

Oregon Clean Water State Revolving Fund Loan Program

Intended Use Plan

State Fiscal Year 2020

July 12, 2019

Clean Water State Revolving Fund Loan Program

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DEQ is a leader in
restoring, maintaining
and enhancing the quality
of Oregon's air, land and
water.



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Introduction

The Oregon Department of Environmental Quality prepares this Intended Use Plan as required by the U.S. Environmental Protection Agency and Oregon Administrative Rules to inform Oregonians and the Clean Water State Revolving Fund loan applicants about how DEQ proposes to use the fund during state fiscal year 2020 (July 1, 2019 through June 30, 2020).

DEQ's Clean Water State Revolving Fund program offers below-market rate loans and bond purchases to public agencies for planning, design, construction and implementation of the following water quality improvement projects:

- Wastewater collection, treatment, water reuse and disposal systems
- Nonpoint source water pollution control projects
- Development and implementation of management plans for federally designated estuaries in Oregon (Tillamook Bay and Lower Columbia River)

DEQ accepts applications at any time, but sets application deadlines and application review periods three times per year in April, August and December. Loan applicants should become familiar with the CWSRF [application process and loan requirements](#) prior to applying. DEQ reviews the applications for eligibility and scores the applications based on the program's [ranking criteria](#).

Once scored and ranked, DEQ incorporates eligible applications into this plan, submits the plan to EPA for review and issues a public notice about the plan. DEQ notifies the public by announcing the public comment period in the Daily Journal of Commerce and through DEQ's [GovDelivery](#) notification system. After the public comment period, DEQ updates this plan and publishes it on the program's website: <http://www.oregon.gov/deq/wq/cwsrf>. Loan applicants can begin completing any remaining loan requirements after the public comment period.

EPA requires that each Clean Water State Revolving Fund program develop a project priority list, which is integral to the Intended Use Plan. DEQ includes applications for eligible projects on the project priority list in ranked order for financing, based on project score in [Appendix 2](#). However, DEQ does not commit or reserve funds for individual projects until an applicant meets all loan requirements. DEQ determines that the applicant is "ready to proceed" to loan agreement execution once all application requirements are satisfied.

Currently, DEQ has sufficient funds to award funding to 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 to projects that are ready to proceed in priority order based on project score.

This Intended Use Plan includes 29 loan applications for a total of \$190,385,122 in requested funding. Currently, the loan program has \$218,422,670 net available to lend for state fiscal year 2020 and DEQ can award a maximum loan amount of \$32,763,401.

This plan includes loan program requirements, definitions and application process information. The plan also details the program's administration, budget and fiscal condition.

The Clean Water State Revolving Fund program rules and regulations:

- Title VI of the Clean Water Act ([33 U.S. Code §1383](#)) and CWSRF Regulations ([40 CFR Part 35.31](#))
- Oregon Revised Statute [468.020 and ORS 468.423 – 468.440](#)
- [Oregon Administrative Rules Chapter 340, Division 54](#)

Program goals

Mission Statement:

Oregon's Clean Water State Revolving Fund program supports communities by financing projects that improve water quality and environmental outcomes for the State of Oregon. The program is dedicated to working with small communities and on water quality projects that increase financial and environmental sustainability, climate resiliency, and water and energy efficiency.

1. **GOAL: Assist communities in restoring, maintaining and enhancing water quality by offering financial assistance for water pollution control, water quality improvement and protection projects. (PROJECTS)**

OBJECTIVES

- Continue priority focus on providing loans to publicly owned treatment facilities in Oregon. Develop tools to assist communities in obtaining loans.
- Support emerging markets to obtain loans, such as irrigation districts, tribes and increasing local community loans.
- Encourage innovative and non-traditional projects, such as green infrastructure, water and/or energy efficiency, climate resilience, and environmentally and financially sustainable projects.
- Encourage communities to focus on high priority, water quality improvements projects statewide, including stormwater, nonpoint and estuary projects.

2. **GOAL: Administer the Clean Water State Revolving Fund for program excellence and ensure programmatic compliance with regulatory requirements, financial integrity, viability and perpetuity. (PROGRAM)**

OBJECTIVES

Finance

- Maintain the revolving nature of the fund and an active pace of disbursements in conjunction with the receipt of new funds and loan repayments.
- Ensure program budget adequately supports resources, administrative costs and anticipates future needs.
- Provide financial assistance most advantageous to borrowers, to the maximum extent possible and maintain sound financial management for the program.
- Develop criteria and implement pilot projects that encourage developing and emerging markets.

Programmatic

- Ensure the program effectively serves the needs of existing, developing and emerging markets, incorporating treatment and non-treatment solutions for all sources of water pollution.

- Ensure the program complies with current state and federal regulations.

Marketing/Communications

- Strategically market and communicate the Clean Water State Revolving Fund eligibility and benefits to decision makers at eligible public agencies.
- Build on previous successes and increase those market shares.

3. GOAL: Assist borrowers with the loan application and loan management process to meet regulatory requirements with federal and state water quality standards, utility and financial management. (TECHNICAL ASSISTANCE)

OBJECTIVES

- Provide technical assistance to small communities using principles of effective utility management to assess financial, operational, managerial, and infrastructure capability needs that will result in water quality improvements.
- Provide training and technical assistance to communities in conjunction with new program requirements of the Water Resources Reform and Development Act of 2014.

4. GOAL: Coordinate and collaborate with other state and federal programs to provide financial assistance for water quality improvements to Oregon public agencies. (COORDINATION)

OBJECTIVES

- Develop a strategy with other funding agencies to communicate, coordinate and jointly fund projects with high priority water quality needs in the state.
- In priority basins, identify opportunities to address point source and nonpoint source water quality impairments. Direct other finance options, Clean Water State Revolving Fund loans and sponsorship options towards recipients whose projects can most effectively reduce the impairments.

The program's [2018 Annual Report](#) demonstrates actions taken to achieve the program's goals.

Program administration

Administrative expenses

DEQ charges an annual fee in the amount of 0.5 percent of the unpaid balance, beginning with the second repayment, as prescribed in Oregon Administrative Rule [340-054-0065\(6\)](#). Annual fees are used exclusively to pay program administrative expenses. DEQ will continue to monitor the fee revenue account to ensure the revenue source is adequate. The fee revenue account is separate from the loan fund. As of May 31, 2019, the program had approximately \$2.95 million in the fee revenue account, also known as the administrative fund.

EPA's annual capitalization grant includes a 4 percent administrative allowance to assist with program administrative expenses. However, DEQ banks the four percent administrative allowance for future use. EPA refers to the banked administrative allowance as "banked authority." DEQ's banked authority stands at about \$9.72 million.

Table 1 summarizes the total grants through the federal fiscal year 2018 capitalization grant, administrative allowance, allowance used and the remaining banked authority. DEQ updates the total amount for capitalization grants only for the publication of each state fiscal year's initial IUP.

In state fiscal year 2020, DEQ plans to distribute about \$2,000,000 of the banked authority towards the purchase of loan software using loan repayments that DEQ will deduct from the program's banked authority.

Table 1: Total Banked Authority

| | |
|--|---------------|
| Total capitalization grants through Sept. 30, 2018 | \$495,498,785 |
| Four percent administrative allowance | \$19,819,951 |
| Allowance used through 5/31/2019 | \$10,101,744 |
| Banked Authority remaining | \$9,718,207 |

Financing options

Two financing options are available through the program:

- Loans with terms not-to-exceed the lesser of 30 years or the useful life of the asset.
- Bond purchase agreements not-to-exceed the lesser of 30 years or the useful life of the asset.

Terms and conditions

Loans and bond purchases

The Clean Water State Revolving Fund offers loans and bond purchases agreements with a maximum up to 30-year repayment terms. The repayment term begins after project completion. Interest rates are based on the average 20-year municipal bond rate, as published by the Federal Reserve. Thirty-year terms are subject to an interest rate premium based on community demographics. Shorter terms may have different interest rates. The average bond rate is calculated on a quarterly basis. A percentage of that rate is used for the loan interest rate on loans signed in the subsequent calendar quarter. These percentages are stated in Oregon Administrative Rule [340-054-0065\(4\)](#).

