

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 its financial advisor 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 which serve a population whose Median Household Income (MHI) is greater than 80% but less than 90% of the national MHI according to the United States Census Bureau/American Community Survey. Communities serving population whose MHI is less than 80% of the national MHI according to the United States Census Bureau/American Community Survey will be designated as “Severely Disadvantaged Communities” and hence will receive 60 priority points instead of the 40 points reserved for Disadvantaged Communities. MHI is based on the most recent 5-year average of median household income from United States Census Data or through a household income survey acceptable to DEQ.

Also, DWSRF is mandated to provide a minimum of 12% and not to exceed 35% of the capitalization grant to Disadvantaged Communities primarily serving 10,000 population or fewer. If a system serving more than 10,000 population and the proposed project is to impact a disadvantaged area, low income, or people of color, this project will be considered for this subsidy. During SFY 2023, \$1,192,200.00 (12%) is available for communities that meet the above definition. The amount of

subsidy per project will be \$200,000.00 or 25%, whichever is less. For a Severely Disadvantaged Community with a project costing less than \$400,000.00, 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 2023. The approval of the IUP will constitute the approval of the transfer request. It is understood that fund transfers between the programs during SFY 2023 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.

### **D. FEDERAL REQUIREMENTS ON AVAILABLE FUNDS (EQUIVALENCY)**

Funds are subject to federal requirements such as Davis-Bacon Act prevailing wages and American Iron and Steel provisions. DWSRF-funded projects must follow all federal "cross-cutter" requirements and EPA's signage requirements.

The DWSRF has two tiers of funding: Equivalency projects and Non-Equivalency projects.

**Equivalency projects (Federal Requirements)** - A portion of the DWSRF funded projects must follow all federal requirements commonly known as "cross-cutters". This type of financial assistance is referred to broadly as "Equivalency". Equivalency projects may receive an additional interest rate reduction. Additionally, a portion of the available Equivalency funds may be reserved for projects receiving additional subsidization.

**Non-Equivalency projects** - Non-Equivalency projects are not subject to federal cross-cutter requirements, with the exception of the federal anti-discrimination laws, also known as the "super cross-cutters" and state environmental review process.

## **VIII. BIPARTISAN INFRASTRUCTURE LAW**

The IJA, also known as the BIL, was signed into law on November 15, 2021. The law's investment in the water sector is nothing short of transformational. It includes billions of dollars over the next 5 years to the DWSRF through EPA to strengthen the nation's drinking water systems. The BIL provides additional capitalization grants for DWSRF General Supplemental Funding, Lead Service Line Replacement Funding and DWSRF Emerging Contaminants Funding. All these new funds are subject to the same governing rules, regulations and conditions as the DWSRF Base Program.