

**STATE OF OKLAHOMA**  
**DEPARTMENT OF ENVIRONMENTAL QUALITY**



**FINAL**  
**INTENDED USE PLAN**

**DRINKING WATER STATE REVOLVING FUND**  
**STATE FISCAL YEAR 2020**

**Effective 7-1-2019 through 6-30-2020**

July 26, 2019



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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 2020 (SFY 2020) 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 2020, beginning July 1, 2019, and ending June 30, 2020. The capitalization grants and state matching funds to fund these activities are from prior fiscal years and the Federal Fiscal Year 2019 (FFY 2019) appropriation. DEQ will apply for the FFY 2019 grant by June 1, 2019, to ensure funding will be available on July 1<sup>st</sup>, which is the beginning date of SFY 2020.

To ensure that the public has an opportunity to review DEQ's proposed plans for the DWSRF, a draft IUP was made available before the IUP public meeting held on June 17, 2019. To ensure that interested parties were made aware of the public meeting date, 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 public comment period closed on July 17, 2019. No comments were received during the public comment period.

As a result of federal appropriations to the State, DEQ has received federal capitalization grants totaling \$316,615,000.00 from FFY 1997 thru FFY 2018. DEQ will apply for the FFY 2019 Capitalization Grant in the amount of \$15,600,000.00 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**

<b><u>SOURCES OF FUNDS</u></b>	
Beginning July 1, 2019	
Beginning Balance (SFY 2019 Carryover)	\$ 40,273,671.00
<i>State Fiscal Year 2020 (Projected)</i>	
Federal Grant FFY 2019	\$ 15,600,000.00
Projected Bond Issue - SFY 2020	\$ 75,000,000.00
State Match – SFY 2021 (From SFY 2020 Bond Issue)	\$ 3,120,000.00
Principal Repayments	\$ 21,491,297.00
Interest Earnings on Loans	\$ 10,483,543.00
Interest Earnings on Fund 473	\$ 403,826.00
Release of 2013B Bond Reserve Funds	\$ 2,247,169.00
Investment Earnings from Bond Funds	\$ 234,561.00
<b>Sub Total</b>	<b>\$ 128,580,395.00</b>
<b>Total Sources of Funds</b>	<b>\$ 168,854,066.00</b>
<b><u>USES OF FUNDS</u></b>	
<i>Expected DWSRF Loan Commitments for SFY 2020</i>	
Small System Binding Commitments	\$ 47,402,100.00
Large System Binding Commitments	\$ 49,785,000.00
<b>Sub Total</b>	<b>\$ 97,187,100.00</b>
<i>DWSRF Set-Aside Programs for SFY 2020</i>	
Administration	\$ 624,000.00
Small System Technical Assistance	\$ 312,000.00
Program Management	\$ 1,560,000.00
Local Assistance	\$ 2,340,000.00
<b>Sub Total</b>	<b>\$ 4,836,000.00</b>
<i>Debt Service Obligations</i>	
Debt Service on 2011 Bonds	\$ 3,902,106.00
Debt Service on 2012 Bonds	\$ 2,791,150.00
Debt Service on 2013A and 2013B Bonds	\$ 9,092,449.00
Debt Service on 2016 Bonds	\$ 4,864,063.00
Debt Service on 2018 Bonds	\$ 8,018,163.00
<b>Sub Total</b>	<b>\$ 28,667,930.00</b>
<i>Previously Committed/Obligated Funds – SFY 2020 (Estimated)</i>	\$ 85,000,000.00
<b>Total Uses of Funds</b>	<b>\$ 215,691,030.00</b>
<b>**Additional Funds Needed</b>	<b>\$ (46,836,964.00)</b>

\*\*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 2019 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 use: 1.48% for the Water Loss Audit Program; 0.93% for Cryptosporidium special monitoring capabilities; 0.79% for Harmful Algal Blooms (HAB) special monitoring capabilities; 0.84% for Revised Total Coliform Rule (RTCR) Level I and Level II assessments; and 0.96% for Technical Assistance and Training on Sampling. Note that the DWSRF program is working 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 2019 capitalization grant funds are to be expended during SFY 2020.

