



State of Oregon Department of Environmental Quality

# Local Community Loan

Contact: [Local Project Officer](#)

## Overview

The Local Community Loan offers financing to help public agencies, such as counties and soil and water conservation districts, establish a local loan program to address eligible nonpoint source water quality issues and estuary management. The public agency is referred to as the Borrower. A Local Community Loan is made by the Borrower to a Local Borrower, such as a landowner, to implement a nonpoint source water quality project or an estuary project.

## Examples of eligible projects:

- The nonpoint pollution control activity must be listed in [Oregon's Final 2014 Nonpoint Source Management Program Plan](#). Examples include:
  - Septic system repair and replacement, connection to the municipal sewer
  - Stormwater controls
  - Irrigation efficiency and modernization projects
  - Riparian restoration
  - Stream restoration
  - Animal waste management
- Estuary management activities listed in a comprehensive conservation and management program plan.

### **Applicants must be an eligible public agency, defined by [ORS 468.423](#) which includes:**

- State agency
- Incorporated city, county, sanitary authority
- Federally recognized Indian tribal government
- \*Soil and Water Conservation District, school district, county service district, sanitary district, metropolitan service district or other special district authorized or required to construct water pollution control facilities
- Intergovernmental entity created by units of local government under ORS 190.003 to 190.130

### **An applicant must have:**

- Authority to control water pollution
- Statutory authority to take on debt
- Statutory authority to lend
- A loan loss reserve

\*Soil and water conservation districts organized under ORS 568 qualify

## **Financial considerations – between the public agency and constituents**

- How will you engage your board of directors and gain support for developing a loan program?
- Is the public agency considering providing just loans, or grants and loans in combination?
- What are the anticipated loan terms, maximum and minimum loan sizes, interest rates, expected fees?
- How will your agency secure the loans?
- How many local loans will be made and over what time period?
- How will your agency fund administrative costs? Does the public agency intend to include these costs in the loans?
- Does the agency anticipate this program will generate income?
- Which agency office or department will hold the contracts between the Local Borrowers and the agency?

## **Financial considerations – between DEQ and the public agency**

- What agreements will ensure the responsibilities of both entities?
- LCL funds are disbursed to the Borrower (the public agency) on a reimbursement basis. For example, the Borrower may need to pay a contractor and provide DEQ with documentation of the costs before LCL funds will be disbursed. What is the agency's capacity to cover project costs and wait for reimbursement from DEQ? If this is a concern, how might this be managed?
- How will the agency secure loan(s) with DEQ? Examples include general obligation debt, taxing authority and a revenue stream.
- What activity will trigger loan disbursement from DEQ to the agency?
- What is the anticipated repayment process to DEQ?

## **Purpose/intention of your program**

- What specific water quality or health problems will this program address?
- Are there state or federal enforcement actions or water quality violations associated with the proposed program?
- What are the proposed pollution control activities to prevent or mitigate these problems?
- What water bodies will be affected by this program?
- What will be the criteria used to demonstrate success?

## **Participants**

- Which county, city or state offices will also participate in this program?
- What other businesses will be involved, such as contractors or banks?
- Is eligibility limited to a particular demographic or geographical area? What are the local needs and expected benefits?

## **Program process**

- What are the eligibility criteria to qualify individual applicants for these local loans? For example, income level, specific health or water quality problems, homeowners or tenants, businesses or producers/growers within agricultural community.
- What is the outreach plan to identify individual projects?
- What will be the application, underwriting and loan approval process?
  - Which office or department will verify the applicants' data and provide credit checks and/or loan reviews or perform any required permitting?

- Is there a role for contractors? What is that role? Who will provide inspections of completed projects and, if appropriate, what requirements will there be for maintaining these projects?
  - How will the local loans be secured and what collateral will be required?
- What, if any, legal approval is required to support the startup and continuation of this service?

### **Timeframe and scope**

- Define the program and its scope
- What is the program's expected start date and duration?
- Will this begin as a pilot and expand over time?
- Will this service be available to the entire public agency's jurisdiction?

### **Marketing and outreach**

- How will the agency publicize this program? Is there an existing process for promoting/publicizing agency programs?
- Is it appropriate and will the local health department office(s) promote this program? How?
- Are there plans to educate and include local businesses in this program?

### **Reporting and evaluation**

- What level of data collection, regular reporting and evaluation will be included to show water quality or public health impacts?
- What level of program evaluation will be included?

### **Next Steps**

1. Contact your [regional project officer](#) to help you determine whether this type of loan is right for your project and whether your agency would qualify.
2. Your regional project officer can connect you to a program loan specialist who will explain different financial scenarios to ensure project success and affordability.
3. Review the program's [loan application requirements](#) to better understand the documents needed for a Clean Water State Revolving Fund loan.

### **Alternative formats**

DEQ can provide documents in an alternate format or in a language other than English upon request. Call DEQ at 800-452-4011 or email [deqinfo@deq.state.or.us](mailto:deqinfo@deq.state.or.us).