

Table of Contents

58.01.12 - Rules for Administration of Water Pollution Control Loans

000. Legal Authority.	2
001. Title And Scope.	2
002. Written Interpretations.	2
003. Policy.	2
004. Incorporation By Reference.	2
005. Definitions.	2
006 -- 009. (Reserved).	5
010. Financial And Management Capability Analysis.	5
011 -- 019. (Reserved).	6
020. Integrated Priority Rating System.	6
021. Supplemental Grants.	7
022 -- 029. (Reserved).	7
030. Project Funding.	7
031. Limitation Of Preloan Engineering Reviews.	8
032. Loan Fee.	8
033 -- 039. (Reserved).	9
040. Loan Application And Review.	9
041. Determination Of Eligibility Of Costs.	11
042. Environmental Review.	13
043 -- 049. (Reserved).	14
050. Loan Offer And Acceptance.	14
051. ACCOUNTING AND AUDITING PROCEDURES.	15
052 -- 059. (Reserved).	15
060. Disbursements.	15
061. Loan Consolidation.	16
062 -- 079. (Reserved).	16
080. Suspension Or Termination Of Loan Contracts.	16
081 -- 994. (Reserved).	17
995. Waivers.	17
996. Administrative Appeals.	17
997. Inclusive Gender.	17
998. Confidentiality.	17
999. Severability.	17

**IDAPA 58
TITLE 01
CHAPTER 12**

58.01.12 - RULES FOR ADMINISTRATION OF WATER POLLUTION CONTROL LOANS

000. LEGAL AUTHORITY.

The Idaho Board of Environmental Quality, pursuant to authority granted in Chapters 1 and 36, Title 39, Idaho Code, did adopt the following rules for the administration of a Water Pollution Control Loan Program in Idaho. (5-3-03)

001. TITLE AND SCOPE.

01. Title. These rules will be known and cited as Idaho Department of Environmental Quality Rules, IDAPA 58.01.12, "Rules for Administration of Water Pollution Control Loans". (3-30-01)

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 eligible applicants for the construction of water pollution control projects. (3-30-01)

002. WRITTEN INTERPRETATIONS.

As described in Section 67-5201(19)(b)(iv), Idaho Code, the Department of Environmental Quality may have written statements which pertain to the interpretation of these rules. If available, such written statements can be inspected and copied at cost at the Department of Environmental Quality, 1410 N. Hilton, Boise, Idaho 83706. (5-3-03)

003. POLICY.

It is the policy of the Idaho Board of Environmental Quality through the Idaho Department of Environmental Quality, to administer the Water Pollution Control 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 Environmental Quality 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. (3-30-01)

004. INCORPORATION BY REFERENCE.

These rules do not contain documents incorporated by reference. (3-30-01)

005. DEFINITIONS.

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

01. Best Management Practice. A practice or combination of practices, techniques or measures developed, or identified, by the designated agency and identified in the state water quality management plan which are determined to be the most cost-effective and practicable means of preventing or reducing the amount of pollution generated by nonpoint sources to a level compatible with water quality needs. (3-30-01)

02. Board. The Idaho State Board of Environmental Quality. (12-31-91)

03. Categorical Exclusion (CE). Category of actions which do not individually or cumulatively have a significant effect on the human environment and for which, therefore, neither an environmental assessment nor an environmental impact statement is required. (5-3-03)

04. Close or Closing. The date on which the borrower issues and physically delivers to the Department the bond or note evidencing the loan to the borrower, specifically determining the principal, interest and fee amounts that shall be repaid and the schedule for payment. (1-4-06)T

05. 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)

