

State of Oklahoma
Department of Environmental Quality

DRINKING WATER STATE REVOLVING FUND

STATE FISCAL YEAR 2012
INTENDED USE PLAN

Effective 7-1-2011 through 6-30-2012



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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 2012 (SFY 12) 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 State Fiscal Year 2012, beginning July 1, 2011 and ending June 30, 2012. The capitalization grants and state matching funds to fund these activities are from prior fiscal years and the Federal Fiscal Year 2012 (FFY 12) appropriation. The FFY 12 begins October 1, 2011 and ends September 30, 2012.

To ensure that the public has an opportunity to review DEQ's proposed plans for the DWSRF, a draft IUP will be made available before the IUP public meeting to be held on June 20, 2011. To ensure that interested parties are made aware of the public meeting date, DEQ will post notice on the DEQ web-site and distribute 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 will remain open until July 20, 2011.

As a result of federal appropriations to the State, the DEQ has received federal capitalization grants totaling \$181,017,000 from FFY 97 thru FFY 10. Oklahoma DEQ will apply for the FFY 11 Capitalization Grant in the amount of \$11,701,000. DEQ will also apply for \$11,151,000 from the FFY 12 appropriation. 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 the 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.

Since it is possible that federal funds for loans from the FFY 12 capitalization grant and the state matching funds will not be available to obligate until SFY 13, applications from projects on the fundable portion of the DWSRF Project Priority List will be processed in the order they are received. Funds that we expect to be available during SFY 12 will be reserved for the highest priority systems on the fundable portion of the project priority list. Any projects that are not funded during SFY 12 may be considered for funding during SFY 13.

TABLE 1
Sources and Uses

<u>SOURCES OF FUNDS</u>		
Beginning Balance (FY 2010 Carry over)	\$	(79,724,102.00)
<i>Fiscal Year 2012(Projected)</i>		
Federal Grant FY 2011	\$	11,701,000.00
Federal Grant FY 2012	\$	11,151,000.00
State Match FY 2012	\$	2,230,200.00
Revenue Bond Issuance (Scheduled as needed.)	\$	293,000,000.00
Principal Repayments	\$	18,831,471.00
Interest Earnings on Loans	\$	11,041,136.00
Interest Earnings on Account	\$	343,616.00
Interest Earnings on 2003 Bonds	\$	1,795,342.00
Interest Earnings on 2004 Bonds	\$	1,445,341.00
Interest Earnings on 2011 Bonds	\$	27,676.00
Release of 2003 and 2004 Reserve Funds	\$	3,425,884.00
Sub Total	\$	354,992,666.00
Total Sources of Funds	\$	275,268,564.00
<u>USES OF FUNDS</u>		
<i>Expected DWSRF Loan Commitments for FY 2012</i>		
Small System Binding Commitments	\$	48,722,056.00
Large System Binding Commitments	\$	196,837,000.00
Sub Total	\$	245,559,056.00
<i>DWSRF Set-Aside Programs for FY 2012</i>		
Administration	\$	446,040.00
Small System Technical Assistance	\$	223,020.00
Program Management	\$	1,115,100.00
Local Assistance - Wellhead Protection (\$557,550)	\$	1,672,650.00
- Capacity Development (\$1,115,100)		
Sub Total	\$	3,456,810.00
<i>Revenue Bond Issuance</i>		
Series 2003 Revenue Bond Debt Service (2012 projected)	\$	10,102,746.00
Series 2004 Revenue Bond Debt Service (2012 projected)	\$	6,852,666.00
Series 2010 Revenue Bond Debt Service (2012 projected)	\$	6,398,481.00
Series 2011 Revenue Bond Debt Service (2012 projected)	\$	2,603,232.00
Sub Total	\$	25,957,125.00
Total Uses of Funds	\$	274,972,991.00
DWSRF Fund Balance	\$	295,573.00

A. New 2012 Requirements

The FFY 10 Appropriations Bill mandated four (4) new requirements that have been applied to the FFY 10 and FFY 11 DWSRF capitalization grants, as follows:

1. Green Project Reserve (GPR)
2. Additional Subsidies
3. Davis-Bacon Wage Rates
4. Reporting Requirements

Each of these new requirements have been fully implemented in the Oklahoma DWSRF program and are discussed in detail later in this report. Furthermore, the "Procedures for Implementing the Fiscal Year 2011 Full-Year Continuing Appropriation Act Affecting the Clean Water and Safe Drinking Water State Revolving Fund Programs" and associated requirements will be incorporated into the Oklahoma DWSRF program. 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.

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. The DEQ will reserve the following amounts in the FFY 12 capitalization grant for set-asides as follows: four (4) percent for Administration; two (2) percent for Small System Technical Assistance; ten (10) percent for Program Management; fifteen (15) percent for Local Assistance and other State Programs of which DEQ expects to use five (5) percent for wellhead protection activities and ten (10) percent for the Capacity Development Program. DEQ will provide work plans for each set-aside to EPA describing how the specified FFY 12 capitalization grant funds are to be expended during SFY 13.