DEQ updates interest rates quarterly. The current interest rates are based on the average municipal bond rates during the April 1 through June 30, 2019 period. New rates for the next quarter will be calculated and published on the [Clean Water State Revolving Fund website](#) in October 2019.

Applications

DEQ published the program’s Annual Solicitation [Newsletter](#) in January 2019 to solicit loan applications. Although DEQ accepts loan applications at any time, DEQ reviews and scores applications three times per year. The next loan application deadline is Aug. 9, 2019.

Under Oregon Administrative Rule [340-054-0025\(6\)\(a\)](#), project applications will remain on the project priority list for up to 36 months, after which the applicant can request a six-month or 12-month extension, or the application will be removed from the plan. DEQ also removes project applications from the list upon execution of a loan agreement or upon the applicant’s request.

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. Rank order shifts as loan applications are added and removed from the project priority list. [Appendix 2](#) includes all loan applications in rank order, project scores

This Intended Use Plan includes 29 loan applications for a total of \$190,385,122 in requested funding. This plan includes 5 new loan applications and one new loan application amendment:

| Applicant | Application Number |
|------------------------------------|---------------------------|
| City of Bend | 14510-20 |
| Central Oregon Irrigation District | 21640-18 |
| City of Dallas | 26110-20 |
| City of Madras | 62370-20 |
| City of Toledo | 91800-20 |
| City of Sandy | 80490-20 |

Since the publication of the last Intended Use Plan, DEQ executed eight new loan agreements totaling \$25,480,334 with the City of Bay City (13840-19), the City of Irrigon (47740-18), the City of Winston (97790-19), the City of Coos Bay, (24000A-19, 24000B-19, 24000C-19, 24000D-19), and City of Bend (14510B-19). [Appendix 5](#) includes state fiscal year 2020 loan applications and expected increases to existing loans.

Table 2 lists project descriptions for each loan application and includes:

- Application numbers have an extension that indicates the state fiscal year that DEQ attributes the application to. For example, an extension ending in “20” signifies state fiscal year 2020.
- A description of the project goals and water quality benefits.
- 2014 Oregon Nonpoint Source Management Program Plan citations for all nonpoint source pollution control projects.
- Reference to a Comprehensive Conservation and Management Plan for estuary management projects.

Project descriptions

Table 2: Project Description List

| Application Number | Applicant Name and Project Description | Amount Requested |
|--------------------------------|---|-------------------------|
| 12600-19 | City of Baker City (Baker County) | \$10,500,000 |
| | Sec. 212 Design and Construction, Wastewater Treatment Facility and Effluent Disposal Improvement Project. The city is under a compliance Mutual Agreement Order for violating Biochemical Oxygen Demand limits in the water quality limited Powder River. The project will eliminate effluent discharge into the Powder River including: construction of an effluent transfer pipeline, construction of a storage lagoon for winter months, effluent land application and an irrigation system. Water quality improvement parameters include temperature, BOD, Total Suspended Solids, nutrients, and pH particularly in the low flow season when the city's discharge can be more than half of the river flow. | |
| 14510-20 | City of Bend (Deschutes County) | \$7,920,000 |
| | Sec. 212 Design and Construction, Newport Drainage Improvements. The city will reconstruct the existing drainage collection and conveyance system along Newport and Nashville Avenues from College Way to the outfall at the Deschutes River. Project elements include collection and conveyance improvements in the surrounding tributary drainage area, flow reduction and flood mitigation measures. The project's primary water quality and public health objectives are a reduction in pollutants discharged to the Deschutes River and the prevention of unintended sewer discharges. | |
| 14510A-19 | City of Bend (Deschutes County) | \$7,500,000 |
| | Sec. 212 Design and Construction, Drake Lift Station. The Drake Lift Station is a vacuum priming system built in 1972 and upgraded in 1996. The system discharges into a 6-inch force main and will face capacity issues with flows from the Korpino/Box Factory development within 3 to 5 years. The project will design and construct a new lift station and update the system by eliminating the outdated vacuum priming system, updating the capacity of the lift station and force main and rerouting the Drake force main to one of the two Colorado force mains. | |
| 14510C-19 | City of Bend (Deschutes County) | \$10,000,000 |
| | Sec. 212 Construction, Bend Septic Solutions. The project will provide gravity sewers for a Southeast Bend neighborhood of approximately 160 homes that are currently using septic tanks. This project follows the newly completed Southeast Interceptor Project including construction of approximately 10,200 feet of 8-inch diameter gravity sewer in the street right-of-way, 4-inch diameter stub-outs at each homeowner's property line and repaving the streets. The city will decommission two sewer lift stations after construction of the sewers. | |
| 21310-19 | City of Cascade Locks (Hood River County) – Interim Financing | \$4,456,600 |
| | Sec. 212 Design and Construction, City of Cascade Locks, Oregon - Wastewater System Improvements. Since 2014, the city has been operating under an MAO from DEQ. Currently, the city is in violation of its NPDES permit for TSS limits. The wastewater treatment facility is approximately 19 years old with components nearing the end of their expected 20-year-design life. This project will complete improvements to the collection system, headworks, sequencing batch reactor, flow control valve, ultraviolet (UV) light disinfection system, effluent pH adjustment system and sludge management. This is an interim financing loan. The city will repay DEQ with financing through USDA - Rural Development. | |
| 21640-18, amendment | Central Oregon Irrigation District (Deschutes County) | \$20,000,000 |
| | Sec. 319 Design and Construction, Smith Rock and King Way Project. COID submitted a loan application amendment for the loan application submitted in July 2017. The amendment expands the proposed scope to include 30% design of the entire canal system and associated laterals. The original requested loan amount and project score have not changed. DEQ executed a \$2,000,000 loan | |

agreement in December 2018 to finance the first design phase of the \$20,000,000 project. This proposed amendment is posted in this Intended Use Plan to allow for the expanded scope.

The district will enclose approximately 4.8 miles of the 26 mile Pilot Butte Canal open canal system into a piped conveyance system. COID will also enclose approximately 2.9 miles of a 52 mile lateral irrigation canal into a piped conveyance system. Goals of the project include: habitat enhancement through allocation of water savings to in-stream water rights, reduction in risks to public safety from open irrigation canals, support for existing agricultural uses through water supply reliability, improvement to financial stability through reduced operation and maintenance costs and increased energy generation from micro-hydro, energy conservation, and a reduction of on-farm costs associated with on-farm pumping. This project is consistent with the 2014 Final Oregon Nonpoint Source Management Program Plan in sections 3.5.3 (Total Maximum Daily Load Management Plan), 4.3.1 & 4.3.3 (Agricultural Memorandum of Agreement & Total Maximum Daily Load implementation), and 6.1 (utilizing Clean Water State Revolving Fund).

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| 26110-20 | City of Dallas (Polk County) | \$9,000,000 |
| Sec. 212 Design and Construction, Dallas WWTF Recycled Water Project. The city will use treated municipal wastewater for industrial paper manufacturing and system cooling as well as irrigation of a public park landscape. This city will proactively reduce thermal loading to Rickreall Creek in anticipation of thermal load limits in the upcoming NPDES permit renewal. The project will reduce demand on the city's limited drinking water supply by an estimated 45%, because it will no longer need to be used for public park landscape irrigation. | | |
| 29520-19 | City of Dufur (Wasco County) – Interim Financing | \$3,311,000 |
| Sec. 212 Design and Construction, City of Dufur, Oregon - Wastewater System Improvements. The city is in violation of its permit limits for ammonia and is under an MAO with DEQ. The city will construct an evaporative lagoon system to achieve compliance and complete additional improvements including: replacement of flow monitoring equipment; reconstructing inlets to each treatment lagoon; removing sludge build-up; improving freeboard of the secondary cell; and evaluate/address several areas of inflow and infiltration. The project will meet the needs of the city's 20-year planning horizon as well as incorporation of the Peter's Subdivision. This is an interim financing loan. The city will repay DEQ with financing through USDA - Rural Development. | | |
| 30250A-19 | City of Echo (Umatilla County) | \$1,000,000 |
| Sec. 212 Design and Construction, City of Echo, Oregon - Wastewater System Improvements 2019. The City of Echo is in violation of its NPDES permit for suspended solids, biological oxygen demand, chlorine, turbidity and toxic metals. The city will construct a floating water system that will spray water from existing treatment lagoons into the air over the lagoons to increase total evaporation and eliminate or reduce effluent flows needed for treatment. The city will install a new pump station and pressure main to connect to the City of Stanfield's collection system for treatment and disposal of effluent flows that exceed the evaporation rate. The project will help the city achieve compliance with NPDES permit requirements, create capacity to accommodate current and future wastewater flows and provide benefits including protection of fish and aquatic life, infrastructure improvement, regionalization/consolidation and pathogen reduction. | | |
| 30250B-19 | City of Echo (Umatilla County) – Interim Financing | \$1,563,000 |
| Sec. 212 Design and Construction, City of Echo, Oregon - Wastewater System Improvements 2019. The city is in violation of its NPDES permit for suspended solids, BOD, chlorine, turbidity, and toxic metals. The project includes: construction of a floating water system to increase total evaporation and eliminate/reduce effluent flows needed for treatment; and installation of a new pump station and pressure main to connect to the City of Stanfield's wastewater system eliminating discharge into the Umatilla River by the City of Echo. This is an interim financing loan for additional costs to the city's CWSRF loan application 30250A-19. The city will repay DEQ with financing through USDA - Rural Development. | | |

