

Table Of Contents

16.01.12 - Rules For Administration Of Wastewater Treatment Facility Loans

000. Legal Authority.	2
001. Title And Scope.	2
002. Policy.	2
003. Definitions.	2
004. -- 009. (Reserved).	4
010. Financial And Management Capability Analysis.	4
011. -- 019. (Reserved).	5
020. Priority System.	5
021. Supplemental Grants.	6
022. -- 029. (Reserved).	6
030. Project Funding.	6
031. Limitation Of Preloan Engineering Reviews.	9
032. -- 039. (Reserved).	9
040. Loan Application And Review.	9
041. Environmental Review.	10
042. -- 049. (Reserved).	12
050. Loan Offer And Acceptance.	12
051. Accounting And Auditing Procedures.	13
052. -- 059. (Reserved).	13
060. Disbursements.	13
061. -- 079. (Reserved).	13
080. Suspension Or Termination Of Loan Contracts.	13
081. -- 994. (Reserved).	14
995. Waivers.	14
996. Administrative Provisions.	14
997. Inclusive Gender.	14
998. Confidentiality.	14
999. Severability.	15

**IDAPA 16
TITLE 01
Chapter 12**

**16.01.12 - RULES FOR ADMINISTRATION OF WASTEWATER
TREATMENT FACILITY LOANS**

000. LEGAL AUTHORITY.

The Idaho Board of Health and Welfare, pursuant to authority granted in Chapter 36, Title 39, Idaho Code, did adopt the following rules for the administration of a Wastewater Treatment Facility Loan Program in Idaho. (1-1-89)

001. TITLE AND SCOPE.

01. Title. These rules and regulations will be known and cited as Idaho Department of Health and Welfare Rules, IDAPA 16.01.12, "Rules for Administration of Wastewater Treatment Facility Loans". (1-1-89)

02. Scope. The provisions of these rules will establish administrative procedures and requirements for establishing, implementing and administering a state loan program for providing financial assistance to qualifying entities for the construction of wastewater treatment facilities. (1-1-89)

002. POLICY.

It is the policy of the Idaho Board of Health and Welfare through the Idaho Department of Health and Welfare, to administer the Wastewater Treatment Facility Loan Program for the purpose of protecting and enhancing the quality and value of the water resources of the state of Idaho by financially assisting in the prevention, control and abatement of water pollution. It is also the intent of the Board of Health and Welfare to assign a priority rating to those projects which will most significantly improve the quality of the waters of the state and most adequately protect the public health. (1-1-89)

003. DEFINITIONS.

For the purpose of the rules contained in this chapter, the following definitions apply: (12-31-91)

01. Applicant. Any qualifying entity making application for loan funds. (1-1-89)

02. Board. The Idaho State Board of Health and Welfare. (12-31-91)

03. Collector Sewer. That portion of the wastewater treatment facility whose primary purpose is to receive sewage from individual residences and other individual public or private structures and which is intended to convey wastewater to an interceptor sewer or a treatment plant. (1-1-89)

04. Construction. The erection, building, acquisition, alteration, reconstruction, improvement or extension of wastewater treatment facilities, including preliminary planning to determine the economic and engineering feasibility of wastewater treatment facilities, the engineering, architectural, legal, fiscal and economic investigations, reports and studies, surveys, designs, plans, working drawings, specifications, procedures and other action necessary in the construction of wastewater treatment facilities; the inspection and supervision of the construction; and for projects funded with federal moneys the costs incurred during the one (1) year project certification period. (1-1-89)

05. Department. The Idaho Department of Health and Welfare. (1-1-89)

06. Director. The Director of the Idaho Department of Health and Welfare or his designee. (12-31-91)

07. Eligible Costs. Costs which are necessary for planning, designing and/or constructing wastewater treatment facilities. To be eligible, costs must be reasonable, allowable and allocable. (1-1-89)

08. Facility Plan. Systematic evaluation by an engineer of feasible treatment alternatives considering demographic, topographic, hydrologic and institutional characteristics of a project area to demonstrate that the scheduled alternative is cost effective. (1-1-89)

09. Financial Management System. Uniform method of recording, summarizing and analyzing

financial information about the wastewater treatment facility. (1-1-89)

10. Ineligible Costs. Costs which are not necessary for the planning, designing and/or construction of wastewater treatment facilities or which are not reasonable, allowable or allocable. (1-1-89)

11. Interceptor Sewer. That portion of the wastewater treatment facility whose primary purpose is to transport domestic sewage or nondomestic wastewater from collector sewers to a treatment plant. (1-1-89)

12. O & M Manual. A guidance and training manual outlining the optimum operation and maintenance of the wastewater treatment facility or its components. (1-1-89)

13. Plan of Operation. A schedule of specifications and completion dates for construction, start-up and operation of the wastewater treatment facility. (1-1-89)

14. Pollutant. Any chemical, biological, or physical substance whether it be solid, liquid, gas, or a quality thereof, which if released into the environment can, by itself or in combination with other substances, create a nuisance or render that environment harmful, detrimental, or injurious to public health, safety or welfare or to domestic, commercial, industrial, recreational, aesthetic or other beneficial uses. (1-1-89)

