



Drinking Water
State Revolving
Fund (DWSRF)
Annual Report

SFY2017

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Separate PDF file

Attachment A:	State Environmental Review Process – List of Projects
Attachment B:	OHA Central Accounting Documents (Schedules A, B, & C)
	OHA Supporting tables (Schedules D & E)

I. INTRODUCTION

The State of Oregon is pleased to submit the Annual Report on Oregon's Drinking Water State Revolving Fund (DWSRF) for the State's fiscal time period of **July 1, 2016 through June 30, 2017**. The report primarily addresses the base SRF activities. Drinking Water National Information Management System (DWNIMS) data was used throughout this report. In Oregon, the DWSRF is often referred to as the Safe Drinking Water Revolving Loan Fund (SDWRLF).

This Annual Report is provided to the US Environmental Protection Agency (EPA), Region 10, to present the Drinking Water State Revolving Fund activities undertaken by Oregon during State Fiscal Year (SFY) 2017. This Annual Report documents work done to achieve the goals and objectives of the Set Aside activities, and provides details about Loan Fund activity, projects financed, loan interest rates, fund balances, etc., as set forth in the Intended Use Plan (IUP).

The Table 1 below provides highlights of Oregon's DWSRF Program for the SFY2017 reporting period.

Table 1: Oregon's Drinking Water State Revolving Fund

Overview of SFY2017:

Total amount of committed/executed loans: **\$47,993,070**

Total number of projects funded: **29**

Total population served: **98,293**

Interest Rate & Terms:

Standard projects funded between 20 to 30 years @ **1.80%** (avg. rate): **5**

Disadvantaged & non-disadvantaged community project loans - up to 30 years @ 1.0%: **4**

Consolidation projects that received 100% principal forgiveness: **1**

Planning projects that received 100% principal forgiveness: **19**

Emergency projects that received 100% principal forgiveness: **0**

Prior award amendment projects: **0**

Additional Subsidies:

Loan forgiveness: **\$7,653,271 (29 projects)**

Small systems (<10,000 people) funded: **26**

Categorical & Business Case GPR projects funded: **0**

Total GPR subsidy incentive awarded: **\$0**

Set Aside Activity Assistance:

Total amount of funds expended from all 4 Set Asides: **\$4,257,816**

II. GOALS AND ACCOMPLISHMENTS

A. Progress toward Short-Term Goals

- 1. Operate and manage a Safe Drinking Water Revolving Loan Fund in Oregon for eligible community and non-profit non-community water systems to construct needed improvements and meet security needs.*

Oregon's Safe Drinking Water Revolving Loan Fund (i.e., Loan Fund) continued to make loans during the report period, July 1, 2016 through June 30, 2017.

A total of 29 new signed loan agreements for \$47,993,070 went to water system projects during this 12-month report period (See Schedule D). For the second consecutive year, the total amount of signed loan agreements substantially increased to the highest since ARRA (\$74.8M, 2010) per NIMS (line 121). To date, Oregon has executed commitments for \$377,120,688 to 208 drinking water projects.

As of SFY2017, Oregon will maintain one combined (i.e., fundable & comprehensive) list of rated projects that seek financing either to achieve, return to, or to remain in compliance with the amended 1996 Safe Drinking Water Act (SDWA). The current combined Project Priority List (PPL) contains 48 new and old infrastructure (i.e., health/compliance and general) projects seeking approximately \$93,604,486 in financing to meet construction costs. This combined PPL includes project data submitted in the 2016 and 2017 Capitalization Grants (2015 projects recently removed from list).

- 2. Provide loan assistance to projects that will address the greatest public health need while accounting for project affordability, especially to help small systems and those serving disadvantaged communities.*

By ranking water system construction projects according to health risk and compliance issues with the Safe Drinking Water Act, those water systems with major water quality compliance problems were given the highest rating points and placed at the top of the Project Priority List (PPL). Water systems with the highest points were invited first to apply for design and/or construction loan funds; however, projects were funded based on their readiness-to-proceed.

During SFY2017 disadvantaged communities continued to have access to interest rates as low as 1% and terms of up to 30 years. Additionally, severely disadvantaged communities may qualify for up to an additional \$500,000 or 50% (whichever is less) of the total award in principal forgiveness toward design and/or construction costs.