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| 37440-19 | Gleneden Sanitary District (Lincoln County) | \$3,975,000 |
| Sec. 212 Design and Construction, Pump Station and Force Main Improvements. Gleneden conveys their wastewater to the Depoe Bay wastewater treatment facilities. The goal of the project is to eliminate sanitary sewer overflows from the Gleneden collection system. This project includes replacement of two pump stations and a force main, upgrades to two additional pump stations and appurtenances, and upgrades of the control system and telemetry of the collection system. | | |
| 47600-19 | City of Independence (Polk County) | \$3,449,200 |
| Sec. 212 Design and Construction, Independence Wastewater Effluent Irrigation and Collection Improvements Project, Phase I. This project will use a recycled water spray irrigation system to avoid release of effluent to the Willamette River. The spray irrigation system will include an additional chlorine contact chamber, an irrigation pump station, a new force main to convey effluent, a new irrigation distribution system and electrical improvements. Upgrades of three pump stations and complete replacement and rehabilitation of one interceptor and sub-basin is planned. | | |
| 47740-19 | City of Irrigon (Morrow County) | \$620,000 |
| Sec. 212 Design and Construction, Treatment Plant Compliance Project. The City of Irrigon is currently in violation of its permit for nitrate concentrations and is under a MAO with DEQ. In 2018, the city piloted the use of a methanol system at the wastewater treatment plant and demonstrated that this system could reduce nitrate concentrations to meet compliance. This project is scoped to permanently implement the methanol system at the plant. Additional work needed at the plant includes: removal of stored biosolids from the facultative lagoon, replacing WWTP flow meters, and upgrading the electrical system at the M1 lift station. | | |
| 49800-17 | City of Joseph (Wallowa County) | \$30,000 |
| Sec. 212 Planning. The city will develop a wastewater facilities plan. Facilities have not been studied in over 20 years. The city is experiencing needs in the wastewater treatment and disposal systems and needs to evaluate its adequacy for current and projected needs. | | |
| 52600-19 | City of Klamath Falls (Klamath County) | \$38,817,797 |
| Sec. 212 Design and Construction, Spring Street Sewage Treatment Plant Upgrade. This project will upgrade the Spring Street wastewater system, including a new influent pump station and head works; a new aeration basin and modifications to the existing aeration basin; incorporation of BioMag to enhance the clarification process; modifications to digester tanks; new solids dewatering screw press and building; and demolition of structures to be abandoned through the project. The project will help protect fish and aquatic life, improve infrastructure and meet future NPDES permit requirements for public health and water quality. | | |
| 55700-17a | City of La Pine (Deschutes County)-Interim Financing | \$7,832,500 |
| Sec. 212 Design and Construction, Wastewater System Improvements Project. The project will improve the La Pine wastewater collection system, treatment facility and wastewater disposal system. The city will expand the collection system to Cagle and Glenwood Acres and replace septic tanks in the area. Upgrades to the wastewater treatment facility and disposal system include replacing the facility's septage receiving station, constructing a 22-million-gallon storage lagoon and relocating and expanding the irrigation area to approximately 210 acres of city-owned land. This is an interim financing loan. The city that will repay DEQ with financing through USDA - Rural Development. | | |
| 55700-17b | City of La Pine (Deschutes County) | \$1,000,000 |
| Sec. 212 Design and Construction, Wastewater System Improvements Project. The project will improve the La Pine wastewater collection system, treatment facility and wastewater disposal system. The city will expand the collection system to Cagle and Glenwood Acres and replace septic tanks in the area. Upgrades to the wastewater treatment facility and disposal system include replacing the facility's septage receiving station, constructing a 22-million-gallon storage lagoon, and relocating and expanding the irrigation area to approximately 210 acres of city-owned land. | | |

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| 58710-19 | Lone Pine Irrigation District (Deschutes, Jefferson, and Crook counties) | \$2,000,000 |
| Sec. 319, Design and Construction, LPID Irrigation Modernization Project. This project will modernize district-owned canals and laterals to conserve water, improve operational efficiency, reduce electrical and energy costs, reduce O&M for farmers through decreased pumping and improve habitat in the Deschutes River. The project will achieve these goals by piping all of the district's open canals using HDPE and steel pipe. The existing suspension bridge over the Crooked River is in disrepair and a new structure is needed to convey the irrigation water across the river. The district will replace the bridge with a siphon under the river. The project is consistent with the 2014 Final Oregon Nonpoint Source Management Program Plan section 3.6.1 (Watershed Approach Basin Reports). | | |
| 62370-20 | City of Madras (Jefferson County) | \$650,000 |
| Sec. 212 Design and Construction, City of Madras Sewer Main Extension Project. The city will develop a gravity collection system in three project areas to include 8" gravity sewer with manholes, services and reconstruction of roadway surfaces after installation. The city will extend public sewer mains to connect homes to the municipal sewer that currently have failing septic systems or drywells that are in priority areas in the city's wastewater facility plan. The project will help achieve and maintain compliance to protect groundwater and drinking water sources. | | |
| 65100-17 | Middle Fork Irrigation District (Hood River County) | \$20,000,000 |
| Sec. 319 Design and Construction, Clear Branch Dam Rehabilitation and Coe Branch Pipeline. The district will implement multiple projects to improve water quality and quantity associated with its irrigation diversions in the Middle Fork Hood River watershed. Specific projects include: installing a new deep water outlet and improving fish passage in Laurance Lake; installing new irrigation pipe to alleviate impacts from current irrigation system and addressing return flows from the irrigation system; improving the spillway at the Clear Branch Dam; and improving irrigation efficiency by district patrons. The 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 Management Plan), 4.3.1 & 4.3.3 (Agricultural Memorandum of Agreement & Total Maximum Daily Load implementation). | | |
| 78495-18 | Rogue Valley Sewer Services (Jackson County) | \$1,026,925 |
| Sec. 212 Design and Construction, White City Lagoon Improvements. The project goals are to improve White City lagoons to provide reliable disposal options for commercial Fats, Oils and Grease; provide treatment for biosolids from Shady Cove, Gold Hill, and septage for beneficial reuse; and to increase the efficiency in handling of vector truck generated waste from cleaning sanitary and storm sewers. The project will include a solar array to generate 100% of the annual power needs of the lagoon system. | | |
| 80490-20 | City of Sandy (Clackamas County) | \$6,025,000 |
| Sec. 212 Design and Construction, WWTP Condition Assessment and Collection System Improvements. The city has a Mutual Agreement Order executed in 2014 due to challenges with meeting its NPDES permit. The city needs to update its current WWTP and develop a rainfall-derived inflow and infiltration, also known as RDII, removal program to comply with the current NPDES permit. The preferred long-term alternative identified in the city's wastewater facility plan includes a new satellite WWTP, effluent pump station and outfall to the Sandy River. This city will upgrade the current WWTP and develop a RDII removal program to comply with the current NPDES permit until a new system is built. | | |
| 80930-19 | City of Scappoose (Columbia County) | \$6,430,600 |
| Sec. 212 Design and Construction, Wastewater System Improvements. The City will make improvements at the Spring Lake lift station; upgrade their UV disinfection system; construct a new secondary clarifier; increase pumping capacity for the waste activated sludge and return activated sludge streams; and upgrade the aerobic digester. | | |