15. Preliminary Engineering Report. A report which compares wastewater treatment facility alternatives and identifies the most cost effective, environmentally sound alternative. (1-1-89)

16. Priority List. A list of proposed projects rated by severity of pollution problems, public health needs, population affected, and need for protection of Idaho's water resources. (1-1-89)

17. Qualifying Entity. Any county, city, special service district, nonprofit corporation, or other governmental entity, or a combination thereof, having authority to collect, treat or dispose of wastewater and which establishes and maintains a dedicated loan repayment source; a municipality. (1-1-89)

18. Rehabilitation. The repair of interceptor or collector sewers, including replacement of limited segments. (1-1-89)

19. Reserve Capacity. That portion of the treatment works that is designed and incorporated in the constructed facilities to handle future sewage flows and loadings. (1-1-89)

20. Scope Of Project. Those portions of the proposed facility, including administration, engineering and physical components that constitute a complete project as determined from the most cost effective, environmentally sound wastewater treatment facility alternative identified in a preliminary engineering report and approved by the Department. (1-1-89)

21. Sewer Use Ordinance. An ordinance adopted pursuant to Title 42, Chapter 32, Idaho Code, or other applicable law which requires new sewers and connections to be properly designed and constructed, prohibits extraneous sources of inflow and prohibits introduction of wastes into the sewer in an amount that endangers the public safety or the physical or operational integrity of the wastewater treatment facility. (1-1-89)

22. State. The state of Idaho. (12-31-91)

23. Supplemental Grants. A grant awarded to a municipality in conjunction with a loan from the wastewater facility loan account. (1-1-89)

24. Suspension. An action by the Director to suspend a loan contract prior to project completion for a specified cause. Suspended contracts may be reinstated. (1-1-89)

25. Termination. An action by the Director to permanently terminate a loan contract prior to project completion for a specific cause. Terminated contracts will not be reinstated. (1-1-89)

26. User Charge System. A system of rates and service charges applicable to specific types of users,

including any legal enforcement mechanism as may be required and which provides sufficient reserves and/or revenues for debt retirement, operation and maintenance, and replacement of the wastewater treatment facility. (1-1-89)

27. Wastewater. A combination of the liquid and water-carried wastes from dwellings, commercial buildings, industrial plants, institutions and other establishments, together with any groundwater, surface water and storm water that may be present; liquid and water that is physically, chemically, biologically, or rationally identifiable as containing excreta, urine, pollutants or domestic or commercial wastes; sewage. (1-1-89)

28. Wastewater Treatment Facility. Any facility, including land, equipment, furnishings and appurtenances thereof, used for the purpose of collecting, treating, neutralizing or stabilizing wastewater and removing pollutants from wastewater including the treatment plant, collectors, interceptors, outfall and outlet sewers, pumping stations, sludge treatment and handling systems, land disposal systems; a sewage treatment plant. (1-1-89)

004. -- 009. (RESERVED).

010. FINANCIAL AND MANAGEMENT CAPABILITY ANALYSIS.

No loans shall be awarded for the construction of projects unless the applicant has demonstrated and certified that it has the legal, institutional, managerial, and financial capabilities to ensure construction, operation and maintenance, including equipment replacement of the proposed wastewater treatment facility, and to repay principal and interest which would be due on a loan. (1-1-89)

01. Information Needed. Before an application will be considered complete, the applicant must submit all necessary information on a form prescribed by the Department along with an analysis of that information. The information shall include, but not be limited to, demographic information of the applicant, estimated construction costs, annual operating costs, and information regarding the financing of the project, including the legal debt limit of the applicant and the existence and amount of any outstanding bonds or other indebtedness which may affect the project; and (1-1-89)

02. Incorporated Nonprofit Applicants. (7-1-93)

a. In addition to all other information required to be submitted by these rules and regulations, an incorporated nonprofit applicant must demonstrate to the satisfaction of the Department by its articles of incorporation and/or bylaws, that: (1-1-89)

i. The corporation is nonprofit and lawfully incorporated pursuant to Chapter 3, Title 30, Idaho Code; and (1-1-89)

ii. The corporation is authorized to incur indebtedness to construct, improve or repair wastewater treatment facilities; and (1-1-89)

iii. The corporation is authorized to secure indebtedness by pledging corporation property, including any revenues raised through a user charge system; and (1-1-89)

iv. The corporation exists either perpetually or for a period long enough to repay a wastewater treatment facility loan; and (1-1-89)

v. The corporation is capable of raising revenues by fixing and collecting user charges. (1-1-89)

b. The Department may impose conditions on the making of a wastewater treatment facility loan to an incorporated nonprofit applicant which are necessary to carry out the provisions of these rules and the provisions of Chapter 36, Title 39, Idaho Code. (1-1-89)

03. Cost Allocation. An applicant proposing to construct wastewater treatment facilities designed to serve two (2) or more qualifying entities must show how the costs will be allocated among the participating entities. Such applicants must provide an executed intermunicipal service agreement which, at a minimum, incorporates the following information: (1-1-89)

- a. The basis upon which the costs are allocated; and (1-1-89)
- b. The formula by which the costs are allocated; and (1-1-89)
- c. The manner in which the cost allocation system will be implemented. (1-1-89)

04. Waivers. The requirement in Subsection 010.03 may be waived by the Department if the applicant can demonstrate: (12-31-91)

- a. Such an agreement is already in place; or (1-1-89)
- b. There is documentation of a service relationship in the absence of a formal agreement; or (1-1-89)
- c. The entity providing wastewater treatment exhibits sufficient financial strength to continue the project if one (1) or more of the entities supplying wastewater fails to participate. (1-1-89)

011. -- 019. (RESERVED).