- 3. Develop technical assistance and source water protection efforts that improve the operation, maintenance and management of Oregon's drinking water systems.*

Technical assistance to small water systems serving fewer than 10,000 people continues to be provided through Oregon's Circuit Rider Program. For more information, visit the Small Systems Technical Assistance Set Aside section on page 10.

The Drinking Water Services (DWS) also continued to work with Oregon's Department of Environmental Quality (DEQ) to support local drinking water source protection projects. For more information related to these activities, see the Implementation of Protection Set Aside section of this report.

B. Progress Toward Long-Term Goals

1. *Administer the Safe Drinking Water Revolving Loan Fund in Oregon in a way that protects its revolving nature in perpetuity.*

OHA currently has an Inter-Agency Agreement (IAA) with Business Oregon (BO) through June 2019. OHA also has an IAA with DEQ through June 2019.

During SFY2017, Oregon's Loan Fund made loans in the range of 1% to 4% (on average) interest, thereby allowing the Loan Fund to continue to grow in perpetuity to benefit Oregon's water systems. Actual interest rates ranged between 60-80% of the last 20-Bond Index Rate of the previous quarter as published in the Bond Buyer and may vary with the rise and fall of this market. Severely disadvantaged systems continue to receive an interest rate of 1% with terms up to 30 years.

EPA advised that both EPA and the States were facing ever-increasing scrutiny regarding Unliquidated Obligations (ULO), and that States would be required to commit and expend SRF funds at a greater pace. Relevant examples included expediting the submittal of the SRF Capitalization Grant application and awarding assistance agreements as soon as money becomes available. Oregon's Drinking Water Services (DWS) understands the significance of these concerns and continues to take measures to meet these requirements. For example, since April, 2013, Oregon's DWSRF Program has kept a year-round Letter of Interest (LOI) process open without any deadlines for infrastructure related projects as an approach to combat ULOs. In addition, Oregon's DWSRF Program has implemented the Sustainable Infrastructure Planning Projects (SIPP) program and most recently followed that up in 2016 with the ability for eligible public water systems to apply for infrastructure projects that do not have any health and/or compliance issues. OHA and BO believe these two additional programmatic changes will not only provide more options for eligible public water systems, but also assist OHA and BO in meeting evolving ULO requirements while increasing our fund utilization rate. For more information about DWSRF Program updates, visit the OHA website at, <http://public.health.oregon.gov/HealthyEnvironments/DrinkingWater/SRF/Pages/index.aspx>.

Finally, State repayment and earned interest funds have now been authorized for use on DWSRF projects in addition to the awarded federal funds the State receives annually. This will continue to streamline the funding process. More information about this process can be found in Attachment B of this annual report in addition to the DWSRF webpage.

2. *Support the State's goal of ensuring Oregon's water supplies provide safe water to drink by helping to finance needed water system improvements.*

The loan process requires that water system projects be prioritized according to need. The project ranking priorities focus on system health risk, compliance issues, and affordability on a per household basis. Those water systems at the top of the list are invited to apply for project funds first; however, Oregon does exercise a project bypass rule when necessary and may fund eligible projects that do not mitigate health and/or compliance related issues.

3. *Increase water system compliance with state and federal drinking water requirements through technical assistance, capacity development and assessment of source water.*

Oregon used Local Assistance Set Aside funds to assist water systems in maintaining compliance and improve their water systems through the Capacity Development and the Implementation of Protection programs. Capacity Development evaluated water system financial, technical and managerial capabilities, and outlined actions to maintain system viability. OHA, sharing workload with DEQ, continued to conduct source delineations, contaminant identification, and source susceptibilities for all public water systems while providing assistance to communities to develop local Drinking Water Protection Programs.

C. The Public Health Benefits of Investment in Infrastructure

Waterborne diseases and chronic exposure to chemical contaminants continue to present challenges to public health officials and water suppliers. The presence of disease-causing microorganisms in tap water typically results from poor source water quality, lapses in disinfection and filtration treatment process, or compromised distribution systems are just a few of those specific challenges.

Ensuring that all Oregonians have access to safe drinking water remains our highest priority. Two important ways to meet this priority is through strong asset management practices and investments in drinking water infrastructure.

