

## **Funding Cycle and Availability Explanation for the IEPA Loan Programs August 1, 2018**

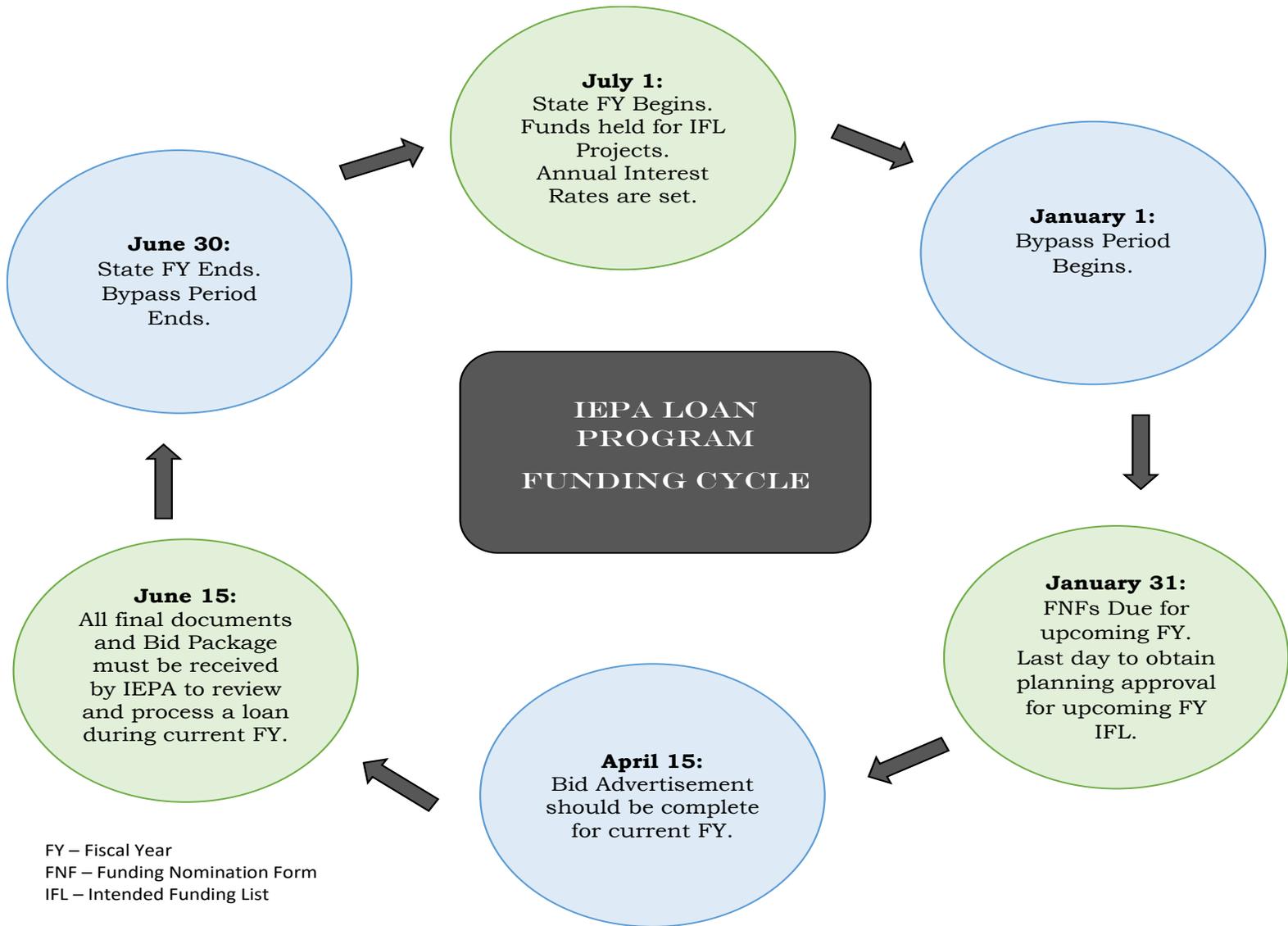
The Illinois Environmental Protection Agency (IEPA) State Revolving Fund (SRF) yearly cycle is based on the State of Illinois fiscal year, which starts July 1<sup>st</sup> and ends June 30<sup>th</sup>. Because SRF funding is limited, projects with approved planning are scored and ranked to prioritize which ones will receive loan program resources during a specific fiscal year. The Intended Funding List (IFL) period is the first one-half of the fiscal year (July 1<sup>st</sup> to December 31<sup>st</sup>). To qualify for inclusion on the IFL, a project must have submitted a funding nomination form (FNF) and obtained planning approval by January 31<sup>st</sup>. To start construction during the IFL period and utilize reserved funding, the project must be on the IFL. Once a project is listed in the IFL, funding is reserved for it during that fiscal year; however, delays may cause projects to be “bypassed”.