020. PRIORITY SYSTEM.

01. Purpose. A priority rating system will be utilized by the Department to annually allot available funds to projects determined eligible for funding assistance under the construction loan program in accordance with these rules. Projects considered for priority rating will first be evaluated by Department field staff. (1-1-89)

02. Priority Rating. The priority rating system shall be based on a weighted numerical points system wherein each succeeding prevention, control or abatement need is weighted less heavily than the preceding need. Priority criteria, listed herein in descending numerical weight, shall contain the following points: (1-1-89)

- a. Public health emergency, certified by the Board, caused by widespread contamination of surface or groundwater by human wastes - forty (40) points. (1-1-89)
- b. Project needed to meet enforceable requirements of Clean Water Act - thirty (30) points. (1-1-89)
- c. Public health hazard, identified by District Boards of Health or the Department, caused by limited contamination of surface or groundwater by human wastes - ten (10) points. (1-1-89)
- d. Threat to special resource waters as documented by the Department under Idaho Department of Health and Welfare Rules, IDAPA 16.01.02, "Water Quality Standards and Wastewater Treatment Requirements" - ten (10) points. (1-1-89)
- e. Restoration or enhancement of beneficial use: (1-1-89)
 - i. Potential public health hazard which is suspected but may not be documented by District Boards of Health or the Department - five (5) points. (1-1-89)
 - ii. Potential water quality impacts other than public health which may affect a beneficial use of surface or groundwaters as identified in Idaho Department of Health and Welfare Rules, IDAPA 16, Title 01, Chapter 02, "Water Quality Standards and Wastewater Treatment Requirements" - five (5) points. (1-1-89)
- f. The points in Subsections 020.02.e.i. and 020.02.e.ii. shall be selected based on the proportion of the population in contact with the pollutant, the quantity of wastewater discharged in relation to the volume of the receiving water or the relation of the pollutant quantity to other pollutant sources. (12-31-91)

03. Priority List. A list shall be developed annually from projects rated according to Subsection 020.02. Such list shall be submitted for public review and comment, and shall thereafter be submitted to the Board for approval and adoption. (12-31-91)

04. Priority Reevaluation. Whenever significant changes occur, which in the Department's judgment would affect the design parameters or treatment requirements by either increasing or decreasing the need for or scope of any project, a reevaluation of that priority rating will be conducted. (1-1-89)

05. Priority Target Date. A qualifying entity whose project is on the adopted priority list, and for which funding is available, will be contacted by the Department and a target date for submission of a completed loan application will be established. (1-1-89)

06. Project Bypass. A project that does not or will not meet the project target date or a Department schedule that allows for timely utilization of loan funds may be bypassed, substituting in its place the next highest ranking project(s) that is ready to proceed. A municipality that is bypassed will be notified in writing of the reasons for being bypassed. (1-1-89)

021. SUPPLEMENTAL GRANTS.

In conjunction with loans, the Department may award supplemental grants, not to exceed ninety percent (90%) of total eligible costs, to municipalities from the Water Pollution Control Account in the following manner: (1-1-89)

01. Projects Not Funded By Loans. Planning and design projects may receive grant assistance up to ninety percent (90%) funding of eligible costs not funded by a loan; and (1-1-89)

02. Costs In Excess Of Financial Ability. Municipalities may receive supplemental grant assistance for eligible costs that exceed the amount a loan recipient is able to pay as determined by the following Department guidelines. (1-1-89)

a. The annual user charge including operation, maintenance, replacement reserve and loan repayment, for a residential user exceeds one and three-fourths percent (1.75%) of the median household income, as determined by the most recent decennial U.S. census when the applicant's median household income is less than ten thousand dollars (\$10,000) annually; or (1-1-89)

b. The annual user charge, including operation, maintenance, replacement reserve and loan repayment, for a residential user exceeds two percent (2%) of the median household income, as determined by the most recent decennial U.S. census when the applicant's median household income is between ten thousand dollars (\$10,000) and seventeen thousand dollars (\$17,000) annually; or (1-1-89)

c. The annual user charge, including operation, maintenance, replacement reserve and loan repayment, for a residential user exceeds two and one-fourth percent (2.25%) of the median household income, as determined by the most recent decennial U.S. census when the applicant's median household income exceeds seventeen thousand dollars (\$17,000) annually. (1-1-89)

022. -- 029. (RESERVED).

