iowa SRF was able to adequately address the following five criteria: legal foundation, interdisciplinary approach, decision documentation, public notice and participation, and alternatives consideration. We commend the Iowa DWSRF program for documenting its NEPA-like environmental review process in a SERP. We look forward to continuing our work with your SRF program to improve and maintain water quality in Iowa.

Sincerely,

MEGHAN  
MCCOLLISTER

Digitally signed by  
MEGHAN MCCOLLISTER  
Date: 2024.12.26 12:23:39  
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Meghan A. McCollister

cc: Ms. Lori McDaniel

Water Quality Bureau Chief, Iowa Department of Natural Resources

Ms. Theresa Enright  
SRF Coordinator, Iowa Department of Natural Resources

# Iowa Drinking Water State Revolving Fund State Environmental Review Process (IA DWSRF SERP)



PARTNERSHIP WITH THE IOWA FINANCE AUTHORITY  
AND THE IOWA DEPARTMENT OF NATURAL RESOURCES

November 2024

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## Background

The Environmental Protection Agency (EPA) administers the drinking water state revolving fund (DWSRF) created [by 42 U.S.C. § 300j-12](#), including awarding capitalization grants to the States and providing oversight of the DWSRF. The primary purpose of the DWSRF is to provide low interest loans for drinking water infrastructure projects to help communities provide safe, clean drinking water and to maintain compliance with Safe Drinking Water Act (SDWA) requirements. The Iowa Department of Natural Resources (DNR), in conjunction with the Iowa Finance Authority (IFA), is the designated state agency in charge of the Iowa State Revolving Fund (SRF). Due to the federal source of the funding, some federal regulations, including environmental review, apply to Iowa infrastructure SRF projects.

## Purpose

The Iowa DNR SRF conducts reviews of the potential environmental impacts of the projects receiving DWSRF assistance in the form of federal funds, applying the procedures of [40 CFR Part 6](#). Furthermore, the Iowa SRF completes environmental review for all Iowa SRF projects for the benefit of the applicant and the likelihood of the applicant seeking additional federal funding sources. The environmental review may be deemed a Categorical Exclusion (CX) or Finding of No Significant Impact (FONSI - further referred to in this document as FNSI). This State Environmental Review Process (SERP) outlines the National Environmental Policy Act (NEPA)-like process specific to the Iowa DWSRF funded projects, including federal cross-cutters.

This SERP includes five elements (per [40 CFR 35.3580\(c\)](#)):

1. Legal Foundation – establish the state’s authority to complete the environmental review
2. Interdisciplinary Approach – document compliance with federal cross-cutters
3. Decision Documentation – record of determinations and environmental review decisions
4. Public Notice and Participation – ensure meaningful public participation through well publicized notices
5. Alternatives Consideration – consider direct/indirect and cumulative impacts

## 1. Legal Foundation

According to [40 CFR 35.3580](#), the state must have the legal authority to conduct environmental reviews of projects and activities receiving SRF assistance. Iowa Administrative Code Chapter 567—[44.1\(455B\)](#) establishes that the Iowa Department of Natural Resources has the authority to administer the DWSRF in order to assist in the construction of drinking water treatment facilities pursuant to Iowa Code sections 455B.291 to 455B.299. Iowa Administrative Code Chapter 567—[44.2\(455B\)](#) establishes that the Department of Natural Resources (DNR) has jurisdiction over the surface water and groundwater of the State of Iowa to prevent, abate, and control pollution pursuant to Iowa Code section 455B.172 to 455B.173. Iowa Administrative Code Chapter 567 – [44.10\(3\)](#) establishes that other federal and state statutes and programs, including federal cross-cutters will be applicable to DWSRF projects. Please see the full version of IAC 567—Chapter 44 in [Appendix A for reference](#). Iowa Code section 455B.111 allows the public to challenge environmental review determinations and enforcement actions. Mitigation measures will be designed and implemented as necessary to ensure that projects will be environmentally sound and performed consistent with DNR’s findings.

## 2. Interdisciplinary Approach

Federally funded projects are subject to the National Environmental Policy Act ([NEPA](#)) of 1969 and the National Historic Preservation Act ([NHPA](#)) of 1966. The Council of Environmental Quality (CEQ) oversees [40 CFR Parts 1500-1508](#), Regulations for Implementing the Procedural Provisions of NEPA. The Procedures for implementing NEPA are found in [40 CFR Part 6](#). The Advisory Council on Historic Preservation (ACHP) oversees [36 CFR Part 800](#), Protection of Historic Properties.

Iowa SRF completes the environmental review for all Iowa SRF projects for the benefit of the applicant and the likelihood that the applicant will seek additional federal funding sources. Iowa SRF environmental review must be NEPA-

like according to [40 CFR 35](#). Additionally, cross-cutting federal authorities apply to SRF projects and activities. The rules for complying with cross-cutting federal authorities are in the DWSRF regulations at [40 CFR 35.3575](#). Cross-cutting federal authorities are the requirements of other federal laws and Executive Orders (EOs) that apply in federal financial assistance programs. For SRF, cross-cutters include environmental laws such as the Endangered Species Act, the National Historic Preservation Act, and EOs on the protection of wetlands and flood plains. It also includes social policy authorities, such as EOs on equal employment opportunity in federally assisted programs and environmental justice. All SRF projects and activities undertaken in the SRF programs are subject to federal anti-discrimination laws, including the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Section 13 of the Federal Water Pollution Control Act Amendments of 1972, and EO 11246 on affirmative action in federal contracting. For drinking water projects, [40 CFR 35.3580](#) outlines environmental review requirements.

## Americans with Disabilities Act Compliance

Environmental review documentation that is publicly available will be compliant the Americans with Disabilities Act (ADA). Documents provided to members of the public will be ADA compliant. The DNR ADA guidelines are based on [Center for Assistive Technology & Environmental Access](#), the [Minnesota State Colleges and Universities System “Making Your Word Documents Accessible”](#), [Text Matters “Typography for Visually Impaired People”](#), the [American Foundation for the Blind “Tips for Making Print More Readable”](#), and [WebAIM \(Web Accessibility in Mind\) “Section 508 Checklist”](#).

## Environmental Justice

Environmental justice (EJ) is the fair treatment and meaningful involvement of all people regardless of race, color, national origin, or income, with respect to the development, implementation, and enforcement of environmental laws, regulations, and policies. Environmental Justice is established by EO [12898](#) and EO [14096](#) and is as a presidential initiative.

EPA Region 7 provided a memo with EJ guidance in December 2022. Beginning with SRF applications received June 1, 2023, the project area for each SRF project is evaluated for environmental justice concerns using the EPA EJScreen tool. The project area is identified as a “Community of Concern” (COC) or “not a Community of Concern” (NCOC) based on pollution concerns and socioeconomic concerns as outlined in the EPA memo. If the project is in a community of concern, the environmental review staff incorporates the EPA EJScreen information into public hearing documents available for public review.

## Flood Plains

Environmental review staff will ensure that the DWSRF project will not have a negative impact on any flood plain. The environmental review file must have all flood plain permits or responses from permitting authority that a permit will not be required (State and local). The flood plain review is required by EO [11988](#) (1977), as amended by EO [13690](#), which regulates the actions of federal agencies that affect floodplains. EO 13690 amended the term “floodplain” as used in the 1977 version of EO 11988 by establishing a Federal Flood Risk Management Standard (FFRMS). Although EO 13690 was revoked in 2017, it was reinstated through EO [14030](#) in 2021. The FFRMS and flood plain management guidelines established by EO 11988 remain in effect.