- 06. 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)
- 07. Department.** The Idaho Department of Environmental Quality. (1-1-89)
- 08. Director.** The Director of the Idaho Department of Environmental Quality or his/her designee. (5-3-03)
- 09. Eligible Applicant.** A municipality or nonpoint source project sponsor which has the ability to establish and maintain a loan repayment source. Individuals and for-profit corporations are not eligible. (3-30-01)
- 10. Eligible Costs.** Costs which are necessary for planning, designing and/or constructing wastewater treatment facilities or implementation of water pollution control projects. To be eligible, costs must be reasonable and not ineligible costs. The determination of eligible costs shall be made by the Department pursuant to Section 041. (5-3-03)
- 11. Environmental Information Document (EID).** Any written environmental assessment prepared by an applicant or consultant describing the environmental impacts of a proposed wastewater construction project. This document will be of sufficient scope to enable the Department to assess the environmental impacts of the proposed project and ultimately determine if an environmental impact statement (EIS) is warranted. (5-3-03)
- 12. Environmental Impact Statement (EIS).** A document prepared by the grantee in accordance with Environmental Review Procedures contained in Chapter 5 of the Handbook when the Department determines that the proposed construction project will significantly affect the environment as described in Appendix C of the Handbook. The major purpose of the EIS will be to describe fully the significant impacts of the project and how these impacts can be either avoided or mitigated. (5-3-03)
- 13. Facility Plan.** Systematic evaluation by a professional 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. (5-3-03)
- 14. Financial Management System.** Uniform method of recording, summarizing and analyzing financial information about the water pollution control loan applicant. (3-30-01)
- 15. Finding of No Significant Impact (FNSI).** A document prepared by the Department briefly presenting the reasons why an action, not otherwise excluded, will not have a significant effect on the human environment and for which an environmental impact statement (EIS) will not be prepared. It shall include the environmental assessment or a summary of it and shall note any other environmental documents related to it. (5-3-03)
- 16. Handbook.** "Wastewater Facilities Loan Account Handbook of Procedures." (5-3-03)
- 17. Implementation Plan.** Completed project implementation plan or work plan provides detailed documentation of the proposed project including list of tasks, schedule of tasks, agency/contractor/entity responsible for implementation of the project tasks, adequate time schedules for completion of all budget tasks, and the anticipated results of the project. (3-30-01)
- 18. Ineligible Costs.** Costs which are described in Section 041.05. (5-3-03)
- 19. 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)

- 20. Municipality.** Any county, city, special service district, nonprofit corporation or other governmental entity having authority to dispose of sewage, industrial wastes, or other wastes, or to provide for safe drinking water, any Indian tribe or authorized Indian tribal organization, or any combination of two (2) or more of the foregoing acting jointly, in connection with an eligible project. (3-30-01)
- 21. National Pollutant Discharge Elimination System.** Point source permitting program established pursuant to Section 402 of the federal Clean Water Act (33 U.S.C. Section 1342). (3-30-01)
- 22. Nondomestic Wastewater.** Wastewaters originating primarily from industrial or commercial processes which carry little or no pollutants of human origin. (5-3-03)
- 23. Nonpoint Source Pollution.** Water pollution that comes from varied, nonspecific, and diffuse sources and can be associated with the general land disturbing activity that causes the pollution. (3-30-01)
- 24. Nonpoint Source Project Sponsor.** Any county, city, special service district, nonprofit corporation, or other governmental entity, or a combination thereof. (3-30-01)
- 25. O & M Manual.** For wastewater treatment facilities, a guidance and training manual outlining the optimum operation and maintenance of the wastewater treatment facility or its components. For nonpoint source water pollution control projects, a plan that incorporates applicable sections of the Natural Resources Conservation Service Field Office Technical Guide, for implementation of best management practices. (3-30-01)
- 26. Plan of Operation.** A schedule of specific actions and completion dates for construction, start-up and operation of the wastewater treatment facility or for implementation of water pollution control projects. (5-3-03)
- 27. Point Source.** Any discernible, confined and discrete conveyance, including but not limited to any pipe, ditch, channel, tunnel, conduit, well, discrete fissure, container, rolling stock, concentrated animal feeding operation, or vessel or other floating craft, from which pollutants are, or may be discharged. This term does not include return flows from irrigated agriculture, discharges from dams and hydroelectric generating facilities or any source or activity considered a nonpoint source by definition. (3-30-01)
- 28. 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)
- 29. Priority List.** An integrated list of proposed wastewater treatment facility and nonpoint source pollution control projects rated as described in Section 020. (5-3-03)
- 30. Rehabilitation.** The repair or replacement of limited segments of interceptor or collector sewers. (5-3-03)
- 31. 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)
- 32. 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)
- 33. State.** The state of Idaho. (12-31-91)
- 34. Supplemental Grants.** A grant awarded to a municipality in conjunction with a loan from the water pollution control loan account. (3-30-01)
- 35. 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)

