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Oregon Clean Water State Revolving Fund Loan Program

Proposed Intended Use Plan

State Fiscal Year 2024, Second Edition



This document was prepared by
Oregon Department of Environmental Quality
Program Name
700 NE Multnomah Street, Portland Oregon, 97232

Contact: [Chris Marko](#)
Phone: 503-229-6412
www.oregon.gov/deq



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800-452-4011 | TTY: 711 | deqinfo@deq.oregon.gov

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Proposed Intended Use Plan 2024 Second Edition Update Summary

This Proposed Intended Use Plan 2024 Second Edition includes updated information from the Intended Use Plan 2024 Initial Edition summarized below. The majority of the content is the same as the IUP 2024 Initial Edition. Proposed IUP 2024 Second Edition updates include:

Technical Assistance section ([page 5](#)) – removed language indicating CWSRF intends to use federal cap grant funds to cover technical assistance per errata submitted to EPA for IUP 2024 Initial Edition.

Applications section ([page 6](#)) updated statement: “This Proposed Intended Use Plan 2024 Second Edition includes three new loan applications requesting \$26,550,650 from the April 2023 round and a total of 39 loan applications on the updated Project Priority List requesting a total of **\$153,396,741**.”

Table 1: Intended Use Plan New Loan Applicants updated ([page 7](#))

Applications section ([page 7](#)) updated statement: “Since the publication of the last Intended Use Plan, DEQ executed four new loan agreements for City of Bend applications 14510E-22 and 14510F-22, Government Camp Sanitary District application 49800-22 and City of Sandy application 80490-23 totaling \$52,607,315.”

Table 2: Project Description List updated ([pages 8 - 22](#))

Applicants Ready to Proceed section ([page 23](#)), updated statement: “[Appendix 2](#) estimates 10 applicants with a total of 13 applications will be ready to proceed in the SFY2024: City of Bend 14510-23, City of Brookings 18230-23, Falls City 32100-22, City of Gresham 39190-23, City of Halsey 40670A-23, City of Halsey 40670B-23, City of Port Orford 74100-23, Port of Tillamook Bay 91560A-23, Port of Tillamook Bay 91560B-23, Rogue River Valley Sewer Services 78495B-23, City of Stanfield 87160-23, Tillamook County Solid Waste Service District 91560A-23, Tillamook County Solid Waste Service District 91560B-23.”

Estimated Funds Available section ([page 24](#)), updated statement: “Oregon CWSRF estimated funds available is \$209,476,794 for the year, which exceeds the amount of \$153,396,741 requested by applicants on the updated Project Priority List for the Oregon CWSRF Proposed Intended Use Plan 2024 Second Edition.”

Table 3: Eligible recipients for principal forgiveness updated ([page 29](#))

Public Notice updated ([page 35](#))

Appendix 1 – Project Priority List updated ([page 36](#))

Appendix 2 – Applicants Ready to Proceed updated ([page 40](#))

Introduction

The Clean Water State Revolving Fund program rules and regulations are referenced here:

- Title VI of the Clean Water Act ([33 U.S. Code §1383](#)) and CWSRF Regulations ([40 CFR Part 35.3100](#))
- Oregon Revised Statute [468.020 and ORS 468.423 – 468.440](#)
- [Oregon Administrative Rules Chapter 340, Division 54](#)

The Oregon Department of Environmental Quality prepares the Intended Use Plan as required by the U.S. Environmental Protection Agency and Oregon Administrative Rules to inform Oregonians and Clean Water State Revolving Fund loan applicants about how DEQ proposes to use the fund during state fiscal year 2024 (July 1, 2023, through June 30, 2024).

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.

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 IUP web page](#). Applicants can begin completing loan requirements after the public comment period.

EPA requires that each state's Clean Water State Revolving Fund program develop a project priority list, which is a primary component of 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 1](#). 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 plan includes loan program requirements, definitions, and application process information. The plan also details the program's administration, budget, and fiscal condition.

This Intended Use Plan will be used to apply for three EPA capitalization grants:

- Annual “base” federal capitalization funding allocated for federal fiscal year 2023 in the allocated amount of \$8,473,000.
- Bipartisan Infrastructure Law supplemental capitalization grant funding allocated for federal fiscal year 2022 in the allocated amount of \$20,106,000.
- BIL supplemental capitalization grant funding to address emerging contaminants in the allocated amount of \$1,056,000 for federal fiscal year 2022.

