**Section 365.120 Clean Water Act Requirements**

a) The Water Pollution Control Loan Program is administered by the Agency in accordance with the Clean Water Act and the Illinois Environmental Protection Act.

b) The Capitalization Grant Agreement between the Agency and USEPA contains or incorporates by reference the following:

1) the Operating Agreement between USEPA and the Agency that contains the organization, administrative framework, and procedures of the WPCLP that are not expected to change annually;

2) the Agency's Intended Use Plan;

3) an agreed upon payment schedule between USEPA and the Agency;

4) the Green Project Reserve requirements;

5) the Agency's State environmental review process; and

6) the Agency's agreement to the following:

A) to accept grant payments in accordance with a negotiated payment schedule;

B) to deposit into the State Water Revolving Fund an amount equaling at least 20% of each grant payment;

C) to make binding commitments in an amount equal to 120% of each quarterly federal grant payment within one year after the receipt of each quarterly grant payment;

D) to expend all funds in an expeditious and timely manner;

E) to first use funds equaling the amount of the grant, all repayments of principal and payments of interest on the initial loans from the grant, and the State match to assure maintenance of progress, as determined by the Governor, toward compliance with enforceable deadlines, goals and requirements of the CWA, including the municipal compliance deadline;

F) treatment works that will be constructed in whole or in part with assistance from the State Water Revolving Fund will meet the requirements of 33 USC 1371(c)(1) and 1372;

G) to commit or expend each quarterly grant payment in accordance with State laws and procedures regarding the commitment or expenditure of revenue;

H) to use accounting, audit, and fiscal procedures conforming to generally accepted government accounting standards;

I) to require recipients under WPCLP to maintain projects and accounts in accordance with generally accepted government accounting standards, including standards relating to the reporting of infrastructure assets;

J) to make annual reports to the USEPA on the actual use of funds;

K) to establish, maintain, invest and credit the State Water Revolving Fund with repayments so that the fund balance will be available in perpetuity for activities under the CWA;

L) to use fees charged by the Agency to the recipients of assistance that are considered as program income for the purpose of financing of the cost of administering the WPCLP or financing projects or activities eligible for assistance under this Part;

M) to an annual audit of the WPCLP in accordance with the auditing procedures of the General Accounting Office (31 USC 75);

N) to require public loan recipients to study the cost and effectiveness of the process, materials, techniques, and technologies for carrying out the proposed project or activity and to select, to the maximum extent practicable, a project or activity that maximizes the potential for efficient water use, reuse, recapture and conservation, and energy conservation; and

O) to require that contracts carried out with funds directly made available under this Part for program management, construction management, feasibility studies, preliminary engineering, design, engineering, surveying, mapping, or architectural related services are negotiated in the same manner as a contract for architectural and engineering services are negotiated under 40 USC 1101.

c) Intended Use Plan

1) After public review and comment, the Agency must annually prepare an Intended Use Plan and submit that plan to USEPA.

2) The Intended Use Plan must include:

A) the uses of the State Water Revolving Fund under the WPCLP and describe how these uses support the goals of the WPCLP;

B) a listing and description of projects on the Project Priority List to be provided financial assistance and the terms of the financial assistance;

C) the short and long term goals and objectives of the WPCLP;

D) information on the types of activities including eligible categories of costs to receive assistance, types of assistance to be provided, and the WPCLP policies on setting the terms for various types of assistance provided by the State Water Revolving Fund under this Part;

E) the criteria and the method for distribution of the State Water Revolving Fund funds under this Part; and

F) assurances and specific proposals on the manner by which the Agency intends to comply with 40 CFR 35.3135(c), (d), (e) and (f), and 35.3140.

d) Loan projects must be consistent with any plans developed under Sections 205(j), 208, 303(e), and 319 of the CWA.

(Source: Amended at 43 Ill. Reg. 11141, effective October 1, 2019)