030. PROJECT FUNDING.

01. Project Step Funding. Projects may be funded in steps: (1-1-89)

a. Step 1. Facility planning, which will include: (1-1-89)

i. Preliminary engineering report prepared by an engineer licensed in the state of Idaho and on a form prescribed by the Department; or (1-1-89)

ii. For projects built with funds made available from EPA capitalization funds, a facility plan prepared in accordance with 40 CFR 35.2030, "Grants for Construction of Treatment Works; Final and Interim Rule". (1-1-89)

b. Step 2. Design which includes the preparation of the detailed engineering plans and specifications necessary for the bidding and construction of the project. (1-1-89)

- c. Step 3. Construction, which includes bidding and actual construction of the project. (1-1-89)
- d. Step 4. A combination of Step 2 and Step 3. (1-1-89)

02. Combination Step Funding. Projects may be funded in any combination of the steps with the approval of the Department. Separate loans may be awarded for Step 1 or Step 2 projects. If a Step 1 or Step 2 project proceeds to construction, either the Step 1 or Step 2 loan, or both, may be consolidated with the Step 3 loan. If a project does not proceed to construction, outstanding Step 1 and Step 2 loans will be amortized and a repayment schedule prepared by the Department. (1-1-89)

03. Cost Effective Requirement. Step 2, Step 3 or Step 4 loans will not be awarded until a final cost effective alternative has been selected by the Step 1 facility plan or preliminary engineering report as approved by the Department. The cost effective alternative may be selected based on the comment received from at least one (1) public hearing attended by affected users within the jurisdiction of the qualifying entity and conducted in accordance with state law. (1-1-89)

04. Funding For Reserve Capacity. Funding for reserve capacity of a treatment plant will not exceed a twenty (20) year population growth and funding for reserve capacity of an interceptor will not exceed a forty (40) year population growth as determined by the Department. (1-1-89)

05. Collector Sewer Eligibility. Eligibility for funding new collector sewers will be determined by the following criteria: (1-1-89)

a. If the existing sewage disposal systems create a public health hazard, are contaminating groundwater or are violating point source discharge requirements. (1-1-89)

b. When population density within the collector system is less that two (2) occupied households per acre, collection systems will not be considered cost effective unless a severe pollution or public health problem is determined by the Department and collector sewers are less costly than alternatives. (1-1-89)

c. The collector system will not provide capacity for new habitations on environmentally sensitive wetlands or prime agricultural lands unless, in the latter case, an adopted comprehensive plan identifies those agricultural lands as new growth areas. Collection systems for new habitations on flood plains will not be funded unless those areas are covered by an adequate flood plain management program as determined by the Department. (1-1-89)

d. Financing of collector systems may be provided only from funds in the Wastewater Facilities Loan Account in excess of funds received directly from EPA capitalization grant funds unless the Governor exercises his authority to reserve EPA capitalization grant funds for collector systems. (1-1-89)

06. Eligible Project Costs. Costs eligible for funding shall be determined from the scope of the project and may include, but not be limited to: (1-1-89)

a. Costs of salaries, benefits, and expendable material the qualified entity incurs in the project except ordinary operating expenses of local government such as salaries and expenses of a mayor, city council members or a city attorney. (1-1-89)

b. Costs under construction contracts bid and executed in compliance with state public works construction laws; (1-1-89)

c. Professional and consulting services; (1-1-89)

d. Facility planning directly related to the wastewater treatment facilities; (1-1-89)

e. Sewer system evaluations; (1-1-89)

f. Financial and management capability analysis; (1-1-89)

- g. Preparation of construction drawings, specifications, estimates, and construction contract documents; (1-1-89)
- h. Landscaping; (1-1-89)
- i. Removal and relocation or replacement of utilities for which the qualifying entity is legally obligated to pay; (1-1-89)
- j. Material acquired, consumed, or expended specifically for the project; (1-1-89)
- k. A reasonable inventory of laboratory chemicals and supplies necessary to initiate plant operations; (1-1-89)
- l. Preparation of an operation and maintenance manual; (1-1-89)
- m. Preparation of a plan of operation; (1-1-89)
- n. Start-up services; (1-1-89)
- o. Project identification signs; (1-1-89)
- p. Public participation for alternative selection; (1-1-89)
- q. Development of user charge and financial management systems; (1-1-89)
- r. Development of sewer use ordinance; (1-1-89)
- s. Staffing plans and budget development; (1-1-89)
- t. Certain direct and other costs as determined eligible by the Department; (1-1-89)
- u. Costs of assessing and defending contractor claims determined unmeritorious by the Department; (1-1-89)
- v. Costs of complying with the Federal Water Pollution Control Act (P.L. 92-500) as amended, 33 USC Section 1251 et seq. loan requirements applied to specific projects; and (1-1-89)
- w. Sight acquisition costs, including sewer right of way, sewage treatment plant site, sanitation landfills and sludge disposal areas. (1-1-89)