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.
- Promote the local community loan to support emerging markets.
- 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 source pollution controls and estuary management projects.

2. **Goal:** Administer the Clean Water State Revolving Fund to ensure programmatic compliance with regulatory requirements, financial integrity, fund viability and perpetuity. (PROGRAM)

Objectives

- 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 of the fund.
- Ensure the program processes effectively align with existing, developing and emerging markets, incorporating treatment and non-treatment solutions for all sources of water pollution.

- Ensure the program management complies with current state and federal regulations.
 - Strategically market and communicate the Clean Water State Revolving Fund project and borrower eligibility and benefits to decision makers at eligible public agencies.
 - Build on previous successes and increase those market shares.
3. **Goal:** Assist communities with the loan application and loan management process to meet regulatory requirements with federal and state requirements, water quality standards, utility, and financial management. (TECHNICAL ASSISTANCE)

Objectives

- Provide technical assistance to small communities using principles of effective utility management to assess planning, financial, operational, managerial, and infrastructure capability needs that will result in water quality improvements.
 - Provide training and technical assistance to communities in conjunction with 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 solutions 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.
- Identify opportunities and financial solutions to address point source and nonpoint source water quality impairments.

The program's [2022 Annual Report](#) demonstrates actions taken to achieve the program's goals.

Bipartisan Infrastructure Law priorities

The Bipartisan Infrastructure Law, Nov. 15, 2022, includes new federal funding for Clean Water State Revolving Fund programs with new requirements and priorities. This Intended Use Plan addresses BIL priorities and requirements in accordance with the Clean Water Act and EPA.

Principal forgiveness

BIL requires states to provide 49% of the capitalization grant amount as additional subsidization in the form of principal forgiveness or grants. Oregon CWSRF will provide 49 percent of the BIL supplemental capitalization grant as principal forgiveness. In 2023, the program is increasing limits of the amount of principal forgiveness on a per loan basis to provide more principal forgiveness for the program to meet this requirement. Principal forgiveness eligibility criteria and limits are further described in [Appendix 7 – Principal forgiveness eligibility criteria and limits](#).

Disadvantaged communities, affordability and environmental justice

BIL explicitly seeks to ensure that disadvantaged communities have access to funds to improve their wastewater infrastructure to protect public health and improve water quality. EPA expects

states will review, refine, and improve their CWSRF affordability definitions and priority point systems to ensure that additional subsidy is provided to disadvantaged communities to the maximum extent possible.

To address EPA and BIL requirements and priorities, the Oregon CWSRF program conducted a rulemaking in 2022 – 23. New rules adopted in January 2023 allow the program to provide more principal forgiveness on a per loan basis and incorporate environmental justice metrics into affordability criteria and project scoring criteria for applications received in April 2023 moving forward. These program updates are documented in [Appendix 5 – Environmental justice metrics](#), [Appendix 6 – Project scoring criteria](#) and [Appendix 7 – Principal forgiveness eligibility criteria and limits of this IUP](#). The program will also conduct outreach and provide technical assistance to further address needs of disadvantaged and underserved communities in Oregon.

Technical assistance

Oregon CWSRF is in the early stage of developing technical assistance services for the program. The program is developing a request for proposals to contract for technical assistance services, which is under review by Oregon Department of Administrative Services as of May 2023. The program will work with selected eligible contractor(s) to finalize a scope of work and contract to provide technical assistance services for the Oregon CWSRF program this year, which will include the following:

- Project planning
- Administrative capacity and financial planning assistance
- CWSRF loan application assistance
- Construction project management
- Assistance in meeting CWSRF program requirements
- Outreach and training

Oregon DEQ CWSRF will not use federal capitalization grant or match funds for technical assistance. DEQ will reassess needs and resources for technical assistance after one year. DEQ will continue coordinating with EPA region 10 staff regarding technical assistance by EPA and TA by the Oregon CWSRF program.

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\(6\)](#) 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 February 28, 2023, the program has approximately **\$2.01 million** in the fee revenue account, also known as the administrative fund.

For state fiscal year 2024, DEQ will not utilize the annual capitalization grant award toward program administrative expenses.

Financing options

Oregon's CWSRF program offers two financing options:

- 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 to June 30, 2023 period. New rates for the next quarter will be calculated and published on the [Clean Water State Revolving Fund website](#) on July 1, 2023.