The bypass period is the second one-half of the fiscal year (January 1<sup>st</sup> to June 30<sup>th</sup>). If any money reserved for the IFL projects is not used by December 31<sup>st</sup>, it may become available for other projects that are ready to proceed. During the bypass period, funding is not guaranteed to be available or reserved for a project, unless a letter of commitment (LOC) is received from IEPA. To receive a LOC, the loan applicant must have completed all program requirements except for bidding. After a LOC is obtained for a project, funds are reserved and bidding may occur.

If a project is unable to obtain a loan agreement during the bypass period (January 1<sup>st</sup> to June 30<sup>th</sup>), it may qualify for funding that will be available during the next IFL period, that starts July 1<sup>st</sup>. Loan applicants are advised not to advertise their projects for bids until money is reserved. Loan applicants attempting to fund their project during the bypass period (starting January 1<sup>st</sup>), should contact their IEPA project manager as early as possible, to discuss both the availability of bypass funding and receiving a LOC.

The attached IEPA Loan Program Dates, Regulations, and Information Guide has additional information that provides significant loan program dates, pertinent IEPA loan program regulatory sections, and where the information can be found on the IEPA website. The IEPA SRF loan program information is available at this link: <http://www.epa.illinois.gov/topics/grants-loans/state-revolving-fund/index>

For more information, see the attached IEPA Loan Program Funding Cycle Calendar Flow Chart, and the Example Submittal Schedule to Receive a SRF loan for additional information.



## **IEPA Loan Program Dates, Regulations, and Information Guide**

The sections of regulations that are referenced in this guide are parts of the IEPA loan program regulations for wastewater (Part 365) and drinking water (Part 662) identified below. These regulations are posted on the IEPA website under: State Revolving Fund (SRF) Postings.

Wastewater / water pollution control (WPC): Illinois Administrative Code (IAC), Title 35: Environmental Protection Agency, Subtitle C: Water Pollution, Chapter II: Environmental Protection Agency, Part 365 Procedures for Issuing Loans from the Water Pollution Control Program.

Drinking water / public water supply (PWS): Illinois Administrative Code (IAC), Title 35: Environmental Protection Agency, Subtitle F: Public Water Supplies, Part 662 Procedures for Issuing Loans from the Public Water Supply Loan Program.

The loan program funding cycle and interest rates are based on the State of Illinois Fiscal Year (FY). Sections 365.210 (for WPC) and 662.210 (for PWS) establish the interest rates for the loan program. Interest rates are adjusted annually on July 1st and are established at ½ of the market interest rate. All loans are simple interest.

State of Illinois Fiscal Year: Starts July 1<sup>st</sup> and ends June 30<sup>th</sup>. The State fiscal year number starts six months prior to the calendar year that it is named after. For example: State of Illinois fiscal year 2018 starts on July 1<sup>st</sup>, 2017 and ends June 30<sup>th</sup>, 2018.

Planning approval: To be eligible for inclusion on the annual IFL, project planning should be approved by the Agency on or before January 31st per Sections 365.340 b) 1) and 662.340 b) 1).