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| 83810A-19, 83810B-19 | City of Sheridan (Yamhill County) | \$4,577,513 |
| <p>Sec. 212 Design and Construction, Yamhill Street and East Main Street Sewer Improvement Project. The city will replace an existing 15” – 18” trunk line with a 24” interceptor to increase capacity and eliminate sanitary sewer overflows. The project also includes another 24” pipeline parallel to the existing pipe across the Yamhill River for redundancy. The City of Sheridan discharges into the South Yamhill River, a tributary of the Yamhill River, which is listed along with its tributaries as water quality limited for bacteria. The project will improve water quality by reducing bacteria in the South Yamhill River and Yamhill watershed.</p> <p>Sec. 319 Design and Construction Sponsorship Option loan in the amount of \$689,513 will address:</p> <p>Bridge Street and Main Street Stormwater Manhole Retrofits, includes retrofitting existing stormwater manhole and catch basins, which provide no water quality enhancement, to perform water quality enhancement and pollution control from impervious surface. The project will mitigate pollution into the South Yamhill River and reduce the potential hazard for the new raw water intake for the city. The sponsorship option project is consistent with the 2014 Final Oregon Nonpoint Source Management Program Plan section 4.6 (Total Maximum Daily Load Implementation for Urban and Rural Residential DMAs).</p> | | |
| 89600-17 | Swalley Irrigation District (Deschutes County) | \$16,000,000 |
| <p>Sec. 319 Design and Construction, Irrigation Modernization Project. This irrigation piping project includes the installation of pressurized pipe to eliminate seepage and evaporative loss from open ditches; flow regulating and metering devices at service connections; pressurized delivery to eliminate individual pumps system-wide; active education; and a sprinkler exchange program. Piping and pressurizing the irrigation canals will result in approximately 1.1 million kWh/year in energy conservation and conserve up to 16 cubic feet per second of water during the irrigation season. The project is consistent with the 2014 Final Oregon Nonpoint Source Management Program Plan sections 3.5.3 (Total Maximum Daily Load Management Plan), 4.3.1 & 4.3.3 (Agricultural Memorandum of Agreement & Total Maximum Daily Load implementation), and 6.1 (utilizing Clean Water State Revolving Fund).</p> | | |
| 91800-20 | City of Toledo (Lincoln County) | \$600,000 |
| <p>Sec. 212 Construction, Sanitary Sewer Improvements and Butler Bridge Force Main Replacement. The city has a Mutual Agreement Order executed in March 2019 due to inflow and infiltration and sanitary sewer overflows into the Yaquina River. The project will include inspecting the entire collection system, “Priority 1” collection system improvements identified in the wastewater facility plan, eliminating inflow and infiltration, replacing the Butler Bridge Sewer force main and installing flow meters to eliminate sanitary sewer overflows and achieve compliance.</p> | | |
| 94965-18 | Wasco County Soil & Water Conservation District (Wasco County) | \$299,987 |
| <p>Sec. 319 Local Community Loan, Mosier Deep Well Project. The district will construct two deep irrigation supply wells. Upper aquifers (Pomona & Priest Rapids) have declined nearly 200 feet over the last 40 years and are the primary source of water for domestic, municipal and irrigation in the Mosier area. The wells will draw from deeper aquifers and supply the two largest irrigators in the Mosier Valley alleviating this demand from the upper aquifers. The project predicts restoration of the upper aquifers increasing reliability of domestic water sources and a resulting increase in stream flows, e.g., about 70 percent of the flow in Mosier Creek is from groundwater inputs. Mosier Creek is listed for temperature.</p> | | |
| 22500-18 | Water Environment Services (Clackamas County) | \$1,800,000 |
| <p>Sec. 212 Design and Construction with Sponsorship Option, Tri-City Water Resource Recovery Facility Solids Handling Improvement Project; Pleasant Valley Stream Restoration, Three Creeks</p> | | |

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.

Repayments

Repayment revenues are a primary source of funds DEQ uses to finance projects. Repayment revenues are projected to grow and meet future demand, indicating that the fund is adequately revolving. Borrowers begin repayment six months to one year after project completion, based on an amortization schedule provided by DEQ.

[Appendix 4](#) shows projected repayments (principal and interest) based on existing loan agreements for state fiscal years 2020, 2021 and 2022 in the amount of \$143,366,778 included in the cash available. This amount includes the following three categories (from most time certain to least time certain):

- 1) Repayments on projects that are fully disbursed and already in repayment,
- 2) Repayments of interim loans with long-term financing through USDA, Rural Development, and
- 3) Repayments on signed agreements that are not fully disbursed yet but are expected to be in repayment before the end of state fiscal year 2022.

The estimates for 2) and 3) are less time certain due to several factors, including:

- Repayment schedules shift when projects are delayed or completed early,
- Receipt of early loan repayments, and
- Loan agreements for short-term projects go into repayment more quickly, increasing the repayments actually received.

The net effect of these factors in recent years resulted in an increase in actual repayments received over the amount projected. The projections in Appendix 4 do not include repayments from future loan agreements not yet executed, but that could be executed and start repayment during state fiscal year 2020.

State fiscal years 2021 and 2022 are included in the projected repayments because borrowers typically request fund disbursements for approximately three years after loan execution. Future calculations of funds available may be adjusted as conditions warrant.

Administrative expenses

Prior to 2004, DEQ used four percent of the annual capitalization grant, as allowable, and the annual fee charged on unpaid loan balances to cover administrative expenses. Since 2004, DEQ uses only the annual fee revenue to pay administrative expenses for program operations and banks the four percent of the capitalization grant for future use.

Debt service on match bonds

When the State of Oregon, through DEQ, issues bonds to generate state match for the capitalization grant, the program pays debt service on those bonds using loan interest earnings exclusively. During state fiscal year 2020, the program will pay approximately \$3,849,523 in debt service costs on bonds issued in previous years. Because debt service reduces funds available for future years, DEQ plans to call the 2009A series bond in fall of state fiscal year 2020. While this reduces funds available in the short term, the program will realize a reduction of debt service in the long term. By issuing 24-hour bonds to meet state match, DEQ will increase the funds available over the long term as well.

Capitalization grant requirements

DEQ must comply with the annual EPA capitalization grant requirements to receive the federal funding allocation. The grant provides additional funding for Oregon's Clean Water State Revolving Fund loan

program, increasing DEQ's capacity to fund water quality improvement projects. This Intended Use Plan includes the federal fiscal year 2019 (Oct. 1, 2019 through Sept. 30, 2020) capitalization grant allocation, required subsidy, required green project reserve and state match allocation.

EPA plans to award DEQ the federal fiscal year 2019 capitalization grant in the amount of \$17,949,000. DEQ will provide \$3,589,800 in state match.

Estimated federal fiscal year 2019 capitalization grant payment schedules:

July – September 2019: \$4,000,000
October – December 2019: \$8,000,000
January – March 2020: \$5,949,000

DEQ will disburse 100 percent of the required state match prior to disbursing the federal fiscal year 2019 capitalization grant.

Reporting requirements

Clean Water Benefits Reporting and Federal Funding Accountability and Transparency Act

DEQ reports project data, loan data and environmental benefits to EPA through the Clean Water Benefits Reporting database. As a condition of the capitalization grant, DEQ reports data no later than the end of the fiscal quarter in which the loan, amendment or binding commitment is executed.

Additionally, DEQ meets the Federal Funding Accountability and Transparency Act requirement by reporting loan award data for loans above \$25,000 up until DEQ has reported on an aggregated dollar amount equal to the capitalization grant amount for the given state fiscal year. DEQ enters loan data into the Federal Funding Accountability and Transparency Act Subaward Reporting System database by the end of the month following the month in which the loan agreement was executed, in accordance with EPA guidance.