Applications

DEQ published the program's Annual Solicitation [Newsletter](#) in May 2023 to solicit loan applications. Although DEQ accepts loan applications at any time, DEQ reviews and scores applications three times per year. The most recent application deadline was April 14, 2023, and the next loan application deadline is December 8, 2023.

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 list. DEQ also removes project applications from the list upon execution of a loan agreement.

This Proposed Intended Use Plan 2024 Second Edition includes three new loan applications requesting \$26,550,650 from the April 2023 round and a total of 39 loan applications on the updated Project Priority List requesting a total of **\$153,396,741**.

Loan Application Number	Applicant and Project Description	Amount
	<p>existing facilities and capacities, exploration of options for handling fats, oils and grease, and climate change action goals. The plan update will include a Capital Improvement Plan that lists projects to complete over five, 10, and 20 years to provide sewer service throughout the city and improvements to achieve Bend’s climate change action goals. <i>The City and DEQ signed an initial loan, which will be amended for the plan to address emerging contaminants (see description reviewed for eligibility by EPA below).</i></p> <p>Emerging Contaminants project: Emerging contaminants, specifically per- and polyfluoroalkyl substances (PFAS), present significant challenges to the City of Bend (City) Water Reclamation Facility (WRF). The City’s WRF is not designed to handle complex chemicals like PFAS. Since the City’s WRF is the receiver of PFAS pollution from residential and industrial sources, the City will likely be subject to future environmental quality standards. In late 2023, the City will begin updating their 2008 WRF Facility Plan. This update will assess future environmental quality standards and outline the infrastructure and strategic actions the City will need to implement and adapt including how to address emerging contaminants and specifically PFAS. The City will monitor wastewater influent/effluent/sludge to determine the fate of PFAS in these discharges, which will be addressed by the plan and lead to projects, and/or activities and outcomes to address PFAS and emerging contaminants for the City WRF. These determinations will support the identification and selection of appropriate treatment technology and/or development of materials for community outreach and technical assistance to further address PFAS. Specific projects and/or actions and planned outcomes to address PFAS and emerging contaminants will be outlined in the updated WRF Facility Plan.</p>	
14510E-22	City of Bend (Deschutes County)	\$3,367,315
	<p>Sec. 212, Design and Construction, Septic Solutions - Pettigrew & Bayou. This project is the next phase of the City’s Septic to Sewer program. It was selected from applications submitted by Bend residents to petition the City of Bend to install sewer on their roadways. The project will allow a total of approximately 35 properties to decommission septic systems and connect to the recently completed Southeast Interceptor. The major components of the project include, but are not limited to, installing 8-inch sewer mains, 12-inch sewer mains, 48-inch and/or 60-inch sewer manholes, 4-inch sewer laterals on Bayou Drive, a portion of Fargo Lane, and a portion of Pettigrew Road. The project will result in a full-width and full-depth pavement restoration of the existing local roadways. The project will protect water quality and help eliminate potential health hazards associated with failing septic systems.</p>	
14510F-22	City of Bend (Deschutes County)	\$2,650,000
	<p>Sec. 212, Design and Construction, Awbrey Glen and Westside Pump Stations. The objective of this project is to rehabilitate the Awbrey Glen and Westside sanitary sewer pump stations and rectify hydraulic and condition deficiencies at both pump stations. The main components of the project include design and construction of new pumps, pump drives, programmable logic control devices, new pressure or gravity sewer main, manholes, generators, electrical components, instrumentation components, paving, a driveway approach, and fencing. The</p>	

