

Iowa League of Cities



***State Revolving Loan Funds:  
Innovative Financing Under the  
Iowa Nutrient Reduction Strategy***

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# Iowa League of Cities

- Established in 1898
- 945 cities in Iowa with close to 500 being under 500 in population
- League Legislative Priorities: Federal and State
  - *Iowa League of Cities v. EPA (2013)*

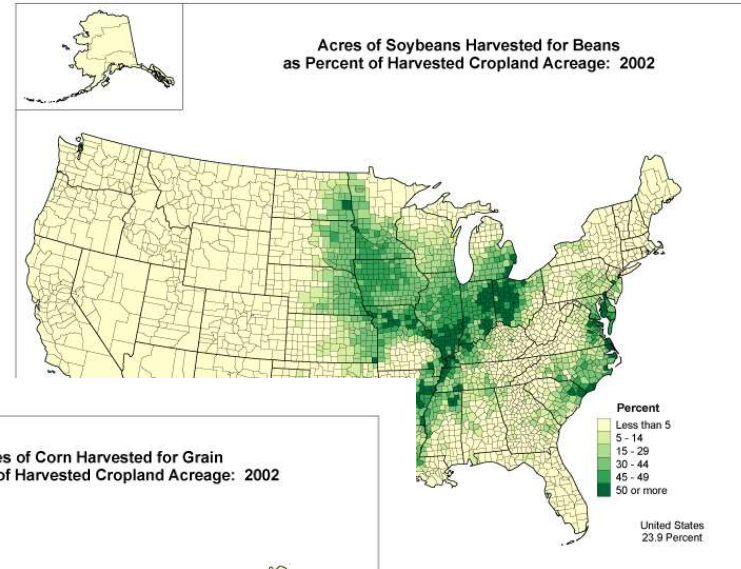
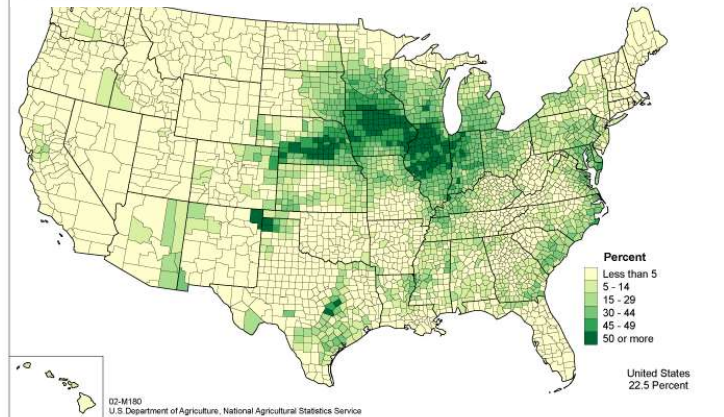


# Iowa Economic Linkage to Agriculture

- Total Population is 3,046,869
- Over 500 cities are under 500 in population and only 11 cities over 50,000 in population
- Agriculture is \$112 Billion of Economic Output (33% of Total Economy)
- 418,777 Jobs (21% of Total Jobs)