36. Unified Watershed Assessment. Federal watershed assessment that encompasses the State list of impaired waters. (3-30-01)

37. 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)

38. 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 installed equipment or structures. (3-30-01)

39. 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)

40. 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)

41. Water Pollution Control Project. Any project that contributes to the removal, curtailment, or mitigation of pollution of the surface waters or groundwater of the state, or the restoration of the quality of said waters, and conforms to any applicable planning document which has been approved and/or adopted such as the State Water Quality Management Plan. This includes the planning, design, construction/implementation or any other distinct stage or phase of a project. (3-30-01)

006. -- 009. (RESERVED).

010. FINANCIAL AND MANAGEMENT CAPABILITY ANALYSIS.

No loans shall be awarded for projects unless the applicant has demonstrated and certified that it has the legal, technical, managerial, and financial capabilities as provided for in these rules to ensure construction, operation and maintenance, and to repay principal and interest which would be due on a loan. (3-3-03)

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 or implementation 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 (3-30-01)

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

a. In addition to all other information required to be submitted by these rules, an incorporated nonprofit applicant must demonstrate to the satisfaction of the Department by its articles of incorporation and/or bylaws, that: (3-30-01)

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/or implement water pollution control projects; and (3-30-01)

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 or water pollution control project loan; and (3-30-01)

v. The corporation is capable of raising revenues sufficient to repay a loan. (3-30-01)

b. The Department may impose conditions on the making of a wastewater treatment facility loan or water pollution control project 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. (3-30-01)

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. INTEGRATED PRIORITY RATING SYSTEM.

Projects are identified for placement on priority lists by surveying eligible entities directly on an annual basis. Information is also received from the Department and consulting engineers. Limited loan funds are awarded to projects based on priority ratings. Projects are rated by the Department on a standard priority rating form using public health and water quality criteria. (5-3-03)

01. Purpose. An integrated priority rating system shall be utilized by the Department to annually allot available funds to water quality projects determined eligible for funding assistance under the water pollution control loan program in accordance with these rules. (5-3-03)

02. Water Quality Project Ranking. Under the integrated priority rating system, point source and eligible nonpoint source water pollution control projects shall first be primarily ranked based on the following factors: (3-30-01)

a. Project eliminates an officially declared or designated water-borne public health hazard or public health emergency. (3-30-01)

b. Project addresses watershed restoration as identified in the Unified Watershed Assessment and Restoration Priorities for Idaho. (3-30-01)

c. Project addresses watershed protection as identified in the Rules of the Department of Environmental Quality, IDAPA 58.01.02, "Water Quality Standards," or IDAPA 58.01.11, "Ground Water Quality Rule". (3-30-01)

d. Project addresses preventing watershed degradation. (3-30-01)

03. Department Guidelines. Secondary ranking under each factor in Subsection 020.02 will be established by Department guidelines, which will be approved and advertised each year. The additional ranking will include but not limited to the following: nexus/benefit to the municipality; project water quality effectiveness; readiness to proceed; cost effectiveness, etc. (3-30-01)

04. Integrated Priority List. A list shall be developed annually from projects rated according to Subsection 020.02 and 020.03. Such list shall be submitted for public review and comment, and shall thereafter be submitted to the Board for approval. (5-3-03)

a. 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)

b. Priority Target Date. An eligible applicant whose project is on the approved 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. (5-3-03)

c. 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 project that is bypassed will be notified in writing of the reasons for being bypassed. (3-30-01)

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 in the following manner: (3-30-01)

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. (3-30-01)

a. Municipalities may receive supplemental grant assistance for eligible costs that exceed the amount a loan recipient is able to pay. In order to qualify for a supplemental grant, a loan recipient must have the following: (3-30-01)

i. A median household income that does not exceed eighty percent (80%) of the statewide nonmetropolitan median household income from the most recent census data. If the applicant's service area is not within the boundaries of a municipality, the applicant may use the census data for the county in which it is located; and (3-30-01)

ii. An annual cost of wastewater service for residential customers which exceeds two percent (2%) of the median household income. The annual cost includes all operating, maintenance, replacement and debt service costs, both for the existing system and for upgrades, being financed with state revolving funds. (3-30-01)

b. If an applicant meets the requirement of Subsections 021.02.i. and 021.02.ii., a supplemental grant may be made for the amount of the project that causes the annual cost of wastewater service to exceed two percent (2%) of the median household income, subject to available funds. (3-30-01)

03. Accrued Interest on Loans with Supplemental Grants. Interest will not be accrued during the design and construction phases on loan projects that also have a supplemental grant. (3-30-01)

022. -- 029. (RESERVED).