As done in the previous year, DEQ plans to continue to utilize the remaining funds to conduct and complete Sanitary Surveys, Capacity Development Assessments, Water Loss Audits and Leak Detection, and any other eligible DWSRF activity 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. A third and final round of Capacity Development Assessments will be performed at a third of the State's public water supplies that are serving a population of 10,000 or fewer. If funding is available, DEQ plans to continue these programs and revisit these public water supplies at least triennially.

Table 2 shows DWSRF Set-aside activities for SFY 2020.

**TABLE 2**  
**DWSRF Set-Aside Activities**  
**SFY 2020**

Set-aside category	Percent of Set - Aside Program	Total amount reserved from FFY 2019 grant	Reclaimed credit from old grants	Cumulative amount to be specified in workplans
Admin.	4	\$ 624,000	\$ -	\$ 624,000
Tech. Asst.	2	\$ 312,000	\$ -	\$ 312,000
St. Prg. Mgt.	10	\$ 1,560,000	\$ -	\$ 1,560,000
Local Assist.	15	\$ 2,340,000	N/A	\$ 2,340,000
Total	31	\$ 4,836,000	\$ -	\$ 4,836,000

#### 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 2019 capitalization grant for administrative support of the DWSRF. DEQ and OWRB will use an estimated amount of \$624,000.00 from set-aside funds for SFY 2020 DWSRF administration. This set-aside is to fund activities that implement, administer, and operate the DWSRF program during SFY 2020.

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 2020, it is projected that approximately \$8,522,364.38 will be available. Table 4 shows accumulated amounts of available funds from FFY 1997 through FFY 2019 and the projected amount for SFY 2020. 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 State FY 2019 – FY 2020 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 2019 capitalization grant to fund small system technical assistance activities for SFY 2020. DEQ will use an estimated amount of \$312,000.00 from set-aside funds for SFY 2020.



### **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 assistance, to provide Stage 2 Disinfectant/Disinfection By-products Rule assistance, to provide RTCR assistance, to provide Lead and Copper Rule (LCR), and to provide Ground Water Rule 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 2019 capitalization grant for state program management. DEQ will use \$1,560,000.00 from set-aside funds for SFY 2020 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. As a condition of primacy, the SELS' Lab Accreditation Program (LAP) will utilize grant funding to support audit efforts associated with the certification of drinking water laboratories in the State of Oklahoma.

### **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 Program 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.

Local Assistance funding will be designated to fund two programs internal to the agency that are managed by the Capacity Development Coordinator: a state-wide capacity development assessment and the water loss auditing of small (serving fewer than 10,000 persons) public water supplies. The state-wide capacity development assessment involves meeting with water system personnel and conducting interviews focused on determining the technical, managerial, and financial condition of the water supply. The goals for the assessment program are: determining a state-wide baseline level of public water system capacity, delineating what the strengths and weakness of public water supplies are in terms of capacity development issues (to guide future technical assistance efforts), and determining the effectiveness of current capacity development technical assistance efforts. 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 impact on the environment.

Local Assistance funding will also be used to fund two programs outside of DEQ that are overseen by the Capacity Development Coordinator: a leak detection / meter analysis program and a rate analysis program. These two programs will be conducted by the Oklahoma Rural Water Association (ORWA) at public water supplies referred to them by DEQ. For the first program, ORWA will work with systems that have received a water loss audit and will use the results of the audit to conduct leak detection and meter analysis. The goal of the program will be to find leaks (which the system can repair), determine production and consumer meter accuracy, and to educate system personnel on how to conduct leak detection and meter analysis on their own.

The use of Local Assistance funding for rate analysis is a new use of funding that will be targeted on helping public water supplies set appropriate rates. Too often in Oklahoma, water systems do not have the necessary knowledge to establish a water rate that can sustainably support system operations, with the results that rates are either never changed to compensate for increase operational costs, or they are set arbitrarily and are not based on the true costs of maintaining and operating a water system. To alleviate this, ORWA personnel will meet with system personnel and will conduct a rate study with the system using software developed by the Environmental Finance Center. ORWA will conduct rate studies at systems referred to them by DEQ.

