

STATE OF OKLAHOMA
DEPARTMENT OF ENVIRONMENTAL QUALITY



FINAL
INTENDED USE PLAN

DRINKING WATER STATE REVOLVING FUND
STATE FISCAL YEAR 2022

Effective 7-1-2021 through 6-30-2022

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I. INTRODUCTION

The Safe Drinking Water Act (SDWA) Amendments of 1996 authorized a Drinking Water State Revolving Fund (DWSRF) program to assist public water systems in financing the cost of replacement and repair of drinking water infrastructure to achieve or maintain compliance with the SDWA requirements and to protect public health. The DWSRF program will help ensure that drinking water supplies remain safe and affordable, and that the systems that receive funding will be properly operated and maintained.

The SDWA places a strong emphasis on preventing contamination rather than reacting to problems. Central to this emphasis is the development of state prevention programs including source water protection, capacity development, and additional requirements for operator certification. To fund these activities, the SDWA allowed not only the creation of the loan fund but also four set-aside accounts to fund the following state activities:

1. Administration of DWSRF;
2. Small System Technical Assistance Program;
3. State Program Management; and
4. Local Assistance and other State Programs.

As required by the SDWA, the State of Oklahoma, through the Department of Environmental Quality (DEQ), is required to prepare this annual Intended Use Plan (IUP) in order to identify the set-aside programs and DWSRF loan projects that will utilize the funds available to the DWSRF. This IUP is prepared for State Fiscal Year 2022 (SFY 2022) and identifies those sources and uses of available program funds. For the purpose of the DWSRF and this IUP, the fiscal year identified is the SFY 2022, beginning July 1, 2021, and ending June 30, 2022. The capitalization grants and state matching funds to fund these activities are from prior fiscal years and the Federal Fiscal Year 2021 (FFY 2021) appropriation. DEQ has already applied for the FFY 2021 grant to ensure funding will be available on July 1st, which is the beginning date of SFY 2022.

To ensure that the public had an opportunity to review DEQ's proposed plans for the DWSRF, a draft IUP was made available 30 days prior to the IUP public meeting which was held on June 7, 2021. To ensure that interested parties were aware of the public meeting date, DEQ posted notice on DEQ's web-site and distributed announcements to a mailing list of public water systems, state and federal agencies, environmental organizations, public health officials, consulting engineers, financial consultants, and interested citizens. The public comment period closed on June 8, 2021.

As a result of federal appropriations to the State, DEQ has received federal capitalization grants totaling \$347,805,000.00 from FFY 1997 thru FFY 2020. DEQ will apply for the FFY 2021 Capitalization Grant in the amount of \$15,596,000.00 approved by Congress. This IUP includes the total funds received from repayments and interest earnings, state match, capitalization grants less set-asides, and leveraged revenue bond funds. These federal and state funds will be utilized by DEQ in accordance with the purposes identified in this IUP. The state is required to provide 20 percent matching funds for each capitalization grant as the federal payments are received for DWSRF projects. Table 1 reports the sources of funds available to the DWSRF program and their intended uses.

It is the intent of the Oklahoma DWSRF program to consistently comply with all requirements as stipulated in each year's grant agreement for the capitalization grant. However, procedural changes and reporting requirements may be modified by the Environmental Protection Agency (EPA). These changes will be incorporated into the Oklahoma DWSRF program, as necessary.

**TABLE 1
Sources and Uses**

<u>SOURCES OF FUNDS</u>	
Beginning July 1, 2021	
Beginning Balance (SFY 2021 Carryover)	\$41,546,958
Projected Bond Issue	\$ 160,000,000
Federal Grant Carryover from Previous FFYs	\$ 11,128,645
Federal Grant FFY 2021	\$ 15,596,000
State Match SFY 2022	\$ 3,119,200
Principal Repayments	\$ 24,934,222
Release of 2013B Bond Reserve Funds	\$ 2,640,895
Interest Earnings on Loans	\$ 11,091,355
Interest Earnings from Bond Funds	\$ 203,000
Interest Earnings on Fund 473	\$ 150,000
Sub Total	\$ 228,863,317
Total Sources of Funds	\$ 270,410,275
<u>USES OF FUNDS</u>	
\$115,634,310 Expected DWSRF Loan Commitments for SFY 2022	
Disbursements - Anticipated 30% of Loan Commitments SFY 2022	\$ 34,690,293
DWSRF Set-Aside Programs for SFY 2022	
Administration	\$ 623,840
Small System Technical Assistance	\$ 311,920
Program Management	\$ 1,559,600
Local Assistance	\$ 2,339,400
Subtotal	\$ 4,834,760
Debt Service Obligations	
Debt Service on 2013A Bonds	\$ 4,472,419
Debt Service on 2013B Bonds	\$ 2,601,270
Debt Service on 2016 Bonds	\$ 4,764,063
Debt Service on 2018 Bonds	\$ 11,423,163
Debt Service on 2019 Bonds	\$ 1,404,815
Debt Service on 2020 Bonds	\$ 5,184,575
Subtotal	\$ 29,850,305
Previously Committed/Obligated Funds - SFY 2021 (Estimated)	\$ 200,500,000
Total Uses of Funds	\$ 269,875,358
** Additional Funds Needed	\$ 534,917

*Will use Clean Water State Revolving Fund (CWSRF) transfer funds, future cap grant, future state match, and bond issues to fund future needs as required.

II. LIST OF PROGRAMS

A. SET-ASIDE PROGRAMS

Section 1452 (g) and Section 1452 (k) of the SDWA authorizes set-asides to enable states to implement the requirements of the SDWA. The set-asides are based on a percentage of the capitalization grant as specified in the SDWA. DEQ will reserve the following amounts in the FFY 2021 capitalization grant for set-asides as follows: 4 percent for Administration; 2 percent for Small System Technical Assistance; 10 percent for Program Management; 15 percent for Local Assistance and other State Programs. The 15 percent for Local Assistance and other State Programs will be broken into 10 percent for Capacity Development Program and 5 percent for the following uses: Water Loss Audit and Leak Detection Program; *Cryptosporidium* special monitoring capabilities; Lead Service Line Inventory Contract, and harmful algae bloom (HAB) special monitoring capabilities. DWSRF program continues to work with the State Environmental Laboratory Services (SELS) Division to further its special monitoring capabilities for *Cryptosporidium* and HAB. DEQ will provide work plans for each set-aside to EPA describing how the specified FFY 2021 capitalization grant funds are to be expended during SFY 2022.

As done in the previous year, DEQ plans to continue to utilize the remaining funds (FFY 2020 capitalization grant) to conduct and complete Sanitary Surveys and other eligible DWSRF activities as needed. The Sanitary Surveys will be conducted on a third of the State's public water supplies that are groundwater, surface water, and purchase without treatment. Table 2 shows DWSRF Set-aside activities for SFY 2022.

TABLE 2
DWSRF Set-Aside Activities
SFY 2022

Set-aside category	Percent of Set - Aside Program	Total amount reserved from FFY 2021 grant	Reclaimed credit from old grants	Cumulative amount to be specified in workplans
Admin.	4	\$ 623,840	\$ -	\$ 623,840
Tech. Asst.	2	\$ 311,920	\$ -	\$ 311,920
St. Prg. Mgt.	10	\$ 1,559,600	\$ -	\$ 1,559,600
Local Assist.	15	\$ 2,339,400	N/A	\$ 2,339,400
Total	31	\$ 4,834,760	\$ -	\$ 4,834,760

1. DWSRF Administration

Section 1452(g) of the SDWA authorizes states to provide funding for the DWSRF Administration as a set-aside activity. The administration of the fund will be accomplished by DEQ personnel and through an interagency agreement with the Oklahoma Water Resources Board (OWRB). Administrative tasks include portfolio management; debt issuance; DWSRF program costs; support services; and financial, management, and legal consulting fees.

Title 82 of Oklahoma Statutes, Section 1085.71 through 1085.84A establishes the DWSRF program duties of OWRB and DEQ. The interagency agreement between OWRB and DEQ specifies the responsibilities of each agency in regard to the following

tasks: DWSRF capitalization grant application and management; annual joint report to the Governor and Legislature; annual report to EPA; loan applications; binding commitment to loan applicants; bidding and contract documents; loan closings; change orders and other related construction documents; inspections of projects, books and records; environmental reviews; payments; loan terminations; and the return of funds.

As allowed by the SDWA, DEQ reserved and specified an amount equal to 4 percent of the FFY 2021 capitalization grant for administrative support of the DWSRF. DEQ and OWRB will use an estimated amount of \$623,840.00 (see Table 2) from set-aside funds for SFY 2022 DWSRF administration. This set-aside is to fund activities that implement, administer, and operate the DWSRF program during SFY 2022.