FFRMS applies to federally funded projects and outlines three approaches for determining the vertical flood elevation and corresponding horizontal floodplain for federally funded projects. These approaches are designed to recognize and incorporate future conditions rather than rely solely on existing data and information. Agencies must select, if they are available, viable alternative locations for their undertakings that will not affect floodplains. Iowa utilizes the freeboard value approach to determine the FFRMS for federally funded projects, as applicable.

All agencies undertaking, financing, or assisting proposed activities must determine whether the project will occur in or affect a flood plain and to evaluate potential measures to avoid adversely affecting the flood plain. Such measures could include flood proofing the facility to be constructed, elevating structures above base flood levels, providing

compensatory flood storage, or any other means that allow structures and facilities to adapt to, withstand and rapidly recover from a flood event. In addition, public review is required for each plan or proposal for action taking place within a floodplain. SRF construction or substantial improvement projects (i.e. projects worth more than 50% of the market value or replacement cost of the facility) receiving federal funding must consider measures to be taken to minimize the risk of flood damage to or within the floodplain to allow structures and facilities to adapt to, withstand and rapidly recover from a flood event.

### Sovereign Lands

Environmental review staff will ensure that the DWSRF project will not have a negative impact on any Sovereign lands. This includes a review of State listed endangered species, critical habitat, as well as review for adverse effect on any impact to state owned lands, parklands, preserves, other public lands, and public waters.

### Wetlands

Environmental review staff will ensure that the DWSRF project will not have a negative impact on any wetlands, as defined by current law and rulings. This is required by EO [11990](#) (1977), as amended by EO [12608](#) (1997). This EO indicates that to the extent permitted by law, shall avoid undertaking or providing assistance for new construction located in wetlands unless the head of the agency finds (1) that there is no practicable alternative to such construction, and (2) that the proposed action includes all practicable measures to minimize harm to wetlands which may result from such use. The EO also requires public notice of any plans to support new construction in wetlands.

Section 404 of the Clean Water Act (33 U.S. Code § 1344) establishes regulation of discharge of dredged or fill material into waters of the United States and is administered by the United States Army Corps of Engineers (USACE). Environmental Review staff ensure consultation with USACE early in the planning process if the project location contains wetlands or federal waters. For most discharges that will have only minimal adverse effects, a general permit may be suitable. General permits are issued on a nationwide, regional, or state basis for particular categories of activities. The general permit process eliminates individual review and allows certain activities to proceed with little or no delay, provided that the general or specific conditions for the general permit are met. An individual permit is required for potentially significant impacts. If a negative impact will occur with the SRF project, mitigation measures must be taken, such as purchase of wetlands credits from a mitigation bank. Special conditions such as these are outlined in the issued permit.

### Endangered Species

Endangered species evaluation is required by [Endangered Species Act](#) (ESA) Pub. L. No. 93-205 (1973), as amended [16 U.S.C. §1531](#) et. Seq, and the [Migratory Bird Act](#) (MBA) of 1918. The Endangered Species Act (ESA) requires all federal agencies to ensure that their activities are not likely to jeopardize, destroy, or adversely modify listed or proposed endangered and threatened species, or the designated critical habitat on which they depend. The ESA also prohibits federal agencies and all other “persons” from “taking,” e.g., harming (including, in some cases, habitat modification), harassing, or killing, endangered, and most threatened, animal species, without prior authorization for incidental taking from the applicable Service.

Actions that may affect listed species or their critical habitat must be reviewed through a consultation process between the federal agency and either the U.S. Fish and Wildlife Service (USFWS), which is responsible for terrestrial and freshwater species, or the National Marine Fisheries Service, which is responsible for most marine species. The consultation process is established by Section 7 of the ESA. The MBA prohibits the take (including killing, capturing, selling, trading, and transport) of protected migratory bird species without prior authorization by the USFWS.

Environmental review staff will ensure that the DWSRF project will not have a negative impact on Federally-listed endangered species or critical habitats. The US Fish and Wildlife Service Information for Planning and Consultation (IPAC) website is utilized to obtain a list of endangered species and critical habitats that may be present in the project

area. Environmental review staff define the project's potential effect on each listed species in the project area. If a "no effect" for all listed species can be determined by this review, then no consultation with the USFWS is necessary.

If the project may affect any of the listed species and/or critical habitat, the environmental review staff will initiate informal consultation with USFWS. If the species may be jeopardized, a biologist opinion by the USFWS in conjunction with the DNR will be written to establish reasonable and prudent measures to avoid adverse effect. Additionally, if DNR Sovereign Lands identifies a Bald Eagle nest is located within a mile of the project area, environmental review staff consult with the USFWS [Bald Eagle evaluation site](#) to determine if the proposed project will impact the Bald Eagle. The DNR will obtain a written concurrence from USFWS reflecting the determination.

Consultation with USFWS may lead to a mitigation plan mutually agreed upon between the DNR, USFWS, and the project applicant to establish reasonable and prudent measures to avoid an adverse effect. If an adverse effect cannot be avoided or mitigated, the project will not receive Iowa SRF funds.

### Farmland Conversion

Environmental review staff will ensure that the DWSRF project will not have a negative impact on farmland. When farmland (including haying areas) will be taken permanently out of production due to the SRF project, a farmland conversion evaluation must be completed with consultation with the Natural Resources Conservation Service (NRCS) as necessary. This is required by the [Farmland Protection Policy Act](#) Pub. L. No. 97-98 (1981) 7 U.S.C. §4201 et. seq. Federal agencies are directed to use criteria developed by the NRCS (formerly the Soil Conservation Service SCS) to identify the potential adverse effects of federal programs on farmland and its conversion to nonagricultural uses, to mitigate these effects, and to ensure that programs are carried out in a manner that is compatible with the farmland preservation policies of state and local governments, and private organizations.

### National Historic Preservation Act

The [National Historic Preservation Act](#) (NHPA) Pub. L. No. 89-665, as amended, 80 Stat. 917 (1966) 16 U.S.C. §470 et. seq. is national policy to preserve historic sites, buildings, structures, districts and objects of national, state, tribal, local, and regional significance and, among other things, to protect such historic properties from adverse impacts caused by activities undertaken or funded by federal agencies.

NHPA expanded the scope of the 1935 Historic Sites Act, Pub. L. No. 74-292 by establishing the National Register of Historic Places, a listing of historical and cultural resources maintained by the U.S. Department of the Interior (DOI). Under NHPA, as amended, Section 106 requires SRF review to consider the effects of its projects on properties eligible for or listed on the National Register of Historic Places (NRHP) as outlined in [36 CFR Part 800](#) Protection of Historic Properties. Because the Advisory Council on Historic Preservation (ACHP) oversees the protection of historic properties, they need to be contacted if an SRF project will have an adverse effect and require consultation. SRF projects are required to go through Section 106 review *before* the expenditure of federal funds on the undertaking.