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 2019 capitalization grant for Local Assistance and other State Programs. DEQ will use \$2,340,000.00 from set-aside funds for SFY 2020. Ten (10) percent for Capacity Development Program and 5 percent for the following use: 1.48% for the Water Loss Audit Program; 0.93% for Cryptosporidium special monitoring capabilities; 0.79% for Harmful Algal Blooms (HAB) special monitoring capabilities; 0.84% for Revised Total Coliform Rule (RTCR) Level I and Level II assessments; and 0.96% for Technical Assistance and Training on Sampling.

## **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.

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 Project Priority List’s (PPL) 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 2020, although economic conditions in the State may prove challenging. Much of the State is still recovering from recent extreme drought, and the dramatic drop in oil prices has negatively affected Oklahoma’s growth, employment, income, and tax bases. As part of the ever 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 Field Inspection 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 (currently 6 presentations are 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 2020 are placed on the SFY 2020 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 2020 PPL attached as Appendix B shows a total of forty-one (41) 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 2020, the total need of \$97,187,100.00 for projects is shown in Appendix B, but only \$50,350,136.00 is available for the fundable portion of the PPL. These funds are derived from past capitalization grants and state matching funds, FFY 2019 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**

Capitalization Grants for the 2009 American Recovery and Reinvestment Act, FFY 2010, and FFY 2011 allotments required that the DWSRF program provide at least 30% of the capitalization grant funds as additional subsidies. DEQ targeted projects which were eligible under the Green Project Reserve or which would include the consolidation or regionalization of water systems. This requirement changed for the FFY 2012 capitalization grant, and continues through the FFY 2019 capitalization grant, to state that at least 20%, but no more than 30% of the capitalization grant must be utilized as additional subsidies. Beginning in SFY 2019, DEQ’s primary focus for the subsidy will be with public water supplies who have health-based violations, 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. Table 3 shows the remaining uncommitted subsidy funds available for SFY 2020 projects.

**TABLE 3  
Subsidy Funds  
SFY 2020**

FFY 2016	FFY 2017	FFY 2018	FFY 2019	Available for SFY 2020
\$0.00	\$1,622,300.00	\$3,149,400.00	\$3,120,000.00	\$7,891,700.00

**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 DWSRF program 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 program, through the use of the set-asides for State Program Management, 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 30<sup>th</sup>, 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, Area Wide Optimization Program, 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 the GPR and Additional Subsidization, 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 forty-one (41) loans to the forty (40) water systems listed on the Fundable Portion of the SFY 2020 PPL. (Target Completion: June 2020)
2. Apply for FFY 2020 capitalization grant. (Target Completion: April 2020)
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 update source water assessments. (Target Completion: June 2020)
5. Use set-aside funds to implement Capacity Development Strategy. (Target Completion: June 2020)
6. Use set-aside funds to provide technical assistance to systems to comply with Long Term 2 Enhanced Surface Water Treatment Rule, Stage 2 Disinfectant/Disinfection By-products Rule, Revised Total Coliform Rule, LCR, and Ground Water Rule. (Target Completion: June 2020)
7. Issue DWSRF Revenue Bonds in an estimated amount of \$75,000,000.00 to finance the additional demand for drinking water loan funds. (Target Completion: December 2019)
8. Expend Capitalization Grant within two years of grant award.
9. Promote and market the DWSRF program by giving five (5) to seven (7) presentations around the State. (Target Completion: June 2020).

#### **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 year 2022.
9. Continue to refine the Capacity Development Program, including the Water Loss Audit Program.

### **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 forty-one (41) loans to the forty (40) water systems listed on the Fundable Portion of the SFY 2020 PPL. See Appendix B, for a list of projects on the PPL.
  - b. Output 2 – Enter into binding commitments with thirty-four (34) small systems and six (6) large systems (one large water system has two projects/loans) for a total of forty-one (41) projects during SFY 2020. 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 health based violations, such as Disinfection Byproduct (DBP) issues.