030. PROJECT FUNDING.

01. Nonpoint Source Implementation Funding. Eligible nonpoint source water pollution control

projects may be funded when all of the following criteria are met: (3-30-01)

- a. Consistent with and implements the Idaho Nonpoint Source Management Plan. (3-30-01)
- b. Data is used to substantiate a nonpoint source pollutant problem or issue exists and is described or directly referenced. (3-30-01)
- c. Completed project implementation plan or work plan. (3-30-01)
- d. Project commitment documentation through demonstrated ability for loan repayment. (3-30-01)
- e. The project includes documentation that the project owner(s), manager(s), or the sponsoring agency will maintain the project for the life of the project (i.e., Maintenance Agreement). (3-30-01)
- f. The project provides adequate tracking and evaluation of the effectiveness of the water quality improvements being funded by either the project owner/manager or the sponsoring agency throughout the life of the project. (3-30-01)
- g. The project demonstrates nexus/benefit to municipality through a letter of support from one (1) or more affected municipalities. (3-30-01)

02. Wastewater Treatment Facility Funding. Projects may be funded in steps: (3-30-01)

- a. Step 1. Facility plan prepared in accordance with the Handbook. (5-3-03)
- 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)
- e. 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)

f. 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 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 eligible applicant and conducted in accordance with state law. (5-3-03)

g. 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)

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 insurance in accordance with Subsection 050.05.d. (5-3-03)

032. LOAN FEE.

01. Loan Fee. The Department may elect to impose a loan fee when necessary to offset the costs of administering the loan program. The Department may impose a loan fee on loans scheduled to close after January 4, 2006. The loan fee shall not exceed one percent (1%) of the unpaid balance of the loan at the time each loan payment

is due. (1-4-06)T

02. Determination of Loan Fee. The Department shall determine the amount of the loan fee on a yearly basis and shall charge the same loan fee on all loans closed during any one fiscal year. The amount of the loan fee shall be included in the Intended Use Plan, as described by Section 606(c) of the Clean Water Act. In determining the amount of the loan fee, the Department shall consider: (1-4-06)T

a. The Department's anticipated costs of administering the loan program for the upcoming fiscal year, including salaries and overhead; (1-4-06)T

b. Any Department costs related to providing technical assistance for the loan program for the upcoming fiscal year; and (1-4-06)T

c. The amount of money generated from loan fees in previous fiscal years available for use in the upcoming fiscal year. (1-4-06)T

03. Effect on Loan Interest Rate. The loan interest rate, as described in Subsection 050.05, will be reduced by the corresponding percentage of the loan fee. (2-24-06)T

04. Payment of Loan Fee. The loan fee shall be due and payable concurrently with scheduled loan principal and interest repayments over the repayment period. (1-4-06)T

033. -- 039. (RESERVED).

040. LOAN APPLICATION AND REVIEW.

01. Submission of Application. Those eligible systems which received high priority ranking shall be invited to submit an application. The applicant shall submit to the Department, a completed application on a form as prescribed by the Department. (5-3-03)