In addition to set-aside funds, the Drinking Water Treatment Loan Administration Fund can be utilized by DEQ and OWRB for additional administrative expenses. This fund is a statutory account outside DWSRF and is funded through fees applied to each loan. At the end of SFY 2022, it is projected that approximately \$8,783,159.97 will be available. Table 4 shows accumulated amounts of available funds from FFY 1997 through FFY 2021 and the projected amount for SFY 2022. Additional information concerning this fund is located in Section IV.B. of this report.

Competency of the program is demonstrated through EPA approval of the Quality Management Plan for DEQ. The DWSRF ensures competency of personnel through an established hiring process, training programs, standard operating procedures, and implementation of the quality assurance system within the agency.

2. Small System Technical Assistance

Section 1452(g)(2)(D) of the SDWA authorizes states to provide funding for technical assistance to public water systems serving a population of 10,000 or fewer. DEQ staff will provide technical assistance and compliance determinations for small systems to assist with compliance of the SDWA.

Small water systems will be provided technical assistance to improve treatment and capacity to operate surface water systems, to improve compliance with drinking water standards, comply with monitoring and reporting requirements, to improve the quality of service to customers along with the quality of water system management, and to increase the knowledge of board members in efficient water system operation.

As allowed by the SDWA, DEQ reserved and specified an amount equal to 2 percent of the FFY 2021 capitalization grant to fund small system technical assistance activities for SFY 2022. DEQ will use an estimated amount of \$311,920.00 (see Table 2) from set-aside funds for SFY 2022.

3. State Program Management

Section 1452(g)(2) of the SDWA, authorizes states to provide funding to finance State Program Management (SPM) requirements. These requirements are to provide technical assistance to small water systems, to provide technical assistance through source water protection programs, to develop and implement the Capacity Development Strategy, to provide Long Term 2 Enhanced Surface Water Treatment Rule (LT2ESWTR) assistance, to provide Stage 2 Disinfectant/Disinfection

Byproducts Rule (S2DBPR) assistance, to provide Revised Total Coliform Rule (RTCR) assistance, to provide Lead and Cooper Rule (LCR) assistance, to conduct Sanitary Surveys, and to provide Ground Water Rule (GWR) assistance. DEQ personnel will accomplish these tasks.

As allowed by the SDWA, DEQ reserved and specified an amount equal to 10 percent of the FFY 2021 capitalization grant for state program management. DEQ will use \$1,559,600.00 (see Table 2) from set-aside funds for SFY 2022 public water supply state program management.

Using DWSRF funding, SELS plans to obtain additional analytical based resources and training to build Lab Capacity and Development (LCD) and technical competency. These extended capabilities will enable the SELS to prepare for expanded support for current and new rules under the SDWA and develop the analytical methodologies needed to respond to emerging contaminants.

4. Local Assistance and other State Programs

Section 1452(k) of the SDWA authorizes states to provide funding for Local Assistance and other State Programs. The Local Assistance and other State Programs set-aside funds will be used for the Water Loss Audit Program, development of SELS special monitoring capabilities, RTCR assessments, and the Capacity Development Section as allowed under Section 1452(k)(1) of the SDWA.

DEQ has completed over 1,100 Source Water Assessment and Protection (SWAP) plans for drinking water suppliers in the State. The plans defined the areas of concern around either drinking water wells and/or surface water sources, determined the potential sources of contamination within those areas, and completed a susceptibility analysis for each source and system. At this point, DEQ will be maintaining the program by reviewing and updating existing SWAPs, as well as working with Oklahoma Rural Water Association (ORWA) and other entities to promote the adoption of and engagement with source water protection plans by public water supplies.

Local Assistance funding will be designated to fund two programs internal to the agency that are managed by the Capacity Development Section Manager: a capacity development assessment and assistance program and a water loss auditing program, both focused on helping water supplies serving fewer than 10,000 persons. The state-wide capacity development assessment and assistance program involves meeting with water system personnel, conducting interviews focused on determining the technical, managerial, and financial (TMF) condition of the water supply, and offering assistance and resources to the system to address noted deficiencies. In addition to providing assistance, another important goal for capacity development is determining state level trends in TMF conditions and tracking how water system TMF conditions have changed over time to determine the effectiveness of current capacity development technical assistance efforts and to guide future work. The assessments also serve to introduce public water supply personnel to capacity development concepts that they may not be familiar with and to give personnel an opportunity to request capacity development help if they need it.

The water loss auditing program is focused on conducting water loss audits at public water supplies using the American Water Works Association (AWWA) M36 method

and software. Local Assistance funding is used to conduct water loss audits at public water supplies that request it, and the work serves to both conduct the audit and to teach public water supply personnel how to conduct future audits by themselves. Using the AWWA software, public water supplies obtain the knowledge necessary to begin controlling and reducing non-revenue water which increases system efficiency, enhances system sustainability, and reduces the impact on the environment.

Local Assistance funding will also be used to fund two contracts outside of DEQ that is overseen by the Capacity Development Section Manager. The first, focused on leak detection / meter analysis, is implemented by the ORWA at public water supplies referred to them by DEQ that have received a water loss audit. ORWA will use the results of the audit to conduct leak detection and meter analysis, with the goals of finding leaks (which the system can repair), determining production and consumer meter accuracy, and training system personnel on how to conduct leak detection and meter analysis on their own.

The second contract is focused on providing needed TMF assistance to small PWSs in areas identified as significant needs by the state-wide capacity development assessment. Via this contract, ORWA helps small PWSs develop and implement asset management and source water protection plans, conduct rate analyses, develop operation and maintenance plans, and other tasks. Starting in FY2022, lead service line inventory assistance will be added to the contract.

SELS will continue to utilize DWSRF funding to maintain *Cryptosporidium* accreditation and analytical emergency response capabilities that pose a threat to public health like those associated with HAB events.

As allowed by the SDWA, DEQ reserved and specified an amount equal to 15 percent of the FFY 2021 capitalization grant for Local Assistance and other State Programs. DEQ will use \$2,339,400.00 (see Table 2) from set-aside funds for SFY 2022. Ten (10) percent for Capacity Development Section and 5 percent for the following uses: Water Loss Audit and Leak Detection Program; *Cryptosporidium* special monitoring capabilities; Lead Service Line Inventory Contract; and HAB special monitoring capabilities. In accordance with EPA's DWSRF Set-Aside Management Policy that was announced on February 9, 1999, DEQ will reserve the authority to specify the transferred funds from future capitalization grants if they are needed.

B. DRINKING WATER STATE REVOLVING FUND PROJECTS

1. DWSRF Project Priority System

DEQ has established the Project Priority System, included as Appendix A, and prepared the comprehensive Project Priority List (PPL), included as Appendix B. The comprehensive PPL demonstrates which eligible drinking water projects are to receive loan funds from the DWSRF. The comprehensive PPL is comprised of a Funding List and a Contingency List that ranks projects according to the DWSRF Project Priority System that:

- a. Address the most serious risk to human health;
- b. Are necessary to ensure compliance with the requirements of the SDWA;

- c. Assist systems most in need, on a per household basis; and,
- d. Emergencies including natural and man-made disasters. *

*Projects, deemed by DWSRF which come about as a result of an emergency and pose an immediate public health concern, will be made a priority over current projects on the PPL.

Eligible projects proposed by applicants requesting funding from the DWSRF are ranked and prioritized according to the Project Priority System procedures. The project with the most points shall be first on the PPL; the project with the least points shall be last. The specific categories of source, treatment, storage, and distribution are not ranked separately. Projects will be funded in order of priority as each project meets the program requirements throughout the state fiscal year. For a project to be funded, it must be “ready to proceed.”

2. Ready to Proceed

“Ready to proceed” means a project that has met the following requirements:

- a. Approved engineering report;
- b. Approved construction permit for plans and specifications;
- c. Approved financial application;
- d. Completed environmental review; and
- e. Approved capacity development assessment and asset management plan.

Projects that have met the above requirements will be moved ahead of projects that are not on schedule on the PPL. The project is then recommended to the OWRB Board for approval. If approved, DWSRF funds are committed through a board order.

The project is advertised and bids received pursuant to the Oklahoma Public Competitive Bidding Act. The loan amount is then sized in accordance to the bid to be accepted and awarded. The loan is then closed, contract documents signed, and “Notice to Proceed” is issued to the contractor to start construction on a specified date.

3. Bypass Projects Not Ready to Proceed and Small Systems

A project may be bypassed if it is not on schedule and not “ready to proceed.” Bypassed projects will be monitored and encouraged to meet program requirements so that they may be reinstated to the fundable portion of the list.

In addition, SDWA §1452(a)(2) states, “Of the amount credited to any State loan fund established under this section in any fiscal year, 15 percent shall be available solely for providing loan assistance to public water systems which regularly serve fewer than 10,000 persons to the extent such funds can be obligated for eligible projects of public water systems.” If this SDWA small system funding provision has not been met with projects above the PPL’s fundable line but there are “ready to proceed” small system projects below the fundable line, projects should be bypassed to reach those small system projects to the extent such funds can be obligated for eligible projects.