The total amount of subsidies given will be determined by the FFY 2019 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 0.5 percent 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 \$8,522,364.38 as of June 30, 2020.

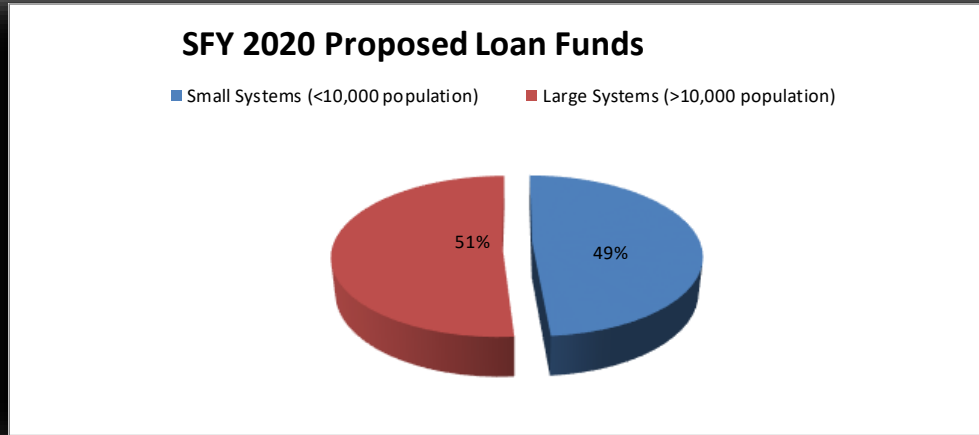
**TABLE 4  
Drinking Water Treatment Loan Administration Fund**

<b>Revenue</b>	<b>SFY1997-2019**</b>	<b>SFY 2020</b>	<b>Total</b>
Application Fee	\$ 87,150.00	\$ 2,500.00	\$ 89,650.00
Administration Fee on Loans (0.5%)	\$ 22,533,653.00	\$ 2,204,762.94	\$ 24,738,415.94
Interest Earnings on Fund 444 Account	\$ 1,037,604.00	\$ 112,612.00	\$ 1,150,216.00
Recovery of Delaware #10 Loan Default	\$ 312,233.44	\$ 50,000.00	\$ 362,233.44
Subtotal	<u>\$ 23,970,640.44</u>	<u>\$ 2,369,874.94</u>	<u>\$ 26,340,515.38</u>
<b>Expenses</b>			
Administrative Costs	\$ 7,033,451.55	\$ 643,596.00	\$ 7,677,047.55
Tsfr to DWSRF-Write Off Delaware 10	\$ 4,159,703.45	\$ 0.00	\$ 4,159,703.45
Funds Used for State Match	\$ 5,981,400.00	\$ 0.00	\$ 5,981,400.00
Subtotal	<u>\$ 17,174,555.00</u>	<u>\$ 643,596.00</u>	<u>\$ 17,818,151.00</u>
<b>Total</b>	<u><u>\$ 6,796,085.44</u></u>	<u><u>\$ 1,726,278.94</u></u>	<u><u>\$ 8,522,364.38</u></u>

\*\*Includes Projections through April, May & June 2019

### C. BINDING COMMITMENTS

It is anticipated that DEQ will enter into forty-one (41) binding commitments with thirty-four (34) small systems and six (6) large systems (one large water system has two projects/loans) during SFY 2020. The amount of funding for small systems is anticipated to be \$47,402,100.00 which is equal to 49 percent of the amount of funding available for projects on the fundable portion of the SFY 2020 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 2020**

### 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 2019 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 new, more stringent levels for turbidity, trihalomethane 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 2019 grant for set-asides is needed to fund the programs for SFY 2020. DEQ will provide work plans for each set-aside to EPA describing how the specified FFY 2019 capitalization grant funds are to be expended during SFY 2020.