Section 106 is a consultative process that has four major steps (36 CFR 800):

- 1) *Initiation of Consultation* – establish the undertaking, identify the area of potential effect, and notify interested parties, such as the State Historic Preservation Office (SHPO), Tribes and Tribal Historic Preservation Office (THPO), Historic Commissions, and the public
- 2) *Identification of Historic Properties* – identify architectural and archaeological resources that may be present in the area of potential effect (APE) or impacted by the project scope
- 3) *Assessment of Adverse Effect* - determine the effect to identified historic properties based on project scope and construction methods
- 4) *Resolution of Adverse Effects* – consult with SHPO to develop a mitigation plan to offset the adverse impacts to historic properties



Per the Section 106 process, the SRF environmental review staff initiate Section 106 consultation with SHPO and establish the undertaking and APE. The APE must include areas directly and indirectly impacted by the action (or by connected actions). The environmental review staff make a reasonable and good faith effort to identify historic properties within the APE.

After identifying resources, the environmental staff make a determination of effect:

- no potential to cause effect
- no historic properties affected – no properties
- no historic properties affected – no effect
- no adverse effect
- no adverse effect – with conditions
- adverse effect

NHPA also requires opportunity for input from the general public, interested parties, and any consulting parties (e.g. historic preservation commissions, Tribes). Ultimately, Section 106 is a consultative process. If an adverse effect has been identified in our SHPO consultation, the environmental review staff and SRF applicant may proceed to development of a mitigation plan to address the adverse effect. Depending on the adverse effect, there may be many ways that the SRF applicant can mitigate to reach a determination of No Adverse Effect – With Conditions under Section 106.

The SRF applicant, SHPO, DNR, and any interested Tribes or Certified Local Government (CLG) may enter into a legal agreement, usually a Memorandum of Agreement (MOA), to memorialize the requirements of the mitigation. During this process, the environmental review staff invite the Advisory Council on Historic Preservation (ACHP) to the consultation for developing a mitigation agreement. The environmental review staff must send a letter to Tribes and CLGs inviting them to the consultation process. The requirements of mitigation are outlined in [36 CFR Part 800.6](#) “Resolution of adverse effects.”

As part of the Iowa SRF required front-end documents, SRF construction contracts must include requirements for unanticipated discovery during construction. If, during the course of construction, evidence of deposits of historical or archeological interest is found, the contractor shall cease operations affecting the find. The owner shall then notify the SRF Environmental Review Specialist, who shall in turn notify the SHPO. The SRF shall consult with the SHPO and other interested parties to determine the proper course of action regarding the discovery. No further disturbance of the deposits shall ensue until the SRF Environmental Review Specialist determines that the project activities in that area may proceed. Compensation to the contractor, if any, for lost time or changes in construction to avoid the find, shall be determined in accordance with changed conditions or change order provisions of the specifications. Authority for this derives from the National Historic Preservation Act (16 U.S.C. §§ 470 et seq.) and 36 CFR Part 800.

If human remains are discovered then state law also applies per Iowa Code 263B. In the event that human remains are encountered during archaeological investigations or construction activity, DNR shall ensure that the remains are left in place, that work within 100 feet of the remains will cease, the site will be secured, and no unauthorized images taken. The following entities will be contacted immediately upon discovery: local law enforcement, the State Medical Examiner, and the director of the Bioarchaeology Program at the Office of the State Archaeologist (OSA) either directly or through the State Archaeologist.

Ancient human remains discovered on Federal and/or tribal lands as a result of an SRF undertaking are protected under the Native American Graves Protection and Repatriation Act (NAGPRA) (25 U.S.C. 3001-3005). All ancient human remains (over 150 years old) in Iowa are protected by Iowa Code: 263B, 523I.316(6), 685-11.1 and 716.5.

The Archeological and Historic Preservation Act (AHPA) limits the loss of significant historical resources that may result from federal, or federally authorized, construction activities (16 U.S.C. § 469). Unlike section 106 of the NHPA, which

principally addresses adverse effects to historic properties identified within a project area prior to project initiation, the requirements of the AHPA are typically invoked when historic properties are discovered after the project has begun and potential adverse effects may occur. If this occurs, Iowa SRF ensures compliance with the AHPA by continuing consultation with SHPO.

### Tribe Consultation

For Finding of No Significant Impact (FNSI) environmental reviews, the environmental review staff will provide project details to Tribes that have had a presence within the state to offer them an opportunity to comment. Currently, the SRF program communicates with 29 Tribes using their preferred contact and outreach method.

Tribe notification is outlined in [36 CFR Part 800.2](#) "Participants in the Section 106 process" and [54 USC 302706 \(b\)](#). SRF contacts the Tribes and EPA regarding FNSI SRF projects occurring on tribal lands or affecting tribal historic properties.

Regardless of funding source, [State Burial Law](#) and Native American Grave Protection and Repatriation Act ([NAGPRA](#)) apply to any project. Since 1990, federal law has provided for the repatriation and disposition of certain Native American human remains, funerary objects, sacred objects, and objects of cultural patrimony.

### Certified Local Government Consultation

For environmental reviews that will be reviewed as a Finding of No Significant Impact (FNSI), the environmental review will contact any Certified Local Governments (CLG) that could have an interest in the project area. These CLGs may include local historic preservation commissions at the City and County level. This CLG notification is outlined in [36 CFR Part 800.2](#) "Participants in the Section 106 process."

### Lead Service Line Replacement

The potential effects of the lead service line (LSL) replacement undertakings upon historic properties are foreseeable and likely to be minimal. According to 36 CFR 800, "effect" is defined as alteration to the characteristics of a historic property qualifying it for inclusion in or eligibility for the National Register. In accordance with 36 CFR 800.3(a)(1), if the undertaking is a type of activity that does not have the potential to cause effects on historic properties, assuming such historic properties were present, the agency official has no further obligations under section 106 or 36 CFR 800.

The DNR has determined that LSL replacement projects have no potential to cause effects based on the type of undertaking and construction limitations on LSL applicants outlined below. As such, LSL replacement projects will not move beyond the initiation step of Section 106. If any portion of the LSL replacement work cannot be completed under these restrictions, full Section 106 will be completed by SRF environmental review staff for the area of potential effect.

Replacement of privately-owned water lines shall be done using pull through technique, replacing the service lines at the same depth as the originals with connecting pits limited to 10 feet by 10 feet, unless safety standards warrant a marginal increase in pit size.

#### **AND/OR**

Replacement of privately-owned water lines shall be done using boring with connecting pits limited to 10 feet by 10 feet relating to connecting to utility lines, unless safety standards warrant a marginal increase in pit size.

#### **AND/OR**

Replacement of privately-owned water lines shall be done using directional boring with sending and receiving pits limited to 10 feet by 10 feet (or connecting pits relating to directional boring for utility lines no bigger than 10 feet by 10 feet), unless safety standards warrant a marginal increase in pit size.

#### **AND**

The applicant shall not cause impacts to above ground structures, except where there are no other reasonable means to proceed with the lead service line replacement.

**AND**

If the lead service line replacement will result in impacts to the material, position, and/or integrity of above ground structures (including, but not limited to: lampposts, brick streets, brick sidewalks, retaining walls, railings), the applicant shall repair the affected structure to its previous condition or better using original materials to the extent practicable.