Green project reserve

The federal fiscal year 2019 allocations require DEQ to use at least 10 percent of the grant amount for projects that qualify under [EPA's Green Project Reserve Guidance](#), to the extent that there are sufficient eligible projects. DEQ must allocate a minimum of \$1,794,900 to the green project reserve for federal fiscal year 2019.

[Appendix 2](#) lists the projects any of the four green project reserve qualifications categories: Green Infrastructure – GI, Water Efficiency – WE, Energy Efficiency – EE and Environmentally Innovative Activity – EIA. [Appendix 5](#) summarizes how DEQ expects to satisfy the federal fiscal year 2019 green project reserve requirement of \$1,794,900 by executing a loan agreement with Lone Pine Irrigation District (58710-19) in the amount of \$2,000,000 for water and energy efficiency. Appendix 5 only lists the minimum GPR amount to indicate the requirement is met. DEQ documents the project's green project reserve eligibility for each project and reports the GPR amount in the Clean Water Benefits Reporting data base.

Additional subsidization

Proposed Intended Use Plan State Fiscal Year 2020

Oregon Administrative Rule [340-054-0065\(12\)](#) allows the maximum percentage of additional subsidization permitted by the federal allocations of each capitalization grant to be allocated to eligible applicants as principal forgiveness. The amount of principal forgiveness DEQ allocates each year is dependent on the federal allocations and what DEQ forecasts the fund can afford while maintaining the fund's perpetuity.

The federal fiscal year 2019 allocations requires states to offer a minimum of 10 percent of the capitalization grant amount as additional subsidization. Additionally, EPA allows states the option to increase the amount of additional subsidization up to 30 percent of the capitalization grant amount, which would allow a maximum allocation of 40 percent of the capitalization grant as additional subsidization.

In accordance with Oregon Administrative Rule [340-054-0065\(12\)\(d\)](#), DEQ determined the maximum percentage for state fiscal year 2020 to be 31.8 percent of the 2019 capitalization grant amount, or \$5,711,760.

DEQ reserves 70 percent of the principal forgiveness allocation for applicants that meet DEQ's affordability criteria as a distressed community per Oregon Administrative Rule [340-054-0065\(12\)\(A\)\(c\)](#). DEQ reserves 30 percent of the annual principal forgiveness allocation for applicants with projects that meet DEQ's green/sustainability criteria per Oregon Administrative Rule [340-054-0065\(12\)\(B\)](#). Accordingly, for state fiscal year 2020, DEQ reserves \$3,998,232 for applicants that meet the affordability criteria and \$1,713,528 for applicants with green/sustainability projects.

DEQ will offer principal forgiveness to applicants that meet the criteria when they are ready to proceed to executing a loan agreement. At the close of each federal fiscal year, DEQ may reallocate any un-awarded allocation of principal forgiveness in one reserve to the other reserve. If reserves still remain after the reallocation, DEQ can award the remaining reserve amounts to borrowers that have an established ratepayer hardship assistance program.

DEQ will award up to \$500,000 in principal forgiveness per project, or 50 percent of the loan for a distressed community, or 50 percent of the eligible project costs for green/sustainability projects, whichever is less.

The following applicants are eligible for principal forgiveness when they are ready to proceed to executing a loan agreement, if principal forgiveness reserves are still available:

| Applicant | Application Number | Criteria | Amount |
|---------------------------------|---------------------------|----------------------|---------------|
| City of Baker City | 12600-19 | Affordability | \$500,000 |
| City of Cascade Locks | 21310-19 | Affordability | \$500,000 |
| City of Echo | 30250A-19 | Green/Sustainability | \$500,000 |
| City of Echo | 30250B-19 | Affordability | \$500,000 |
| City of Irrigon | 47740-19 | Affordability | \$310,000 |
| Gleneden Sanitary District | 37440-19 | Affordability | \$500,000 |
| City of La Pine | 55700-17b | Affordability | \$500,000 |
| Lone Pine Irrigation District | 58710-19 | Green/Sustainability | \$500,000 |
| City of Madras | 62370-20 | Affordability | \$325,000 |
| Middle Fork Irrigation District | 65100-17 | Green/Sustainability | \$500,000 |
| Rogue Valley Sewer Services | 78495-18 | Green/Sustainability | \$107,500 |
| City of Sandy | 80490-20 | Green/Sustainability | \$500,000 |

| | | | |
|---|----------|----------------------|-----------|
| City of Scappoose | 80930-19 | Green/Sustainability | \$500,000 |
| Swalley Irrigation District | 89600-17 | Green/Sustainability | \$500,000 |
| City of Toledo | 91800-20 | Affordability | \$300,000 |
| Wasco County Soil & Water Conservation District | 94965-18 | Green/Sustainability | \$16,000 |

Annual DEQ funding allocations

Each year DEQ establishes a maximum loan amount available per project and sets aside certain amounts for the planning and small community reserves based on Oregon Administrative Rules.

Maximum loan amount

Oregon Administrative Rule [340-054-0036\(3\)\(a\)\(A\)](#) limits awarding no more than 15 percent of funds available in any given fiscal year to a single loan. For state fiscal year 2020, DEQ can award a maximum loan amount of \$32,763,401.

When a borrower requests a loan amount that exceeds the maximum amount allowable for any single loan, DEQ will award the maximum annual loan amount allowed. Subsequently, DEQ can increase the loan amount in the next fiscal years to supplement the unfunded loan request. DEQ may also award additional loan funding toward the unfunded loan request at the end of the same state fiscal year to projects in rank order, if sufficient funds are available. Loan increases for existing loans have first priority for new funding allocations.

Planning reserve

The total planning reserve allocation cannot exceed \$3,000,000 per Oregon Administrative Rule [340-054-0036\(1\)\(b\)](#). DEQ will fund planning loans through the planning reserve until the reserve is fully allocated. Planning loans that are not fully funded through the planning reserve may be funded with the general loan fund in rank order. During the final quarter of the state fiscal year, DEQ will allocate any remaining planning reserve funds to design and construction loans in rank order.

Small community reserve

The small community reserve is designated for municipalities with a population of 10,000 or less. The reserve cannot exceed 25 percent of the current funds available per Oregon Administrative Rule [340-054-0036\(1\)\(a\)](#). For state fiscal year 2020, DEQ allocates \$54,605,668 to the small community reserve. Loans to small communities that are not fully funded through the small community reserve may be funded with the general loan fund in rank order. During the final quarter of the state fiscal year, DEQ will allocate any remaining small community reserve funds to design and construction projects in priority order.

State fiscal year 2020 activity

[Appendix 5](#) includes the project priority list, funding allocations and a subtraction of all loan applications from current funds available as calculated in [Appendix 4](#).

The top section of Appendix 5 lists borrowers that may receive increases to existing loan agreements. The lower section shows loan applicants that may become ready to proceed in the current state fiscal year.

The remaining funds available in [Appendix 5](#) indicate the estimated remaining funds available if DEQ disbursed 100 percent of all loan requests within one state fiscal year. This is a hypothetical scenario that EPA requires DEQ to demonstrate. It is an extremely unlikely occurrence because DEQ disburses loan funds incrementally throughout the project schedule, usually over a period of two to three years of design and construction. The actual state fiscal year 2020 funding activity is dependent upon the demand for funds, the overall ranking of projects and projects' readiness to proceed.

Timely use of funds

DEQ intends to use funds in a timely and expeditious manner. EPA's Memorandum #SRF 99-05 requires new funds to be committed within one year of availability, with some exceptions. [Appendix 6](#) calculates the amount of funds available in state fiscal year 2020 compared to the amount of binding commitments executed as of May 31, 2019 to demonstrate DEQ's compliance with the timely and expeditious use of funds requirement. Appendix 6 also lists early loan prepayments, which DEQ has three years to commit the prepayments. Therefore a credit of prepayments received from state fiscal years 2018 and 2019 appears in Appendix 6.

Equivalency requirements

Each fiscal year, DEQ identifies loans equal to the amount of the capitalization grant to meet federal equivalency reporting requirements. The requirements include meeting economic, social and environmental cross-cutting federal laws and Executive orders; conducting a Single Audit; and meeting architectural and engineering procurement regulations per 40 USC Chapter 11. DEQ's equivalency loans for federal fiscal year 2019 are City of Coos Bay (24000A-19) and City of La Pine (55700-17A).