## **B. FUNDS AVAILABLE FOR DWSRF PROJECTS**

As discussed in Section III. A. 1, and shown in Table 1, a total of \$97,187,100.00 will potentially be available during SFY 2020 to fund forty-one (41) 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 \$75,000,000.00 in bonds in SFY 2020 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 \$75,000,000.00 (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 for FFY 2019 capitalization grant. 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 2020, the funds expected to be available to the DWSRF include past capitalization grants and state matches, FFY 2019 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 2019 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 2019 State Match requirement will be met as part of the SFY 2020 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. DWSRF will use \$936,000.00 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 Clean Water and Drinking Water SRF programs, provided by EPA, in order to assure adequate capacity to meet all funding demands. In accordance with the Safe Drinking Water Act-SRF funds transfer provisions (Section 302), the State hereby reserves the authority "to transfer an amount up to 33 percent of the [FFY 2019] 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 2020. The approval of the IUP will constitute the approval of the transfer request. It is understood that fund transfers between the programs during SFY 2020 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**

A public meeting was conducted in compliance with the Oklahoma State Administrative Procedures Act and DWSRF regulations, on June 17, 2019. 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 copy of this 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 followed and ended on July 17, 2019. 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.

<b>Contaminant</b>	<b>Severity</b> <u>(points per violation)</u>
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
<b>Contaminant</b>	<b>Severity</b> <u>(points per violation)</u>
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.

<u>Contaminant</u>	<u>Severity</u>
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.