### Other Environmental Review Federal Cross Cutters

The Clean Air Act ([42 U.S.C. § 7401](#)) directs EPA to set ambient air quality standards that States must comply with in order to protect the public health and welfare. Iowa has adopted its own general conformity regulations incorporated them into a State Implementation Plan (SIP). The current [Iowa SIP](#) was approved and became [effective on May 20, 2024](#). Areas that are unable to conform with these regulations are designated as nonattainment for a national ambient air quality standard (NAAQS). Areas that are redesignated from nonattainment to attainment are referred to as maintenance areas. Clean Air Act Conformity applies to SRF equivalency projects, therefore, Iowa SRF does not select projects for equivalency if they are located in non-attainment and maintenance areas.

The Coastal Barrier Resources Act restricts federal financial expenditures and assistance that would encourage development in the Coastal Barriers Resources System and the adjacent wetlands, marshes, estuaries, inlets, and near-shore waters ([16 U.S.C. § 3504](#)). The Marine Resources and Engineering Development Act establishes policy for the protection, beneficial use, and effective management and development of the nation's coastal zones ([16 U.S.C. § 1451](#)). Coastal Barriers Resources Act and Coastal Zone Management Act do not apply to projects in the State of Iowa as no coast exists in Iowa.

The Magnuson-Stevens Fishery Conservation and Management Act (MSA), as amended, was designed to manage and conserve national fishery resources ([16 U.S.C. § 1801](#)). There are no Regional Fishery Management Councils in EPA Region 7. Iowa SRF projects do not impact any essential fish habitat as none have been identified within the state of Iowa.

The Wild and Scenic Rivers Act prohibits federal assistance for water resource projects that would have direct and adverse effects on, invade, or unreasonably diminish, the special values of a designated wild and scenic river ([16 U.S.C. § 1278\(a\)](#)). Iowa SRF projects do not impact any wild and scenic rivers as none exist within the State of Iowa.

The Sole Source Aquifer (SSA) program is authorized by Section 1424(e) of SDWA ([42 U.S.C. § 300h-3e](#)). In SDWA, Congress emphasized preventing contamination of aquifers that are the sole source of drinking water for a community. A sole source aquifer is an aquifer that the Administrator determines is the sole or principal drinking water source for the area and which, if contaminated, would create a significant hazard to public health. Iowa does not have any designated "Sole Source Aquifers".

### Environmental Reviews from Other Agencies

Occasionally, another federal or state agency has completed an environmental review, or portions of an environmental review, for a project that is seeking an SRF loan. The SRF environmental review staff will consider each clearance on a case by case basis to determine if it satisfies SRF environmental review standards. SRF may accept environmental review documentation prepared for and accepted by federal and state agencies based on their NEPA procedures.

In order for the clearances to be considered acceptable for the SRF environmental review, the scope and area of potential effect of the project must be the same, or more inclusive, as the SRF project and the clearance must have been received within the last 5 years. Even though SRF may accept environmental review clearances from other federal and

state agencies, the remainder of the SRF environmental review steps will be followed, including public notice and participation outlined in this document.

### 3. Decision Documentation

DWSRF projects are categorized by environmental review staff as either a Categorical Exclusion (CX) or a Finding of No Significant Impact (FNSI). CX are used for small replacement and rehabilitation projects as outlined in [40 CFR 6.204](#). If a project scope exceeds the limitations of the definition of CX, then they must get reviewed as a FNSI and follow [40 CFR 6.206](#). Some project types that automatically trigger a FNSI are as follows (but not limited to): a new drinking water well, ground disturbance in undisturbed areas, a project that will serve a new population 30% greater than existing (e.g. new development areas).

If the DWSRF project is an equivalency project or includes set-aside funds *and* it exceeds the environmental impacts of a FNSI, it will require an Environmental Impact Statement (EIS). An EIS assesses the potential impact “significantly affecting the quality of the human environment” of a major federal action. Because the State of Iowa cannot publish Environmental Impact Statement (EIS) in the Federal Register or complete the environmental clearance without the assistance of the EPA, the Iowa SRF Program will not fund projects with significant environmental impacts.

The environmental review staff prepare an Environmental Information Document (EID) documenting evaluation of the projects’ environmental impacts as well as decisions made related to all applicable federal cross-cutters for FNSI environmental reviews. The EID is made available at the environmental review public hearing held by the SRF applicant. When the FNSI is issued, the EID is updated to an Environmental Assessment Document (EAD) attached to the FNSI. The EID and EAD list any mitigation measures necessary to make the selected alternative environmentally acceptable.

If a scope alteration is needed after a CX or FNSI is finalized, then the environmental review staff may need to do a Reaffirmation (RE). A RE follows the same review steps as a CX. If a new large undisturbed area is added to the scope, this may need to be a separate environmental review FNSI. Each scope change is considered on a case-by-case basis.

If the scope change is minor and the SRF applicant can document that the previous ER sufficiently covered the minor scope change, then the environmental review staff will notify the applicant that this scope change will not require further environmental review.

### 4. Public Notice and Participation

When a Categorical Exclusion (CX) or Reaffirmation (RE) is issued, the document is posted publicly at [iowasrf.com/environmental-review](http://iowasrf.com/environmental-review) for, at the least, a 30 day public comment period prior to finalization of the environmental review. The posting of the CX is shared with interested parties and the applicant. The SRF has a designated email address to receive public comments ([srf-pc@dnr.iowa.gov](mailto:srf-pc@dnr.iowa.gov)). Additionally, the SRF applicant is required to publicly post the CX in at least two locations - see the public notice options list in [Appendix B](#).

A public hearing is necessary for projects receiving assistance from the Iowa SRF, except for those having little or no environmental effect according to [40 CFR 35.3580](#). The Iowa SRF requires a public hearing for all proposed FNSI environmental reviews. The SRF applicants are provided instructions to select two options to post public notice before the hearing as outlined in [Appendix C](#). The environmental review staff provide the Environmental Information Document (EID) to the applicant prior to the public hearing as well as public hearing guidance as outlined in [Appendix D](#). The EID will also document any remaining cross cutters (e.g. Clean Air Act, Scenic Rivers) and will summarize expected environmental impacts or mitigation measures. Because our environmental review must be NEPA-like, we prepare the EID similar to [40 CFR Part 6 Subpart C](#).

After the public hearing is held, the environmental review staff will review the hearing minutes to determine if any public comments were received. The public has the right to challenge environmental review determinations. All substantive public comments must be addressed directly in the FNSI. When a Finding of No Significant Impact is issued,

the FNSI is posted publicly at [iowasrf.com/environmental-review](https://iowasrf.com/environmental-review) for a minimum of 30 days prior to finalization of the environmental review.

## 5. Alternatives Consideration

SRF applicants provide alternatives considerations in the Preliminary Engineering Report (PER) for DWSRF projects. Applicants demonstrate which alternative is the most cost-effective and environmentally sound. Typically, no-action alternatives are not feasible as they would be detrimental to human and/or environmental health. Alternatives considered and reasons for the selected alternative are also outlined in the EID for the public hearing and the EAD with the FNSI issued for public comment. Additionally, connected actions and cumulative impacts are considered and discussed in the EID and EAD. Mitigation measures to avoid or minimize damage or to protect, restore, and enhance the existing environmental and/or cultural resources will be determined based upon applicable local, state and/or federal requirements.