02. Application Requirements. Applications shall contain the following documentation, as applicable: (5-3-03)

a. A lawful resolution passed by the governing body authorizing an elected official or officer of the qualifying entity to execute a loan contract and sign subsequent loan disbursement requests; (5-3-03)

b. Contracts for engineering or other technical services and the description of costs and tasks set forth therein shall be in sufficient detail for the Department to determine whether the costs associated with the tasks are eligible costs pursuant to Section 041. (5-3-03)

c. Justification for the engineering firm selected. An engineering firm selected by the applicant must at a minimum: (5-3-03)

i. Be procured for design and/or services during construction or previously procured for planning services through the selection guidelines and procedures prescribed under Section 67-2320, Idaho Code; and (5-3-03)

ii. Be a registered professional engineer currently licensed by the Idaho Board of Professional Engineers and Land Surveyors; and (5-3-03)

iii. Not be debarred or otherwise prevented from providing services under another federal or state financial assistance program; and (5-3-03)

iv. Be covered by professional liability insurance in accordance with Subsection 050.05.d. of these rules. A certification of liability insurance shall be included in the application; and (5-3-03)

d. A description of other costs, not included in the contracts for engineering or other technical services, for which the applicant seeks funding. The description of the costs and tasks for such costs must be in

sufficient detail for the Department to determine whether the costs are eligible costs pursuant to Section 041; and (5-3-03)

e. A demonstration that the obligation to pay the costs for which funding is requested is the result or will be the result of the applicant's compliance with applicable competitive bidding requirements for construction and requirements for professional service contracts, including without limitation, the requirements set forth in Sections 67-2320, 50-341 and 42-3212, Idaho Code. (5-3-03)

f. Step 1 -- Facility Planning. Plan of study describing the work tasks to be performed in the facility plan if required in accordance with Subsection 030.02, a schedule for completion of the work tasks and an estimate of man hours and costs to complete the work tasks. (5-3-03)

g. Step 2 -- Design, or Step 4 -- Design and Construction: (1-1-89)

i. Facility plan, including a final environmental document and decision in accordance with Section 042; and (5-3-03)

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)

h. Step 3 -- Construction: (1-1-89)

i. Documented evidence of all necessary easements and land acquisition; and (5-3-03)

ii. Biddable plans and specifications of the approved wastewater treatment facility alternative; and (1-1-89)

iii. A plan of operation and project schedule; and (1-1-89)

iv. A user charge system, sewer use ordinance and financial management system; and (1-1-89)

v. A staffing plan and budget. (1-1-89)

i. Step 4 -- Design and Construction. Loan applicants must submit all documentation specified in Subsection 040.02.h. prior to advertising for bids on construction contracts. (5-3-03)

j. Nonpoint Source Implementation Funding. (5-3-03)

i. Information demonstrating that the project is consistent with and implements the Idaho Nonpoint Source Management Plan. (5-3-03)

ii. Data that substantiates a nonpoint source pollution problem or issue exists. (5-3-03)

iii. A project implementation plan or workplan. (5-3-03)

iv. Project commitment documentation that demonstrates the ability for loan repayment. (5-3-03)

v. Documentation that the project owner, manager or sponsoring agency will maintain the project for the life of the project. (5-3-03)

vi. A demonstration that there will be adequate tracking and evaluation of the effectiveness of the water quality improvements being funded by either the project owner/manager or the sponsoring agency throughout the life of the project. (5-3-03)

vii. A description of the nexus/benefit to a municipality and a letter of support from one (1) or more

affected municipalities. (5-3-03)

03. Determination of Completeness of Application. The Department shall review the application to determine whether it includes all of the information required by Subsection 040.02. (5-3-03)

04. Notification of Incompleteness of Application. Written notification if an application is incomplete, including an explanation of missing documentation will be sent to the applicant. The applicant may provide the missing documentation. (5-3-03)

05. 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. DETERMINATION OF ELIGIBILITY OF COSTS.

The Department shall review the application, including any contracts required to be submitted with the application, to determine whether the costs are eligible costs for funding. (5-3-03)

01. Eligible Costs. Eligible costs are those determined by the Department to be: (5-3-03)

a. Necessary for planning, designing and/or constructing wastewater treatment facilities or implementation of water pollution control projects; (5-3-03)

b. Reasonable; and (5-3-03)

c. Costs that are not ineligible as described in Subsection 041.05. (5-3-03)

02. Necessary Costs. The Department shall determine whether costs are necessary by comparing the tasks for which the costs will be incurred to the scope of the project as described in the plan of study for facility planning, the facility plan for design and construction of wastewater treatment facilities, the project implementation plan or work plan for nonpoint source projects, and any other relevant information in the application that describes the scope of the project to be funded. (5-3-03)