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

**OK DWSRF PPL SFY 2020 Project Priority List  
for IUP public meeting starting 5/1/19**

PRIORITY POINTS	SYSTEM	LOAN AMOUNT	CUMULATIVE AMOUNT	POPULATION	Dis-advantaged Y or N	PROJECT DESCRIPTION	Anticipated Binding Commitment Date	Anticipated Construction Date	Project Number
<b>Funding List</b>									
1090	Barnsdall PWA	\$ 100,000.00	\$ 100,000.00	1,955	Y	Installation of aerators in both tanks to fight DBPs.	8/1/2019	10/1/2019	P40-1021304-01
1050	Beggs PWA	\$ 100,000.00	\$ 200,000.00	1,364	Y	Improvements to reduce Disinfection By-Products (DBPs).	8/1/2019	10/1/2019	P40-1020707-01
1005	Copan PWA	\$ 1,500,000.00	\$ 1,700,000.00	733	Y	Installation of approximately 60,000 feet of 6" water line to serve Osage County RWD #20 (Hulah). The rural water district has been on a boil order for several months due to high turbidity levels and a failure of the water treatment process.	9/1/2019	11/1/2019	P40-1021417-01
950	Fairfax PWA	\$ 100,000.00	\$ 1,800,000.00	1,655	Y	Improvements will address disinfection byproducts violations.	8/1/2019	10/1/2019	P40-1021204-01
940	Cleveland MA	\$ 100,000.00	\$ 1,900,000.00	4,870	Y	Installation of an aeration system and mixing system in the primary elevated water storage tanks and automated flushing hydrants.	1/1/2020	3/1/2020	P40-1021210-01
930	Waurika PWA	\$ 100,000.00	\$ 2,000,000.00	7,890	Y	Construction improvements will be made to correct DBP problems.	8/1/2019	10/1/2019	P40-1011201-01
810	Hominy PWA (II)	\$ 300,000.00	\$ 2,300,000.00	3,814	Y	Rehabilitation of the existing north water storage tank which would include design and installation of a water circulation system.	8/1/2019	10/1/2019	P40-1021306-02
780	Pushmataha Co. RWD #3	\$ 100,000.00	\$ 2,400,000.00	4,825	Y	Improvements for non-compliance with disinfection-by-product (DBP) issues.	9/1/2019	11/1/2019	P40-1010318-01
710	Talihina PWA	\$ 100,000.00	\$ 2,500,000.00	4,981	Y	Improvements include cleanwell modifications and tank aeration.	8/1/2019	10/1/2019	P40-1010304-01
690	Maysville MA	\$ 6,600,000.00	\$ 9,100,000.00	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.	10/1/2019	12/1/2019	P40-1010807-01
610	Stroud UA (II)	\$ 118,000.00	\$ 9,218,000.00	2,811	Y	Replacing the bottoms of two of the four filters.	8/1/2019	10/1/2019	P40-1020705-02
580	Pittsburg PWA	\$ 120,000.00	\$ 9,338,000.00	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.	1/1/2020	3/1/2020	P40-1020604-01
520	Cheyenne UA	\$ 60,000.00	\$ 9,398,000.00	778	Y	Addition of tank spray aeration in the water tower.	9/1/2019	11/1/2019	P40-1010803-01
490	McIntosh Co. RWS & SWMD #2	\$ 100,000.00	\$ 9,498,000.00	2,774	Y	Improvements to correct our TTHM non-compliance issues.	10/1/2019	12/1/2019	P40-1020535-01
480	McIntosh Co. RWD #8	\$ 100,000.00	\$ 9,598,000.00	3,874	Y	Install new chemical feeders, mixer in both towers, second line at Watts Tower, and permanganate at intake as a primary oxidant.	10/1/2019	12/1/2019	P40-1020529-01
450	Wewoka PWA	\$ 100,000.00	\$ 9,698,000.00	4,257	Y	Installation of a tank mixing system in our existing elevated tank to assist in reduction of DBPs.	8/1/2019	10/1/2019	P40-1020510-01
450	Comanche PWA	\$ 865,000.00	\$ 10,563,000.00	7,364	Y	Improvements to our treatment, storage and distribution components including: a secondary clarifier, a TTHM removal system in the Ash water tower, and additional water lines within the distribution system.	8/1/2019	10/1/2019	P40-1011101-01
440	Cherokee Co. RWD #11	\$ 800,000.00	\$ 11,363,000.00	200	Y	Construction of an 8" water line to provide water to Cherokee Co. RWD #9. The Cherokee Co. RWD #9 water plant would be abandoned.	8/1/2019	10/1/2019	P40-1221637-01
420	Bryan Co. RWS & SWMD #2 (V)	\$ 380,000.00	\$ 11,743,000.00	8,656	Y	Install water tower mixing systems on existing towers.	8/1/2019	10/1/2019	P40-1010604-05
413	Fairview UA	\$ 3,500,000.00	\$ 15,243,000.00	2,690	Y	Construct a new water treatment plant and appurtenances.	12/1/2019	2/1/2020	P40-2004404-01
398	Collinsville MA	\$ 6,900,000.00	\$ 22,143,000.00	5,606	N	Water Treatment Plant Expansion.	8/1/2019	10/1/2019	P40-1021505-01
340	Frederick PWA (II)	\$ 130,000.00	\$ 22,273,000.00	4,218	Y	Installation of a permanent Chlorine Dioxide Feed System and a separate chlorine gas storage/feed building.	8/1/2019	10/1/2019	P40-1011401-02