IOWA RANKS  
**#1**  
IN THE NATION  
IN THE  
PRODUCTION OF  
**CORN  
PORK  
EGGS**

SOURCE: USDA, 2013



Source: 2014 Iowa Ag Economic Contributions Study

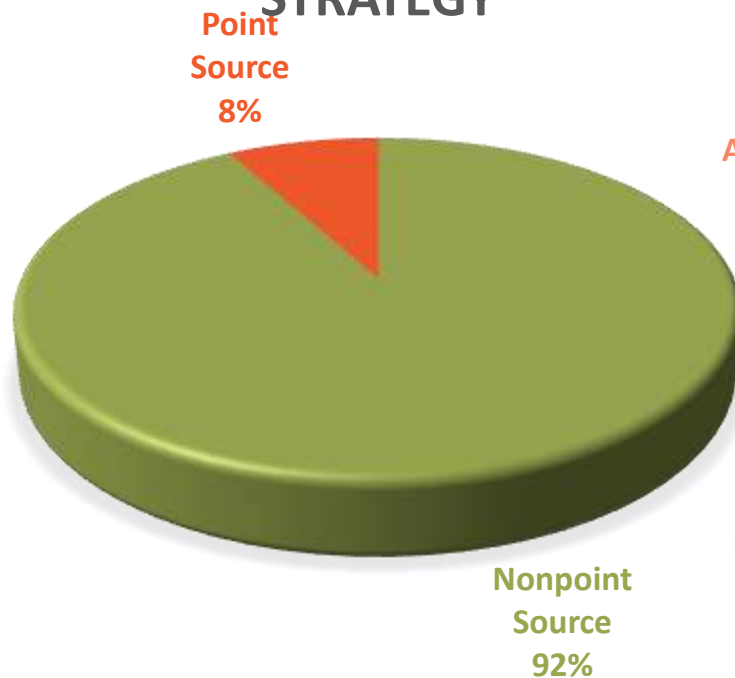
# Iowa Nutrient Reduction Strategy

- Gulf Hypoxia Report and Stoner Memo
- Integrated Strategy with Science Assessment for NPS and Technology Assessment for PS
- 45% Reduction Goal for Non-Point Source (NPS) and Point Source (PS)
- Estimated Cost
  - NPS: Initial Investment Costs range from \$1.2 to \$4 billion
  - PS: Capital and operation costs over 20 years of approximately \$1.5 billion
- Water Quality Trading

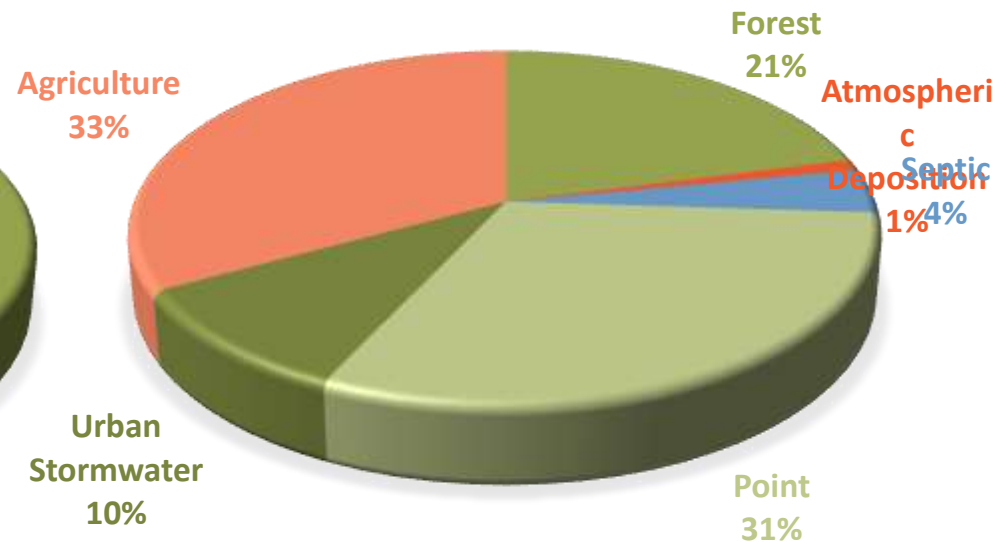


# Reality of a Thin Market

## IOWA NUTRIENT REDUCTION STRATEGY



## CHESAPEAKE BAY TMDL



Source: Iowa Nutrient Reduction Strategy and Libra, R.D., Wolter, C.F., and Langel, R.J. 2004. Nitrogen and Phosphorus Budgets for Iowa and Iowa Watersheds. Iowa Geological Survey Technical Information Series 47, 43p



# Why Watersheds?

- Flood Mitigation / Stormwater Management
  - Iowa Flood Center and HUD Resiliency Grant
- Environmental Benefits / Sustainability
- Source Water Protection
- Economic Development
- Habitat Development / Species Protection
- Iowa Nutrient Reduction Strategy
  - Water Quality Trading