Oklahoma DWSRF expects to meet the SDWA small system funding provision for SFY 2022, although economic conditions in the State due to the pandemic may prove challenging. As part of the on-going efforts to meet the small system funding provisions, the DWSRF program notes continuing efforts towards marketing, outreach, and technical assistance, including but not limited to the following activities:

- a. Small system technical assistance provided by DEQ staff, such as the Public Water Supply Engineering and Enforcement Section and Environmental Complaints and Local Services Division;
- b. Water Loss Audits, including leak detection and meter calibration services;
- c. Monthly meetings and/or consultations by DWSRF staff with small systems on the PPL that are not yet “ready to proceed” to assist them to become “shovel ready;”
- d. Coordination with OWRB and ORWA staff to provide financial and technical consultations;
- e. Presentations at conferences and workgroups to establish availability of small systems technical and financial assistance;
- f. DWSRF outreach and marketing (presentations are to be scheduled in different regions of the State)
- g. Active participation in quarterly meetings of the Funding Agency Coordinating Team (FACT) – including the United States Department of Agriculture Rural Development (USDA-RD), OWRB, ORWA, Indian Health Services (IHS), Oklahoma Department of Commerce (ODOC), Communities Unlimited (CU), Oklahoma Development Finance Authority (ODFA), and Oklahoma Association of Regional Councils (OARC) – wherein invitations are extended to water systems with the most urgent technical and financial needs.

4. Allocation of Funds

Allocation of funds among the eligible projects is based on a six-step process:

- a. Projects of eligible applicants that request financial assistance are ranked according to the Project Priority System and placed on the PPL;
- b. The financial assistance needed for each drinking water project that is “ready to proceed” is determined;
- c. Sources of unobligated funds available to the DWSRF that are necessary to provide the requested financial assistance are identified;
- d. The highest priority projects that will be ready to proceed during SFY 2022 are placed on the SFY 2022 Funding List, included as Appendix B;
- e. Bypass letters can be issued to applicants which have projects not ready to proceed according to the Priority Ranking System procedures; and
- f. The consistency with the funds available and the financial assistance requested is determined.

Information pertinent to each DWSRF project is included on the PPL pursuant to the requirements of the SDWA. To be placed on the fundable portion of the list the project must be “ready to proceed.”

The contingency portion of the PPL, included as Appendix B, is developed from the projects of applicants that are bypassed and projects of applicants that do not rank high enough to receive funding. This contingency list includes projects which may receive loan funds should projects in the fundable portion not proceed on schedule.

5. Status of Projects on the Fundable Portion of the Priority List

The SFY 2022 PPL attached as Appendix B shows a total of twenty-six (26) projects on the fundable portion of the PPL with their assigned priority points, project name,

loan amount, population, project description, anticipated binding commitment date, and project number.

6. SRF Available Funds

For SFY 2022, the total need of \$115,634,310.00 for projects is shown in Appendix B. It is estimated that \$34,690,293.00 will need to be disbursed in SFY 2022. These funds are derived from past capitalization grants and state matching funds, FFY 2021 capitalization grant and state match, investment income, interest income, and projected bond issue funds. Additional needed funds will be obtained as indicated in the bottom of Table 1.

C. AMERICAN IRON AND STEEL (AIS)

On January 17, 2014, H.R. 3547, “Consolidated Appropriations Act, 2014,” (Appropriations Act) was enacted requiring that “none of the funds made available by a State water pollution control revolving fund as authorized by title VI of the Federal Water Pollution Control Act (33 U.S.C. 1381 et seq.) or made available by a drinking water treatment revolving loan fund as authorized by Section 1452 of the Safe Drinking Water Act (42 U.S.C. 300j-12) shall be used for a project for the construction, alteration, maintenance, or repair of a public water system or treatment works unless all of the iron and steel products used in the project are produced in the United States.”

D. ADDITIONAL SUBSIDIZATION

As in the previous year, DEQ’s primary focus for the subsidy (14%) will be with public water supplies which have health-based violations (HBV), such as disinfection byproduct (DBP) issues. However, if these types of projects are not ready to proceed, the focus may shift towards other initiatives, such as, regionalization, consolidation, or other compliance issues. Additionally, during SFY 2022, DEQ plans to provide additional subsidization to all eligible projects seeking funding through the DWSRF program. For these projects, the amount of subsidy per project will be \$250,000.00 or 25%, whichever is less.

**TABLE 3
Subsidy Funds
SFY 2022**

FFY 2018	FFY 2019	FFY 2020	FFY 2021	Available for SFY 2022
\$999,434.00	\$3,120,000.00	\$2,185,400.00	\$2,183,440.00	\$8,488,274.00

E. DAVIS-BACON WAGE RATES

The requirement for implementation of the Department of Labor (DOL) Davis-Bacon Prevailing Wage Rates for DWSRF projects is a mandatory condition of the capitalization grant. DEQ has fully implemented this requirement by ensuring that the latest DOL wage rates for each contract of each project are established prior to bidding, that weekly payroll reports are received from the prime and sub-contractors and reviewed by the water system, that employee interviews are conducted at least

twice during the contract period, and that all complaints regarding the wage rate determinations are investigated and resolved.

F. SUSTAINABILITY POLICY

EPA finalized their Sustainability Policy on February 12, 2011. The primary direction of the policy is "...encouraging communities to develop sustainable systems that employ effective utility management practices to build and maintain the level of technical, financial, and managerial capacity necessary to ensure long-term sustainability."

The Capacity Development Section maintains a strong capacity development program which includes a comprehensive review of each DWSRF applicant for technical, financial, and managerial capacity. This program is the platform for a sustainability program because it already incorporates the three-tiered review. Applicants are evaluated through detailed technical reviews, financial audits, and managerial checklists. To qualify for a DWSRF loan, an applicant must meet a minimum debt coverage requirement of 1.25 times.

The Capacity Development Section, through the use of the set-asides for State Program Management and Small System Technical Assistance and Local Assistance, expands the review of systems from the DWSRF applicants to all Oklahoma public water supply systems. An annual Capacity Development Report is provided to EPA each year, prior to September 30th, detailing all of the activities which are incorporated into the ongoing strategy for ensuring capacity development for public water supply systems. The report provides information on Oklahoma's efforts through enforcement, permitting, operator certification, source water assessment, the Area Wide Optimization Program (AWOP), small system technical assistance program, and the Public Water Supply Sanitary Survey program.

G. REPORTING REQUIREMENTS

DWSRF provides numerous reports to EPA and other entities as required by capitalization grant agreement, or other federal and state requirements.

Oklahoma will report quarterly in the DWSRF Project Benefits Reporting (PBR) System on the use of all DWSRF funds. This information will also be included in the Annual Report. Quarterly reporting shall include use of the funds for loan forgiveness, as well as information on the environmental benefits of DWSRF assistance agreements.

Oklahoma will report annually to the Drinking Water National Information Management System (DWNIMS). Detailed reporting will include all required information related to the DWSRF capitalization grant, set-asides, leveraged funds, and project and loan costs.

Oklahoma will report to the Federal Funding Accountability and Transparency Act (FFATA) database as each project loan is closed up to the amount of the capitalization grant for each year.

III. DWSRF GOAL STATEMENTS

A. SHORT-TERM GOALS

1. Provide twenty-six (26) loans to the twenty-six (26) water systems listed on the Fundable Portion of the SFY 2022 PPL. (Target Completion: June 2022)
2. Apply for FFY 2022 capitalization grant. (Target Completion: April 2022)
3. Complete set-aside work plans specifying funds from the capitalization grant. (Target Completion: Within 90 days of grant award)
4. Use set-aside funds to implement Capacity Development Strategy. (Target Completion: June 2022)
5. Use set-aside funds to provide technical assistance to systems to comply with LT2ESWTR, S2DBPR, RTCR, LCR, GWR, and Sanitary Surveys. (Target Completion: June 2022)
6. Issue DWSRF Revenue Bonds in an estimated amount of \$160,000,000.00 to finance the additional demand for drinking water loan funds. (Target Completion: June 2022)
7. Expend Capitalization Grant within two years of grant award.
8. Promote and market the DWSRF program by giving presentations around the State. (Target Completion: June 2022).

B. LONG-TERM GOALS

1. Maintain the fiscal integrity of the DWSRF and assure a continuous enhancement of the loan fund for future generations.
2. Maintain the fund in perpetuity. Perpetuity consists of maintaining the principal amounts of the state matching funds and capitalization grants, less set-asides, within the DWSRF.
3. Assist the State in meeting the total drinking water funding needs by blending DWSRF capitalization grant and state match funds with leveraged DWSRF bond proceeds to provide long-term low-interest drinking water financing.
4. Obtain maximum capitalization of the fund for the State while generating sufficient investment and loan interest earnings to retire revenue bonds.
5. Use set-aside funds along with DWSRF loans to maximize compliance and public health protection.
6. Promote technical, managerial, and financial capability of all public water supply systems.
7. Encourage the consolidation and/or regionalization of small public water systems that lack the capability to operate and maintain systems in a cost-effective manner.
8. Target public water supply projects with health based violations to reduce the number of public water supplies with health based violations by at least 25% by the end of FFY22.
9. Continue to refine the Capacity Development Program through the following actions:
 - a. Revising the capacity development strategy to reflect current goals and methods used by the Capacity Development Section, including the promotion of proper asset management at Oklahoma water supplies.
 - b. Enhancing implementation of the Water Loss Auditing and Leak Detection Program.