III. DWSRF LOAN AND SET ASIDE ACTIVITIES

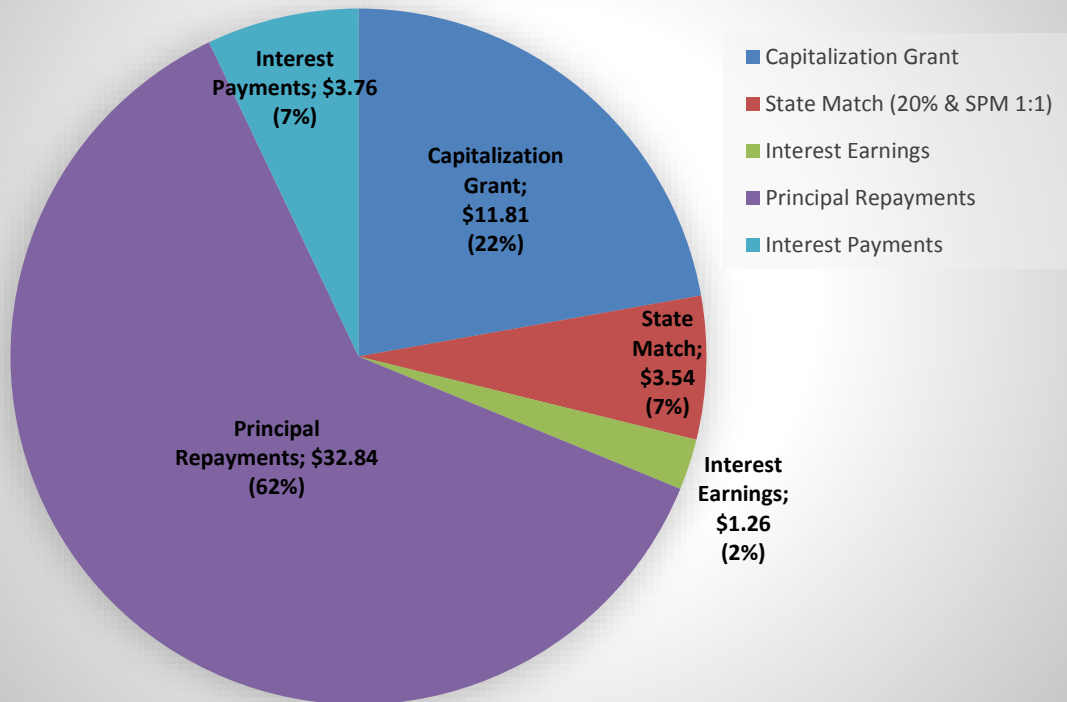
This section of the Annual Report provides an overview of this year's activity in the Loan Fund and in the Set Asides.

A. Sources of DWSRF Funding

Oregon's Drinking Water State Revolving Fund continued to make project loans in SFY2017 using previous Capitalization Grant awards and State match.

See pie chart for DWSRF sources on page 8.

**Figure 1: New SFY2017 DWSRF Sources
(\$53.21 Millions)**



1. Capitalization Grants

Oregon received its 2016 award during SFY2017. Cumulative grant awards received (SFY1998-2017) equal \$274,637,400 (NIMS line 3).

2. State Match

Oregon deposited the required state match (i.e., 20% & 1:1SPM) of \$3,542,208 during SFY2017 for the 2016 Capitalization Grant award of \$11,806,000.

3. Interest Earnings

Oregon received \$1,256,242 in interest earnings on investments in this report period. Earnings resulted from the deposit of previous fiscal year state match.

4. Repayments/Payments

Repayments received totaled \$32,840,519 in principal and \$3,760,506 in interest from loan payments. Both principal and interest were used to further capitalize the Loan Fund.

B. Uses of DWSRF Funds

This section lists out the Loan Fund and Set Aside activities during SFY2017.