Environmental review and compliance with cross-cutters

EPA approved DEQ's current state environmental review process in February 2008. All projects deemed treatment works by DEQ are required to undergo environmental review.

At a minimum, projects funded to an equal amount of EPA's capitalization grants must comply with the federal cross-cutting authorities, including the environmental cross-cutter laws. DEQ is in compliance with the federal environmental cross-cutter requirements.

Operating agreement

The Clean Water State Revolving Fund operating agreement between the EPA Region 10 and the DEQ includes procedures, assurances, certifications, applicable federal authorities and laws and other documentation required by EPA and is referenced here to demonstrate that DEQ meets the requirements.

Single audit act

Borrowers who have been received federal funds from the annual capitalization grant may be subject to the requirements of the Single Audit Act and 2 CFR 200 (Omni Circular). DEQ monitors borrowers' compliance with those requirements for loans in an amount equal to the capitalization grants.

Public involvement

Oregon's Clean Water State Revolving Fund program provides several opportunities for public involvement. These include DEQ's rulemaking process, public notice of environmental determinations and public notice of this Intended Use Plan.

Rulemaking

The program's administrative rules are revised to address changes in federal requirements or to better meet the financial needs of communities. Oregon's rulemaking process includes input from a public advisory committee, public hearings and public comment periods. The public is also encouraged to provide comments directly to the [Environmental Quality Commission](#) on administrative rule changes.

Advisory committee

DEQ frequently involves public advisory committees to assist the agency in developing policy. DEQ established the [Clean Water State Revolving Fund Advisory Committee](#) to advise on program issues and provide input on rulemaking. The committee includes 12 members representing statewide organizations with an interest in financing water quality improvement projects. Committee representation includes local governments, wastewater treatment facilities, environmental advocacy, federal and state agencies, and local conservation districts. Committee meetings are open to the public.

Public notice of an environmental determination

The public may review, request information and comment on the environmental determination for projects funded by the Clean Water State Revolving Fund during the public notice period, which is generally 30 days. DEQ currently issues a public notice in a statewide publication and in a local publication for each project subject to environmental review.

Notice and comments on the Intended Use Plan

To notify the public about this Intended Use Plan, DEQ posts the draft Intended Use Plan on the program's [website](#), issues a public notice in the Dailey Journal of Commerce and sends a notice through DEQ's [GovDelivery](#) notification system. The notice process includes a 30-day public comment period. Upon the completion of the public comment period, DEQ considers all comments and then finalizes the Intended Use Plan. The current Intended Use Plan is always available on the program's [website](#).

Public notice

This *Proposed Intended Use Plan State Fiscal Year 2020*, will be noticed for 30 days in the Daily Journal of Commerce.

Public Notice
Oregon DEQ Clean Water State Revolving Fund
Proposed Intended Use Plan State Fiscal Year 2020

Notice Issued: July 12, 2019
Comments Due: Aug. 12, 2019

What is proposed?

The Oregon Department of Environmental Quality has prepared a *Proposed Intended Use Plan State Fiscal Year 2020* for the Clean Water State Revolving Fund Program in accordance with procedures set forth in Oregon Administrative Rules, chapter 340, division 54. After the close of the public comment period, DEQ will address any comments received and finalize the plan.

Description of proposed Intended Use Plan

The *Proposed Intended Use Plan State Fiscal Year 2020* includes 29 loan applications for a total of \$190,385,122 in requested funding for planning, design and construction of projects needed to address water quality improvement in Oregon.

To receive a copy of the proposed Intended Use Plan

The *Proposed Intended Use Plan State Fiscal Year 2020* and the option to sign up for notifications through GovDelivery are available on DEQ's website at:
<http://www.oregon.gov/deq/wq/cwsrf/Pages/CWSRF-IUP.aspx>.

Comments on this plan must be submitted in writing via mail, fax or email any time prior to the comment deadline of 5 p.m. on Monday, Aug. 12, 2019 to:

Mail: Oregon Department of Environmental Quality
Water Quality Division
Attn: Lee Ann Lawrence
700 NE Multnomah Street, Suite 600
Portland, OR 97232

Fax: 503-229-6037

Email: intendeduseplancomments@deq.state.or.us

In addition to the above notice, DEQ sent email notification of this proposed plan to the new loan applicants for this funding cycle and to:

David Carcia
U.S. Environmental Protection Agency
1200 6th Avenue, Seattle, WA 98101

Appendices

Appendix 1: Project Priority List in Alphabetical Order

This Intended Use Plan includes 29 loan applications for a total of \$190,385,122 in requested funding for planning, design and construction of projects needed to address water quality improvements in Oregon. The start and completion dates are the dates detailed in the loan applications.

| Applicant | Application Number | Amount Requested | EPA Needs Category | Permit Number | Application Deadline | Start | Completion |
|------------------------------------|--------------------|------------------|----------------------|---------------|----------------------|--------|------------|
| Baker City | 12600-19 | 10,500,000 | I | OR101632 | Apr-18 | Jun-19 | Sep-20 |
| Bend | 14510A-19 | 7,500,000 | III-B, IV-A | 103035 | Dec-18 | Nov-19 | Nov-21 |
| Bend | 14510C-19 | 10,000,000 | III-B | 103035 | Dec-18 | Jun-19 | Mar-20 |
| Bend | 14510-20 | 7,920,000 | III-B, VI | 102901 | Apr-19 | Mar-21 | Oct-22 |
| Cascade Locks | 21310-19 | 4,456,600 | I, III-A | OR004127-1 | Dec-18 | Jun-20 | Aug-19 |
| Central Oregon Irrigation District | 21640-18 | 20,000,000 | VII-A, VII-D, VII-E | N/A | Aug-17 | Aug-17 | Jun-20 |
| Dallas | 26110-20 | 9,000,000 | I, II, X | OR101518 | Apr-19 | Jan-20 | Sep-21 |
| Dufur | 29520-19 | 3,311,000 | I, II | OR102478 | Dec-18 | Sep-19 | Sep-19 |
| Echo | 30250A-19 | 1,000,000 | I, III-B | OR003147-0 | Aug-18 | Jun-19 | Jun-21 |
| Echo | 30250B-19 | 1,563,000 | I, III-B | OR003147-0 | Dec-18 | Nov-19 | Jun-21 |
| Gleneden Sanitary District | 37440-19 | 3,975,000 | III-B | OR101383 | Dec-18 | Mar-20 | Dec-20 |
| Independence | 47600-19 | 3,449,200 | I, III-A, III-B, VII | OR101217 | Dec-18 | Apr-19 | Sep-21 |
| Irrigon | 47740-19 | 620,000 | I, III-B | 101529 | Dec-18 | Jul-19 | Nov-19 |
| Joseph | 49800-17 | 30,000 | I, II | OR101602 | Apr-16 | Aug-16 | Jun-17 |
| Klamath Falls | 52600-19 | 38,817,797 | I | OR100701 | Aug-18 | Mar-19 | May-21 |
| La Pine | 55700-17b | 1,000,000 | I | OR102069 | Dec-16 | Feb-17 | Mar-21 |
| La Pine-Interim | 55700-17a | 7,832,500 | I, IV-A | OR102069 | Dec-16 | Feb-17 | Mar-21 |
| Lone Pine Irrigation District | 58710-19 | 2,000,000 | VII-A | N/A | Dec-18 | Nov-19 | Mar-23 |
| Madras | 62370-20 | 650,000 | IV-A | 101739 | Apr-19 | Mar-20 | Sep-20 |
| Middle Fork Irrigation District | 65100-17 | 20,000,000 | V11-A | N/A | Aug-16 | Jul-18 | Jul-21 |
| Rogue Valley Sewer Services | 78495-18 | 1,026,925 | I | OR102854 | Dec-17 | Jan-18 | Sep-18 |