Loan Application Number	Applicant and Project Description	Amount
<p>necessary improvements at these locations are identified in both the 2014 Collection System Master Plan and 2018 Public Facilities Plan. The city's Utility Department has prioritized improving and/or replacing the deficient pump stations based on the current conditions and resources necessary to keep them operational.</p>		
14510-23	City of Bend (Deschutes County)	\$2,000,000
<p>Sec. 212, Design and Construction, Water Reclamation Facility Primary Clarifier Rehabilitation. The existing mechanisms at the City of Bend Water Reclamation Facility treatment plant were installed in 1981. The two primary clarifier mechanisms are at the end of their useful life and will be replaced with two new mechanisms. These were identified as needing rehabilitation in the 2008 Facilities plan for the plant. The facility is at risk of noncompliance if these clarifiers were to fail, and this project will protect water quality downstream of the treatment facility. Existing mechanisms will be demolished including access walkway, drives, guardrails, weirs, spray water system, electrical conduits, lighting poles, and control panels. Replacement of components include the clarifiers, sludge collector mechanism, rake arms, center cage, influent well, scum skimmer arms, scum box, access walkway, and other ancillary equipment as well as repairs on deteriorating concrete and replacement of the basin bottom grout on each clarifier. The implementation of this project will ensure consistent operations of the primary clarifiers will limit the potential for disruptions to the primary treatment process that could adversely affect the ability of the Water Reclamation Facility to meet WPCF permit requirements. By maintaining the ability to operate within the permit parameters, water quality downstream of the treatment facility will be maintained.</p>		
14510A-23	City of Bend (Deschutes County)	\$997,740
<p>Sec. 212, Design and Construction, Pinehaven & Woodhaven Sewer Project. The project is part of the City of Bend's Septic to Sewer Conversion Program. The scope includes design and construction of approximately 975 feet of gravity sewer main and 4-inch laterals on Pinehaven Avenue and Woodhaven Avenue. The installation of sewer will result in a full-width and full-depth pavement restoration within the existing roadways. The project will be fully located within City right-of-way. No right-of-way or easement acquisition is anticipated. The project will ultimately discharge to the Southeast Interceptor (SEI) which was completed in 2017. The project will allow a total of 16 properties to decommission septic systems and connect to public sewer, support water quality protection and help eliminate potential public health hazards associated with failing septic systems. The Septic to Sewer Conversion Program allows residents to apply to the City to install sewer on their street. The City requires preliminary engineering reports to determine if sewer is feasible for the application. This project also includes preliminary design of other potential septic to sewer projects within City of Bend limits.</p>		
14510B-23	City of Bend (Deschutes County)	\$2,535,060
<p>Sec. 212, Design and Construction, Silver Sage Sewer Project. This project is part of the City of Bend's Septic to Sewer Conversion Program. The scope includes design and construction of</p>		

Loan Application Number	Applicant and Project Description	Amount
	<p>approximately 2,575 feet of gravity sewer main (with a minor amount being pressure sewer) and 4-inch laterals on Silver Sage Street from Parrell Road to Aberdeen Drive and on Benham Road from Murphy Road to Silver Sage Street. The installation of sewer will result in a full-width and full-depth pavement restoration within the existing roadways. The project will be fully located within City right-of-way. No right-of-way or easement acquisition is anticipated. The project will ultimately discharge to the Southeast Interceptor (SEI) which was completed in 2017. The project will allow a total of 47 properties to decommission septic systems and connect to public sewer. The project will support water quality protection and help eliminate potential public health hazards associated with failing septic systems. The Septic to Sewer Conversion Program allows residents to apply to the City to install sewer on their street. The City requires preliminary engineering reports to determine if sewer is feasible for the application. This project also includes preliminary design of other potential septic to sewer projects within City of Bend limits.</p>	
18230-23	City of Brookings (Curry County)	\$24,996,000
	<p>Sec. 212, Design and Construction, Brookings Wastewater System Improvement Project. The project will make improvements to the City of Brookings wastewater treatment plant and collection system. The improvements will replace aging equipment at risk of failure, eliminate potential sources of polluted discharge to surface waters, and increase system capacity for the City of Brookings and Harbor Sanitary District. The wastewater treatment plant will undergo rehabilitation or replacement of multiple systems including, but not limited to, headworks, primary and secondary clarifier, UV disinfection and digestors. The collection system improvements include replacement of existing sewer main lines, sewer line extension to connect with Harbor Sanitary District, upgrades and decommissioning lift stations and I and I repair system wide.</p>	
20880-23	City of Carlton (Yamhill County)	\$2,637,500
	<p>Sec. 212, Design and Construction, Sewer Collection Replacement Pipe Project. The City of Carlton will design & construct approximately 5,400 feet of 8" to 12" PVC to upgrade aging sewer mainlines under Main and Grant streets in downtown Carlton. Installed in the 1920's, the existing collection system is composed of vitrified clay and concrete pipes with concrete-mortar joints. Replacement of these aging and failing sewer mainlines will reduce inflow and infiltration minimizing the overload of the pump station and treatment plant. The soils brought with the I and I contribute to the Total Maximum Daily Load & potential of exceeding the biochemical oxygen demand in the permit. The project will reduce likelihood of combined sewer overflows, decrease wear and tear on wastewater system equipment, and reduce environmental impacts to local streams and habitat.</p>	
22130-21	City of Chiloquin (Klamath County)	\$1,300,000