DEQ will submit work plans for the FFY 11 and FFY 12 capitalization grants within 90 days of the grant agreement award. Table 2 shows the estimated DWSRF set-aside activities based upon the FFY 12 grant amount of \$11,151,000.

TABLE 2
DWSRF Set-aside Activities

Set-aside category	Total amount to be reserved from 2011 grant	Reclaimed credit from old grants	Cumulative amount to be specified in workplans
Admin.	\$ 446,040	\$ -	\$ 446,040
Tech. Asst.	\$ 223,020	\$ -	\$ 223,020
St. Prg. Mgt.	\$ 1,115,100	\$ -	\$ 1,115,100
Local Assist.	\$ 1,672,650	N/A	\$ 1,672,650
Total	\$ 3,456,810	\$ -	\$ 3,456,810

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; preliminary loan applications; final loan applications; letters of binding commitment to loan applicants; bidding and contract documents; loan closings; change orders and other related construction documents; inspections of projects, books, and records; payments; loan terminations; and the return of funds.

As allowed by the SDWA, DEQ will reserve and specify an amount equal to four (4) percent of the FFY 11 and FFY 12 capitalization grants for administrative support of the DWSRF. DEQ and OWRB will use an estimated amount of \$446,040 from set-aside funds for FFY 12 and FFY 13 DWSRF administration. This set-aside is to fund activities that implement, administer, and operate the DWSRF program during SFY 12 and SFY 13.

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 12, it is projected that approximately \$5,173,433 will be available. Table 4 shows accumulated amounts of available funds from SFY 97 through SFY 11 and the projected amount for SFY 12. Additional information concerning this fund is located in Section IV.B. of this report.

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. The DEQ, through a contract with the Oklahoma Rural Water Association (ORWA) and other various contracts will accomplish this technical assistance.

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, and the quality of water system management, and to increase the knowledge of board members in efficient water system operation.

Funds available for the Small System Technical Assistance Program during SFY 12 include the two (2) percent set-aside funds from the FFY 11 capitalization grant.

As allowed by the SDWA, DEQ will reserve and specify an amount equal to two (2) percent of the FFY 12 capitalization grant to fund small system technical assistance activities. DEQ will use an estimated amount of \$223,020 from set-aside funds for SFY 12.

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 1 Enhanced Surface Water Treatment

Rule assistance, and to provide Disinfectant/Disinfection By-products Rule assistance. DEQ personnel will accomplish these tasks.

As allowed by the SDWA, DEQ will reserve and specify an amount equal to ten (10) percent of the FFY 12 capitalization grant for state program management. DEQ will use \$1,115,100 from set-aside funds for SFY 12 public water supply state program management.

DWSRF set-aside funds cannot be used to reduce the existing state funds supporting the program. EPA allows the use of the FY 93 PWS State overmatch and PWSS match for the PWSS program to be used to meet the 1:1 state match for the SPM set-aside. However, the rule requires that at least 50 percent of the funds for the match come from the current year. Table 3 shows the FFY 93 and FFY 11 state funds which can be utilized for the state match to the SPM set-aside. As shown, \$4,563,930 is available in state overmatch funds to serve as the SPM set-aside match. The amount requested for the SPM set-aside this year is \$1,115,100. Therefore, the state match can be met entirely by funds from the current year.

TABLE 3
Program Management State Match

FFY	State General Revenue	PWS Fees	Operator Certification	Federal Grant	Total PWSS Funds	Total State Match	25% State Match	Amount Overmatch
FY 93	\$ 859,000	\$ 1,054,041	\$ 135,000	\$ 827,700	\$ 2,875,741	\$ 2,048,041	\$ 275,900	\$ 1,772,141
FY 11	\$ 3,109,121	\$ 1,328,177	\$ 588,865	\$ 1,386,700	\$ 6,412,863	\$ 5,026,163	\$ 462,233	\$ 4,563,930

	FFY 1993	FFY 2012
PWSS grant	\$ 827,700	\$ 1,386,700
PWSS State Match	\$ 275,900	\$ 462,233
PWSS State Overmatch	\$ 1,772,141	\$ 4,563,930
Current Year SPM Set-aside		\$ 1,115,100
Current Year Credit		\$ 1,115,100

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 to establish and implement wellhead protection programs as allowed under Section 1452(k)(1)(D) of the SDWA.

The DEQ has completed over 1100 Source Water Assessment and Protection plans for drinking water suppliers in the State. The plans define the areas of concern around either drinking water wells and or surface water sources, determine the potential sources of contamination within those areas, and complete a susceptibility analysis for each source and system. At this point, DEQ has completed a susceptibility analysis for each source and system. DEQ field staff provide the interface with local teams to revise and modify the SWAP reports.