**OK DWSRF PPL SFY 2020 Project Priority List  
for IUP public meeting starting 5/1/19**

313	Kingfisher PWA	\$ 100,000.00	\$ 22,373,000.00	5,073	Y	Improvements for non-compliance with disinfection-by-product (DBP) issues.	8/1/2019	10/1/2019	P40-2003702-01
310	Foss Reservoir MCD (II)	\$ 10,000,000.00	\$ 32,373,000.00	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.	10/1/2019	12/1/2019	P40-1010829-02
270	Muskogee Co. RWD #7	\$ 1,800,000.00	\$ 34,173,000.00	710	Y	Construction of an 8" line and pump station to provide water from our system to Cherokee County RWD #1. The Cherokee Co. RWD #1 water treatment plant would be abandoned.	8/1/2019	10/1/2019	P40-3005103-01
270	Stillwater UA (V)	\$ 12,000,000.00	\$ 46,173,000.00	40,800	Y	Construction of a Finished Water Pump Station at the Water Treatment Plant.	8/1/2019	10/1/2019	P40-1021220-05
240	Locust Grove PWA	\$ 8,959,100.00	\$ 55,132,100.00	1,950	Y	Expansion and upgrade of the Locust Grove Water Treatment Plant to a treatment capacity of 1 MGD with the following components: two (2) raw water pumps, two (2) vertical turbine rapid mixers, two (2) flocculating clarifiers, two (2) granular media filters and support building, one (1) chlorine contact chamber, two (2) high service pumps, one (1) residual lagoon pump station and discharge force main, one (1) chemical storage and feed facility, and associated site and electrical improvements.	8/1/2019	10/1/2019	P40-1021668-01
240	Wynnewood UA	\$ 100,000.00	\$ 55,232,100.00	2,307	Y	Installation of a tank mixing system in the existing elevated tank to assist in reduction of DBPs.	8/1/2019	10/1/2019	P40-1010812-01
240	Shidler PWA	\$ 100,000.00	\$ 55,332,100.00	464	Y	Construction of a clearwell and aerator for distribution of elevated tank.	9/1/2019	11/1/2019	P40-1021203-01
220	Atoka Co. RWD #4	\$ 110,000.00	\$ 55,442,100.00	3,396	Y	Install equipment to add Chloramines to the treatment process.	8/1/2019	10/1/2019	P40-1010412-01
205	Tishomingo MA	\$ 4,500,000.00	\$ 59,942,100.00	3,000	Y	Construction of a new Water Treatment Plant at the site of the present plant. The present plant was built in the 1960's and has deficiencies both in capacity and operation that are becoming increasingly expensive to overcome. The plant also lacks redundancy in operation as required by State regulations.	10/1/2019	12/1/2019	P40-1010815-01
185	Calera PWA	\$ 1,400,000.00	\$ 61,342,100.00	2,164	Y	Construction of up to three (3) new groundwater wells and rehabilitation of existing filtration equipment.	10/1/2019	12/1/2019	P40-2000702-01
185	Holdenville PWA (II)	\$ 100,000.00	\$ 61,442,100.00	5,909	Y	Installing aeration at the City's existing Adams Street tower, and purchase a TOC Analyzer for the water plant.	8/1/2019	10/1/2019	P40-1020803-02
170	Atoka MA (II)	\$ 4,010,000.00	\$ 65,452,100.00	3,609	Y	Rehabilitation of the water treatment plant, construction of a new clearwell, pump station improvements, refurbishment of the existing elevated storage tank at the water treatment plant and acquisition and installation of new automated water meters, along with related costs.	8/1/2019	10/1/2019	P40-1010401-02
150	Creek Co. RWD #2	\$ 4,800,000.00	\$ 70,252,100.00	13,051	Y	Construction of four (4) miles of 12" water line, a water tower and a pump station.	10/1/2019	12/1/2019	P40-3001902-01
145	Stillwater UA (VI)	\$ 4,500,000.00	\$ 74,752,100.00	40,800	Y	Design for construction of a waterline from 44th Tower to Sangre and from the Water Treatment Plant to 6th (which will be paired water lines).	1/1/2020	3/1/2020	P40-1021220-06
135	Edmond PWA (V)	\$ 10,000,000.00	\$ 84,752,100.00	78,422	Y	Construction of a 24-inch water line project along W. Danforth Road from west of Kelly Avenue to N. Chowning Avenue, and along N. Chowning Avenue from W. Danforth Road to E. Ayers Street, and along E. Ayers Street to Bryant Avenue and a 18-inch water line. The water system improvements will increase distribution reliability, boost pressure and loop into other existing water lines.	8/1/2019	10/1/2019	P40-1020723-05