- c. Increasing the amount of technical, managerial, and financial assistance provided to small Oklahoma public water supplies, both from Capacity Development Section staff and from 3rd-party technical assistance providers.

C. ENVIRONMENTAL RESULTS UNDER EPA ASSISTANCE AGREEMENTS

1. In accordance with “EPA’s Environmental Results under EPA Assistance Agreements, Order No. 5700.7,” which became effective on January 1, 2005, DEQ herein describes the outputs to be used as a measure to comply with the new requirements.
 - a. Output 1 – Provide twenty-six (26) loans to the twenty-six (26) water systems listed on the SFY 2022 PPL. See Appendix B, for a list of projects on the PPL.
 - b. Output 2 – Enter into binding commitments with twenty-two (22) small systems and four (4) large systems for a total of twenty-six (26) projects during SFY 2022. See Appendix B, for a list of these systems and their population.
2. Environmental benefits will result from loans made and projects completed to reduce specific contaminants, create energy savings, conserve water, increase capacity to meet current water needs, replace aging infrastructure, and comply with state and federal regulations.

IV. FINANCING PLANS

The type of assistance to be provided will be loans for up to 100 percent of the eligible cost of drinking water projects. DWSRF program requirements are defined in DEQ and OWRB program regulations. OWRB provides a DWSRF financing plan that maintains funds to meet the program demand. Loans at below market interest rates provide affordable financing and incentives for loan applicants to meet the program requirements. The program provides for flexibility and the perpetuity of the DWSRF.

DEQ and OWRB provide one financing plan for both small and large systems, a long-term DWSRF loan. The long-term DWSRF loan is a 30-year loan (up to a 40-year loan for eligible disadvantaged communities subject to useful life of infrastructure) with a fixed interest rate used for the construction of drinking water infrastructure improvements. During the construction phase, interest and administration fees are paid semi-annually as funds are drawn. Once construction is completed, principal, interest, and administration fees are paid semi-annually until loan is paid.

Beginning with the 2009 American Recovery and Reinvestment Act and the FFY 2010 Capitalization Grant, DWSRF may grant subsidies in the form of principal forgiveness to systems. Those systems which met the criteria for consolidation and/or regionalization were granted principal forgiveness in accordance with the DWSRF procedures for each type of project. Starting in SFY 2019, DEQ’s focus for the subsidy became public water supplies who have HBV, such as DBPs issues. In addition to HBV and regionalization/consolidation projects, during SFY 2022, DEQ plans to provide additional subsidization to all eligible projects seeking funding through the DWSRF program.

The total amount of subsidies given will be determined by the FFY 2021 Capitalization Grant. The method the DWSRF uses to fund projects is to draw all of the state matching funds first, federal capitalization grants next (up to subsidy amount), bond fund, and then second round funds.

A. DWSRF INTEREST RATES

DWSRF will provide long-term financing loans for both small and large public drinking water systems at an interest rate equal to 70% of Municipal Market Daily (MMD) AAA scale spot rates plus 0.40% to 0.76% to account for interest rate risk, where 0.40% is charged on the shortest maturities and 0.76% is charged on the longest maturities. An additional 0.50% administrative fee is charged on the unpaid principal balances. The interest rate calculation is reviewed annually by the OWRB and is subject to change on future loans.

B. ADMINISTRATION FEES

OWRB charges an annual administration fee of 0.50% on the unpaid loan balance, and an administrative fee upon application filing. This fee is based on the size of the application. If the application is for \$249,999 or less, the fee is \$100. If the application is for \$250,000 to \$999,999, the fee is \$250. If the application is for \$1,000,000 or more, the fee is \$500. Administrative fees collected are deposited into the Drinking Water Treatment Loan Administration Fund as shown in Table 4. This fund is a statutory account outside the DWSRF, and fees deposited into this fund will be used to offset the future DWSRF administrative expenses of DEQ and OWRB including, as necessary, the state match for DWSRF capitalization grants and a reserve to issue bonds. It is projected that the Drinking Water Treatment Loan Administrative Fund will contain approximately \$8,783,159.97 at the end of SFY 2022.

**TABLE 4
Drinking Water Treatment Loan Administration Fund**

Revenue	FY1997-2021*	FY 2022	Total
Application Fee	\$ 99,284.00	\$ 3,500.00	\$ 102,784.00
Administration Fees on Loans (.5%)	\$ 30,322,944.34	\$ 2,258,035.97	\$ 32,580,980.31
Interest Earnings on Fund 444	\$ 1,470,455.00	\$ 96,650.00	\$ 1,567,105.00
Recovery of Loan Default	\$ 359,488.66	\$ 35,000.00	\$ 394,488.66
Total Revenue	\$ 32,252,172.00	\$ 2,393,185.97	\$ 34,645,357.97
Expenses			
Administrative Costs	\$ 8,579,094.55	\$ 900,000.00	\$ 9,479,094.55
Transfer to DWSRF for Loan Write-Off	\$ 4,159,703.45	\$ -	\$ 4,159,703.45
Funds Used for State Match	\$ 12,223,400.00	\$ -	\$ 12,223,400.00
Total Expenses	\$ 24,962,198.00	\$ 900,000.00	\$ 25,862,198.00
Balance	\$ 7,289,974.00	\$ 1,493,185.97	\$ 8,783,159.97
*Includes projections for April, May & June 2020			

C. BINDING COMMITMENTS

It is anticipated that DEQ will enter into twenty-six (26) binding commitments with twenty-two (22) small systems and four (4) large systems during SFY 2022. The amount of funding for small systems is anticipated to be \$26,934,310.00 which is equal to 23 percent of the amount of funding available for projects on the fundable portion of the SFY 2022 PPL. This amount exceeds the requirement that at least 15 percent of

loan funds be utilized for small systems. A graphical presentation of this information is presented in Exhibit 1.

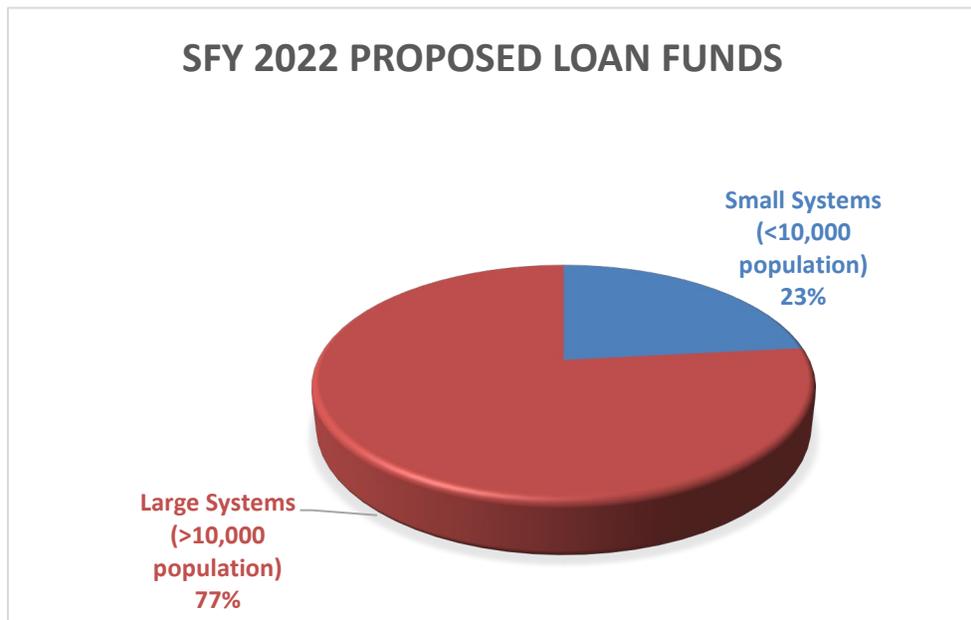


Exhibit 1 – DWSRF Proposed Loans to Small Systems SFY 2022

V. ASSURANCES AND SPECIFIC PROPOSALS

DEQ provides the necessary assurances and certifications as a part of the Operating Agreement between DEQ and EPA. The DEQ/EPA Operating Agreement includes the requirements of the SDWA, as follows:

1. The State has the authority to establish a DWSRF project loan fund and to operate the DWSRF program in accordance with the SDWA.
2. The State will comply with its statutes and regulations.
3. The State has the technical capability to operate the program.
4. The State will accept capitalization grant funds in accordance with a payment schedule.
5. The State will deposit all capitalization grant funds in the DWSRF project fund or set-aside account.
6. The State will provide an amount at least equal to 20 percent of the capitalization grant (State match) in the DWSRF project fund.
7. The State will deposit interest earnings and repayments into the DWSRF project fund.
8. The State will match capitalization grant funds the State uses for 1452(g)(2) set-asides.
9. The State will use Generally Accepted Accounting Principles.
10. The State will have the DWSRF project fund and set-aside account audited annually in accordance with General Accepted Government Auditing Standards.
11. The State will adopt policies and procedures to assure that borrowers have a dedicated source of revenue for repayments.
12. The State will commit and expend funds as efficiently as possible, and in an expeditious and timely manner.