# STATE REVOLVING FUND SPONSORED PROJECTS

# Iowa State Revolving Fund

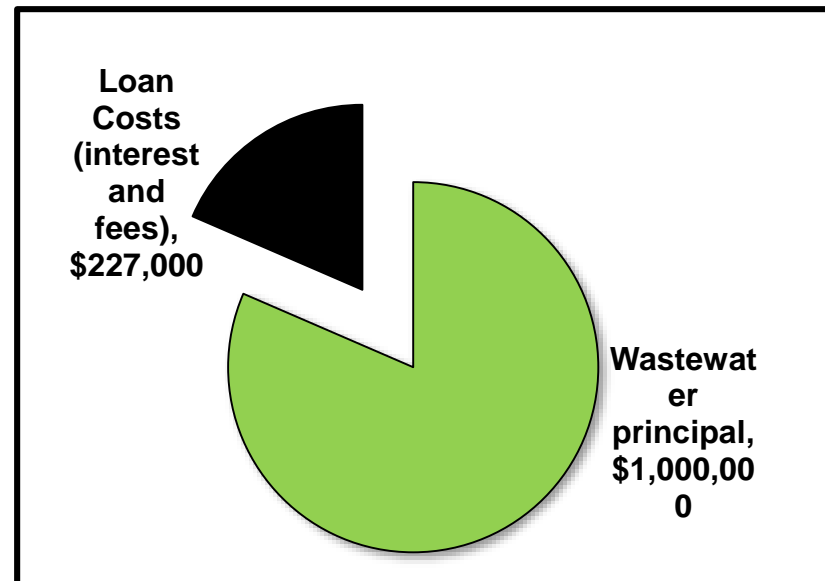
- Authorized by the Clean Water Act and Safe Drinking Water Act
- Federal Program Administered by States
- Iowa Department of Natural Resources and Iowa Finance Authority (IFA)
- \$2 billion worth of projects total since 1989
  - \$142 million in NPS loans since 2003





# Typical CWSRF Loan

- City borrows **\$1,000,000** for sewer project
- City makes annual principal and interest payments on loan for 20 years
- With interest and fees, the city repays **\$1,227,000** over the life of loan



# CWSRF Loan with Sponsored Project Overview

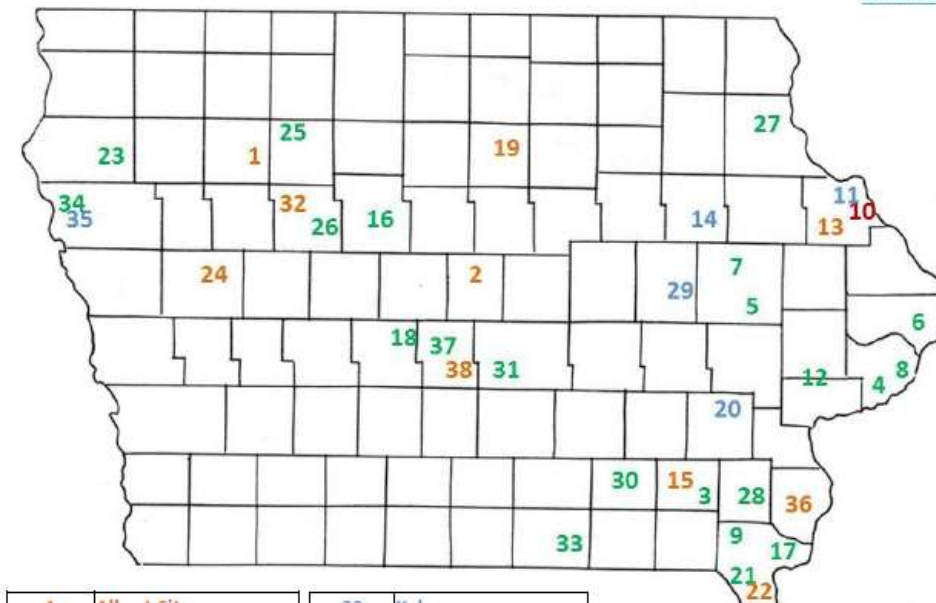
- Borrowing from the Clean Water SRF for an infrastructure project + a nonpoint source watershed project
- The sponsored project must improve water quality in the watershed in which the wastewater utility is located
- The overall interest rate is reduced, allowing the utility to finance two projects for the cost of one
- Eligible Projects: Stormwater BMPs, Flood Control Projects with Water Quality Benefits, Stream Stabilization, Wetland Restoration, Buffer Acquisitions, Conservation Easements and other NPS Water Quality Practices