1. Loan Assistance Status

The Drinking Water State Revolving Fund entered into 29 new loan agreements totaling \$47,993,070. Loans ranged in size from \$14,500 to \$14,855,000.

a) Project Bypass

Of the 29 projects funded during SFY2017, several infrastructure projects bypassed other projects on the Project Priority List due to their readiness-to-proceed.

b) Binding Commitments

As of June 30, 2017, Oregon's overall commitments total \$377,120,688 or 90% of the \$421,015,978 (per NIMS line 395) DWSRF funds available for projects. Oregon obligated almost \$48 million from the Loan Fund in SFY2017 in new loans.

c) Small Systems

The DWSRF requires that at least 15% of the Loan Fund be committed to small water systems. A small water system is one that serves less than 10,000 people. Of the 29 projects funded during this report period, 26 were for small systems, and 3 projects were for systems that serve more than 10,000 people.

d) Disadvantaged Community Systems

Disadvantaged communities received loans at a reduced rate as low as 1% interest with an extended term of up to 30 years. A portion of a loan to a disadvantaged community may also include additional principal forgiveness up to 50% of the total award, not to exceed \$500,000. Six loans to disadvantaged communities were made during SFY2017. The 6 disadvantaged community loans were committed approximately \$5,102,480 in principal forgiveness.

e) Disbursements

A total of \$16,581,631 (per NIMS line 275) was disbursed to loan recipients in SFY2017. Loan disbursements are made, based on availability, in the order of 1) State Match; 2) Federal Funds; and 3) State Program Funds (repayment and interest earnings). This disbursement order is intended to prevent the occurrence of improper payments, meet Unliquidated Obligation (ULO) targets, and fully utilize all sources available in the Fund.

2. Set Aside Activity Status

The following section reports on Set Aside activities of Oregon's Drinking Water State Revolving Fund program for this reporting period. The Attachment B financial charts show status of the funding for each of the four Set Aside activities. The charts show funds available in the report period, and the amount actually disbursed during State's fiscal year 2017.

Set Aside: Administrative Expense

This Set Aside covered the personnel salaries and related costs needed to administer the DWSRF program in Oregon. Oregon continues to not charge loan fees to supplement Set Aside funds to meet the cost of Loan Fund administration and relies only on the federal Set Aside. Implementing the Loan Fund required the work of 4.50 FTE (Full Time Equivalents) – 0.70 in Drinking Water Services, and 3.80 for BO.

Key administrative activities included:

- Solicited construction projects at state-wide workshops.
- Developed, implemented & managed a year-round web-based Letter of Interest (LOI) process
- Implemented State repayment & earned interest funds to infrastructure projects
- Evaluated public water systems for technical, managerial and financial capacity.
- Quarterly and annually reported in to the PBR, NIMS, and FSRS databases for EPA audits.
- Attended and presented updates on the SRF program at quarterly DWAC meetings.
- Administered the State's Environmental Review Process (SERP).
- Completed Intended Use Plans (IUP) and Project Priority Lists (PPL).
- Prepared capitalization grant applications.
- Developed loan tracking and financial tracking reports.
- Developed program policies and procedures.
- Trained Loan Fund staff on cross cutters and program regulations.
- Managed Oregon's Loan Fund and Set Aside programs.
- Adjustments to programmatic priorities when necessary

All implemented goals or measurable activities suggested by this Set Aside's most recent Work Plan have been met or performed.

Set Aside: Small Systems Technical Assistance

Oregon uses this Set Aside to contract with technical assistance providers in order to bring improvements to small community water systems, those serving less than 10,000 people. The contracts brought technically skilled circuit rider services to significant noncompliant water systems and water systems experiencing temporary problems. This Set Aside required 0.30 FTE during SFY2017.

During this year, our Circuit Rider contractor continued to work with community groundwater and surface water systems.

The main work plan tasks completed by the technical assistance circuit riders work statewide included the following activities:

- Preparing Resolution Plans that identify current deficiencies (if applicable) with the water system infrastructure or operation;
- Outline a detailed plan for resolving deficiencies;
- Complete a cost estimate of solutions;

- Providing on-site technical assistance troubleshooting in such areas as bacteria detections, repairing malfunctioning chlorinators or well pumps, and other water quality related problems.
- Assistance with completing financing options and strategies for some systems.

Based on invoices paid, the contracted Circuit Rider made 87 technical assistance contacts during the reporting period.

All implemented goals or measurable activities suggested by this Set Aside's most recent Work Plan have been met or performed.

Set Aside: State Program Management

Funds from this Set Aside augment the Public Water System Supervision Program through either a standard service contract or a State-wide, Multi-County Financial Aid Agreement (FAA). The DWS portion of the FAA is designated as Program Element 50, and outlines the specific regulatory activities and related deliverables for each of the 26 participating Counties. A separate service contract is in place for the Oregon Department of Agriculture, and has all of the same responsibilities and deliverables as the FAA.