## Appendix A - IAC 567—Chapter 44

IAC 4/11/18

Environmental Protection[567]

Ch 44, p.1

### CHAPTER 44 DRINKING WATER STATE REVOLVING FUND

**567—44.1(455B) Statutory authority.** The authority for the Iowa department of natural resources to administer the drinking water state revolving fund (DWSRF) in order to assist in the construction of drinking water treatment facilities is provided by Iowa Code sections 455B.291 to 455B.299.

**567—44.2(455B) Scope of title.** The department has jurisdiction over the surface water and groundwater of the state to prevent, abate, and control pollution. As a part of that general responsibility, the department and the Iowa finance authority (authority) are jointly designated to administer the DWSRF loan program to assist in the financing of infrastructure projects pursuant to the Safe Drinking Water Act (SDWA). A project must comply with this chapter to be eligible for a DWSRF loan. This chapter provides the background, the general rules of practice for the department's administration of the program, including the criteria for loan eligibility, and the general project and program administration rules.

**567—44.3(455B) Purpose.** The DWSRF provides financial assistance to eligible public water systems for the design and construction of facilities to ensure public health and the provision of safe and adequate drinking water. The DWSRF reserves a certain percentage of money each year from capitalization grants: for administrative purposes (up to 4 percent), to assist with the administration of the public water supply supervision program (up to 10 percent), to provide technical assistance to smaller drinking water systems (up to 2 percent) and to fund local assistance and other authorized activities (up to 15 percent). The director will coordinate with the authority under the terms of an interagency agreement entered into pursuant to Iowa Code chapter 28E. The department establishes priorities for the use of the DWSRF and publishes them in its intended use plan (IUP). The IUP will identify all proposed uses of available funds. All potentially funded projects or activities must be approved by the department.

The EPA provides capitalization grants for this program to the department. Financial assistance projects must be in conformance with the requirements of the Public Health Service Act (42 U.S.C. 300f et seq.), United States Code, Title XIV, Section 1452, Part E.

**567—44.4(455B) Definitions.** Definitions provided in 567—Chapter 40 apply to this chapter.

**567—44.5(455B) Set-asides.** The Safe Drinking Water Act (SDWA) authorizes set-aside funds to enable states to implement specific requirements of the SDWA. The amount and use of set-aside money is set each year in the IUP pursuant to rule 567—44.8(455B) and may be adjusted from year to year based on available funds and priorities as outlined in the IUP. As prescribed in the SDWA, set-asides will include but are not limited to:

**44.5(1) Administration expense set-aside.** These set-aside funds are to be used to administer the DWSRF. Up to 4 percent of the funds allotted through federal capitalization grants may be used for the reasonable costs of administering the programs and providing technical assistance. These costs may include such activities as issuing debt; DWSRF program start-up costs; audit costs; financial, management and legal consulting fees; development of IUP and priority ranking system; development of affordability criteria; and cost of support services provided by other state agencies. If the entire 4 percent is not obligated for administrative costs in one year, the excess balance may be reserved and used for administrative costs in later years.

**44.5(2) Small system technical assistance set-aside.** These set-aside funds will be used to provide technical assistance to public water supplies serving 10,000 people or fewer. Up to 2 percent of funds allotted through federal capitalization grants may be used for this purpose. These funds may be used to support a technical assistance team or to contract with outside organizations to provide technical assistance. Applications for third-party technical assistance proposals must be submitted and will be accepted and evaluated pursuant to subrules 44.7(2) through 44.7(7) prior to publication of the IUP in a given year. If the entire 2 percent is not obligated for these activities in one year, the excess balance may be reserved and used for the same activities in later years.

**44.5(3) Local assistance and other state programs set-aside.** Funds from this set-aside may be used for other categories of activities to assist development or implementation of local drinking water protection initiatives or both. Up to 15 percent of the capitalization grant amount may be used for the following activities, with the stipulation that not more than 10 percent of the capitalization grant amount may be used for any one activity:

- a. Assistance, in the form of a loan, to a public water system to acquire land or a conservation easement for source water protection purposes;
- b. Assistance, in the form of a loan, to a community water system to implement voluntary, incentive-based source water quality protection measures;
- c. Establishment and implementation of wellhead protection programs; and
- d. Provision of funding to a public water system to implement technical or financial assistance under the capacity development strategy.

Source water (quality partnership) petition programs (made by individual or consortiums of public water systems) established under Section 1454 of the SDWA amendments of 1996 (P.L. 104-182, August 6, 1996) will be eligible for money under this set-aside. Applications for third-party source water petition proposals must be submitted and will be accepted and evaluated pursuant to subrules 44.7(2) through 44.7(7) prior to publication of the IUP in a given year. These funds may not be reserved for future use.

**44.5(4) State program management set-aside.** Funds from this set-aside may be reserved for public water supply supervision (PWSS) programs, including the following uses:

- a. Administration of the state PWSS program;
- b. Administration or provision of technical assistance through source water protection programs, which include the Class V portion of the Underground Injection Control Program;
- c. Development and implementation of a capacity development strategy; and
- d. Development and implementation of an operator certification program.

This set-aside allows a maximum of 10 percent of the total available federal capitalization grant in a particular year and requires a one-to-one match. If the entire 10 percent is not obligated for these activities in one year, the excess balance may be reserved and used for the same activities in later years.

**567—44.6(455B) Eligibility.**

**44.6(1) Eligible systems.** The following systems are eligible to receive funds from the DWSRF for improvements as listed and defined in the Safe Drinking Water Act amendments of 1996 (P.L. 104-182, August 6, 1996).

- a. Community drinking water systems.
- b. Nonprofit nontransient noncommunity drinking water systems.
- c. Cities and counties that are PWS or can become viable new PWS as a result of this project.
- d. Any other governmental subdivision of the state responsible for a public water supply.

**44.6(2) Ineligible systems.** The following systems are ineligible to receive funds from the DWSRF.

- a. Any applicant that has not adopted and implemented satisfactory department-approved water conservation plans and practices, or demonstrated to the department an ongoing effort to adopt and implement such plans and practices within one calendar year from the date of the loan agreement.
- b. Any applicant in significant noncompliance with any applicable primary drinking water regulation, unless the project will return the applicant to compliance.
- c. Any applicant lacking viability (an applicant whose system lacks technical, financial, and managerial viability to comply with the SDWA and is nonviable or lacks capacity according to the definition of the SDWA), unless the applicant commits to undertake appropriate changes in operations, including ownership, management accounting, rates, maintenance, consolidation, alternative sources of water supply, or other procedures if the director determines that such changes are necessary to demonstrate viability.

d. Projects and activities deemed ineligible for participation in the DWSRF by the U.S. Environmental Protection Agency's Drinking Water State Revolving Fund regulations (40 CFR Part 35, Subpart L) or program guidance, or by the department.

**44.6(3) *Certified operator requirement.*** A system without a certified operator shall not receive loan assistance. The system must submit to the department the name, certification number and certification expiration date of the operator certified, pursuant to 567—Chapter 81, to be directly responsible (in direct responsible charge) for the operation of the facility before receiving a loan.