# Sponsored Project Locations

## Water Resource Restoration SPONSORED PROJECTS



Project Locations as of January 2015



1	Albert City	20	Kalona
2	Ames	21	Keokuk
3	Blakesburg	22	Keokuk
4	Buffalo	23	Kingsley
5	Cedar Rapids	24	Kiron
6	Clinton	25	Laurens
7	Coggon	26	Lohrville
8	Davenport	27	Monona
9	Donnellson	28	New London
10	Dubuque	29	Newhall
11	Dubuque	30	Ottumwa
12	Durant	31	Prairie City
13	Epworth	32	Rockwell City
14	Fairbank	33	Seymour
15	Fairfield	34	Sioux City
16	Fort Dodge	35	Sioux City
17	Fort Madison	36	State Parks (DNR)
18	Granger	37	Des Moines WRA
19	Hampton	38	Des Moines WRA



### Dollar Amounts Committed

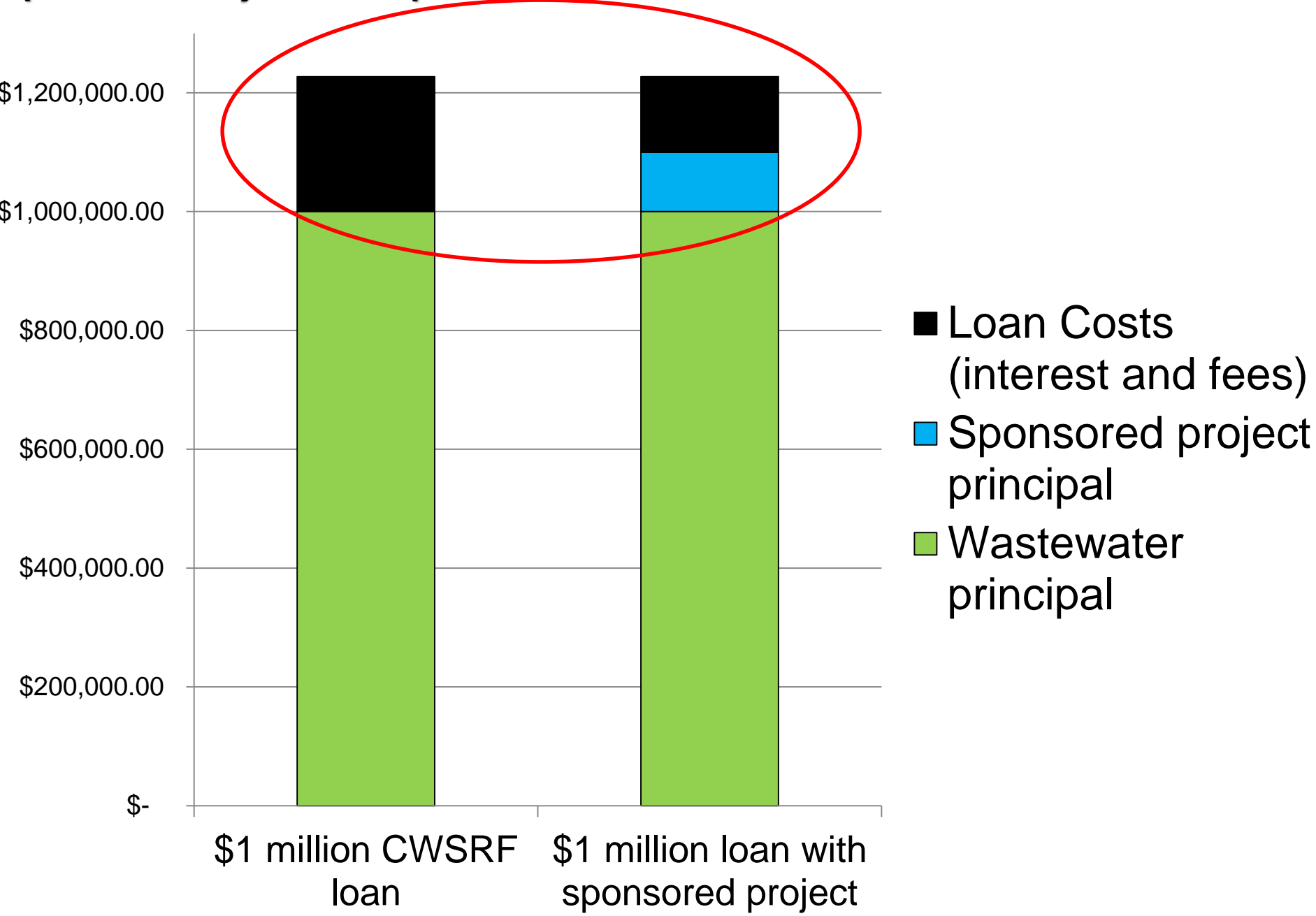
Pilot Project (FY 2013)	\$ 9,400,000
Round 1 (FY 2014)	\$ 12,900,000
Round 2 (FY 2015)	\$ 5,900,000
Round 3 (FY 2015)	\$ 4,000,000
<b>Total</b>	<b>\$ 32,200,000</b>