The Counties work with the smaller public water systems (3,300 population and under using ground water only) within their jurisdictions, and the Department of Agriculture works statewide with drinking water systems operated by the facilities it licenses, such as a grocery-deli, dairy, and food processing facilities. Approximately 2,069 public water systems (EPA regulated only) fall within the contract agreements with the Counties and the Department of Agriculture.

Basic program activities:

The basic program activities carried out under both agreements are intended to help drinking water systems resolve water quality monitoring, reporting, and other violations, and to complete preventive efforts such as sanitary surveys of water systems, alert investigations and provide technical consultation. See below for specific requirements.

1. **Alert Investigation** - a notice of drinking water contaminant detection is issued by the Drinking Water Services and is referred to as an "alert."
2. **Water System Surveys** – periodic, comprehensive, on-site evaluations of public water systems performed to identify and recommend corrective actions to prevent adverse effects on the quality of drinking water provided to the public.
3. **Emergency Response Plans** - a written document establishing procedures and actions taken for a public water system to minimize the impact or potential impact of a natural disaster, accident, or intentional act which disrupts or damages, or potentially disrupts or potentially damages the public water system or drinking water supply, and returns the public water system to normal operating condition.
4. **Enforcement Action Tracking & Follow-up** - contractor follow-ups made with water systems that are under enforcement orders to verify completion of all enforcement actions.

5. **Violation Correction** – contractor consultations with water system operators to advise and help ensure the timely resolution of monitoring and reporting violations.

These five basic program activities are summarized in the table below. In addition, the link here, <https://yourwater.oregon.gov/reports/srf.php>, automatically updates to the next State fiscal year every July.

ACTIVITIES SUMMARY (7/1/16 – 6/30/17)

Basic Program Activities	NUMBER REPORTED
Alert Investigations	851
Water System Surveys	437
Enforcement Action Tracking & F/U	29
Emergency Response Plan Completions	24
Violation Corrections	111

State regulatory activities are performed with the funding of 7.85 FTE, with funds being provided by both federal dollars and state match funds. OHA staff perform a wide range of managerial, technical, environmental, and support activities, including the five basic program activities covered by the contractual agreements with our partner agencies.

OHA-DWS Staff (SPM Set Aside)

FTE	Title
100%	Administrative Specialist 1
15%	Environmental Engineer 3
70%	Environmental Engineer 3
75%	Environmental Engineer 3
75%	Environmental Engineer 3
75%	Environmental Engineer 3
100%	Environmental Engineer 3
100%	Environmental Engineer 3
75%	Natural Resource Specialist 3
100%	Natural Resource Specialist 3
7.85	Total FTE

All implemented goals or measurable activities suggested by this Set Aside’s most recent Work Plan have been met or performed.

Set Aside: Local assistance and Other State Programs

Oregon used funds from this Set Aside for three programs:

- Capacity Development
- Implementation of Protection
- Drinking Water Source Protection

Capacity Development involves assessing the financial, technical and managerial capabilities of community and non-profit non-community water systems, and then assisting those systems in need.

Implementation of Protection involves several activities to help community and non-profit non-community water systems identify vulnerabilities to their sources of drinking water and then recommending ways to protect their sources.

The Drinking Water Source Protection grants and loans provide financial assistance to purchase easements, rights-of-way, and mitigation as measures to protect their sources of drinking water.

Details about these programs for this report period are provided below.

Local Assistance -- Capacity Development

Oregon's Capacity Development Program continues to be a fundamental part of the Drinking Water Services. The funding level for the capacity development program remains between 2% - 4% of the annual Cap Grant, the level endorsed by the Oregon Drinking Water Advisory Committee (DWAC). This Set Aside supported 2.15 FTE in OHA for contracts and other related operating costs.

Oregon's Capacity Development Program focuses on four areas:

Capacity Assessment Program: Oregon's DWS staff performed 14 technical and managerial assessments of system capacity for the DWSRF, with a concurrent financial capacity assessment performed by BO. Most identified capacity deficiencies are corrected prior to the final loan money disbursement. Issues more severe require correction prior to initiating the loan. In addition to loan fund activities, capacity assessment tools are also utilized in the evaluation of capacity during the plan review and approval process of new public water systems.