As allowed by the SDWA, DEQ will reserve and specify an amount equal to fifteen (15) percent FFY 12 capitalization grant for Local Assistance and other State Programs. DEQ will use an estimated amount of \$1,672,650 from set-aside funds

for SFY 12. DEQ expects to use five (5) percent of these funds for local assistance and wellhead protection activities and ten (10) percent for capacity development.

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, included as Appendix B. The comprehensive Project Priority List demonstrates which eligible drinking water projects are to receive loan funds from the DWSRF. The comprehensive Project Priority List 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; and
- c. Assist systems most in need, on a per household basis.

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 Project Priority List; 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. A project may be bypassed if it is not on schedule. Bypassed projects will be monitored and encouraged to meet program requirements so that they may be reinstated to the fundable portion of the list.

2. Allocation of Funds

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

1. Projects of eligible applicants that request financial assistance are ranked according to the Project Priority System and placed on the Project Priority List;
2. The financial assistance needed for each drinking water project that is ready to proceed is determined;
3. Sources of unobligated funds available to the DWSRF that are necessary to provide the requested financial assistance are identified;
4. The highest priority projects that will be ready to proceed during SFY 12 are placed on the SFY 12 Funding List, included as Appendix B;
5. Bypass letters can be issued to applicants which have projects not ready to proceed according to the Priority Ranking System procedures; and
6. The consistency with the funds available and the financial assistance requested is determined.

Information pertinent to each DWSRF project is included on the Project Priority List 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 Project Priority List, 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.

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

The FY 12 Project Priority List (PPL) attached as Appendix B shows a total of thirty-three (33) projects with their assigned priority points, project name, loan amount, population, project description, and anticipated binding commitment date.

4. SRF Available Funds

For FY 12 there is expected to be a total of \$245,854,629 available to fund Project Priority List projects. A total of \$245,559,056 for loan commitments plus \$295,573, the DWSRF Balance on Table 1 equals the amount available to fund projects. The total funds available for the DWSRF loan program are derived from past capitalization grants and state matching funds, FFY 12 capitalization grant and state match, transfer of funds from the Clean Water State Revolving Fund (CWSRF), investment income, interest income, and revenue bond issue funds, as shown in Table 1.

C. Additional Subsidization

Capitalization Grants for the 2009 American Recovery and Reinvestment Act and FFY 10 allotment 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. Additional subsidization for the FFY 11 and FFY 12 capitalization grant allotments will continue in accordance with the requirements established for those grants and the DEQ priorities for green projects and consolidation/regionalization projects.

D. Green Infrastructure

A Green Project Reserve is required to the extent there are sufficient eligible project applications. At least 20 percent of the capitalization grant to DEQ will be used for water efficiency, energy efficiency, green infrastructure, or other environmentally innovative activities. A tentative list of green projects is shown in Exhibit C, Green Project Reserve Priority List (GPRPL).

Oklahoma's required 20 percent to fund "green infrastructure" projects was \$3,372,600 for the FFY 10 grant and \$2,340,200 for the FFY 11 grant. The GPRPL shows an estimated total of \$8,682,200 for green projects to be funded in SFY 12 which exceeds the 20% requirement of \$2,630,000 for SFY 12. Eligible projects will be pursuant to the guidance provided by EPA. For green projects it is proposed that 15% of a project's cost up to \$500,000 or the cost of the green component of the project, whichever is less, will be available in the form of principal forgiveness as permitted under the FFY 11 and FFY 12 Appropriations Acts.

E. Davis-Bacon Wage Rates

The requirement for implementation of the Department of Labor (DOL), Davis-Bacon Prevailing Wage Rates, for DWSRF projects was implemented with the 2009 ARRA and FFY 10 Appropriations Bills. It is anticipated that this requirement will continue with the FFY 11 and FFY 12 DWSRF capitalization grants. Oklahoma 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, 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 Oklahoma 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 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, Area-Wide Optimization Program, small system technical assistance program and the PWS Sanitary Survey program.

G. Reporting Requirements

Oklahoma 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 Oklahoma 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, 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 thirty-five (35) loans to the thirty-three (33) water systems listed on the Fundable Portion of the SFY 12 Project Priority List. (Target Completion: June 2012)
2. Apply for FFY 12 capitalization grant. (Target Completion: April 2012)
3. Complete set-aside work plans specifying funds from the FFY 11 and FFY 12 capitalization grant. (Target Completion: Within 90 days of grant award)
4. Use set-aside funds to update source water assessments. (Target Completion: June 2012)
5. Continue to refine the Capacity Development Program.
6. Use set-aside funds to implement Capacity Development Strategy. (Target Completion: June 2012)
7. Use set-aside funds to provide technical assistance to systems to comply with the Long Term 1 Enhanced Surface Water Treatment Rule and Disinfectant/Disinfection By-product rule. (Target Completion: June 2012)
8. Issue DWSRF Revenue Bonds in an estimated amount of \$293,000,000 to finance the additional demand for drinking water loan funds.