03. Reasonable Costs. Costs shall be determined by the Department to be reasonable if the obligation to pay the costs is the result of or will be the result of the applicant's compliance with applicable competitive bidding requirements for construction and requirements for professional service contracts, including without limitation, the requirements set forth in Sections 67-2320, 50-341 and 42-3212, Idaho Code. (5-3-03)

04. Examples of Costs That May Be Eligible. Examples of costs that may be eligible, if determined necessary, reasonable and not ineligible costs include: (5-3-03)

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; (5-3-03)

b. Costs under construction contracts bid and executed in compliance with state public works construction laws; (5-3-03)

c. Professional and consulting services utilizing a lumpsum contract, a negotiated hourly rate contract, a time and materials contract, or cost plus a fixed fee contract; (5-3-03)

d. Planning directly related to the water pollution control projects; (5-3-03)

e. Sewer system evaluations; (5-3-03)

f. Financial and management capability analysis; (5-3-03)

g. Preparation of construction drawings, specifications, estimates, and construction contract

- documents; (5-3-03)
- h.** Landscaping; (5-3-03)
 - i.** Removal and relocation or replacement of utilities for which the qualifying entity is legally obligated to pay; (5-3-03)
 - j.** Material acquired, consumed, or expended specifically for the project; (5-3-03)
 - k.** A reasonable inventory of laboratory chemicals and supplies necessary to initiate plant operations; (5-3-03)
 - l.** Preparation of an operation and maintenance manual; (5-3-03)
 - m.** Preparation of a plan of operation; (5-3-03)
 - n.** Start-up services; (5-3-03)
 - o.** Project identification signs; (5-3-03)
 - p.** Public participation for alternative selection; (5-3-03)
 - q.** Development of user charge and financial management systems; (5-3-03)
 - r.** Development of sewer use ordinance; (5-3-03)
 - s.** Staffing plans and budget development; (5-3-03)
 - t.** Certain direct and other costs as determined eligible by the Department; (5-3-03)
 - u.** Costs of assessing and defending contractor claims determined unmeritorious by the Department; (5-3-03)
 - 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 (5-3-03)
 - w.** Site acquisition costs, including sewer right of way, sewage treatment plant site, wastewater land application sites and sludge disposal areas. (5-3-03)
- 05. Ineligible Project Costs.** Costs which are ineligible for funding include, but are not limited to: (5-3-03)
- a.** Basin or area wide planning not directly related to the project; (5-3-03)
 - b.** Bonus payments not legally required for completion of construction before a contractual completion date; (5-3-03)
 - c.** Personal injury compensation or damages arising out of the project; (5-3-03)
 - d.** Fines or penalties due to violations of, or failure to comply with, federal, state, or local laws; (5-3-03)
 - e.** Costs outside the scope of the approved project; (5-3-03)
 - f.** Ordinary operating expenses of local government, such as salaries and expenses of a mayor, city council members, or city attorney; (5-3-03)

- g.** Construction of privately owned wastewater treatment facilities; (5-3-03)
- h.** Cost of land in excess of that needed for the proposed project. (5-3-03)
- i.** Cost of refinancing existing indebtedness. (5-3-03)
- j.** Reserve funds (5-3-03)

06. Notification Regarding Ineligible Costs. Prior to providing a loan offer, the Department shall notify the applicant if certain costs are not eligible for funding and the reasons for the Department's determination. If such costs are included in the engineering contract, the Department shall also provide notification to the engineer. The applicant may provide the Department additional information in response to the notice. (5-3-03)

07. Eligible Costs and the Loan Offer. The loan offer shall reflect those costs determined by the Department to be eligible costs. The loan offer, however, may include estimates of some eligible costs that have not yet been set, such as construction costs. Actual eligible costs may differ from such estimated costs set forth in the loan offer. In addition, loan disbursements may be increased or decreased if eligible costs are modified as provided in Section 060. (5-3-03)

042. ENVIRONMENTAL REVIEW.

01. Environmental Documentation. For eligible nonpoint source projects funded solely with non-federal funds, see Subsection 042.08. 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: (5-3-03)

- 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 042.04.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. (5-3-03)

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 rule. Notice of such exemption will be provided to the loan applicant/recipient by the Department. (5-3-03)

043. -- 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 and upon signature by the authorized representative of the eligible applicant, the loan offer shall become a contract. Upon accepting a loan offer a eligible applicant 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.