13. The funds will be used in accordance with the IUP.
14. The State will provide EPA with an Annual Report.
15. The State will comply with all federal cross-cutting authorities.

The State agrees that binding commitments for DWSRF projects which receive loan funds made available from the capitalization grant will be made only after the State has conducted an environmental review according to DWSRF regulations (OAC 252:633) and a determination is executed and distributed using the EPA approved State Environmental Review Process (SERP).

The State agrees to submit Annual Reports to EPA on the actual use of funds and how the State has met the goals and objectives for the previous fiscal year as identified in the IUP for the previous year.

VI. CRITERIA FOR PROJECT SELECTION AND DISTRIBUTION OF FUNDS

A. DISTRIBUTION OF FUNDS

The following criteria were used to develop the proposed distribution of the DWSRF funds:

1. Utilize set-asides as authorized by the SDWA.
2. Identify all possible public drinking water systems eligible to receive DWSRF assistance.
3. Identify and rank public drinking water system projects requesting financial assistance that results in compliance with SDWA requirements on the DWSRF PPL.
4. Determine the readiness to proceed of each project ranked on the DWSRF PPL.
5. Identify the sources and spending limits of DWSRF.
6. Allocate funds to projects ready to proceed according to the Project Priority System, Appendix B.
7. Develop a grant payment schedule that will be used to make timely binding commitments to the projects selected for DWSRF assistance. The anticipated federal DWSRF loan fund payment schedule for the FFY 1997 through FFY 2021 capitalization grants is included as Appendix C.
8. Develop an outlay schedule to pay project costs as incurred.

All funds in the DWSRF will be used to provide direct construction loans, long-term small community loans, or to refinance existing debt obligations of eligible applicants, when such debt obligations were incurred, and the construction commenced after July 1, 1993, and all program requirements have been met.

Provisions for project bypass, assistance deadlines, and default are addressed in the DEQ DWSRF Regulations and/or State legislation implementing the DWSRF.

Set-aside funds are used for the administration of the DWSRF program, to provide small system technical assistance, to manage the State program, and to provide local assistance and fund other State programs for water systems. These activities have a direct impact on solving existing problems and preventing future problems. By implementing these programs, the costly need for infrastructure may be reduced. An example is the Small System Technical Assistance Program that provides a water

system with training and assistance to operate a plant more efficiently. This will enable the water system to make operational changes to meet the stringent levels for turbidity, total trihalomethanes, and the five haloacetic acids, rather than spending funds on costly construction for upgrades that may be unnecessary.

Though using set-asides may take away from the amount of grant funds to be used for loans, the long term plan is to concomitantly implement the set-aside programs with the loan program to provide the best overall assistance to water systems.

DEQ decides each year on which programs are needed and prepares a budget for each of the programs. Based on the budgets and past history of the program, DEQ determined that 31 percent of the FFY 2021 grant for set-asides is needed to fund the programs for SFY 2022. DEQ will provide work plans for each set-aside to EPA describing how the specified FFY 2021 capitalization grant funds are to be expended during SFY 2022.

B. FUNDS AVAILABLE FOR DWSRF PROJECTS

As discussed in Section III. A. 1, and shown in Table 1, a total of \$270,410,275.00, less set asides, will potentially be available during SFY 2022 to fund twenty-six (26) projects listed on the PPL. There is a great need for funding drinking water infrastructure and the current demand for funds by projects that are ready to proceed will justify leveraging of funds. The OWRB estimates issuing \$160,000,000.00 of bonds in SFY 2022 to meet needed funding for DWSRF projects.

C. DWSRF LEVERAGED BOND ISSUE

Similar to previous years, substantial demand for drinking water funds exceeds capitalization grants and state match amounts. DEQ and OWRB are proposing to issue DWSRF Revenue Bonds in an estimated amount of \$160,000,000.00 (subject to change) to finance the additional demand. The Revenue Bonds will be sized based on the amount of identified need, and a portion of the proceeds may include funds for the purpose of providing the state matching funds. The Revenue Bonds may be issued in a single series, or multiple, smaller series as funds are required for eligible project costs. The series of Revenue Bonds will be issued as needed.

D. DESCRIPTION OF FINANCIAL STATUS OF DWSRF

During SFY 2022, the funds expected to be available to the DWSRF include past capitalization grants and state matches, FFY 2021 capitalization grant and state match, transfer of funds from the CWSRF, investment income, interest earnings, loan repayments, and leveraged revenue bond funds. The financial status of the DWSRF is further detailed in Table 1: DWSRF Sources and Uses.

E. DEVELOPMENT OF PAYMENT SCHEDULE

The total amount of loan funds and spending limits are identified in the grant payment schedule included as Appendix C. This chart shows the federal payment schedule for loan funds for FFY 2021 capitalization grant. This amount is summarized by quarter and the totals are shown.

All project loans scheduled for funding from the DWSRF will be reviewed for consistency with appropriate planning, design, and construction requirements. Evidence of this review and funding shall be documented in each DWSRF project file.

For any fiscal year, fifteen percent (15%) of a capitalization grant amount shall be available solely for providing loan assistance to public water systems which regularly serve fewer than 10,000 persons to the extent such funds can be obligated for eligible projects of public water systems.

To the extent Capitalization Grant funds are to be disbursed to loan recipients for direct project costs, those funds will be drawn from the EPA's Automated Clearing House (ACH). State match will be expended prior to the draw upon Capitalization Grant funds.

The FFY 2021 State Match requirement has been met as part of the SFY 2021 DWSRF Bond issue. Any overmatch will be claimed for credit to be used towards meeting match requirements associated with future capitalization grants.

Oklahoma's projected grant payment schedule is based on the time of the capitalization grant award, expenditure of the state match, the scheduled dates for binding commitments, projected construction schedules for projects as specified for a particular bond series, and the proposed budget for set-asides.

F. FINANCIAL PLANNING PROCESS AND MANAGEMENT OF FUNDS

The OWRB and Hilltop Securities, Inc., have developed the DWSRF cash flow analysis/capacity model to gauge the long-term health of the SRF. The model is continually monitored throughout each fiscal year to assure that the perpetuity of the DWSRF program is sustainable. Moreover, the model is used to aid in illustrating the overall impact to program capacity as a result of extended term financing, fluctuating federal funding levels, lending rate policies, market volatility, etc.

G. CASH DRAW RATIO

All state match funds will be drawn prior to capitalization grant draws to ensure the required cash draw ratio will be maintained.

VII. SAFE DRINKING WATER ACT AMENDMENT OPTIONS

A. PRIVATELY OWNED DRINKING WATER SYSTEMS

Although the SDWA provides for funding of privately owned drinking water systems, DEQ has determined that funding these systems is not in compliance with the state statutes and constitution. According to Oklahoma Annotated Code Title 82 Section 1085.72 and Article 10, Paragraph 39 of the Constitution of Oklahoma, the definition of eligible entity is limited to mean "any city, town, county or the State of Oklahoma, and any rural water district, public trust, master conservancy district, any other political subdivision or any combination thereof." By law, the funds established for the DWSRF are limited to those entities, precluding any privately owned entities from receiving monies.

B. DISADVANTAGED COMMUNITIES

The DWSRF program may provide up to 40-year loan terms that are only available to eligible disadvantaged communities and subject to the useful life of infrastructure to be constructed. A “disadvantaged community” means those communities with a median household income that is less than or equal to 85% of the national median household income according to the United States Census Bureau/American Community Survey. Also, DWSRF is mandated to provide a minimum of 6% and not to exceed 35% of the capitalization grant to disadvantaged communities. In addition to the uncommitted disadvantaged community funds from FFY 2020, DWSRF will use 6% of the FFY 2021 Capitalization Grant, or \$935,760.00, for disadvantaged communities primarily serving 10,000 population or fewer. The amount of subsidy per project will be \$100,000.00 or 25%, whichever is less for a project costing \$300,000.00 or more. For a project costing less than \$300,000.00, the amount of subsidy will be decided on a case-by-case basis. Further, the DWSRF project priority system provides for priority points to be given to projects that benefit disadvantaged communities.