Loan Application Number	Applicant and Project Description	Amount
	stormwater which result from the facility's handling and management of municipal solid waste (MSW).	
91560B-23	Tillamook County Solid Waste Service District (Tillamook County)	\$ 766,153
	Sec. 212, Design and Construction, Manzanita Transfer Station Expansion and Repair. This project will improve stormwater quality at Tillamook County SWSD's Manzanita Transfer Station by creating stormwater infiltration swales and associated stormwater infrastructure including ditches, berms and pipes. The project also includes regrading areas of the site to redirect stormwater, creating covered areas for waste collection bins and replacing a large, treated timber retaining wall. These improvements will benefit water quality by reducing the total amount of the variety of harmful pollutants in stormwater which result from the facility's handling and management of municipal solid waste (MSW).	
93050-23	City of Umatilla (Umatilla County)	\$9,177,805
	Sec 212, Construction, Power City/Brownell Sewer Service Extension. The project will extend sewer to the Power City and Brownell communities of the City of Umatilla. The two areas are currently served by septic systems, of which 47 are either unpermitted, installed prior to 1969, or not on record. J-U-B Engineers completed a technical analysis of the city's capacity and the best ways to provide sewer service to these residents in the 2020 Technical Memorandum, which was reviewed and approved by the DEQ. The project will consist of installing approximately 10,200 feet of PVC sewer collection pipe in the Power City area and 2,200 feet of collection pipe in the Brownell area. By providing this sewer system to commercial or residential facilities to these areas, this will allow the ability to eliminate a public health hazard due to failing septic systems in the Umatilla.	

DEQ determined the maximum percentage for state fiscal year 2024 to be 49% percent of the estimated capitalization grant amount, or \$9,851,940 for the BIL supplement cap grant.

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\(12\)\(c\)\(A\)](#). DEQ reserves 30 percent of the annual principal forgiveness allocation for applicants with projects that meet DEQ's green/stormwater/sustainability criteria per Oregon Administrative Rule [340-054-0065\(12\)\(a\)\(B\)](#). Accordingly, for state fiscal year 2024, DEQ reserves \$9,268,798 for applicants that meet the affordability criteria and \$3,972,342 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 principal forgiveness to another reserve. If reserves still remain after the reallocation, DEQ can award the remaining principal forgiveness amounts to borrowers that have an established ratepayer hardship assistance program.

Table 3 lists the current applicants that are eligible for principal forgiveness when they are ready to proceed to executing a loan agreement if principal forgiveness reserves are still available.

Table 3: Eligible recipients for principal forgiveness

Applicant	Application Number	Criteria	PF Amount
Arnold Irrigation District	11640-23	Green/Sustainability	\$2,000,000
City of Aumsville	11855-23	Affordability	\$2,000,000
Bay City	22130-23	Green/Sustainability	\$365,000
City of Bend	14510A-22	Green/Sustainability/Em erging Containments	\$375,000
City of Bend	14510A-23	Ratepayer Hardship	\$498,870
City of Bend	14510B-23	Ratepayer Hardship	\$1,267,530
City of Bend	14510-23	Ratepayer Hardship	\$1,000,000
City of Brookings	18230-23	Affordability	\$2,000,000
City of Chiloquin	22130-21	Affordability	\$500,000
City of Carlton	20880-23	Affordability	\$1,318,500
East Fork Irrigation District	30140-22	Green/Sustainability	\$2,000,000
City of Falls City	32100-22	Affordability	\$850,000
City of Gresham	39190-23	Green/Sustainability/Em erging Containments	\$1,181,297
City of Halsey	40670A-23	Affordability	\$80,000
City of Halsey	40670B-23	Affordability	\$165,000
City of Hermiston	43770-23	Affordability	\$1,473,500
Harbor Sanitary District	41410-23	Affordability	\$875,000
City of Independence	47600-23	Green/Sustainability	\$2,000,000
City of Lone	47690-23	Affordability	\$1,898,017
City of Madras	62370A-22	Affordability	\$775,000
City of Madras	62370B-22	Affordability	\$515,000
City of Madras	62370C-22	Affordability	\$620,000
City of Madras	62370A-23	Affordability	\$500,000