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 in the shortest time possible.
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.

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 thirty-five (35) loans to the thirty-three (33) water systems listed on the Fundable Portion of the SFY 12 Project Priority List (PPL). See Appendix B, for a list of projects on the PPL.
 - b. Output 2 – Enter into binding commitments with twenty-four (24) small systems and nine (9) large systems for a total of thirty-five (35) projects

during SFY 12. 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 a pool of 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.

The 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 20-year loan (30-year loan for eligible disadvantaged communities) with a fixed interest rate used for the construction of drinking water infrastructure improvements. During the construction phase, interest and administration fee is paid semi-annually as funds are drawn. Once construction is completed principal, interest, and administration fee are paid semi-annually until loan is paid.

Beginning with the 2009 American Recovery and Reinvestment Act and the FFY 10 Capitalization Grant, DWSRF may grant subsidies in the form of principal forgiveness to systems. Those systems which meet the criteria for consolidation, regionalization and/or green project components may be granted principal forgiveness in accordance with the DWSRF procedures for each type of project. The total amount of subsidies given will be determined by the FY 12 Capitalization Grant.

A. DWSRF Interest Rates

The 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 for each year through maturity plus 55 basis points, calculated ten days before loan closing, plus the administration fee.

B. Administration Fees

The OWRB charges an annual administration fee of 0.5 percent on the unpaid loan balance. Also, OWRB charges an administrative fee upon application filing. This fee is based on the size of the application. If the application is for \$249,000 or less the fee is \$100. If the application is for \$250,000 to \$999,000 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. It is projected that the Drinking Water Treatment Loan Administrative Fund will contain approximately \$5,173,433 as of June 30, 2012.

TABLE 4
Drinking Water Treatment Loan Administration Fund

	FY1997-2011*	FY 2012	Total
Revenue			
Application Fee	\$ 56,150	\$ 5,000	\$ 61,150
Administration Fee on Loans (0.5%)	\$ 7,171,012	\$ 1,730,918	\$ 8,901,930
Interest Earnings on Account	\$ 299,279	\$ 82,799	\$ 382,077
Subtotal	\$ 7,526,441	\$ 1,818,716	\$ 9,345,157
Expenses			
Administrative Costs	\$ (3,465,448)	\$ (706,276)	\$ (4,171,724)
Total	\$ 4,060,993	\$ 1,112,441	\$ 5,173,433

*Includes Projections through 6/30/2011

C. Binding Commitments

It is anticipated that the DEQ will enter into thirty-five (35) binding commitments with twenty-four (24) small systems and nine (9) large systems during SFY 12. The amount of funding for small systems is anticipated to be \$48,722,056 which is equal to 19.8% of the total amount of funding needed for all of the projects on the SFY 12 Project Priority List. This amount exceeds the requirement that at least 15% of loan funds be utilized for small systems. A graphical presentation of this information is presented in Exhibit 1.

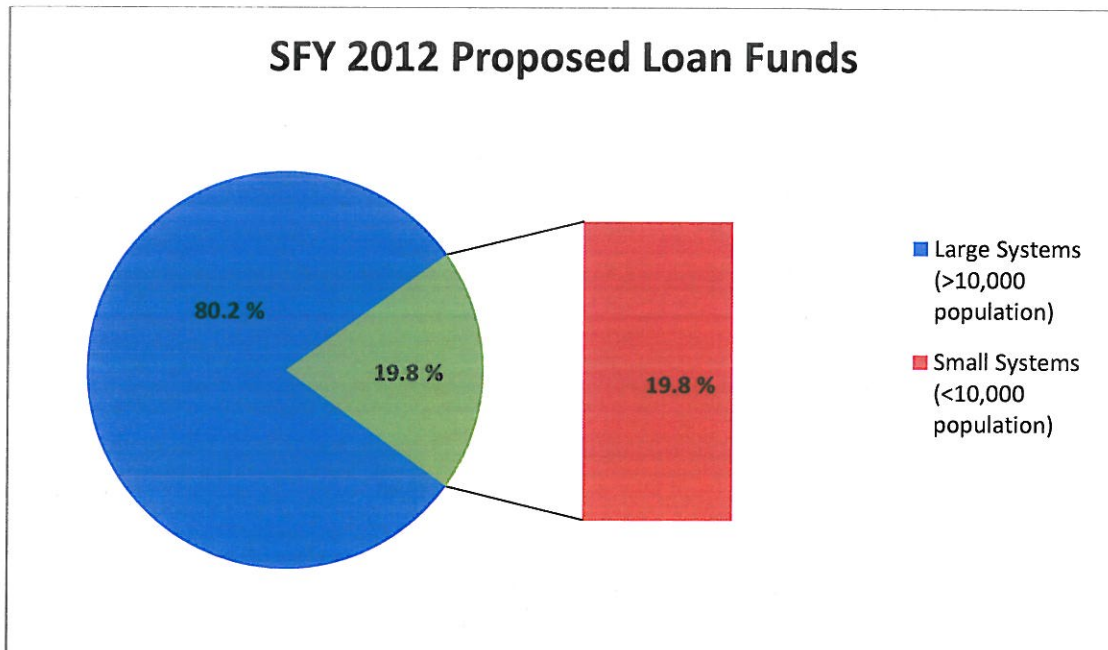


Exhibit 1 – DWSRF Proposed Loans to Small Systems SFY 2012.