C. TRANSFER OF FUNDS

Under the SDWA, the state is allowed to transfer and/or cross-collateralize fund assets of the DWSRF program and the CWSRF program. Oklahoma may take advantage of funding flexibility between the CWSRF and DWSRF programs, provided by EPA, in order to assure adequate capacity to meet all funding demands. In accordance with the Safe Drinking Water Act – State Revolving Fund (SRF) funds transfer provisions (Section 302), the State hereby reserves the authority "to transfer an amount up to 33 percent of the Drinking Water SRF program capitalization grant to the Clean Water SRF program or an equivalent amount from the Clean Water SRF program to the Drinking Water SRF program." With this IUP, Oklahoma requests the ability to transfer funds as necessary between the DWSRF and CWSRF during SFY 2022. The approval of the IUP will constitute the approval of the transfer request. It is understood that fund transfers between the programs during SFY 2022 or in future years may not be available for return to the SRF fund of origin if a permanent extension of transfer authority is granted.

VIII. PUBLIC REVIEW AND COMMENT

On June 7, 2021, a public meeting was held in compliance with the Oklahoma State Administrative Procedures Act and DWSRF regulations. To ensure that interested parties were made aware of the public meeting, DEQ posted notice on the DEQ web-site and distributed announcements to a mailing list of public water systems, state and federal agencies, environmental organizations, public health officials, consulting engineers, financial consultants, and interested citizens. The agenda was posted at the meeting site and on the DEQ website. A draft copy of the public notice is included as Appendix D. The public meeting was held to review this IUP, the Project Priority System, and the Funding and Contingency PPL. A thirty (30) day comment period started on May 8, 2021, and closed on June 8, 2021. No comments were received during the public comment period.

IX. AMENDMENTS TO THE PLAN

Revisions to this plan determined to be insignificant and/or minor revisions required for administrative purposes, shall be made by DEQ without notification to the public, and will be reported to EPA in the Annual Report.

APPENDIX A PROJECT PRIORITY SYSTEM

OKLAHOMA DEPARTMENT OF ENVIRONMENTAL QUALITY DRINKING WATER STATE REVOLVING FUND

Statutory References: **OAC 252:633-1-5,**
 OAC 252:633-3-4, and
 OAC 252:633 Appendix A

PART I: DWSRF PROJECT PRIORITY SYSTEM

A. **Projects included.** The comprehensive PPL shall consist of all eligible projects requesting placement on the PPL. Projects which meet all requirements for funding shall be placed on a Fundable List and included in the current Intended Use Plan (IUP). Projects which rank below the available funding level shall be considered the contingency section of the Fundable List. Projects in this part of the list may receive loans due to bypass provision or due to additional funds becoming available.

B. **Project ranking.** The ranking factors are based on the relative impact of the project in achieving the objectives of the Safe Drinking Water Act Amendments of 1996. The ranking factors are listed in Part II of this Appendix.

C. Management of the Project Priority List.

1. **Tie breaking procedure.** A tie breaking procedure shall be used when two or more projects have equal points under the Project Priority System and are in competition for funds. Tied projects will be ranked with the first project which has the greatest value for the ranking factor for Violations of Maximum Contaminant Levels (Primary Standards).
2. **Project bypass.** A project on the fundable portion of the PPL may be bypassed for one year if it is not on schedule as indicated in the IUP or the project's specific consent/administrative order. The applicant whose project is affected shall be given a written notice that the project is to be bypassed. Bypassed projects may be reinstated on the funded portion of the list if sufficient funds are available, and the applicant completes the necessary tasks to proceed. Funds which become available due to the utilization of these bypass procedures will be applied to the next ranked project on the PPL.
3. **Project Priority List update.** The priority list shall be periodically reviewed by the DEQ Water Quality Division Director and changes (i.e., loan award dates, estimated construction assistance amounts, project bypass, addition of new projects, etc.) will be made as necessary.

PART II RANKING SYSTEM

A. **Formula.** The project priority points (P) are derived from the formula:

$P = A + B + C + D + E + F + G + H + I$, where the factors are defined as:

1. A = Violations of Maximum Contaminant Levels (Primary Standards).
2. B = Quantity Deficiencies.
3. C = Design Deficiencies.

4. D = Vulnerability to Potential Pollution.
5. E = Violation of Recommended Maximum Levels (Secondary Levels).
6. F = Consolidation.
7. G = Compliance Orders.
8. H = Source Water Protection.
9. I = Affordability.

Ranking factors one through eight are to address the risks to human health and compliance with the Safe Drinking Water Act Amendments of 1996. Ranking factor nine addresses the affordability requirements of the Safe Drinking Water Act Amendments of 1996.

B. Factors Descriptions.

1. Violations of Maximum Contaminant Levels (Primary Standards) (A).

Maximum contaminant levels are established for those parameters which may be detrimental to public health. Severity point values will be the sum of points for the violations of a contaminant during a 24 month period from the date of the request. Contaminants reported quarterly, such as nitrate, may include up to eight violations during this 24 month period. Those contaminants reported monthly, such as fecal coliform, may include up to twenty-four violations during this 24 month period. Violations of standards of contaminants based on a running annual average, such as total trihalomethanes, will be based on a 12 month reporting period and will include only severity value. Violations of more than one contaminant are additive. These violations are documented by inclusion in the Safe Drinking Water Information System (SDWIS). These values may be increased quarterly in the event that there are repeated violations.

Contaminant	Severity (points per violation)
Antimony	10
Arsenic	10
Asbestos	10
Barium	2
Beryllium	10
Bromate	10
Cadmium	10
Chlorates	10
Chlorine Dioxide	10
Chromium	10
Copper >1.3	5
Fecal Coliform	20
Fluoride > 4	5
Gross Alpha Radioactivity	5
Gross Beta Radioactivity	5
Lead	30
Contaminant	Severity (points per violation)
Mercury	10
Nitrate	30
Pesticides and other SOCs	10
Radium	10
Selenium	5

Thallium	10
Total Coliform (Significant Non-complier)	10
Total Haloacetic Acids	30
Total Organic Carbon	10
Total Trihalomethanes	30
Turbidity (Significant Non-complier)	10
Uranium	10
Volatile Organic Contaminants	10

2. **Quantity Deficiencies (B).** Quantity deficiencies are shortages of water due to source, treatment, or distribution problems. Deficiencies of only one condition will be allowed. These conditions are documented by inspection records, a comprehensive performance evaluation, or another system evaluation.

<u>Condition</u>	<u>Severity</u>
Continual shortage	60
Shortage during high use (seasonal)	60

3. **Design Deficiencies (C).** Design deficiencies are those which could be corrected by enlargement, repair, or replacement of a portion of the system. Deficiencies of more than one condition are additive. These conditions are documented by inspection records, a comprehensive performance evaluation, or another system evaluation.

<u>Condition</u>	<u>Severity</u>
Demand exceeds design capacity	30
Groundwater under the influence of surface water	120
Improper well construction	30
Inadequate chemical feed	25
Inadequate disinfection	30
Inadequate distribution (area not served)	25
Inadequate distribution (deterioration)	25
Inadequate distribution (low pressure)	25
Inadequate filtration (surface)	30
Inadequate intake structure	25
Inadequate laboratory equipment	20
Inadequate mixing	25
Inadequate settling	25
Inadequate storage	25
Inadequate water treatment wastewater disposal	10
Lack of generator	120

4. **Vulnerability to Potential Pollution (D).** Vulnerability describes a condition in which the source of supply for a system could potentially be contaminated and for which the project will address. Vulnerabilities to more than one condition are additive. These conditions are documented by vulnerability assessments for monitoring waivers or source water protection area assessments.

<u>Condition</u>	<u>Severity</u>
Point source discharge in delineated area	10
Subject to agricultural chemicals	5
Subject to industrial spills	5

Subject to oil/gas/coal/mineral operations	5
Unprotected watershed	3

5. **Violation of Recommended Maximum Levels (Secondary Standards) (E).** Recommended maximum levels are set for parameters which are not harmful to health, but make the water undesirable for use. Deficiencies of more than one condition are additive. These conditions are documented in the State Environmental Laboratory data base.

Contaminant	Severity
Chloride	3
Color	3
Corrosivity	3
Foaming Agents	3
Iron	20
Manganese	20
Odor	3
pH	3
Sulfate	3
TDS	3
Zinc	3

6. **Consolidation (F).** Projects which result in the consolidation, interconnection, or improvement of services for two or more water systems shall add twenty (20) for consolidation, ten (10) for interconnection, and ten (10) for improvement of services such as back-up or emergency supply. Projects may meet more than one of these conditions. The points awarded for this category are documented in the engineering report.
7. **Compliance Orders (G).** Projects that will result in the compliance with a formal enforcement action will receive one hundred fifty (150) points.
8. **Source water protection (H).** Water supply systems which have implemented source water protection programs such as watershed protection programs or wellhead protection programs will add one hundred (100) points to their total.
9. **Affordability (I).** This element is to assist systems most in need, on a per household basis. The points awarded for this category are documented by the latest census information.