**OK DWSRF PPL SFY 2020 Project Priority List  
for IUP public meeting starting 5/1/19**

130	Miami Special UA (II)	\$ 2,785,000.00	\$ 87,537,100.00	14,137	Y	Construct the Central Avenue water line replacement which extends from one end of town to the other, create a loop feed on 69A along with storage, as well as a waterline replacement on E Street N.E.	10/1/2019	12/1/2019	P40-2005813-02
50	Bixby PWA (II)	\$ 5,700,000.00	\$ 93,237,100.00	20,475	N	Construction of the South Storage Tank and transmission line.	10/1/2019	12/1/2019	P40-3007243-02
40	Jones PWA	\$ 3,200,000.00	\$ 96,437,100.00	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.	12/1/2019	2/1/2020	P40-2005507-01
25	Hooker MA	\$ 750,000.00	\$ 97,187,100.00	1,788	Y	Constructing a new water tower and all water lines to the tower.	10/1/2019	12/1/2019	P40-2007006-01
	<b>Total:</b>		<b>\$ 97,187,100.00</b>						

**2021**

250	Canadian Co. RWD #1	\$ 2,000,000.00	\$ 2,000,000.00	750	Y	Construct one new Ion Exchange nitrate reduction water treatment plant, two new distribution standpipes, and install eight new well pumps.	11/1/2020	1/1/2021	P40-2000908-01
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**2022**

490	Hugo MA	\$ 100,000.00	\$ 100,000.00	5,786	Y	Installation of a tank mixing system in the existing elevated tank to assist in reduction of DBPs.	7/1/2021	9/1/2021	P40-1010314-01
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**2025**

70	Stillwater UA (VII)	\$ 81,200,000.00	\$ 81,200,000.00	40,800	Y	Construction of a new 25 mgd pump station, and 37 miles of new 36-inch pipeline, which parallels the existing 36-inch line from Kaw Lake to Stillwater Water Treatment Plant.	1/1/2025	3/1/2025	P40-1021220-07
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**APPENDIX C**  
**FEDERAL DISBURSEMENT SCHEDULE**

FFY	Cumulative Disbursements	FFY 2018				FFY 2019				FFY 2020			
1997-2017 Grants	\$ 204,401,221.00	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
2018 Grant	\$ 10,865,430.00				\$ 5,432,715.00	\$ 5,432,715.00							
2019 Grant *	\$ 10,764,000.00								\$ 5,382,000.00	\$ 5,382,000.00			
<b>Total Grants</b>	<b>\$ 226,030,651.00</b>												

\* Estimated Grant Amount minus Set-Asides



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

## News Release

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For Immediate Release: May 15, 2019  
Contact: Erin Hatfield, (405) 702-7119

### **DEQ Schedules Public Meeting on the Drinking Water State Revolving Fund State Fiscal Year 2020 Intended Use Plan**

The Water Quality Division of the Oklahoma Department of Environmental Quality (DEQ) will hold a public meeting on Monday, June 17, 2019, at 1:00 p.m. in the DEQ Office Building, 2nd Floor Training Room, at 707 N. Robinson, Oklahoma City. This meeting will be held to answer questions and receive public input on the SFY 2020 IUP, the Priority Ranking System, and the Project Priority List (PPL) for the Drinking Water State Revolving Fund. The IUP outlines uses for federal funds allocated to Oklahoma and lists the projects as ranked for funding by the Priority Ranking System.

The Drinking Water State Revolving Fund was made possible by the passage of the Safe Drinking Water Act Amendments of 1996. The act authorized funds to be used by states to establish a revolving loan fund to address drinking water infrastructure needs and correct other water system deficiencies that might result in violations of drinking water standards. Federal law requires the public be given the opportunity to comment on the proposed plan.

A copy of the draft plan will be available on the DEQ website at: [www.deq.state.ok.us/WQDnew/dwsrf/](http://www.deq.state.ok.us/WQDnew/dwsrf/). A copy may also be obtained by contacting Vicki Reed by phone at (405) 702-8100, or by E-mail at [Vicki.Reed@deq.ok.gov](mailto: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. A copy of the draft plan may be reviewed on the eighth floor of the DEQ offices, at 707 N. Robinson, Oklahoma City, Oklahoma. The comment period will remain open until July 17, 2019. For more information on this public meeting call Vicki Reed at: (405) 702-8100.

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