V. ASSURANCES AND SPECIFIC PROPOSALS

DEQ provides the necessary assurances and certifications as a part of the Operating Agreement between the DEQ and the 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 SERP.

The State agrees to submit Annual Reports to the 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 Project Priority List.

4. Determine the readiness to proceed of each project ranked on the DWSRF Project Priority List.
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 97 through FFY 12 capitalization grants is included as Appendix D.
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, 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 haloacetic acid, 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.

The 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 31.0 percent of the FFY 12 grant for set-asides was needed to fund the programs for FY 13. DEQ will provide work plans for each set-aside to EPA describing how the specified FFY 12 capitalization grant funds are to be expended during SFY 13.

B. Funds Available for DWSRF Projects

As discussed in Section III.B.4., a total of \$246,084,629 will potentially be available during FY 12 to fund \$245,559,056 of 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 Oklahoma Water Resources Board (OWRB) issued \$57,910,000.00 in bonds in March, 2011 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. The DEQ and the OWRB are

proposing to issue DWSRF Revenue Bonds in an estimated amount of \$293,000,000 (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 12 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 FY 12, the funds expected to be available to the DWSRF include past capitalization grants and state matches, FFY 12 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 D. This chart shows the federal payment schedule for loan funds for FFY 12 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.

DEQ will use a minimum of fifteen percent (15%) of all capitalization grant amounts to provide loan assistance to small drinking water systems that serve populations less than 10,000.

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) utilizing a grant specific ratio. A proportionate amount of state match will be expended concurrently or prior to the draw upon Capitalization Grant funds.

To the extent Capitalization Grant funds are to be disbursed to fund the reserve fund requirement of any DWSRF bond issues, those funds will be drawn upon and transferred to the reserve fund only at such times as equivalent eligible expenditures have been incurred by loan recipients. Funds will be drawn no faster than a grant specific ratio where a proportionate amount of state match funds have been expended concurrently or prior to the draw upon Capitalization Grant funds. The FFY 11 State Match has already been met and expended as of the date of this report. Therefore, at such time as a loan recipient expends leveraged bond proceeds for eligible project costs, an equal amount of capitalization grant funds will be drawn into the bond issue reserve fund, until such time as the reserve requirement is satisfied.

The DWSRF has historically used the Group of Projects Method or the All Projects Method, as described in EPA Publication 832-B98-003, "Guide to Using EPA's Automated Clearing House (ACH)." However, on future bond issues the DWSRF will designate at that time whether to utilize the Group of Projects method or the All Projects Method.

F. Development of the DWSRF Payment Schedule

Oklahoma's projected grant payment schedule is based on the time of the capitalization grant award, the scheduled dates for binding commitments, projected construction schedules for projects pursuant to the All Projects Method or Group of Projects Method as specified for a particular bond series, and the proposed budget for set-asides.

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, the 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 sewer district, public trust, master conservancy district, any other political subdivision." By law, the funds established for the Drinking Water State Revolving Fund are limited to those entities, precluding any privately owned entities from receiving monies.

B. Disadvantaged Communities

The DWSRF program provides 30-year loan terms that are only available to disadvantaged communities. 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. Further, the DWSRF project priority system provides for priority points to be given to projects that benefit disadvantaged communities. These two provisions are aimed at assisting systems most in need.

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 Clean Water State Revolving Fund (CWSRF) program. During SFY 12 Oklahoma may take advantage of funding flexibility between the Clean Water and Drinking Water SRF programs, provided by the Environmental Protection Agency, 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 11] 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."

Prior to any actual transfer of funds, the Intended Use Plan and capitalization grant agreement will be amended; an Attorney General's opinion certifying that State law permits the State to transfer funds will be submitted; and transfers will be made by the Governor, in accordance with Section 302 of the Safe Drinking Water Act. Currently, the Safe Drinking Water Act requires states to request transfer authority on a year-to-year basis, limiting the ability to transfer funds in future years. Funds will

not be transferred between programs during SFY 12 or in future years unless a permanent extension of transfer authority is granted.

VIII. PUBLIC REVIEW AND COMMENT

A public meeting will be conducted in compliance with the Oklahoma State Administrative Procedures Act and DWSRF regulations, on June 20, 2011. To ensure that interested parties were made aware of the public meeting date DEQ will post notice on the DEQ web-site and distribute 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 will be posted at the meeting site. A copy of this public notice is included as Appendix E. The public meeting will be held to review this IUP, the Project Priority System, and the Funding and Contingency Project Priority List. A comment period will follow the public meeting until July 20, 2011.