Funding nomination forms (FNF): Must be received by the Agency on or before January 31<sup>st</sup> preceding the fiscal year for which assistance is requested. Projects submitting a FNF by January 31<sup>st</sup> qualify to be included in the Project Priority List (PPL) and the Intended Use Plan (IUP). All projects submitting a funding nomination form will be added to the PPL, however only projects with approved planning will be scored and considered for the Intended Funding List (IFL). Sections 365.310 and 662.310 pertain to the funding nomination form.

IUP: The Agency prepares an IUP for submittal to USEPA preceding the start of the fiscal year (July 1<sup>st</sup>). Projects that have approved planning are scored and then ranked to prioritize which ones qualify for reserved funding. The Intended Funding List shows ranked projects that will have loan funding reserved for them and is found in the first section of the PPL. The PPL is an Appendix to the IUP. The IUP is posted on the IEPA website under SRF Postings. Sections 365.340 and 662.340 explain the PPL, IFL and bypass process.

IFL projects have money held for them for the first half of the FY (until December 31<sup>st</sup>) if they remain on schedule. After December 31<sup>st</sup>, loan commitments lapse, unless the applicant thoroughly demonstrates they will complete all requirements during the current fiscal year, which includes advertising for bidders by April 15<sup>th</sup> and submitting said bid package for review by June 7<sup>th</sup> (see the last paragraph of this guide). Sections 365.340 d) and 662.340 d) pertain to the IFL. IFL projects that are progressing and remain on schedule will not be bypassed and can still receive a loan during the bypass period.

Bypass Funds: Starting in October the Agency begins to evaluate which IFL projects will be bypassed due to the projects not adhering to their schedule or making progress to meet the requirements of Sections 365.350 and 662.350. On January 1<sup>st</sup>, the bypass period will begin and unused funds become available for projects that are ready to proceed. If the Agency knows that some IFL projects will not be moving forward before January 1<sup>st</sup>, that reserved money may be made available for approved projects that are ready to proceed before the start of the bypass period. Sections 365.340 e) and 662.340 e) pertain to the bypass process.

If requested by the loan applicant, a commitment letter can be written to document the Agency is holding money for the project. The commitment letter can only be written after the IEPA project manager has been able to review and approve all documentation/information submitted in accordance with Sections 365.350 and 662.350, except for the bidding documentation per 365.350 e) and 662.350 e). Sections 365.350 and 662.350 list the documents that must be submitted and approved to secure a Loan Agreement. *Without a letter of commitment, non-IFL projects are never guaranteed funding. Applicants choosing to advertise without a letter of commitment, are proceeding at their own risk!*

The latest a loan applicant can advertise for bids to receive by-pass money for the current fiscal year is approximately April 15<sup>th</sup> (2.5 months before end of Fiscal year). This gives the applicant sufficient time after advertising to receive, open, evaluate, and provide bid documentation to IEPA. This also gives IEPA time to review and approve the bid package(s), and to process a loan agreement. The applicant must provide a complete loan application, including bid documentation, to IEPA by June 7<sup>th</sup> (3 weeks before the end of the fiscal year).

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### **Example Submittal Schedule to Receive a SRF loan**

To get a project on the IFL, the loan applicant could submit a FNF, a project planning report, and a completed loan application form by July 31<sup>st</sup>. This allows six months for a project to obtain planning approval before the January 31<sup>st</sup> deadline to be considered for the next available IFL period. During this six-month period, if project planning, debt ordinance and loan repayment demonstration are approved, the loan applicant could request a letter of commitment (LOC) to obtain a loan during the bypass period. If funds are available and a LOC is issued, the loan applicant could advertise for bids, submit bid documentation to the IEPA and obtain a loan agreement before the end of the bypass period (June 30<sup>th</sup>). If the project does not obtain a loan agreement during the bypass period, the next available funding would be during the IFL period (July 1<sup>st</sup> to December 31<sup>st</sup>).

Questions? Contact your Project Manager or the Project Manager on-call at 217-782-2027.