07. Ineligible Project Costs. Costs which are ineligible for funding include, but are not limited to: (1-1-89)

- a. Basin or area wide planning not directly related to the project; (1-1-89)
- b. Bonus payments not legally required for completion of construction before a contractual completion date; (1-1-89)
- c. Personal injury compensation or damages arising out of the project; (1-1-89)
- d. Fines or penalties due to violations of, or failure to comply with, federal, state, or local laws; (1-1-89)
- e. Costs outside the scope of the approved project; (1-1-89)
- f. Ordinary operating expenses of local government, such as salaries and expenses of a mayor, city

- council members, or city attorney; (1-1-89)
- g. Construction of privately owned wastewater treatment facilities; (1-1-89)
 - h. Cost of land in excess of that needed for treatment or disposal of wastewater. (1-1-89)
 - i. Cost of refinancing existing indebtedness. (1-1-89)

08. Projects Funded With State Moneys. Provided that funds are available in the Wastewater Facilities Loan Account, loans may be awarded for up to one hundred percent (100%) of eligible costs of projects which are on an approved priority list. Such loan projects awarded solely from state moneys are exempt from the sixteen (16) requirements of Title II of the Federal Clean Water Act which apply to projects funded with federal moneys. The reason for awarding loans with state moneys is to allow construction of projects which either are not eligible for federal funding or for which sufficient federal funds are not available. Separate accounting records will be maintained by the Department to track the fiscal records of those projects funded solely with state moneys. (1-1-89)

031. LIMITATION OF PRELOAN ENGINEERING REVIEWS.

Preloan engineering documents prepared by consulting engineers will be reviewed by Department staff only when accompanied by a certificate that the consulting engineer carries professional liability indemnification in accordance with Subsection 050.05.d. (12-31-91)

032. -- 039. (RESERVED).

040. LOAN APPLICATION AND REVIEW.

01. Submission Of Application. The applicant shall submit to the Department, a completed application on a form as prescribed by the Department. (1-1-89)

02. Application Requirements. Applications shall contain a completed state loan application form and the following documentation, as applicable, approved or approvable by the Department in both form and content: (1-1-89)

- a. All loan applications: (1-1-89)
 - i. A lawful resolution passed by the governing body authorizing an elected official or chief financial officer of the qualifying entity to execute a loan contract and sign subsequent loan disbursement requests; (1-1-89)
 - ii. Contracts for architectural/engineering services, including justification for the firm selected and a certification of liability indemnification, as described in Subsection 050.05.d., which covers all such services rendered for all project phases, whether or not such services or phases are state funded; (12-31-91)
 - iii. Preliminary plan of system revenue and loan repayment schedule; and (1-1-89)
 - iv. A legal opinion from the loan applicant's lawyer stating that the loan applicant has complied with all applicable federal, state and local laws including, if applicable, laws relating to the issuance of bonds and the incurrence of debt. The costs of such an opinion can be included as eligible project costs. (1-1-89)
- b. Step 1, Facility Planning. Plan of study describing the work tasks to be performed in the preliminary engineering report or facility plan if required in accordance with Subsection 030.01, a schedule for completion of the work tasks and an estimate of man hours and costs to complete the work tasks. (12-31-91)
- c. Step 2, Design, or Step 4, Design and Construction: (1-1-89)
 - i. Preliminary engineering report or facility plan as appropriate, including a final environmental document and decision in accordance with Section 041; and (1-1-89)
 - ii. Financial and management capability analysis as provided in Subsection 010.01; and (12-31-91)

- iii. Intermunicipal service agreements between all qualifying entities within the scope of the project, if applicable; and (1-1-89)
- iv. Documented evidence of all necessary easements and land acquisition. (1-1-89)
- d. Step 3, Construction: (1-1-89)
 - i. Biddable plans and specifications of the approved wastewater treatment facility alternative; and (1-1-89)
 - ii. A plan of operation and project schedule; and (1-1-89)
 - iii. A user charge system, sewer use ordinance and financial management system; and (1-1-89)
 - iv. A staffing plan and budget. (1-1-89)
- e. Step 4, Design and Construction. Loan applicants must submit all documentation specified in Subsection 040.02.d. prior to advertising for bids on construction contracts. (12-31-91)

03. Acceptance Of Application. Applications will be accepted in accordance with the state priority list target dates and no applications will be accepted for projects not rated on the original priority list unless approved by the Director and the priority list is amended. Incomplete applications lacking information may be returned to the applicant. Once complete information is provided, the application may be resubmitted. (1-1-89)

04. Notification Of Approval. Written notification of application acceptance will be sent to the applicant. (1-1-89)

05. Notification Of Disapproval. Written notification of application rejection with the reasons for denial will be sent to the applicant. (1-1-89)

06. Reapplication For Loan. The action of disapproving, recalling or terminating a loan in no way precludes or limits the former applicant from reapplying for another loan when the project deficiencies are resolved and project readiness is secured. (1-1-89)

041. ENVIRONMENTAL REVIEW.

01. Environmental Documentation. The applicant shall consult with the Department during facility planning to determine the required level of environmental review. The Department will assess the possible environmental impacts associated with the project and will notify the applicant of the type of environmental documentation which will be required. Based upon the Department's determination, the applicant shall: (1-1-89)