# CWSRF Loan with Sponsored Project

- City applies for sponsored project
- City constructs wastewater project and works with sponsor to complete nonpoint work
- City borrows **\$1,000,000** to pay for sewer system upgrades PLUS amount equivalent to 1% of interest (about **\$100,000**) for a total of **\$1,100,000**
- City makes annual principal and interest payment for 20 years. The interest rate is reduced on the loan so the amount repaid by the city is **\$1,227,000**



# Sponsored Project Concept





Population: 58,253  
County: Dubuque

- Plant Upgrade
  - \$70 million plus upgrade to Dubuque Water & Resource Recovery Center
- Sponsored Project - Approved through DNR and IDALS in Late 2014
  - Bee Branch Creek Daylighting Project
  - Catfish Creek Watershed Project
    - One Mile Streambank Restoration – South Fork
    - Water Quality Project for Reduction of Sediment, Nitrogen, and Phosphorous
    - 75% Cost Share Program
      - Projects Include: Soil Quality Restoration, Infiltration Based Projects (Bio-Retention, Pavers, Etc), Native Planting and Ag Practices (Ponds, Swales, Etc.)





Population: 1,983  
County: Worth

- Plant Upgrade
  - \$8,970,630 Upgrade from Lagoon to Mechanical Plant including Disinfection
- Sponsored Project
  - \$897,630 for a sponsorship project called the Worth County Drainage Districts Constructed Wetlands Project
  - CREP Wetland Funded through Sponsored Projects as a Partnership between IDALS, IDNR and IFA

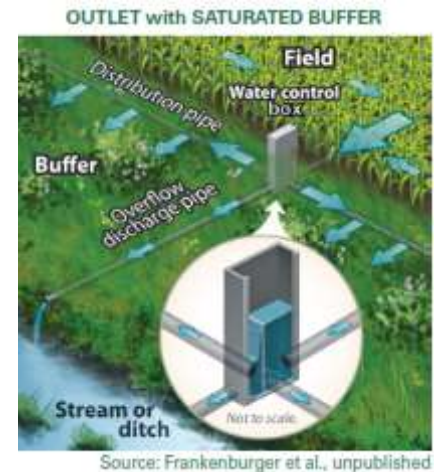




Population: 24,639

County: Webster

- Plant Upgrade
  - Combined \$30 million for Drinking Water and Waste Water Projects
- Sponsored Project
  - Phase 1: Streambank Stabilization and Bioretention in Snell-Crawford Park
  - Phase 2: Badger Lake watershed in cooperation with the Webster County Conservation Board. Practices to reduce sediment and nutrients going will be installed including saturated buffers.
  - Phase 3: Practices along the stretch of the Des Moines River that runs through the community.





# Questions?

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