Iowa State Revolving Fund
Sponsored Projects Program

Iowa Department of Natural Resources
Iowa Finance Authority

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Sponsored Projects Background

• IA had a successful linked deposit program for funding private landowner nonpoint sources project but not much usage of the direct loan program for public entities

• Sponsorship program idea modeled similarly to Ohio’s
  – Drive demonstration projects to get municipalities to implement watershed solutions to NPS issues
  – Provide opportunity for communities that wouldn’t otherwise do NPS projects
Sponsored Projects Program Development

- 2009 Iowa legislature allowed the use of sewer revenues to finance locally directed, watershed-based nonpoint source projects
- Qualified applicants – wastewater utility/city with SRF project in the planning phase
- Wastewater utility/city must work with a watershed organization to develop the sponsored project
- Project must address nonpoint source pollution on a watershed basis – starts with watershed assessment
Sponsored Project Funds

- $10 million for Sponsored Projects per year
  - Interest rate hit to the Clean Water SRF – based on how much interest can we afford to lose?
- Current CWSRF interest rate is 1.75%
- Up to 1% of interest can be used for non-point source project (interest rate will not go below .75%)
- Approximately $100,000 per $1,000,000 borrowed
Why Sponsorship is a Successful Mechanism in Iowa

- Most water quality issues in Iowa are from nonpoint sources
- Little to no regulatory drivers
- Robust CWSRF fund has financial capacity to fund all eligible projects
- Projects are locally directed
- Good cooperation with other agencies to provide technical assistance
Sponsored Project Considerations

• What are the State’s NPS issues
  – What is the source of the problem
  – What factors are driving NPS projects

• How is your State’s SRF set up
  – State Code and Rules for SRF and municipal finance

• What are your SRF’s financial capacity and priorities

• What current partnerships/coordination with other Agencies does your SRF have/ will need

• Staffing capacity/ needs
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