- a. Submit a request for categorical exclusion with supporting backup documentation as specified by the Department; (1-1-89)
- b. Prepare an environmental information document in a format specified by the Department; or (1-1-89)
- c. Prepare an environmental impact statement in a format specified by the Department. (1-1-89)

02. Review Of Request. If an applicant requests a categorical exclusion, the Department shall review the request and, based upon project documentation submitted by the applicant, shall: (1-1-89)

- a. Issue notice of categorical exclusion; (1-1-89)
- b. Notify the applicant of need for preparation of an environmental information document; or (1-1-89)

- c. Notify the applicant of need for preparation of an environmental impact statement. (1-1-89)

03. Environmental Information Document Requirements. If an environmental information document is required, the Department shall: (1-1-89)

a. Conduct an environmental assessment based upon the applicant's environmental information document and issue: (1-1-89)

- i. A draft finding of no significant impact; or (1-1-89)

- ii. A notice of need for preparation of an environmental impact statement. (1-1-89)

b. Allow a thirty (30) day public comment period, following public notice, for all projects receiving a draft finding of no significant impact. If negative impacts are found during the public process, the Department will reassess the project to determine whether an environmental impact statement will be required. (1-1-89)

c. Issue a final finding of no significant impact if no new information is received requiring a reassessment. (1-1-89)

04. Environmental Impact Statement Requirements. If an environmental impact statement is required, the applicant shall: (1-1-89)

- a. Contact all affected state agencies to determine the required scope of the document; and (1-1-89)

b. Prepare and submit a draft environmental impact statement to all affected agencies for review and comment; and (1-1-89)

- c. Conduct a public hearing which may be in conjunction with a facility plan hearing; and (1-1-89)

d. Prepare and submit a final environmental impact statement incorporating all agency and public input for Departmental review and approval. (1-1-89)

05. Approval Of Requirements. Upon completion by the applicant and approval by the Department of all requirements listed in Subsection 041.04.d., the Department will issue a record of decision documenting the mitigative measures which will be required of the applicant. The loan agreement will be conditioned upon such mitigative measures. (12-31-91)

06. Federal Environmental Review Use. If a federal environmental review for the project has been conducted, the Department may, in its discretion, adopt the document of the federal agency and issue its own determination. (1-1-89)

07. Validity Of Review. Environmental reviews are valid for five (5) years. If a loan application is received for a project with an environmental review which is more than five (5) years old, the Department will reevaluate the project, environmental conditions and public views and will: (1-1-89)

- a. Reaffirm the earlier decision; or (1-1-89)

b. Require supplemental information to the earlier environmental impact statement, environmental information document, or request for categorical exclusion. Based upon a review of the updated document, the Department will issue and distribute a revised notice of categorical exclusion, finding of no significant impact, or record of decision. (1-1-89)

08. Exemption From Review. Loan projects funded solely with state moneys are exempt from the environmental review process described in this manual. Notice of such exemption will be provided to the loan applicant/recipient by the Department. (1-1-89)

042. -- 049. (RESERVED).

050. LOAN OFFER AND ACCEPTANCE.

01. Loan Offer. Loan offers will be delivered to successful applicants by representatives of the Department or by registered mail. (1-1-89)

02. Acceptance Of Loan Offer. Applicants have sixty (60) days in which to officially accept the loan offer on prescribed forms furnished by the Department. The sixty (60) day acceptance period commences from the date indicated on the loan offer notice. If the applicant does not accept the loan offer within the sixty (60) day period the loan funds may be offered to the next project of priority. (1-1-89)

03. Acceptance Executed As A Contract Agreement. Upon signature by the Director or the Director's designee, and upon signature by the authorized representative of the qualifying entity, the loan offer shall become a contract. Upon accepting a loan offer a qualifying entity becomes a loan recipient. The disbursement of funds pursuant to a loan contract is subject to a finding by the Director that the loan recipient has complied with all loan contract conditions and has prudently managed the project. The Director may, as a condition of disbursement, require that a loan recipient vigorously pursue any claims it has against third parties who will be paid in whole or in part, directly or indirectly, with loan funds. No third party shall acquire any rights against the state or its employees from a loan contract. (1-1-89)

04. Estimate Of Reasonable Cost. All loan contracts will include an estimate of the reasonable eligible costs of the project. (1-1-89)