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 the DEQ without notification to the public, and will be reported to EPA in the Annual Report. Any changes in the IUP shall be made in accordance with procedures provided in the DEQ DWSRF Regulations.

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 Project Priority List shall consist of all eligible projects requesting placement on the Project Priority List. 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 Project Priority List 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 project priority list.
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 the compliance with the Safe Drinking Water Act Amendments of 1996 requirements. 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.

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

Contaminant	Severity (points per violation)
Mercury	10
Nitrate	30
Pesticides and other SOC's	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.

Condition	Severity
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.

Condition	Severity
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.

Condition	Severity
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

APPENDIX B

OK DWSRF Working FY 2012 Project Priority List

05/20/2011

PRIORITY POINTS	SYSTEM	LOAN AMOUNT	CUMULATIVE AMOUNT	POPULATION	PROJECT DESCRIPTION	Anticipated Binding Commitment Date	Anticipated Construction Date
<u>Funding List</u>							
605	Pawnee PWA	\$ 1,200,000.00	\$ 1,200,000.00	2,897	Construct a high rate solids clarifier; and modify the intake structure.	7/1/2011	9/1/2011
533	Goldsby WA (I)	\$ 599,215.00	\$ 1,799,215.00	1,300	Construct approximately 2.5 miles of replacement 12" transmission line, and a replacement raw water line from the well field to the WTP.	12/1/2011	2/1/2012
480	Osage Co. RWD #21	\$ 1,366,000.00	\$ 3,165,215.00	1,575	Construction of a new well field, main supply line to proposed water treatment plant, and additional storage for the system at the plant site.	10/1/2011	12/1/2011
458	Vinita UA (II)	\$ 4,300,000.00	\$ 7,465,215.00	11,163	Add ozone for pretreatment and primary disinfection, construct a new clearwell, and add an on-site standby power generator.	10/1/2011	12/1/2011
423	Wewoka PWA	\$ 800,000.00	\$ 8,265,215.00	4,257	Replace filter media, valves in the settling basins, and valves throughout the water system; install a generator at the WTP; replace approximately 1,000 feet of 10" water main distribution lines and an outdated back-up pump.	9/1/2011	11/1/2011
410	Bixby PWA (II)	\$ 7,800,000.00	\$ 16,065,215.00	20,475	Water plant upgrade at the South Water Storage Facility, Yale Booster Pump Station, and Bixthoma water transmission replacement.	3/1/2012	5/1/2012
410	Norman UA (II)	\$ 17,000,000.00	\$ 33,065,215.00	91,526	Phase II will include a new disinfection process/taste and odor removal system (Ozone or UV/PAC), an on-site chlorine generation system and all necessary yard piping.	2/1/2012	4/1/2012
405	Carmen PWA	\$ 250,000.00	\$ 33,315,215.00	411	Construct a nitrate reduction system.	1/1/2012	3/1/2012
395	Davis MA	\$ 8,295,000.00	\$ 41,610,215.00	3,010	Construct a new water treatment plant.	9/1/2011	11/1/2011
380	Bristow MA	\$ 5,000,000.00	\$ 46,610,215.00	3,899	Drill two (2) new water wells, lay approximately 1 1/8 mile of 12" w.l., lay approximately 27 miles of 8" w.l., lay approximately 36 miles of 6" w.l. and install one main line gate valve per mile and air relief valves, and fire hydrants where needed.	2/1/2012	4/1/2012
340	Jefferson Co. Cons. RW	\$ 5,000,000.00	\$ 51,610,215.00	9,631	Construction of a 12" water line extension and water wells.	2/1/2012	4/1/2012
323	Goldsby WA (II)	\$ 785,641.00	\$ 52,395,856.00	1,300	Construct approximately 1,500 feet of 8" water line, and construct a new standpipe.	4/1/2012	6/1/2012
303	Pawnee Co. RWD #2	\$ 350,000.00	\$ 52,745,856.00	1,775	Construct a new water treatment plant with Iron/Manganese removal to provide a secondary water source.	1/1/2012	3/1/2012
255	Lincoln Co. RW & SD #4	\$ 1,100,000.00	\$ 53,845,856.00	2,250	Construction of a Water Treatment Plant, and a new storage tank.	5/1/2012	7/1/2012
250	Canadian Co. RWD #1	\$ 2,000,000.00	\$ 55,845,856.00	650	Construction of a water treatment facility including possible improvements to the water transmission, distribution, storage, and pumping systems.	10/1/2011	12/1/2011
195	Miami Special UA (II)	\$ 900,000.00	\$ 56,745,856.00	14,137	Replacement of 3 miles of water lines, and the Neosho River waterline crossing.	9/1/2011	11/1/2011