Capacity Development Information Services Program: DWS continually strives to better communicate with public water systems and the general public. Oregon utilizes its website to provide water system-related information, including public access to the State's Safe Drinking Water Information System (SDWIS) database, a capacity development specific resource webpage and a training opportunities webpage. Oregon also issues a quarterly publication called The Pipeline that provides information regarding upcoming rules, deadlines, and operation/maintenance type issues.

Capacity Development Training Program: Training opportunities are available on all levels for water system operators. The following training courses are currently provided on a reoccurring basis:

- Basics for Small Water Systems

- Conventional & Direct Filtration
- Essentials of Surface Water Treatment
- Slow Sand Filtration

Capacity Development Outreach Program: Oregon continues to have great success with the DWSRF Program and associated outreach activities. The DWSRF funds are very beneficial in that they provide a funding mechanism to water systems that might not otherwise be able to afford needed modifications, upgrades and replacements of existing drinking water system infrastructure. DWS continues its coordinated effort between the DWSRF program and its Enforcement program, reviewing water systems on the Primary Non-Complier (PNC) list to identify eligible water systems that should be offered financial assistance to alleviate their compliance issues.

In addition to providing outreach associated with the DWSRF program, OHA also assists water systems directly through its Technical Assistance Circuit Rider program, by integration of capacity building outreach by staff into day-to-day drinking water program activities, and through its AWOP program described below.

Area-Wide Optimization Program: The objective of Oregon’s Area Wide Optimization Program is to educate water system operators in optimization principles with the goal of improving public health protection. This is accomplished by imparting an understanding of not only the basics of water treatment and the multiple barrier concepts, but also providing the opportunity and incentive to learn and engage in optimizing treatment beyond regulatory standards and using data to monitor performance and identify areas for improvement.

During the reporting period, DWS staff progressed towards meeting the AWOP objective by providing training and direct technical assistance to treatment operators and by presenting on optimization concepts at conferences.

Local Assistance – Implementation of Protection

Protection of a public drinking water source begins when the water system’s Source Water Assessment Report (SWA Report) is used to develop local management strategies that minimize contamination risks associated with current and future land use practices. When requested, water systems with a completed SWA Report receive assistance with the development of source water protection strategies and Source Water Protection Plans.

As of June 2017, a total of 305 community water systems (34% of Oregon’s community water systems) have “substantially implemented” a strategy to protect their drinking water. These 305 community water systems include many of Oregon’s larger communities and serve approximately 3,429,862 Oregonians, 84% of the estimated 3,970,000 Oregonians served by community water systems.

Oregon Health Authority’s Drinking Water Services (OHA) assists water systems that rely on groundwater as their source of drinking water. The Department of Environmental Quality (DEQ), under a written Inter-Agency Agreement (IAA), assists water systems with surface water as their source of drinking water. This joint effort of using the individual expertise of the two agencies allows the state to respond more capably to the differing needs of public drinking water systems based on their respective source of water. This Set Aside supported 1.90 FTE in OHA.

Protection highlights for this period include:

- Six additional Community groundwater systems achieved substantial implementation. Oregon SDWIS data suggests that the additional number of Oregonians protected by these six water systems is 16,705.
- OHA and DEQ continued work on providing updated Source Water Assessment data to public water systems. DEQ is providing Updated Source Water Assessments to surface water systems while OHA focused on providing assessments to groundwater systems and updating locational data for all surface water and groundwater intakes. DEQ worked toward completing Assessment reports for coastal community water systems, due to their greater vulnerability. OHA has obtained accurate locations for 635 groundwater and surface water intakes. OHA also completed 192 Assessment updates, roughly 20% of those that need to be completed.
- DEQ continues to develop statewide “Resource Guides” for both groundwater and surface water sources. This guidance will expand on what is in the Updated Source Water Assessment and provide additional information and tools to determine local priorities and strategies for protecting source water areas.
- DEQ continues to improve and refine the Drinking Water Source Protection Interactive Map Viewer based on a Geocortex platform. The map viewer combines mapped drinking source water areas, a general land use/ownership layer, and potential contaminant source locations from regulatory databases. Public water systems can use the mapping tools to identify water quality risks and protect drinking water supplies.
- Oregon DEQ and OHA continue promoting the use of the Drinking Water State Revolving Fund for drinking water source protection grants and loans. Each year \$200,000 is set aside to fund source protection projects. During the reporting period, twelve Letters of Interest (LOI) for drinking water protection projects were received. Five of the LOI were for surface water source protection projects and seven were for groundwater source protection projects. Of the twelve LOI received, seven projects were recommended for funding. There is no FTE directly assigned to the source protection grants and loans program.
- OHA continues working with Lake Superior State University through an Intergovernmental Agreement to perform Harmful Algae Bloom (HAB) toxin analysis and shipping services for HAB impacted water systems.
- Since January 2010, OHA has used Source Water Assessment Report data to identify groundwater sources that need to go through monthly source assessment monitoring under the Groundwater Rule. Of the 505 water sources that have completed the monitoring requirement, 37 (7.3%) have been found to be E.coli contaminated.