05. Terms Of Loan Offers. The loan offer shall contain such terms as are prescribed by the Department including, but not limited to: (1-1-89)

a. Terms consistent with the rules and regulations set out in this manual, the project step to be funded under the loan offer, and Title 39, Chapter 36, Idaho Code; and (1-1-89)

b. Special clauses as determined necessary by the Department for the successful investigation, design, construction and management of the project; and (1-1-89)

c. Terms consistent with applicable state and federal laws pertaining to engineering reports, design and construction, including the Public Works Contractors License Act and the Public Contracts Bond Act, Chapter 19, Title 54, Idaho Code, and the federal Clean Water Act requirements for projects funded with loan moneys of federal origin; and (1-1-89)

d. Requirement for the prime architectural/engineering firm(s) and their principals retained for architectural/engineering services to carry professional liability indemnification to protect the public from the architect's/engineer's negligent acts and errors of omission of a professional nature. The total aggregate of the architect's/engineer's professional liability indemnification shall be one hundred thousand dollars (\$100,000) or twice the amount of the architect's/engineer's fee, whichever is greater. Professional liability indemnification must cover all such services rendered for all project phases, whether or not such services or phases are state funded, until the certification of project performance is accepted by the Department; and (1-1-89)

e. The project shall be bid, contracted and constructed according to the Idaho Standards for Public Works Construction unless the qualifying entity has approved and adopted acceptable public works construction standards; and (1-1-89)

f. The loan interest rate for loans made during the state fiscal year beginning July 1 will be established by the Director by January 1 prior to the state fiscal year. The interest rate will be a fixed rate in effect for the life of the loan. The rate may equal but shall not exceed the current market rate; and (1-1-89)

g. All loans must be fully amortized within a period not to exceed twenty (20) years after project completion. The loan contract will contain a schedule of loan repayments stating the due dates and the amount due. The borrower may elect for either a schedule of quarterly repayments or annual repayments at the time the loan is

finalized; and (1-1-89)

h. Repayment default will occur when a scheduled loan repayment is ten (10) days past due. If default occurs, the Department may invoke appropriate loan contract provisions and/or bond covenants. (1-1-89)

051. ACCOUNTING AND AUDITING PROCEDURES.

Loan recipients must maintain project accounts in accordance with generally accepted government accounting standards. These standards are usually defined as, but not limited to, those contained in the U.S. General Accounting Office (GAO) publication "Standards for Audit of Governmental Organization, Programs, Activities, and Functions", published February 27, 1981. (1-1-89)

052. -- 059. (RESERVED).

060. DISBURSEMENTS.

01. Loan Disbursements. The loan contract will include a schedule of estimated disbursements to be made to the borrower. The schedule will include the anticipated dates and amounts of disbursements. Requests to the Department for actual disbursement of loan proceeds will be made by the loan recipient on forms provided by the Department. (1-1-89)

02. Loan Increases. An increase in the loan amount as a result of an increase in eligible project costs will be considered, provided funds are available. Documentation supporting the need for an increase must be submitted to the Department for approval prior to incurring any costs above the eligible cost ceiling. (1-1-89)

03. Loan Decreases. If the actual eligible cost is determined by the Department to be lower than the estimated eligible cost the loan amount will be reduced proportionately. (1-1-89)

04. Project Review To Determine Final Eligible Costs. A project review by the Department will determine the final eligible costs. (1-1-89)

05. Final Disbursement. The final loan disbursement consisting of five percent (5%) of the total loan amount will not be made until final inspection, final review and a final loan repayment schedule have been completed. (1-1-89)

061. -- 079. (RESERVED).

080. SUSPENSION OR TERMINATION OF LOAN CONTRACTS.

01. Causes. The Director may suspend or terminate any loan contract prior to final disbursement for failure by the loan recipient or its agents, including architectural/engineering firm(s), contractor(s) or subcontractor(s) to perform. A loan contract may be suspended or terminated for good cause including, but not limited to, the following: (1-1-89)

a. Commission of fraud, embezzlement, theft, forgery, bribery, misrepresentation, conversion, malpractice, misconduct, malfeasance, misfeasance, falsification or unlawful destruction of records, or receipt of stolen property, or any form of tortious conduct; or (1-1-89)

b. Commission of any crime for which the maximum sentence includes the possibility of one (1) or more years' imprisonment or any crime involving or affecting the project; or (1-1-89)

c. Violation(s) of any term of the loan contract; or (1-1-89)

d. Any willful or serious failure to perform within the scope of the project, plan of operation and project schedule, terms of architectural/engineering subagreements, or contracts for construction; or (1-1-89)

e. Debarment of a contractor or subcontractor for good cause by any federal or state agency from

working on public work projects funded by that agency. (1-1-89)

02. Notice. The Director will notify the loan recipient in writing and by certified mail of the intent to suspend or terminate the loan contract. The notice of intent shall state: (1-1-89)

a. Specific acts or omissions which form the basis for suspension or termination; and (1-1-89)

b. Availability of a hearing, conducted by the Director, hearing officer or his designee as hearing officer, said hearing being conducted in an informal manner at a time and in a place specified by the Director. (1-1-89)

03. Determination. Upon the proof of the existence of cause(s) for suspension or termination by substantial evidence or by proof of judgment or conviction of offense(s), the Director shall make a written determination, sending the determination to the loan recipient by certified mail within seven (7) days of the hearing. (1-1-89)

04. Reinstatement Of Suspended Loan. Upon written request by the loan recipient with evidence that the causes(s) for suspension no longer exists, the Director may, if funds are available reinstate the loan contract. If a suspended loan contract is not reinstated, the loan will be amortized and a repayment schedule prepared in accordance with provisions of the loan contract. (1-1-89)

05. Reinstatement Of Terminated Loan. No terminated loan shall be reinstated. Terminated loans will be amortized and a repayment schedule prepared in accordance with provisions of the loan contract. (1-1-89)

081. -- 994. (RESERVED).