Median Household Income	Severity
Less than \$28,400	60
Between \$28,400 and \$33,400	40
Greater than 33,400	0

**OK DWSRF PPL SFY 2022 Project Priority List
for IUP 7/1/2021**

PRIORITY POINTS	SYSTEM	LOAN AMOUNT	CUMULATIVE AMOUNT	POPULATION	Dis-advantaged Y or N	PROJECT DESCRIPTION	Anticipated Binding	Anticipated	Project Number
							Commitment Date	Construction Date	
Funding List									
1160	Okmulgee Co. RWD #4	\$ 250,000.00	\$ 250,000.00	1,913	Y	Construct a new combined booster pump station and chloramine booster station.	8/1/2021	10/1/2021	P40-3005602-01
1050	Beggs PWA	\$ 100,000.00	\$ 350,000.00	1,364	Y	Improvements to reduce Disinfection By-Products (DBPs).	10/1/2021	12/1/2021	P40-1020707-01
810	Hominy PWA (II)	\$ 300,000.00	\$ 650,000.00	3,814	Y	Rehabilitation of the existing north water storage tank which would include design and installation of a water circulation system.	12/1/2021	2/1/2022	P40-1021306-02
780	Pushmataha Co. RWD #3	\$ 100,000.00	\$ 750,000.00	4,825	Y	Improvements for non-compliance with disinfection-by-product (DBP) issues.	1/1/2022	3/1/2022	P40-1010318-01
780	Porter PWA	\$ 785,000.00	\$ 1,535,000.00	2,506	Y	Water system improvements consisting of rehabilitation of an elevated water storage tank, ground storage tank, and booster pump station, and addressing DBP issues.	10/1/2021	12/1/2021	P40-3007306-01
750	Muskogee Co. RWD #3	\$ 200,000.00	\$ 1,735,000.00	1,725	Y	Installing water lines to loop in dead end lines to help with water age and two (2) booster stations to help with pressure issues.	1/1/2022	3/1/2022	P40-1020710-01
690	Maysville MA	\$ 6,600,000.00	\$ 8,335,000.00	1,212	Y	Abandon the dilapidated surface water treatment plant, develop 2 new wells, construct a new water treatment plant, and replace the majority of our distribution system to meet ODEQ regulations.	12/1/2021	2/1/2022	P40-1010807-01
580	Pittsburg PWA	\$ 120,000.00	\$ 8,455,000.00	280	Y	Replacement of the filter media in the slow sand filter, additional chlorine feed point at the WTP, flushing hydrant, and booster chlorine station in the distribution system.	9/1/2021	11/1/2021	P40-1020604-01
490	Okarche PWA	\$ 2,775,000.00	\$ 11,230,000.00	1,110	N	Construct a Treatment Plant for Nitrate Removal.	2/1/2022	4/1/2022	P40-2003703-01
470	Cherokee Co. RWD #1 (II)	\$ 430,000.00	\$ 11,660,000.00	710	Y	Construction of approximately 25,500 LF of 8 inch line, 6,500 LF of 6 inch line, a water storage tank, a pump station, and new water meters to connect to Muskogee Co. RWD #7. The project would eliminate a water treatment plant that is in disrepair and would also address water loss issues within the district.	3/1/2022	5/1/2022	P40-1021621-02
450	Wewoka PWA	\$ 300,000.00	\$ 11,960,000.00	4,257	Y	Construct a new 500,000 gallon fully baffled clearwell at the WTP to assist in reduction of disinfection by-products.	12/1/2021	2/1/2022	P40-1020510-01
450	Comanche PWA	\$ 100,000.00	\$ 12,060,000.00	7,364	Y	Treatment plant improvements consist of installing a chlorine dioxide system and appurtenances for the reduction of disinfection byproducts.			P40-1011101-01
420	Taft PWA	\$ 100,000.00	\$ 12,160,000.00	250	Y	Installing a dedicated water line to the standpipe to ensure all customers receive aerated/recirculated water and DBP compliant water.	9/1/2021	11/1/2021	P40-3005118-01
365	McAlester PWA	\$ 22,000,000.00	\$ 34,160,000.00	24,659	Y	Replacement of water transmission and distribution lines throughout the City.	12/1/2021	2/1/2022	P40-1020609-01
340	Frederick PWA (II)	\$ 130,000.00	\$ 34,290,000.00	4,218	Y	Installation of a permanent Chlorine Dioxide Feed System and a separate chlorine gas storage/feed building.	10/1/2021	12/1/2021	P40-1011401-02
285	Town of Loyal	\$ 150,000.00	\$ 34,440,000.00	81	Y	Installation of an Ion Exchange Treatment Unit, Building and Wastewater Disposal Storage Facility.	9/1/2021	11/1/2021	P40-2003701-01
285	Rogers Co. RWD #4 (II)	\$ 3,600,000.00	\$ 38,040,000.00	7,725	N	Addition of a third "Actifloc" clarification/filtration unit at the existing RWD #4 water treatment plant; installation of a 500,000 gallon water storage tank at the existing RWD #4 treatment plant, and construct a two-mile long twelve-inch (12") water line project on S. 4100 Road, located near Talala, OK.	7/1/2021	9/1/2021	P40-1021506-02

**OK DWSRF PPL SFY 2022 Project Priority List
for IUP 7/1/2021**

270	Anadarko PWA	\$	100,000.00	\$	38,140,000.00	7,604	Y	Installation of automated flushing and tank aeration with blowers.	9/1/2021	11/1/2021	P40-1010806-01
260	Garfield Co. RWD #6	\$	900,000.00	\$	39,040,000.00	1,430	Y	Install iron and manganese treatment system, line extension and booster station.	10/1/2021	12/1/2021	P40-2002415-01
240	Welch PWA	\$	397,000.00	\$	39,437,000.00	800	Y	Rehabilitation of a well, pilot testing, and construction of an ion exchange treatment plant.	9/1/2021	11/1/2021	P40-2001801-01
185	New Cordell UA	\$	1,900,000.00	\$	41,337,000.00	2,903	Y	Replace existing water lines and associated improvements.	11/1/2021	1/1/2022	P40-2007502-01
130	Edmond PWA (VII)	\$	45,000,000.00	\$	86,337,000.00	80,214	N	This phase of the project (INT-01), consists of the following: Preparing a site and access road within the United States Army Corps of Engineers (USACE) Property for the construction of a new intake adjacent to Arcadia Lake. This will require securing a Section 408 permit from the USACE. Construction of a below grade shaft for launching a tunnel boring machine and placing concrete and mechanical works in the shaft to allow it to function as a wet well for the low lift pumping station. The wet well will have a design capacity of 65 MGD. Construction of three (3) 60-inch diameter wet lake taps and intake screens for a design capacity of 65 MGD – firm capacity. Excavation within Arcadia Lake for receiving the tunnel boring machine and construction of foundations within the lake for placement of the intake screens. Construction of a 30 MGD firm capacity pump station (expandable to 65 MGD firm capacity) and appurtenances over the wet well. Construction of the yard piping, paving, and an emergency generator adjacent to the pump station. The yard piping will mainly involve construction of a new 42-inch HDPE discharge raw water transmission main to the boundary of the INT-01 site for connection to a new 42-inch HDPE raw water transmission main connecting the INT-01 site to the existing water treatment plant. This portion of the raw water transmission main will be constructed under a different project under a separate funding request.	12/1/2021	2/1/2022	P40-1020723-07
125	Lone Grove Water and Sewerage Trust Authority	\$	4,140,000.00	\$	90,477,000.00	4,863	Y	Water system improvements including: groundwater wells, waterlines, and a 0.40MG elevated water storage tank.	9/1/2021	11/1/2021	P40-20010047-01
120	Porum PWA	\$	3,457,310.00	\$	93,934,310.00	5,290	Y	Installation of approximately 72,000 L.F. of line replacement and additional line, a proposed water storage tank, rehabilitation of two standpipes, and a proposed booster station.	7/1/2021	9/1/2021	P40-1020302-01
100	Norman UA (III)	\$	16,000,000.00	\$	109,934,310.00	92,256	N	Install collection lines to bring the majority of the groundwater wells to one centralized location, storage tank, pumping station, and distribution lines.	5/1/2022	7/1/2022	P40-1010801-03
50	Bixby PWA (II)	\$	5,700,000.00	\$	115,634,310.00	20,475	N	Construction of the South Storage Tank and transmission line.	12/1/2021	2/1/2022	P40-3007243-02
	Total:			\$	<u>115,634,310.00</u>						

2023

950	Fairfax PWA	\$	100,000.00	\$	100,000.00	1,655	Y	Improvements will address disinfection byproducts violations.	9/1/2022	11/1/2022	P40-1021204-01
940	Cleveland MA	\$	100,000.00	\$	200,000.00	4,870	Y	Installation of an aeration system and mixing system in the primary elevated water storage tanks and automated flushing hydrants.	11/1/2022	1/1/2023	P40-1021210-01
930	Waurika PWA	\$	100,000.00	\$	300,000.00	7,890	Y	Construction improvements will be made to correct DBP problems.	7/1/2022	9/1/2022	P40-1011201-01