**567—44.7(455B) Project point ranking system (project priority list).**

**44.7(1) *Project priority list.*** The director shall develop and maintain a project priority list of public water systems that have a need for either a new or an upgraded drinking water system, including individual subcomponents. The term “public water system projects” may also include separate segments or phases of a segmented or phased project. The project priority list may include projects which are not ready to proceed (e.g., the list may include projects that by their nature are planned and implemented for a longer term than one year or projects that are unable to be implemented within one calendar year). Projects may be construed as not ready to proceed due to emergencies experienced by the applicant (or the state), or due to construction or other scheduling constraints. Projects will continue to be eligible for loan funding when funded for the first year of a multiyear project effort.

**44.7(2) *Application.*** Applications for placement on the project priority list shall be accepted by the department on a continuous basis.

**44.7(3) *Amendment of project priority list.*** The department may amend the project priority list to add eligible projects or remove projects. List adjustment can be done to ensure that the department uses at least 15 percent of each capitalization grant and required state match to provide loan assistance to systems serving fewer than 10,000 persons (allowable under Section 1452(a)(2) of SDWA), to the extent that there are a sufficient number of eligible projects to fund.

**44.7(4) *Preliminary engineering study requirements.*** To be eligible for placement on the project priority list for a construction loan, the water system must have a preliminary engineering study of potential system needs (e.g., a “planning” study) approved by the department, and must submit to the director a written application for placement on the list. The application must include:

- a. A description of the type of project for which financial assistance is being requested;
- b. The amount of financial assistance being requested; and
- c. A proposed project construction schedule.

Application shall be made on the form from the DWSRF application package provided by the department; the applicant may include additional information in the application. Forms may be obtained from the Environmental Services Division, Iowa Department of Natural Resources, Water Supply Engineering Section, 401 SW 7th Street, Suite M, Des Moines, Iowa 50309, or at [www.iowasrf.com](http://www.iowasrf.com).

**44.7(5) *Construction project requirements.*** An applicant seeking financial assistance for construction must include with the application:

- a. A description of the entity’s current drinking water supply system, including a discussion of existing and potential problems or failures in the current drinking water system and compliance with state and federal criteria;
- b. An estimate of the population and the number of households to be served;
- c. A completed Self-Assessment Manual for Iowa Water System Viability;
- d. A description of the basis for project design;
- e. A map showing the geographical area that the project is expected to serve; and
- f. A cost estimate for the selected project.

**44.7(6) *Project priority list ranking criteria.*** A construction project’s priority points shall be the total number of points assigned by the department pursuant to the department’s scoring system, delineated in subrule 44.7(7). All projects shall be listed in descending order on the published project priority list according to the number of total priority points assigned each project. When two or more projects have the same priority point total, the project sponsored by a system in the process of consolidation shall receive the higher priority. A private system in the process of forming and becoming a PWS shall have the next highest priority (if the system is determined by U.S. EPA regulations or guidance to be eligible for DWSRF funding), and the entity with the smallest served population shall receive the next highest priority. The most current official census population shall be used for all municipalities which



serve only the population within their incorporated boundaries and which apply for these loan funds. For all other municipalities and other community public water supply systems and for nontransient noncommunity systems, population will be counted based on either the actual population verifiable by the department or population as calculated by multiplying by an occupancy factor of 2.5 persons per service connection. New systems will be counted based on census data, an occupancy factor of 2.5 persons per service connection, an occupancy factor of 2.5 persons per identifiable occupied building, or other means acceptable to the department. Funding shall be offered to the projects with highest rank on the project priority list, subject to the project's readiness to proceed, and shall proceed from the highest project downward, subject to availability of funds. The published project priority list shall also be included in the department's intended use plan (IUP), pursuant to rule 567—44.8(455B). Projects involving a multiyear, phased effort may carry over their original priority point total from the previous year's application, provided that the project owner reapplies at each stage.

**44.7(7) Project priority list scoring criteria.** Eligible public drinking water supply projects shall be scored pursuant to the following priority point scoring system.

#### IOWA DWSRF PROJECT SCORING SYSTEM

(Multiple attributes within a lettered subcategory are not additive, but points are additive from other subcategories; consolidation/restructuring is an approved option to correct violations or "improve" treatment.)

Scoring Criterion	Points
<b>A. Human Health Risk-related Criteria (maximum of 60 points)</b>	
1. Correction of acute MCL or Tier I treatment technique violation as defined in 567—paragraph 42.1(2) "a" (fecal coliform, nitrate, nitrite, chlorine dioxide, turbidity, CT corrective measures, and Giardia)	60
2. Correction of nonacute MCL violation (IOCs excluding acute contaminants, radionuclides, SOCs, VOCs)	50
3. Correction of an expected MCL or treatment technique violation (acute or nonacute)	45
4. Correction of Tier II treatment technique violation as defined in 567—paragraph 42.1(3) "a" (Pb/Cu corrective measures, disinfection byproduct precursor removal)	40
5. Mitigation of an imminent threat from groundwater contamination (from UST site, from CERCLA site, from uncontrolled site)	35
6. Connection of individual residences to PWS to eliminate use of contaminated individual private wells (bacterial, nitrate, radionuclide, or IOC/VOC/SOC well contamination all eligible)	35
7. Replacement of asbestos cement pipe (replace at least 200 feet of pipe)	15
<b>B. Infrastructure and Engineering-related Improvement Criteria (maximum of 35 points)</b>	
1. Development of system redundancy and additional source to meet peak day demand with largest well or intake out of service; plant process rehabilitation (made to ensure redundancy of treatment units to protect against acute or chronic MCL with system's largest treatment unit out of service); water storage improvements (system reliability enhancement—to increase effective storage to Average Daily Demand, including either at-ground or elevated storage); pumping improvements meeting hydraulic and Ten-State Standard requirements for Average Daily Demand.	35
2. Water systems over capacity expansion. Points are allowable only when system is operating at 85% or more of system design capacity. Source, plant, or distribution system improvements for system expansion are all eligible under this category.	30
3. Pressure and other distribution system improvements, including pump upgrades, pipe looping, valves, fittings, line replacement, hydrants, pumping stations, and water meters	20
4. Treatment plant improvements, excluding operation and maintenance costs	15
5. Provision of emergency power/emergency pumping capacity including purchase of diesel generators or installation of automatic switching systems	15

Scoring Criterion	Points
6. Security improvements (fencing, lighting, video surveillance, locks, access control)	10
<b>C. Affordability Criteria (maximum of 10 points)</b>	
1. System serves low-income population (Community Development Block Grant (CDBG) Iowa Department of Economic Development (IDED) Low-Moderate Income Criteria (LMI))	10
<b>D. Special Category Improvements (maximum of 15 points)</b>	
1. Wellhead or source water protection plan development or implementation meeting department standards, including loans for land or easement acquisition	15
2. Water conservation measures/conservation plan preparation, adoption, and enforcement	5
<b>E. IDNR Adjustment Factor for Population</b>	
1. (Project Serves) Population less than 10,000	10
<b>TOTAL MAXIMUM POINTS</b>	<b>130</b>

**567—44.8(455B) Intended use plan.**

**44.8(1) Development.** The director shall prepare an intended use plan (IUP) at least annually and on a quarterly basis as needed. The IUP will be submitted to a public hearing and approved by the commission and U.S. EPA.