995. WAIVERS.

Waiver from the requirements of these regulations may be granted by the Department on a case-by-case basis upon full demonstration by the loan applicant/recipient requesting the waiver that the following conditions exist. (1-1-89)

01. Health Hazard. A significant public health hazard exists; or (1-1-89)

02. Groundwater Contamination. A significant groundwater contamination problem exists; or (1-1-89)

03. Pollution. A significant point source of pollution exists causing a violation of Idaho Department of Health and Welfare Rules, IDAPA 16.01.02, "Water Quality Standards and Wastewater Treatment Requirements"; or (1-1-89)

04. Affordability Criteria Exceeded. The project will exceed affordability criteria adopted by the Department in the event the waiver is not granted; or (1-1-89)

05. Availability Of Federal Funds. The waiver will not affect the availability of federal funds for the project where such funding is required by the entity requesting the waiver. (1-1-89)

996. ADMINISTRATIVE PROVISIONS.

Contested case appeals shall be governed by Idaho Department of Health and Welfare Rules, IDAPA 16.05.03, Sections 000, et seq., "Rules Governing Contested Cases and Declaratory Rulings". (12-31-91)

997. INCLUSIVE GENDER.

As used in these rules, the masculine, feminine, or neuter gender, and the singular or plural number, will each be deemed to include the others whenever the context so requires. (1-1-89)

998. CONFIDENTIALITY.

Information received by the Department from loan applicants and recipients is subject to the provisions of Idaho Department of Health and Welfare Rules, IDAPA 16.05.01, "Rules Governing Protection and Disclosure of Department Records". (1-1-89)

999. SEVERABILITY.

Idaho Department of Health and Welfare Rules, IDAPA 16.01.12, "Rules for Administration of Wastewater Facility Loans," are severable. If any rule, or part thereof, or the application of such rule to any person or circumstance, is declared invalid, that invalidity does not affect the validity of any remaining portion of the chapter. (1-1-89)

Subject Index

- A**
Acceptance Executed As A Contract Agreement 12
Acceptance Of Application 10
Acceptance Of Loan Offer 12
Accounting And Auditing Procedures 13
Administrative Provisions 14
Affordability Criteria Exceeded 14
Applicant 2
Application Requirements 9
Approval Of Requirements 11
Availability Of Federal Funds 14
- B**
Board 2
- C**
Collector Sewer 2
Collector Sewer Eligibility 7
Combination Step Funding 7
Confidentiality 14
Construction 2
Cost Allocation 4
Cost Effective Requirement 7
Costs In Excess Of Financial Ability 6
- D**
Definitions 2
Department 2
Director 2
Disbursements 13
- E**
Eligible Costs 2
Eligible Project Costs 7
Environmental Documentation 10
Environmental Impact Statement Requirements 11
Environmental Information Document Requirements 11
Environmental Review 10
Estimate Of Reasonable Cost 12
Exemption From Review 11
- F**
Facility Plan 2
Federal Environmental Review Use 11
Final Disbursement 13
Financial And Management Capability Analysis 4
Financial Management System 2
Funding For Reserve Capacity 7
- G**
Groundwater Contamination 14
- I**
Inclusive Gender 14
Incorporated Nonprofit Applicants 4
Ineligible Costs 3
Ineligible Project Costs 8
Information Needed 4
Interceptor Sewer 3
- L**
Legal Authority 2
Limitation Of Preloan Engineering Reviews 9
Loan Application And Review 9
Loan Decreases 13
Loan Disbursements 13
Loan Increases 13
Loan Offer 12
Loan Offer And Acceptance 12
- N**
Notification Of Approval 10
Notification Of Disapproval 10
- O**
O & M Manual 3
- P**
Plan Of Operation 3
Policy 2
Pollutant 3
Pollution 14
Preliminary Engineering Report 3
Priority List 3
Priority List, Developed Annually 5
Priority Rating 5
Priority Reevaluation 6
Priority System 5
Priority Target Date 6
Project Bypass 6
Project Funding 6
Project Review To Determine Final Eligible Costs 13
Project Step Funding 6
Projects Funded With State Moneys 9
Projects Not Funded By Loans 6
- Q**
Qualifying Entity 3
- R**
Reapplication For Loan 10
Rehabilitation 3
Reinstatement Of Suspended Loan 14
Reinstatement Of Terminated Loan 14
Reserve Capacity 3
Review Of Request 10
- S**
Scope Of Project 3
- Severability 15
Sewer Use Ordinance 3
State 3
Submission Of Application 9
Supplemental Grants 3, 6
Suspension 3
Suspension Or Termination Of Loan Contracts 13
- T**
Termination 3
Terms Of Loan Offers 12
Title And Scope 2
- U**
User Charge System 3
- V**
Validity Of Review 11
- W**
Waivers 14
Wastewater 4
Wastewater Treatment Facility 4