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710	Talihina PWA	\$	275,000.00	\$	575,000.00	4,981	Y	Improvements include clearwell modifications and tank aeration; rehabilitation of the existing filters and repainting the steel components in Clarifier 3.	10/1/2022	12/1/2022	P40-1010304-01
510	Wetumka PWA	\$	100,000.00	\$	675,000.00	2,221	Y	Improvements to the raw water intake, treatment plant, and/or distribution system to address the DBP exceedances occurring within the system.	8/1/2022	10/1/2022	P40-1020508-01
490	Hugo MA	\$	100,000.00	\$	775,000.00	5,786	Y	Installation of a tank mixing system in the existing elevated tank to assist in reduction of DBPs.	9/1/2022	11/1/2022	P40-1010314-01
413	Fairview UA	\$	3,500,000.00	\$	4,275,000.00	2,690	Y	Construct a new water treatment plant and appurtenances.	7/1/2022	9/1/2022	P40-2004404-01
365	McAlester PWA	\$	9,000,000.00	\$	13,275,000.00	24,659	Y	Replacement of water transmission and distribution lines throughout the City.	12/1/2022	2/1/2023	P40-1020609-01
360	Devol PWA	\$	100,000.00	\$	13,375,000.00	150	Y	Water treatment improvements for reduction of disinfection byproducts.	9/1/2022	11/1/2022	P40-3001701-01
330	Checotah PWA (II)	\$	1,200,000.00	\$	14,575,000.00	8,250	Y	Water treatment plant improvements to reduce disinfection by-products.	3/1/2022	5/1/2022	P40-1020515-02
310	Foss Reservoir MCD (II)	\$	15,000,000.00	\$	29,575,000.00	17,888	Y	Construct a second, redundant, clarifier to allow for maintenance of the existing clarifier; construct a mixing basin along with additional bypass piping; and rehabilitation of the sand filter and reworking the piping to increase redundancy.	7/1/2022	9/1/2022	P40-1010829-02
295	Stillwater UA (V)	\$	16,000,000.00	\$	45,575,000.00	40,800	Y	Construction of a WTP Finished Water Pump Station and Clearwell Replacement.	12/1/2022	2/1/2023	P40-1021220-05
250	Canadian Co. RWD #1	\$	2,000,000.00	\$	47,575,000.00	750	Y	Construct one new Ion Exchange nitrate reduction water treatment plant, two new distribution standpipes, and install eight new well pumps.	12/1/2022	2/1/2023	P40-2000908-01
165	Ellis Co. RWD #1	\$	75,000.00	\$	47,650,000.00	43	Y	Install a water storage tank and pump station to provide adequate pressure to customers in the Town of May.	8/1/2022	10/1/2022	P40-2002318-01
150	Creek Co. RWD #2	\$	4,800,000.00	\$	52,450,000.00	13,051	Y	Construction of four (4) miles of 12" water line, a water tower and a pump station.	10/1/2022	12/1/2022	P40-3001902-01
140	Beckham Co. RWD #2	\$	850,000.00	\$	53,300,000.00	857	Y	Construct a waterline to supply water to the community of Delhi.	9/1/2022	11/1/2022	P40-2000510-01
125	Edmond PWA (VIII)	\$	15,000,000.00	\$	68,300,000.00	80,214	N	Installation of a 24-inch Water Line project along E. 33rd Street from east of S. Broadway/Highway 77 to I-35. The water system improvements will increase distribution reliability, boost pressure and loop into other existing water lines.	11/1/2022	1/1/2023	P40-1020723-08
125	Oklahoma City WUT (X)	\$	31,645,000.00	\$	99,945,000.00	1,114,000	Y	WT-00757II Atoka pipeline surge tank replacement for the McComb station due to end of useful life. \$8,000,000 WT-0224 Draper WTP clearwells (15 MG) replacement due to end of useful life. \$20,000,000 WC-0991 MacArthur water storage tank structural deterioration repairs and paint to prevent corrosion. \$850,000 WC-0992 South Hefner backwash tank structural deterioration repairs and paint to prevent corrosion. \$275,000 WC-0993 West Draper backwash repairs and paint to prevent corrosion. \$520,000 WC-0994 South Overholser tank structural deterioration repairs and paint to prevent corrosion \$2,000,000.	7/1/2022	9/1/2022	P40-1020902-10
100	Stilwell Area Development Authority	\$	15,500,000.00	\$	115,445,000.00	6,475	Y	Expansion of the water treatment plant.	8/1/2022	10/1/2022	P40-1020205-01
95	Ottawa Co. RWD #5	\$	400,000.00	\$	115,845,000.00	750	Y	Construct approximately 13,500 feet of six-inch water line into a part of the district currently experiencing low water pressure, zero at times in many households, and erecting a standpipe on the point of highest elevation in that area.	10/1/2022	12/1/2022	P40-2005840-01

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90	Stillwater UA (VI)	\$ 60,000,000.00	\$ 175,845,000.00	40,800	Y	WTP Rehabilitation and Improvements: New chemical building, new filters, new recarb., rehabilitation/expand chlorine system.	7/1/2022	9/1/2022	P40-1021220-06
80	Nowata MA	\$ 450,000.00	\$ 176,295,000.00	5,566	Y	Rehabilitation of the water treatment plant consisting of new pumps, variable frequency drives, and installation of SCADA system for plant automation.	9/1/2022	11/1/2022	P40-1021503-01
40	Jones PWA	\$ 3,200,000.00	\$ 179,495,000.00	1,727	N	Replace the water storage tank with a new tank, rebuild the water wells, develop a new well and add a waterline, and install Automated Meter Reading (AMR) software and meters.	10/1/2022	12/1/2022	P40-2005507-01
<u>2025</u>									
60	Stillwater UA (VII)	\$ 250,000,000.00	\$ 250,000,000.00	40,800	Y	Rehabilitate existing 36" Raw WL, add new 42" parallel Raw WL, involves major river crossings.	7/1/2024	9/1/2024	P40-1021220-07
60	Stillwater UA (VIII)	\$ 25,000,000.00	\$ 275,000,000.00	40,800	Y	Expand Raw Water Supply PS to 25 MGD.	7/1/2024	9/1/2024	P40-1021220-08
60	Stillwater UA (IX)	\$ 50,000,000.00	\$ 325,000,000.00	40,800	Y	Terminal Storage Reservoir.	7/1/2024	9/1/2024	P40-1021220-09
<u>2030</u>									
60	Stillwater UA (X)	\$ 40,000,000.00	\$ 40,000,000.00	40,800	Y	Water line from WTP to 6th Street.	7/1/2029	9/1/2029	P40-1021220-10
Requests in-house									
Being Ranked	Indiahoma PWA	\$ 268,000.00		350	Y	Install an aeration system in the water tower, replace blending station, repair wellhouse, chlorination machine, and tank level guide repair.	10/1/2021	12/1/2021	P40-2001609-01

**APPENDIX C
FEDERAL DISBURSEMENT SCHEDULE**

FFY	Cumulative Disbursements	FFY 2020				FFY 2021				FFY 2022			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1997-2019 Grants	\$ 226,030,651.00												
2020 Grant	\$ 10,770,900.00				\$ 5,385,450.00	\$ 5,385,450.00							
2021 Grant *	\$ 10,761,240.00								\$ 5,380,620.00	\$ 5,380,620.00			
Total Grants	\$ 247,562,791.00												

* Estimated Grant Amount minus Set-Asides



707 North Robinson, P.O. Box 1677, Oklahoma City, Oklahoma 73101-1677

News Release

For Immediate Release: May 5, 2021
Media Contact: Erin Hatfield, (405) 437.8468

DEQ to Hold Public Meeting on the Drinking Water State Revolving Fund State Fiscal Year 2022 Intended Use Plan

A joint public meeting will be held by the Oklahoma Water Resources Board and the Oklahoma Department of Environmental Quality (DEQ) to receive comments on the draft state fiscal year 2022 Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) Intended Use Plans and Project Priority Lists. The date of this occurrence will be Monday, June 7, 2021. The CWSRF Public Meeting will begin at 9 a.m. with the DWSRF's Public Meeting immediately following. The public is welcome to attend virtually by registering at the following link <https://bit.ly/32u2Eom> or in person at the OWRB Board Room, 3800 N. Classen Blvd., Oklahoma City, OK 73118, 2nd floor.

A copy of the **DWSRF** draft plan will be available on the DEQ website at: <https://www.deq.ok.gov/wp-content/uploads/water-division/Draft-IUP-SFY22.pdf>. A copy may also be obtained by contacting Vicki Reed by phone at (405) 702-8128, or by E-mail at Vicki.Reed@deq.ok.gov, or by mail at Water Quality Division, DWSRF Section, Department of Environmental Quality, P.O. Box 1677, Oklahoma City, OK 73101-1677. The comment period will remain open until June 8, 2021. For more information on this public meeting call Vicki Reed at: (405) 702-8128.

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