Applicant	Application Number	Criteria	PF Amount
City of Madras	62370B-23	Affordability	\$500,000
Medford Irrigation District	64120-23	Green/Sustainability	\$1,221,500
Metropolitan Wastewater Management Commission	64840-23	Green/Sustainability	\$2,000,000
Owyhee Irrigation District	70900-23	Affordability	\$250,000
City of Port Orford	74100-23	Affordability	\$413,000
Port of Tillamook Bay	91560A-23	Affordability	\$705,250
Port of Tillamook Bay	91560B-23	Affordability	\$6,000
Rogue River Valley Sewer Services	78495A-23	Affordability	\$400,000
Rogue River Valley Sewer Services	78495B-23	Affordability	\$2,000,000
Rogue River Valley Sewer Services	78495D-23	Affordability	\$200,000
City of Sheriden	83810A-19, 83810B-19	Affordability	\$2,000,000
City of Stanfield	87160-23	Affordability	\$100,000
City of St. Helens	80160-23	Affordability	\$2,000,000
Sweet Home	89750-21	Affordability	\$2,000,000
Sweet Home	89750-23	Affordability	\$104,513
Tillamook County Solid Waste Service District	91560A-23	Affordability	\$876,942
Tillamook County Solid Waste Service District	91560B-23	Affordability	\$383,077
City of Umatilla	93050-23	Affordability	\$2,000,000
Totals			\$41,417,995

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 2023, DEQ can award a maximum loan amount of \$31,421,519.

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 2024, DEQ allocates \$52,369,198 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 2024 activity

Timely use of funds

DEQ intends to use funds in a timely and expeditious manner. [Appendix 3](#) calculates the amount of funds available in state fiscal year 2024 compared to the amount of binding commitments cumulative through June 30, 2023 (estimated May 2023 for this IUP).

Oregon CWSRF Plan and Measures to ensure compliance with Timely and Expeditious Use of Funds

During the past two years the program has seen a decrease in loan commitments due to many factors including COVID pandemic, project delays due to increasing cost of materials and labor, and communities seeking alternative funding such as grants that would reduce the overall financial burden on their rate payers.

DEQ has made substantial changes to the program this year, which will ensure compliance with the timely and expeditious use of funds requirement by EPA over the next five years.

The program has **increased principal forgiveness limits** per loan. Prior to May 2023, a borrower eligible for principal forgiveness could be awarded up to \$500,000 or 50% of the loan amount, whichever is less. The program has increased the amount of principal forgiveness to \$2,000,000 or 50% of the loan amount, whichever is less. These changes provide significant incentives for communities to secure financing through the CWSRF program. The program also introduced **100% forgivable planning loans up to \$100,000** per borrower and per fiscal year.

The program has also updated **affordability criteria with environmental justice metrics**, which include water pollution and health burdened metrics, and small and very small communities in addition to income, employment and population trend data. The program's analysis indicates more cities in Oregon would be eligible for principal forgiveness based on new affordability criteria with environmental justice metrics than the previous affordability criteria, which relied on the Oregon Distressed Areas Index. The program anticipates an increase in demand for CWSRF financing and commitment of CWSRF funds implementing new affordability criteria and principal forgiveness limits this year and in subsequent years.

The program is also increasing **outreach and technical assistance** to assist communities with CWSRF financing for water quality and infrastructure projects in Oregon in 2023 and long term.

These program updates will result in more affordable financing for more communities for water quality and infrastructure improvements in Oregon over the next five years of BIL implementation and in the long term. As a result, the program anticipates significantly greater demand for CWSRF financing and commitment of funds this year and in subsequent years. Oregon CWSRF is already experiencing a significant increase in inquiries and interest in financing through the program due to opportunities for more affordable financing, increased principal forgiveness limits, updated affordability criteria, outreach and assistance in 2023.

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.

Build America Buy America requirements

The Bipartisan Infrastructure Law created the Build America, Buy America (BABA) Act domestic sourcing requirements for Federal financial assistance programs for infrastructure, including the SRF programs. Per EPA guidance, the CWSRF program is required to apply BABA requirements to equivalency projects (see above). The Build America, Buy America Act Implementation Procedures for EPA Office of Water Federal Financial Assistance Programs memorandum November 2022 references OMB Guidance M-22-11 addresses cases with project co-funding from separate programs. The memo states EPA would apply the guidance's "cognizant" program determination to projects that are co-funded with different general applicability/programmatic waivers. The Oregon CWSRF will identify equivalency projects in the amounts equal to each of the capitalization grants and apply BABA requirements to these projects. The program will follow OMB and EPA guidance on waivers and co-funded projects.