IV. FINANCIAL SUMMARY

A. Status of Loans

Twenty-nine loans were closed during this report period, bringing the total number of closed loans to 208.

B. Loan Disbursements/Cash Draw Proportionality

Disbursements to loan recipients totaled \$16,581,631 at end of SFY2017.

C. Set-Aside Disbursements

During this report period, \$4,257,816 was disbursed to support Set Aside activities (See Schedule B).

D. Annual Payments / Aging of Accounts

Loan Fund repayments and interest earnings totaled \$36,601,025 (per NIMS line 283) for this report period.

E. Loan Portfolio Analysis

Loan underwriting involves a variety of analytical elements. The analysis of these elements is intended to assure the State that the loan will be repaid, limiting the risk of default by the borrower. Due to State credit standards, the State does not foresee problems with default risk in the Loan Fund. To date, all Loan Fund loans are paid as agreed.

F. Investments

The Loan Fund received \$1,256,242 in interest earnings on investments in this reporting period (per NIMS line 296). The State Treasurer manages these funds in compliance with state investment practices. Accounting records are monitored monthly to confirm that the Treasurer credits interest to the DWSRF in a timely fashion. These accounting records are available in Salem, Oregon at Business Oregon.

G. Financial Statements

A financial statement for SFY2017 was prepared by OHA Central Accounting, and comprises Schedules A, B, & C in Attachment B of this report.

V. COMPLIANCE WITH OPERATING AGREEMENT AND GRANT CONDITIONS

A. Conduct Environmental Reviews

Oregon Health Authority conducted environmental reviews of 18 projects during this report period. Those reviews resulted in issuing 1 FNSI (Finding of No Significant Impact) and 17 Categorical Exclusion decisions, and details are in the SERP Report, Attachment A.

B. Capacity Development Authority

Oregon Revised Statute ORS 448.131 requires DWS to ensure all new public water systems commencing operations after October 1, 1999 adequately demonstrate technical, managerial, and financial capacity in accordance with Section 1420 of the Safe Drinking Water Act.

C. Review of Technical, Managerial, and Financial Capability of Assistance Recipients

Oregon Health Authority evaluated the technical, managerial, and financial capability of Loan Fund assistance applicants using EPA approved criteria and process. Fourteen reviews were completed during this report period and all projects were approved.

D. Take Payments Based on Payment Schedule

During SFY2017, Oregon continued to take payments based upon eligible DWSRF related activities performed on a monthly basis through the EPA Automated Clearing House (ACH).

E. Deposit state matching funds

Oregon deposited the required 2016 state match of \$3,542,208 (i.e., 20% & 1:1 SPM) in SFY2017.

F. Assure that borrowers have dedicated source of repayment

Business Oregon conducts a credit review on all applicants for DWSRF funding. This analysis determines whether or not an applicant has the ability to repay a loan. For every applicant, the expected revenue stream from user fees and other revenues offered must be sufficient to repay the loan, pay operation and maintenance costs, and pay for other necessary expenses.

G. Use funds in a timely and expeditious manner

Oregon committed \$377,120,688 of available Loan Fund moneys since the inception of the program in 1998. Oregon continues to meet its binding commitment requirements and believes it will continue to do so.

H. Federal Funding Accountability and Transparency Act (FFATA)

OHA and BO agree to enter relevant FFATA information in to the FFATA Sub award Reporting System (FSRS) as required. FFATA reporting results will be shown in the report attachments and is based on the newly issued EPA FFATA guidance.

End of Report