Proposed Intended Use Plan State Fiscal Year 2020

| | | | | | | | |
|--|-------------------------|------------|---------------------|------------|--------|--------|--------|
| Sandy | 80490-20 | 6,025,000 | I, III-A, III-B | OR102492 | Apr-19 | Nov-19 | Jun-22 |
| Scappoose | 80930-19 | 6,430,600 | I, III-B | OR0022420 | Apr-18 | Jun-19 | Oct-21 |
| Sheridan | 83810A-19; 83810B-19 | 4,577,513 | IV-B, VII-D | OR002064-8 | Dec-18 | May-20 | Jun-22 |
| Swalley Irrigation District | 89600-17 | 16,000,000 | VII-A, VII-D | N/A | Dec-16 | Nov-17 | Apr-21 |
| Toledo | 91800-20 | 600,000 | III-A, III-B | OR101713 | Apr-19 | Mar-20 | Dec-20 |
| Wasco County Soil & Water Conservation District | 94965-18 | 299,987 | VII-E | N/A | Dec-17 | Aug-17 | Jun-18 |
| Water Environment Services | 22500B-18 | 1,800,000 | I, VII-D, VII- K | OR101168 | Apr-17 | Jul-17 | Jul-17 |

| Project category | EPA Needs: Point Source |
|-------------------------|--|
| I | Secondary Treatment Plant (includes, but is not limited to: new, expansion, improvements; effluent disposal; biosolids treatment, biosolids disposal, water reuse) |
| II | Advanced Treatment |
| III-A | Infiltration/Inflow Correction (I/I) |
| III-B | Sewer System Replacement/Rehabilitation |
| IV-A | New Collector Sewers and Appurtenances |
| IV-B | New Interceptor Sewers and Appurtenances |
| V | Combined Sewer Overflow (CSO) Correction |
| VI | Storm Sewers |
| VII | Nonpoint Source Water Resource Activity |
| X | Recycled Water Distribution |

| Project category | EPA Needs: Nonpoint Source |
|-------------------------|---|
| VII-A | Agriculture – Cropland (i.e. conservative tillage, nutrient management, irrigation improvements) |
| VII-B | Agriculture – Animals (i.e. animal waste storage, animal waste management, composting facilities) |
| VII-C | Silviculture (streamside buffers, revegetation) |
| VII-D | Urban (erosion and sediment control, wet ponds, onsite repair/replacement, swales) |
| VII-E | Groundwater |
| VII-F | Marinas |
| VII-F | Brownfields |
| VII-H | Storage Tanks |
| VII-J | Sanitary Landfills |
| VII-K | Hydromodification (i.e. conservation easements, swales, wetland development, shore erosion control) |

Appendix 2: Project Priority List in Rank Order

Appendix 2 lists loan applications in rank order, applicable green project reserve category (Green Infrastructure – GI, Water Efficiency – WE, Energy Efficiency – EE and Environmentally Innovative Activity – EIA), whether the project will serve a small community and whether the loan will finance the development of a facility plan.

| Priority Ranking | Score | Applicant | Application Number | Amount Requested | Green Project Reserve Category and Amount | Small Community and Facility Planning |
|------------------|-------|---|-------------------------|------------------|---|---------------------------------------|
| 1 | 71 | Middle Fork Irrigation District | 65100-17 | 20,000,000 | WE - 2,515,200 | N/A |
| 2 | 67 | Swalley Irrigation District | 89600-17 | 16,000,000 | WE - \$16,000,000 | N/A |
| 2 | 67 | Water Environment Services | 22500B-18 | 1,800,000 | EE - \$6,500,000, GI - \$1,800,000 | N/A |
| 3 | 63 | Lone Pine Irrigation District | 58710-19 | 2,000,000 | WE - \$1,000,000; EE - \$1,000,000 | SC |
| 4 | 57 | Sandy | 80490-20 | 6,025,000 | GI - \$1,500,000; EE - 400,000 | N/A |
| 5 | 56 | La Pine | 55700-17b | 1,000,000 | N/A | SC |
| 6 | 55 | La Pine-Interim | 55700-17a | 7,832,500 | N/A | SC |
| 7 | 54 | Scappoose | 80930-19 | 6,430,600 | N/A | SC |
| 7 | 54 | Dufur | 29520-19 | 3,311,000 | N/A | SC |
| 8 | 53 | Echo | 30250A-19 | 1,000,000 | N/A | SC |
| 8 | 53 | Echo | 30250B-19 | 1,563,000 | N/A | SC |
| 8 | 53 | Irrigon | 47740-19 | 620,000 | N/A | SC |
| 9 | 51 | Baker City | 12600-19 | 10,500,000 | N/A | SC |
| 9 | 51 | Madras | 62370-20 | 650,000 | N/A | SC |
| 10 | 50 | Cascade Locks | 21310-19 | 4,456,600 | N/A | SC |
| 10 | 50 | Independence | 47600-19 | 3,449,200 | N/A | N/A |
| 10 | 50 | Central Oregon Irrigation District | 21640-18 | 20,000,000 | WE - \$20,000,000 | N/A |
| 11 | 47 | Toledo | 91800-20 | 600,000 | N/A | SC |
| 12 | 48 | Sheridan | 83810A-19; 83810B-19 | 4,577,513 | N/A | SC |
| 13 | 44 | Klamath Falls | 52600-19 | 38,817,797 | N/A | N/A |
| 13 | 44 | Wasco County Soil & Water Conservation District | 94965-18 | 299,987 | EE - \$16,000 | SC |
| 13 | 44 | Dallas | 26110-20 | 9,000,000 | WE - \$1,577,000 | |

Proposed Intended Use Plan State Fiscal Year 2020

| | | | | | | |
|----|----|-----------------------------|-----------|------------|----------------|---------|
| 14 | 43 | Gleneden Sanitary District | 37440-19 | 3,975,000 | N/A | SC |
| 16 | 42 | Bend | 14510-20 | 7,920,000 | N/A | N/A |
| 16 | 35 | Bend | 14510A-19 | 7,500,000 | N/A | N/A |
| 17 | 32 | Rogue Valley Sewer Services | 78495-18 | 1,026,925 | EE - \$107,500 | SC |
| 18 | 29 | Bend | 14510C-19 | 10,000,000 | N/A | N/A |
| 19 | 19 | Joseph | 49800-17 | 30,000 | N/A | SC & FP |

Appendix 3: Applicants Ready to Proceed

One applicant is ready to proceed: City of La Pine (55700-17a and 55700-17b). The applicant has met the loan requirements necessary to receive a loan offer for the proposed project.

| Priority Ranking | Scoring | Applicant | Application Number | Amount Requested | Green Project Reserve Category and Amount | Small Community and Facility Planning |
|------------------|---------|-----------------|--------------------|------------------|---|---------------------------------------|
| 5 | 56 | La Pine | 55700-17b | 1,000,000 | WE - 750,000 EE - 75,000 | SC |
| 6 | 55 | La Pine-Interim | 55700-17a | 7,832,500 | WE - 750,000 EE - 75,000 | SC |

Appendix 4: Estimated Funds Available

Appendix 4 provides the calculation of funds available for state fiscal year 2020 and includes the forecasts 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.

| Sources of Funds | Actual through SFY 2018 | Actual SFY 2019 | Estimated SFY 2020 | Estimated SFY 2021-22 | Total |
|--|-------------------------|-------------------|--------------------|-----------------------|----------------------|
| Federal Capitalization Grants | 477,366,785 | 18,132,000 | 17,949,000 | 0 | 513,447,785 |
| State Match | 93,425,072 | 9,967,750 | 0 | 0 | 103,392,822 |
| Investment Earnings | 45,953,939 | 5,988,552 | 5,500,000 | 10,000,000 | 67,442,491 |
| Loan Principal Repayments | 616,427,766 | 30,473,205 | 48,954,810 | 66,344,648 | 762,200,429 |
| Loan Interest Payments | 193,938,187 | 9,849,674 | 9,261,338 | 18,805,982 | 231,855,181 |
| Total Sources of Cash | 1,427,111,749 | 74,411,181 | 81,665,148 | 95,150,630 | 1,678,338,708 |
| Uses of Funds | | | | | |
| Loans and Amendments | 1,264,100,319 | 62,993,499 | 0 | 0 | 1,327,093,818 |
| Administration Expense paid with Grant | 10,101,744 | 0 | 2,000,000 | 0 | 12,101,744 |
| Debt Service on Match Bonds | 100,161,054 | 15,041,427 | 3,849,523 | 1,668,473 | 120,720,476 |
| Total Uses of Cash | 1,374,363,117 | 78,034,926 | 5,849,523 | 1,668,473 | 1,459,916,038 |
| Sources of Cash Less Uses of Cash | 52,748,632 | -3,623,745 | 75,815,626 | 93,482,158 | 218,422,670 |
| Net Available to Loan - SFY 2020 | | | | | 218,422,670 |