**44.8(2) Contents.** The IUP will identify the anticipated uses of loan funds and will include:

*a.* The state project priority list (defined in rule 567—44.7(455B)) which includes all projects that are eligible for DWSRF loans and any proposed activities eligible for assistance under set-aside authority of the SDWA. The list will include the name of the eligible recipient, applicable PWS permit number, the projected amount of loan assistance, and a schedule of estimated disbursement of funds. The department will consider the following in developing the list of eligible recipients for the intended use plan:

(1) Whether a project will be ready to proceed on a schedule consistent with time requirements for outlay of funds; and

(2) Whether the project addresses the need upon which the system's priority is based.

*b.* Discussion of the long-term and the short-term goals of the DWSRF.

*c.* Information on the types of activities to be supported by the DWSRF, including requests for planning and design loans.

*d.* The method by which the IUP may be amended.

*e.* Assurances on how the state intends to meet environmental review requirements of the SDWA.

**567—44.9(455B) Department initial approval of projects.**

**44.9(1) Project initiation conference.** The department may require the applicant or the applicant's representative to meet at a location designated by the department.

**44.9(2) Required project information.** An applicant seeking financial assistance from the DWSRF for a construction project must provide the following information to the director for review and approval:

*a.* Plans and specifications must be signed by a professional engineer holding current license to practice in Iowa.

*b.* Plans and specifications must be consistent with the project identified in the application submitted pursuant to subrule 44.7(5).

*c.* The planned project must be described in full, and the construction requirements necessary to complete the project as proposed must be detailed.

*d.* The project submittal shall include the latest engineering cost estimate for the project.

*e.* The plans and specifications shall comply with all applicable state statutes, rules, and design standards.

*f.* Those portions of projects not meeting eligibility requirements may be excluded from the funded project, but included in the submitted plans and specifications if the applicant chooses to keep the loan-ineligible part of the project as part of the overall system improvement. Ineligible portions of

projects include but are not limited to dams, water rights, monitoring costs, operation and maintenance expenses, projects designed primarily in anticipation of speculative growth, and projects needed primarily for fire protection.

g. The applicant has demonstrated its ability to provide the necessary legal, institutional, managerial, and financial capability to complete the project.

**44.9(3) Department review.** An applicant seeking financial assistance from the DWSRF for any project appearing on the project priority list must submit information as required under subrule 44.7(5) on forms provided by and acceptable to the department. Departmental review requirements shall consist of the following:

a. Upon review and approval of construction projects submitted as required under subrule 44.7(5), and the plans and specifications as required under subrule 44.9(2), and following a determination that the project meets the applicable requirements of the SDWA, federal regulations, Iowa statutes, and relevant portions of this chapter, the director shall approve the project in writing.

b. If there is an alteration (change order) to a project after the director approves the project, the eligible applicant must request in writing from the department an amended approval. The director shall review the request and proposed project alteration (change order) and, upon a determination that the project meets the applicable requirements of the SDWA, federal regulations, the August 7, 2000, Drinking Water State Revolving Funds: Interim Final Rule (40 CFR Part 35, Subpart L), program guidance, Iowa statutes, and relevant portions of this chapter, the director shall approve the project as amended.

c. If the project is not approved, the director shall notify the applicant in writing of the reason for disapproval.

**567—44.10(455B) General administrative requirements.**

**44.10(1) Allowable costs.** Allowable costs shall be limited to those costs deemed necessary, reasonable, and directly related to the efficient completion of the project. The director will determine project costs eligible for state assistance in accordance with rule 567—44.6(455B). Land purchase, easement, or rights-of-way costs are ineligible with the exception of land which is integral to a project needed to meet or maintain public health protection and which is needed to locate eligible treatment or distribution works. Source water protection easements are considered to be integral to a project. (The acquisition of land or easements has to be from a willing seller.) In addition to those costs identified in this chapter, unallowable costs include the following:

a. Costs of service lines, except lead-containing service lines and connectors which are exterior to a home.

b. Costs of in-house plumbing.

c. Administrative costs of the loan recipient.

d. Vehicles and tools.

**44.10(2) Audits.** The recipient shall provide access at all times for the department, the authority, the state auditor and the Office of the Inspector General (OIG) at EPA to all project records and documents for inspection and audit purposes for a period of three years from the date of the final loan payment. The same access to the project site(s) shall be provided for inspection purposes.

**44.10(3) Cross-cutters.** Other federal and state statutes and programs, including federal “cross-cutters,” will be applicable to DWSRF projects.

**44.10(4) Additional loan amount.** If eligible costs exceed the loan amount, the recipient may request an increase. The director in coordination with the authority will evaluate the request by considering available money in the fund as well as compliance with other state and federal requirements.

[ARC 3735C, IAB 4/11/18, effective 5/16/18]

**567—44.11** Reserved.

**567—44.12(455B) Construction phase and postconstruction phase requirements.**

**44.12(1) Estimated project completion date.** The loan recipient must notify the director of the estimated project completion date. A final inspection of the project may be performed by the director to verify that construction is complete (except for weather-related items) and conforms with the approved plans and specifications and all approved change orders.

**44.12(2) Adequate project performance.** The department shall undertake measures to discern adequate project performance as follows:

*a.* Three months after initiation of operation of the project, the loan recipient must certify to the director that the project is operating as planned and designed. This certification must be made on a form provided by and approved by the department.

*b.* If the loan recipient is unable to certify that the project is operating as planned and designed, the recipient must submit a corrective action report to the director for review and approval. An acceptable corrective action report must contain an analysis of the project's failure to operate as designed; a discussion of the nature, scope, and cost of the action needed to correct the failure; and a schedule for completing the corrective work.

**567—44.13(455B) Sanctions.** Failure of a project to conform to approved plans and specifications or failure of a loan recipient to comply with the requirements of 567—Chapter 40 through 567—Chapter 44 pertaining to drinking water supply systems constitutes grounds for the withholding of loan disbursements. The loan recipient is then responsible for ensuring that the identified problem either in the plans and specifications or in the other relevant portion of the project is rectified such that disbursements may be resumed. Once an agreement for correcting the conditions which led to the withholding of funds is reached between the department and the loan recipient, the retained funds shall be released according to the provisions of the agreement.

**567—44.14(455B) Disputes.** A person or entity that disagrees with the project rankings, department decisions, or the withholding of project funding pursuant to rule 567—44.7(455B), 567—44.8(455B), or 567—44.13(455B) may request a formal review of the action. The person or entity must submit to the director a request for review in writing within 45 days of the date of notification of the final decision made by the department or department staff. A decision by the director in a formal review case may be further appealed to the commission.

These rules are intended to implement Iowa Code sections 455B.291 to 455B.299.

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## Appendix B – CX/RE Public Notice Options



### SRF CX/RE Public Notice Options List

**Options to Publicize Your SRF Environmental Review Categorical Exclusion (CX) or Reaffirmation (RE)**  
**(pick at least two)**

The Iowa SRF recognizes that Iowa’s utility services vary in size and each community has its own distinct culture. Please select public notice options that maximize reach to the people affected by the SRF project while ensuring the notices are accessible to all. Please note that the required 30-day public notice and comment period starts from the date that the public notice is posted.