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OK DWSRF Working FY 2012 Project Priority List

05/20/2011

PRIORITY POINTS	SYSTEM	LOAN AMOUNT	CUMULATIVE AMOUNT	POPULATION	PROJECT DESCRIPTION	Anticipated Binding Commitment Date	Anticipated Construction Date
180	Enid MA (II)	\$ 5,820,000.00	\$ 62,565,856.00	48,984	Construct a 1MG elevated water tank and a 750,000G elevated water tank.	4/1/2012	6/1/2012
170	Noble Co. RWD #1	\$ 500,000.00	\$ 63,065,856.00	335	Construct a new standpipe and waterline improvements.	10/1/2011	12/1/2011
143	Garfield Co. RWD #5	\$ 543,000.00	\$ 63,608,856.00	1,305	Extending a water line to serve people with poor water quality.	1/1/2012	3/1/2012
140	El Reno MA (IV)	\$ 2,500,000.00	\$ 66,108,856.00	19,682	Replace the meters and equip the meter boxes with radios.	11/1/2011	1/1/2012
130	Mayes Co. RWD #6	\$ 3,590,000.00	\$ 69,698,856.00	3,894	Expansion of the sedimentation basin, install four (4) new filters, construct a new 500,000 gallon clear well, two (2) new distribution pumps, backwash pump station with a new building, construct a new plant lab and equipment and new chlorination equipment and chlorine analyzers.	2/1/2012	4/1/2012
125	Yukon MA	\$ 2,000,000.00	\$ 71,698,856.00	22,498	Construct a new 1 MG water tower.	4/1/2012	6/1/2012
120	Broken Arrow MA (III)	\$ 70,000,000.00	\$ 141,698,856.00	81,730	Construction of a phased upgrade and expansion of the Verdigris River Water Treatment Plant to provide 30 MGD of treated water.	9/1/2011	11/1/2011
120	Rogers Co. RWD #2	\$ 750,000.00	\$ 142,448,856.00	2,750	Install a two-mile long twelve (12") main distribution water line through the district.	9/1/2011	11/1/2011
115	Shattuck MA	\$ 2,000,000.00	\$ 144,448,856.00	1,200	Construction of a new 500,000 gallon standpipe; installation of a new 300 gpm water well; installation of approximately 7,500 feet of 8-inch PVC waterline to loop the system and serve additional customers; and rehabilitation of the existing elevated storage tank.	9/1/2011	11/1/2011
110	Harrah PWA	\$ 650,000.00	\$ 145,098,856.00	5,148	Construct a water line loop to the 29th Street system.	7/1/2011	9/1/2011
95	LeFlore Co. Consolidated RWD #1	\$ 1,800,000.00	\$ 146,898,856.00	1,800	Construction includes: laying new lines, refurbishing standpipes, refurbishing pump stations, and constructing one (1) new pump station.	1/1/2012	3/1/2012
90	Logan Co. RWD #1 (II)	\$ 3,100,000.00	\$ 149,998,856.00	3,500	Construct distribution lines for water purchasing, water storage and pumping.	1/1/2012	3/1/2012
78	Vinita UA (III)	\$ 5,317,000.00	\$ 155,315,856.00	11,163	Construct a water treatment facility which will include concrete rapid mix and flocculation basins, updated chemical feed equipment, microfiltration membranes, and a new clearwell.	10/1/2011	12/1/2011
70	Clayton PWA	\$ 425,000.00	\$ 155,740,856.00	1,582	Remove and replace the existing standpipe.	12/1/2011	2/1/2012
70	Stroud UA	\$ 715,000.00	\$ 156,455,856.00	2,811	Upgrading the water system to accommodate Advanced Meter Reading (AMR) components.	4/1/2012	6/1/2012
70	Stillwater UA (III)	\$ 81,200,000.00	\$ 237,655,856.00	40,800	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.	4/1/2012	6/1/2012

APPENDIX B

OK DWSRF Working FY 2012 Project Priority List

05/20/2011

PRIORITY POINTS	SYSTEM	LOAN AMOUNT	CUMULATIVE AMOUNT	POPULATION	PROJECT DESCRIPTION	Anticipated Binding Commitment Date	Anticipated Construction Date
63	Grand Lake PWA	\$ 4,488,200.00	\$ 242,144,056.00	1,900	Construction of: 500,000 gallon storage tank; metal storage building; water pump station; relocation of existing water line; removal of existing standpipe and construction of new standpipe; and additional telemetry for entire system, new water treatment plant, water wells, and service to Oakridge Addition.	1/1/2012	3/1/2012
60	Cherokee Co. RWD #3	\$ 3,125,000.00	\$ 245,269,056.00	2,300	Refinance the funding for a membrane plant and waterlines.	9/1/2011	11/1/2011
60	Delaware Co. RWD #1	\$ 290,000.00	\$ 245,559,056.00	489	Construct line extensions to add approximately 55 new customers to the system.	9/1/2011	11/1/2011
<u>2013</u>							
178	Grove MSA	\$ 7,500,000.00	\$ 7,500,000.00	11,732	Expansion of existing water treatment plant.	7/1/2012	9/1/2012
25	Cashion PWA	\$ 404,761.00	\$ 7,904,761.00	635	Construct a water storage tank and pump station.	12/1/2012	2/1/2013
<u>2014</u>							
None							
<u>2015</u>							
175	Guthrie PWA (III)	\$ 3,800,000.00	\$ 3,800,000.00	9,925	Water distribution line improvements consisting of the replacement of certain critical mains within the city, and installation of automated water meters and an AMR system.	7/1/2014	9/1/2014