(5-3-03)

04. Estimate of Reasonable Cost. All loan contracts will include the eligible costs of the project. Some eligible costs may be estimated and disbursements may be increased or decreased as provided in Section 060.

(5-3-03)

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 these rules, the project step to be funded under the loan offer, and Title 39, Chapter 36, Idaho Code; and

(5-3-03)

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 engineering firm(s) and their principals retained for engineering services to carry professional liability insurance to protect the public from the engineer's negligent acts and errors of omission of a professional nature. The total aggregate of the engineer's professional liability insurance shall be one hundred thousand dollars (\$100,000) or twice the amount of the engineer's fee, whichever is greater. Professional liability insurance 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

(5-3-03)

e. The project shall be bid, contracted and constructed according to the current edition of Idaho Standards for Public Works Construction unless the qualifying entity has approved and adopted acceptable public works construction standards approved by the Department; and

(5-3-03)

f. The loan interest rate for loans made during the state fiscal year beginning July 1 will be established by the Director. 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

(3-30-01)

g. The loan fee pursuant to Section 032; and

(1-4-06)T

h. 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 semi-annual or annual repayments at the time the loan is finalized; and

(3-30-01)

i. Repayment default will occur when a scheduled loan repayment is thirty (30) days past due. If default occurs, the Department may invoke appropriate loan contract provisions and/or bond covenants.

(5-3-03)

051. ACCOUNTING AND AUDITING PROCEDURES.

Municipalities receiving loans must maintain project accounts in accordance with government accounting principles issued by the Government Accounting Standards Board (GASB). Eligible nonpoint source water pollution control implementation funding project sponsors will be audited on an annual basis according to government auditing standards issued by the U.S. General Accounting Office (GAO).

(3-30-01)

052. -- 059. (RESERVED).

060. DISBURSEMENTS.

01. Loan Disbursements. Requests to the Department for actual disbursement of loan proceeds will be made by the loan recipient on forms provided by the Department. (3-30-01)

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 or a Department designee will determine the final eligible costs. (3-30-01)

05. Final Disbursement. The final loan disbursement will not be made until final inspection, final review and a final loan repayment schedule have been completed. (3-30-01)

061. LOAN CONSOLIDATION.

If two (2) or more loans are consolidated into one (1) loan, the interest rate for the consolidated loan will be at the same rate as the loan being consolidated with the lowest interest rate. (3-30-01)

062. -- 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 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: (5-3-03)

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 engineering subagreements, or contracts for construction; or (5-3-03)

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. That the loan recipient may be entitled to appeal the suspension or termination pursuant to IDAPA 58.01.23, "Rules of Administrative Procedure Before the Board of Environmental Quality". (3-15-02)

03. Determination. A determination will be made by the Board pursuant to IDAPA 58.01.23, "Rules of Administrative Procedure Before the Board of Environmental Quality". (3-15-02)

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 Environmental Quality Rules, IDAPA 58.01.02, "Water Quality Standards"; 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 APPEALS.

Persons may be entitled to appeal agency actions authorized under these rules pursuant to IDAPA 58.01.23, "Rules of Administrative Procedure Before the Board of Environmental Quality". (5-3-03)

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 obtained by the Department under these rules is subject to public disclosure pursuant to the provisions of Chapter 3, Title 9, Idaho Code, and IDAPA 58.01.21, "Rules Governing the Protection and Disclosure of Records in the Possession of the Idaho Department of Environmental Quality". (3-15-02)

999. SEVERABILITY.

Idaho Department of Environmental Quality Rules, IDAPA 58.01.12, "Rules for Administration of Water Pollution Control 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. (3-30-01)