Appendix 5: Estimated State Fiscal Year 2020 Activity

Appendix 5 includes the project priority list compared to the funds available as calculated in [Appendix 4](#). These estimates and the subtotal represent a highly unlikely scenario because every loan will not fully disburse within one fiscal year, but instead over a two to three year period.

| Current Funds Available | | Planning | Small Comm. | GPR | Fund | FP,SC,GPR and Fund Total | PF Subsidy | Remaining Funds |
|--|-------------|------------------|-------------------|------------------|-----------------------|--------------------------|------------------|--------------------|
| | | 3,000,000 | 54,605,668 | 1,794,900 | 159,022,103 | 218,422,670 | 5,711,760 | 218,422,670 |
| Use of Available Funds - Anticipated Increases | | | | | | | | |
| Applicant | App. Number | Planning | Small Comm. | GPR | Fund | FP,SC,GPR and Fund Total | PF Subsidy | Remaining Funds |
| Coos Bay | 24000D-19 | | | | 346,340 | 346,340 | | 218,076,330 |
| Coos Bay | 24000B-19 | | | | 1,423,000 | 1,423,000 | | 216,653,330 |
| Coos Bay | 24000A-19 | | | | 13,015,156 | 13,015,156 | | 203,638,174 |
| <i>Subtotals</i> | | - | - | - | 14,784,496 | 14,784,496 | - | - |
| Balance | | 3,000,000 | 54,605,668 | 1,794,900 | 144,237,606.50 | 203,638,174 | 5,711,760 | 203,638,174 |
| Use of Available Funds - SFY 2020 Loan Applications | | | | | | | | |
| Applicant | App. Number | Planning | Small Comm. | GPR | Fund | FP,SC,GPR and Fund Total | PF Subsidy | Remaining Funds |
| Baker City | 12600-19 | | 10,500,000 | | | 10,500,000 | 500,000 | 193,138,174 |
| Bend | 14510-20 | | | | 7,920,000 | 7,920,000 | | 185,218,174 |
| Bend | 14510A-19 | | | | 7,500,000 | 7,500,000 | | 177,718,174 |
| Bend | 14510C-19 | | | | 10,000,000 | 10,000,000 | | 167,718,174 |
| Cascade Locks | 21310-19 | | 4,456,600 | | | 4,456,600 | 500,000 | 163,261,574 |
| Central Oregon Irrigation District | 21640-18 | | | | 20,000,000 | 20,000,000 | | 143,261,574 |
| Dallas | 26110-20 | | | | 9,000,000 | 9,000,000 | | 134,261,574 |
| Dufur | 29520-19 | | 3,311,000 | | | 3,311,000 | | 130,950,574 |
| Echo | 30250A-19 | | 1,000,000 | | | 1,000,000 | 500,000 | 129,950,574 |
| Echo | 30250B-19 | | 1,563,000 | | | 1,563,000 | | 128,387,574 |
| Gleneden | 37440-19 | | 3,975,000 | | | 3,975,000 | 500,000 | 124,412,574 |

Proposed Intended Use Plan State Fiscal Year 2020

| | | | | | | | | |
|--|-------------------------|------------------|-------------------|------------------|---------------------|----------------------|------------------|-------------|
| Independence | 47600-19 | | 3,449,200 | | | 3,449,200 | | 120,963,374 |
| Irrigon | 47740-19 | | 620,000 | | | 620,000 | 310,000 | 120,343,374 |
| Joseph | 49800-17 | 30,000 | | | | 30,000 | | 120,313,374 |
| Klamath Falls | 52600-19 | | | | 38,817,797 | 38,817,797 | | 81,495,577 |
| La Pine - Interim | 55700-17b | | 7,832,500 | | | 7,832,500 | | 73,663,077 |
| La Pine | 55700-17a | | 1,000,000 | | | 1,000,000 | 500,000 | 72,663,077 |
| Lone Pine Irrigation District | 58710-19 | | | 1,794,900 | 205,100 | 2,000,000 | 500,000 | 70,663,077 |
| Madras | 62370-20 | | 650,000 | | | 650,000 | 325,000 | 70,013,077 |
| Middle Fork Irrigation District | 65100-17 | | | | 20,000,000 | 20,000,000 | 500,000 | 50,013,077 |
| Rogue Valley Sewer Service | 78495-18 | | 1,026,925 | | | 1,026,925 | 107,500 | 48,986,152 |
| Sandy | 80490-20 | | | | 6,025,000 | 6,025,000 | 500,000 | 42,961,152 |
| Scappoose | 80930-19 | | 6,430,600 | | | 6,430,600 | 500,000 | 36,530,552 |
| Sheridan | 83810A-19; 83810B-19 | | 4,577,513 | | | 4,577,513 | | 31,953,039 |
| Swalley Irrigation District | 89600-17 | | | | 16,000,000 | 16,000,000 | 500,000 | 15,953,039 |
| Toledo | 91800-20 | | 600,000 | | | 600,000 | 300,000 | 15,353,039 |
| Wasco County SWCD | 94965-18 | | 299,987 | | | 299,987 | 16,000 | 15,053,052 |
| Water Environment Services - Sponsorship | 22500B-18 | | | | 1,800,000 | 1,800,000 | | 13,253,052 |
| <i>Subtotal</i> | | <i>30,000</i> | <i>51,292,325</i> | <i>1,794,900</i> | <i>137,267,897</i> | <i>190,385,122</i> | <i>6,058,500</i> | |
| Balance | | 2,970,000 | 3,313,343 | - | 6,969,709.50 | 13,253,052.00 | (346,740) | |

*Current request exceeds maximum allowed per OAR-340-054-0036(3)(a)(A). At the end of SFY 2020, DEQ may allocate any remaining funds.

Appendix 6: Binding Commitments and Funds Available

Funds Available as of May 31, 2019:

| Total Cap Grants Awarded | Total State Match | Total Principal Repayments | Total Interest Payments | Total Investment Interest | Total Principal Prepayments SFY 2018, 2019* | Total Cumulative Admin Allowance and Bond Debt Service | TOTAL FUNDS AVAILABLE |
|--|-------------------|----------------------------|-------------------------|---------------------------|---|--|-----------------------|
| 495,498,785 | 93,425,072 | 646,900,971 | 203,787,861 | 51,942,491 | -11,090,816 | -135,022,433 | 1,491,555,180 |
| | | | | | | Admin Allowance | -19,819,951 |
| | | | | | | Bond Debt Service | -115,202,482 |
| | | | | | | Adjusted Total of Funds Available | 1,345,441,931 |
| Total Binding Commitments as of 5/31/2019 | | | | | | | 1,327,093,818 |
| Binding Commitments as a Percentage of Funds Available from 5/31/2019 | | | | | | | 99%** |

* DEQ has three years to commit prepayments.

**EPA's calculation is likely to be different because EPA includes prepayments as part of EPA's internal calculation for funds available, as reflected in the EPA National Information Management System database.

Prepayments:

| State Fiscal Year 2018 | | |
|------------------------|-------------------|-----------|
| Borrower/Loan Number | Amount | Date |
| Gold Hill 37820 | 671,000 | 8/1/2017 |
| Prineville 74683 | 4,000,000 | 1/19/2018 |
| Reedsport 8701 | 100,000 | 1/18/2018 |
| Albany 10513 | 58,002 | 4/3/2018 |
| Subtotal | 4,829,002 | |
| State Fiscal Year 2019 | | |
| Borrower/Loan Number | Amount | Date |
| Redmond 76071 | 881,643 | 9/14/2018 |
| MWMC 64842 | 2,118,873 | 12/1/2018 |
| MWMC 64843 | 3,161,298 | 12/1/2018 |
| Reedsport 8701 | 100,000 | 2/1/2019 |
| Subtotal | 6,261,814 | |
| Total | 11,090,816 | |