APPENDIX C

Green Project Reserve Priority List FY 2012

5/20/2011

PRIORITY POINTS	¹ GREEN	SYSTEM	GREEN PROJECT AMOUNT	CUMULATIVE AMOUNT GREEN PROJECTS	LOAN AMOUNT	POPULATION	CATEGORICAL OR BUSINESS CASE REQ'D	PROJECT DESCRIPTION
410	W,E	Bixby PWA (II)	\$ 250,000.00	\$ 250,000.00	\$ 7,800,000.00	20,475	Business Case Required	Water plant upgrade at the South Water Storage Facility, <u>Yale Booster Pump Station</u> , and Bixhoma water transmission replacement.
410	E, O	Norman UA (II)	\$ 2,000,000.00	\$ 2,250,000.00	\$ 17,000,000.00	91,526	Business Case Required	Phase II WTP Improvements project to include a <u>new disinfection process/taste and odor removal system</u> , <u>an on-site chlorine generation system</u> and all necessary yard piping.
395	E	Davis MA	\$ 2,000,000.00	\$ 4,250,000.00	\$ 8,925,000.00	3,010	Business Case Required	<u>Construct a new water treatment plant with energy efficient components.</u>
340	W,E	Jefferson County Consolidated RW&SD #1	\$ 1,000,000.00	\$ 5,250,000.00	\$ 5,000,000.00	9,631	Business Case Required	Construction of a 12" water line extension, <u>12" water line replacement for severely deteriorated line</u> , and two <u>water wells with energy efficient pumps and motors</u> .
120	E	Broken Arrow MA (III)	\$ 2,642,000.00	\$ 7,892,000.00	\$ 70,000,000.00	81,730	Business Case Required	Construction of a phased upgrade and expansion of the Verdigris River Water Treatment Plant to provide 30 MGD of treated water. 0 Project will include <u>high efficiency pumps and motors at the raw water pump station and high service distribution pump station.</u>
115	E	Shattuck MA	\$ 75,000.00	\$ 7,967,000.00	\$ 2,000,000.00	1200	Business Case Required	Construction of a new 500,000 gallon standpipe; <u>installation of a new 300 gpm water well (with energy efficient pump and motor)</u> ; installation of approximately 7,500 feet of 8-inch PVC Waterline to loop the system and serve additional customers; and rehabilitation of the existing elevated storage tank.
70	W,E	Stroud UA	\$ 715,000.00	\$ 8,682,000.00	\$ 715,000.00	2811	Categorically Green	Upgrading the water distribution system to accommodate <u>Advanced Meter Reading (AMR)</u> Components.
TOTALS			\$ 8,682,000.00	\$ 8,682,000.00	\$ 111,440,000.00			

¹Green - Green Infrastructure=G; Energy Efficiency=E; Water Efficiency=W; and, Other Innovative Activity=O

APPENDIX D

FEDERAL PAYMENT SCHEDULE

	Cumulative Payments	FFY 2012				FFY 2013			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1997-2010 Grants	\$ 143,669,474								
2011 Grant *	\$ 8,073,690		\$ 8,073,690						
2012 Grant *	\$ 7,694,190				\$ 7,694,190				
Total Grants	\$ 159,437,354								



Appendix E

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

News Release

For Immediate Release: May 20, 2011

Contact: Skylar McElhaney, (405) 702-7167

DEQ Schedules Public Meeting on the Drinking Water State Revolving Fund 2012 Intended Use Plan

The Water Quality Division of the Department of Environmental Quality (DEQ) will hold a public meeting at 1:30 p.m., Monday, June 20, 2011, at the agency's headquarters located at 707 N. Robinson, Oklahoma City, Oklahoma. This meeting will be held to answer questions and receive public input on the State Fiscal Year 2012 Intended Use Plan (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 DEQ's website at www.deq.state.ok.us/WQDnew/dwsrf/. A copy may also be obtained by contacting Vicki Reed at (405) 702-8100, 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. A copy of the draft plan can be reviewed on the eighth floor at DEQ's headquarters in Oklahoma City. The comment period will remain open until July 20, 2011.

For more information on this public meeting, call Vicki Reed at (405) 702-8100.

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