*Check the options selected (at least two required), complete the signature section below, and return this page to SRF Environmental Review staff with the proof of notices.*

Public Notice Option	Proof of Notice
<input type="checkbox"/> Notice published in a local newspaper	Proof of publication affidavit
<input type="checkbox"/> Notice placed on the applicant’s website	Screen shot
<input type="checkbox"/> Notice placed on a local social media	Screen shot
<input type="checkbox"/> Notice announced by hand delivered announcement	Copy of announcement
<input type="checkbox"/> Notice announced by regular newsletter	Copy of newsletter
<input type="checkbox"/> Notice announced by door hanger notice on individual addresses	Copy of door hanger
<input type="checkbox"/> Notice mailed to individual addresses	Copy of notice
<input type="checkbox"/> Notice is posted in three prominent public locations	Notice text and public locations
<input type="checkbox"/> Notice message on utility bill	Copy of notice

I attest that the notices above were made available to the public as of (Date) \_\_\_\_\_

\_\_\_\_\_ (Name of SRF applicant representative)

\_\_\_\_\_ (Signature of SRF applicant representative)

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You must provide the following items to the Environmental Review Specialist:

1. This completed Public Notice Options List
2. Appropriate proofs of notice

## Appendix C – FNSI Public Notice Options

### SRF Public Notice Options List



**Options to Publicize Your SRF Environmental Review Public Hearing (pick at least two)**

The Iowa SRF recognizes that Iowa’s utility services vary in size and each community has its own distinct culture. Please select public notice options that maximize reach to the people affected by the SRF project while ensuring the notices are accessible to all. In order to meet federal requirements, these notices must occur at least 30-days in advance of the public hearing.

*Check the options selected (at least two required), complete the signature section below, and return this page to SRF Environmental Review staff with the proof of notices.*

Public Notice Option	Proof of Notice
<input type="checkbox"/> Notice published in a local newspaper	Proof of publication affidavit
<input type="checkbox"/> Notice placed on the applicant’s website	Screen shot
<input type="checkbox"/> Notice placed on a local social media	Screen shot
<input type="checkbox"/> Notice announced by hand delivered announcement	Copy of announcement
<input type="checkbox"/> Notice announced by regular newsletter	Copy of newsletter
<input type="checkbox"/> Notice announced by door hanger notice on individual addresses	Copy of door hanger
<input type="checkbox"/> Notice mailed to individual addresses	Copy of notice
<input type="checkbox"/> Notice is posted in three prominent public locations	Notice text and public locations
<input type="checkbox"/> Notice message on utility bill	Copy of notice

I attest that the notices above were made available to the public as of (Date) \_\_\_\_\_

\_\_\_\_\_ (Name of SRF applicant representative)

\_\_\_\_\_ (Signature of SRF applicant representative)

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After the public hearing, you must provide the following items to the Environmental Review Specialist:

1. A signed copy of the Environmental Information Document (EID)
2. A record of the public hearing (minutes, recording, or transcript)
3. Completed Public Notice Options List and appropriate proofs of notice.

## Appendix D – FNSI Public Hearing Guidance

### SRF Environmental Review Public Hearing Guidance

**Purpose:** A public hearing is necessary for all projects receiving assistance from the State Revolving Fund (SRF), except for those having little or no environmental effect (40 CFR Part 35.3140 and 35.3580). The Iowa SRF requires a public hearing for all proposed Finding of No Significant Impact (FNSI) designated projects.

Federally funded projects are subject to the National Environmental Policy Act (NEPA) of 1969 and the National Historic Preservation Act (NHPA) of 1966. The Environmental Protection Agency (EPA) public participation requirements for environmental reviews under NEPA and both the Safe Drinking Water Act and Clean Water Act programs are codified in the Code of Federal Regulations (CFR) at 40 CFR Part 6.203 and Part 25.5. Public hearings for projects receiving assistance from the Iowa SRF are conducted in accordance with the state “NEPA-like” environmental reviews. This document outlines the public hearing requirements with additional guidance to comply with the Iowa SRF NEPA-like environmental reviews and satisfy NHPA public engagement requirements, as applicable.

#### Public Notification

- The applicant must provide adequate public notification to the media and all interested parties at least 30 days prior to the public hearing. The notice should include:
  - Description of the proposed action.
  - Topics to be discussed during the public hearing.
  - Date, time, and location of the public hearing.
  - Availability of the Preliminary Environmental Review (PER)/Facility Plan (FP)/Environmental Information Document (EID) for public review.
  - Information on how and where written comments can be submitted.
- Consider using outlets such as newspapers and social media for notification.
- A template public notice will be provided by the SRF Environmental Review Specialist to be customized to fit the applicant’s and community’s needs.

#### Availability of Documents

- Reports, documents, and data relevant to the discussion at the public hearing shall be available upon request for public review at least 30 days before the public hearing. These documents may include:
  - Preliminary plans, if available.
  - Draft construction permits, if available.
  - The FP or PER, as applicable.
  - The EID (will be sent to the applicant at least two weeks prior to the public hearing date by the SRF Environmental Review Specialist, but can be requested sooner if needed).

#### Scheduling and Accessibility

- In order to ensure adequate public engagement, public hearings must be held at convenient times and places, which could include virtual or in-person meetings.
- The public hearing can be held on its own or added to existing regular meetings such as council or board meetings.
- The goal when scheduling time and location is to make the public hearing as accessible as possible to members of the community.
- Translation services for written documents can be provided by the Iowa DNR if needed and are available upon request.

# SRF Environmental Review Public Hearing Guidance

## Discussion Topics

- Although the purpose of the public hearing is to discuss the environmental review, the applicant should be prepared for members of the community to question the project costs and user fees.
- At a minimum, the following information should be discussed from the provided EID: the project description, alternatives considered, and summary of reasons (for further details, see Additional Guidance section below).

## Adequate Time for Public to Express Views and Voice Comments

- Address citizen concerns and provide avenues for submitting written comments and testimonials.
- Allow all interested parties adequate time to present their views, including a question and answer period.

## Record of Public Hearing

- Prepare a transcript, recording, or other complete record of the hearing and make it available at no more than cost to anyone who requests it.
  - Meeting minutes are the most common form of meeting record that SRF receives.

## Summary of Comments and Proof of Public Notice

- Prepare a responsiveness summary of all oral and written comments received and how they were addressed.
- Provide proof of public notice as described in the Public Notice Options List for submission to the Environmental Review Specialist.

## Additional Guidance

- To enhance public understanding of the project, present the following sections from the EID at the public hearing:
  - Project Description (purpose and proposed improvements).
  - Positive Environmental Effects.
  - Summary of Reasons for Concluding No Significant Impact.
- Notify the public that an additional comment period will occur before the project is finalized and provide information on how to stay informed about the comment period. Public comments can be emailed directly to the SRF Environmental Review Specialist and/or [SRF-PC@dnr.iowa.gov](mailto:SRF-PC@dnr.iowa.gov).
- Encourage consulting engineers to be present at the hearing to provide context and answer questions.
- Provide a visual representation of the project, such as an aerial map, at the public hearing.
- Voting or motions regarding the EID is not necessary but can take place if that integrates best with the applicant's processes. We only ask that the mayor, board chairperson, or assigned similar person of authority sign that the document is correct to the best of their knowledge.

**Submit Materials to:** The Environmental Review Specialist of SRF, Iowa Department of Natural Resources.

- After the public hearing, you must provide the following items to the Environmental Review Specialist:
  1. A signed copy of the Environmental Information Document (EID)
  2. A record of the public hearing (minutes, recording, or transcript)
  3. Completed Public Notice Options List and appropriate proofs of notice.