Subject Index

- A**
Acceptance Executed as a Contract Agreement, Loan Offer & Acceptance 14
Acceptance of Loan Offer, Loan Offer & Acceptance 14
Accounting & Auditing Procedures 15
Accrued Interest on Loans With Supplemental Grants 7
Administrative Appeals 17
Affordability Criteria Exceeded, Waivers 17
Application Requirements, Loan Application & Review 9
Approval of Requirements, Environmental Review 14
Availability of Federal Funds, Waivers 17
- B**
Best Management Practice 2
- C**
CE, Categorical Exclusion 2
Causes, Suspension or Termination of Loan Contracts 16
Close or Closing 2
Collector Sewer 2
Confidentiality 17
Construction 3
Cost Allocation, Financial & Management Capability Analysis 6
Costs in Excess of Financial Ability, Supplemental Grants 7
- D**
Definitions, IDAPA 58.01.12, Rules For Administration Of Water Pollution Control Loans 2
Department Guidelines, Integrated Priority Rating System 7
Determination Of Eligibility Of Costs 11
Determination of Completeness of Application, Loan Application & Review 11
Determination of Loan Fee 9
Determination, Suspension or Termination of Loan Contracts 16
Disbursements 15
- E**
Effect on Loan Interest Rate, Loan Fee 9
Eligible Applicant 3
Eligible Costs 3
Eligible Costs & The Loan Offer, Determination of Eligibility of Costs 13
Eligible Costs, Determination of Eligibility of Costs 11
Environmental Documentation, Environmental Review 13
Environmental Impact Statement (EIS) 3
Environmental Impact Statement Requirements, Environmental Review 14
Environmental Information Document (EID) 3
Environmental Information Document Requirements, Environmental Review 13
Environmental Review 13
Estimate of Reasonable Cost, Loan Offer & Acceptance 15
Examples of Costs That May be Eligible, Determination of Eligibility of Costs 11
Exemption From Review, Environmental Review 14
- F**
Facility Plan 3
Federal Environmental Review Use, Environmental Review 14
Final Disbursement 16
Financial & Management Capability Analysis 5
Financial Management System 3
Finding of No Significant Impact (FNSI) 3
- G**
Groundwater Contamination, Waivers 17
- H**
Health Hazard, Waivers 17
- I**
Incorporated Nonprofit Applicants, Financial & Management Capability Analysis 5
Ineligible Costs 3
Ineligible Project Costs, Determination of Eligibility of Costs 12
Information Needed, Financial & Management Capability Analysis 5
Integrated Priority List, Integrated Priority Rating System 7
Integrated Priority Rating System 6
Interceptor Sewer 3
- L**
Limitation Of Preloan Engineering Reviews 8
- Loan Application & Review 9
Loan Consolidation 16
Loan Decreases, Disbursements 16
Loan Disbursements 16
Loan Fee 8
Loan Increases, Disbursements 16
Loan Offer & Acceptance 14
Loan Offer, Loan Offer & Acceptance 14
- M**
Municipality 4
- N**
National Pollutant Discharge Elimination System 4
Necessary Costs, Determination of Eligibility of Costs 11
Nondomestic Wastewater 4
Nonpoint Source Implementation Funding, Project Funding 7
Nonpoint Source Pollution 4
Nonpoint Source Project Sponsor 4
Notification Regarding Ineligible Costs, Determination of Eligibility of Costs 13
Notification of Incompleteness of Application, Loan Application & Review 11
- P**
Payment of Loan Fee 9
Pollutant 4
Pollution, Waivers 17
Priority List 4
Project Funding 7
Project Review to Determine Final Eligible Costs, Disbursements 16
Projects Not Funded by Loans, Supplemental Grants 7
- R**
Reapplication for Loan, Loan Application & Review 11
Reasonable Costs, Determination of Eligibility of Costs 11
Rehabilitation 4
Reinstatement of Suspended Loan, Suspension or Termination of Loan Contracts 16
Reinstatement of Terminated Loan, Suspension or Termination of Loan Contracts 17
Reserve Capacity 4
Review of Request, Environmental Review 13
- S**
Sewer Use Ordinance 4

Submission of Application, Loan
Application & Review 9
Supplemental Grants 4, 7
Suspension Or Termination Of Loan
Contracts 16

T

Termination 5
Terms of Loan Offers, Loan Offer &
Acceptance 15

U

Unified Watershed Assessment 5
User Charge System 5

W

Waivers 17
Wastewater 5
Wastewater Treatment Facility 5
Wastewater Treatment Facility
Funding, Project Funding 8
Water Pollution Control Project 5
Water Quality Project Ranking,
Integrated Priority Rating System 6