

Floodplain Enhancement, Carli Treatment Wetland. DEQ signed a \$37,000,000 loan with WES in January 2019.

The Sponsorship Option projects will address:

Project #1, Pleasant Valley Stream Restoration, involves restoration of a portion of Rock Creek and two small tributaries, including large wood placement, riparian corridor enhancement, removing an existing irrigation dam and daylighting parts of two tributary channels.

Project #2, Three Creeks Floodplain Enhancement Project, includes planning and data gathering for the Three Creeks Floodplain Enhancement project that will enhance the existing natural floodplain area and construct wetlands and floodplain terraces to increase flood storage.

Project #3, Carli Creek Treatment Wetland, will create approximately 7 acres of backwater channel habitat and a water quality treatment wetland complex.

The sponsorship option project is consistent with the 2014 Final Oregon Nonpoint Source Management Program Plan sections 2.3 (Short-term goal), 3.5.3 (Total Maximum Daily Load implementation), 4.6.1 (Total Maximum Daily Load Implementation for Urban and Rural Residential DMAs), and 6.1 (utilizing Clean Water State Revolving Fund).

Project priority list in alphabetical order

[Appendix 1](#) includes all loan applications, including those ready to proceed to an executed loan agreement. An applicant must complete all applicable Clean Water State Revolving Fund loan requirements before DEQ will execute a loan agreement.

The project priority list is in alphabetical order by applicant and includes the following additional information required by the EPA: application number, amount requested, EPA needs category, water quality permit number (for federal National Pollution Discharge Elimination System permits, EPA's "OR" identification number is listed and for state Water Pollution Control Facility permits, the DEQ identification number is listed) and preliminary project schedule.

Project priority list in rank order

[Appendix 2](#) includes all loan applications in rank order, project scores, the applicable green project reserve category and dollar amount, a small community identifier as defined under Oregon Administrative Rule [340-054-0010\(28\)](#) and a facility planning identifier. Rank order shifts as loan applications are added and removed from the project priority list.

Priority ranking criteria

DEQ used criteria in Oregon Administrative Rules [340-054-0026](#) and [340-054-0027](#) to rank projects. Project ranking criteria include: water quality standards and public health considerations, watershed and health benefits, natural infrastructure inclusion, and other considerations.

Applicants ready to proceed

DEQ will only finance a project that is included in the Intended Use Plan. Additionally, loan applicants must satisfy all Clean Water State Revolving Fund loan requirements prior to receiving an official loan offer from DEQ. Loan requirements include, but are not limited to: documentation of a reliable repayment source, authority to undertake the proposed project, a land use compatibility statement, an environmental review, audited financial statements, project budget and approved project planning documentation.

When an applicant satisfies all loan requirements, the applicant is considered “ready to proceed” and DEQ will begin the loan agreement execution process. [Appendix 3](#) indicates one applicant is ready to proceed: City of La Pine (55700-17a and 55700-17b).

Funding award by-pass procedure

Currently, DEQ has sufficient funds to finance all projects as they become ready to proceed. This ensures the fund is utilized in a timely manner. In the event the program does not have sufficient funds available to finance all projects that are ready to proceed, DEQ will award funding based on project score to projects that are ready to proceed.

If an applicant declines funding, DEQ will go to the next highest ranking project and offer funding to that applicant until all available funds have been committed.

Estimated funds available for state fiscal year 2020

Currently, the loan program has \$218,422,670 net available to lend for state fiscal year 2020. [Appendix 4](#) provides the calculation of funds available for state fiscal year 2020 and includes the projections for state fiscal years 2020, 2021 and 2022. This calculation includes the federal fiscal year 2019 capitalization grant in the amount of \$17,949,000. In state fiscal year 2020, DEQ plans to distribute about \$2,000,000 of administrative allowance towards the purchase of loan software using loan repayments that DEQ will deduct from the program’s banked authority.

DEQ usually only updates this calculation at the beginning of each state fiscal year.

Sources and uses of funds

Federal capitalization grant funds and state match

To increase funds available, DEQ annually applies for and receives a capitalization grant from EPA. The grant obligates DEQ to provide a 20 percent match in new money to capitalize the fund. DEQ disburses the required match to borrowers prior to disbursing capitalization grant funds. Once DEQ disburses all match and grant funds, DEQ disburses the state revolved funds (repayment funds) to borrowers.

DEQ raised match bonds in June 2019 to meet the match requirement for state fiscal years 2020 and 2021. [Appendix 4](#) represents the estimated timing of the funds supply to the demand for funds. DEQ has the statutory and budgetary authority to raise sufficient match in order to provide the required 20 percent state contribution as needed.

Investment earnings

The fund earns interest on cash deposited in the Oregon State Treasury, increasing funds available. DEQ forecasts investment earnings conservatively based on the market interest rates and the fund’s cash balance. The long-term goal is to keep cash reserves at a level where cash is available to cover future demand and the variability in project completion schedules, ensuring funds in active use by borrowers.