Environmental review and compliance with federal 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 ensures that all equivalency projects will comply with federal cross-cutters.

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 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 involves public advisory committees to assist the agency in developing policy. DEQ appoints an advisory committee to advise on program issues and provide input on rulemaking. The committee includes members representing statewide organizations with an interest in financing water quality improvement projects. Committee representation includes local, state federal and tribal agencies, water and wastewater utilities, organizations serving low income, rural, and farmworker populations, environmental advocacy organizations and statewide associations. Committee meetings are open to the public.

Public notice of an environmental determination

The public may 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 page for the [Intended Use Plan](#) . DEQ issues a public notice in the Daily Journal of Commerce and sends a notice through DEQ's [GovDelivery](#) notification system. The notice process includes a 14-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 page for the [Intended Use Plan](#).

Public notice

This Proposed Intended Use Plan, State Fiscal Year 2024, Second Edition will be noticed for 14 days in the Daily Journal of Commerce.

Public Notice

Oregon DEQ Clean Water State Revolving Fund

Proposed Intended Use Plan State Fiscal Year 2024, Initial Edition

Notice Issued: September 27, 2023

Comments Due: October 11, 2023

What is proposed?

The Oregon Department of Environmental Quality has prepared a *Proposed Intended Use Plan State Fiscal Year 2024, Second Edition* 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 2024, Second Edition* includes **39 loan applications** on the Project Priority list for a total of \$153,396,741 in requested funding for planning, design and construction of water quality improvement projects in Oregon.

To receive a copy of the proposed Intended Use Plan

The *Proposed Intended Use Plan, State Fiscal Year 2024, Second Edition* and the option to sign up for notifications through GovDelivery are available on DEQ's Clean Water State Revolving Fund [Intended Use Plan web page](#).

Comments on this plan must be submitted in writing via mail, fax or email any time prior to the comment deadline of October 11, 2023, 5 p.m. to:

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

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

Appendices

Appendix 1 – Project Priority List – new applications highlighted

Priority Ranking	Score	Applicant	Application Number	Amount Requested	EPA Needs Category	Permit Number	Green Project Reserve Category and Amount	Small Community and Planning
1	83	East Fork Irrigation District	30140-22	4,000,000	VII-A	N/A	WE - \$3,800,000; EE - \$200,000	SC
2	81	Bay City	22130-23	730,000	VII-D	N/A	GI - \$730,000	SC
3	76	Port Orford	74100-23	826,015	VII-N	N/A	GI - \$826,015	SC
4	74	Metropolitan Wastewater Management Commission	64840-23	7,790,395	XI	OR0031224	GI - 100,000 EI - 1,000,000	N/A
4	74	Gresham	39190-23	2,362,593	VII-D	ORS108013	GI - \$1,181,297, EI - \$1,181,296	N/A
5	73	Arnold Irrigation District	11640-23	8,699,900	VII-A	N/A	WE - \$8,699,900	SC
5	73	Aumsville Wastewater System Improvements	11855-23	23,977,650	I, II, III-B	OR0022721	N/A	SC
6	72	Rogue Valley Sewer Services	78495D-23	400,000	VI-A, VI-B	ORS116270	GI - 250,000	SC
7	68	Brookings	18230-23	24,996,000	I, III-A, III-B, IV-B	OR0020354	EE - \$6,910,433	SC
8	67	Tillamook County Solid Waste Service District	91560A-23	1,753,883	VI-B	N/A	GI - \$58,800; EE - \$75,000	SC
8	67	Tillamook County Solid Waste Service District	91560B-23	766,153	VI-B	N/A	GI - \$82,400; EE - \$75,000	SC
9	64	Port of Tillamook Bay	91560A-23	1,410,500	I, III-B	OR0022918	N/A	SC
9	64	Rogue Valley Sewer Services	78495A-23	800,000	I	OR0030660	EI - \$50,000	SC
10	62	Chiloquin	22130-21	1,300,000	I	OR0020320	N/A	SC
11	60	St. Helens	80160-23	16,400,000	III-B, IV-A, VII-D	OR0020834	GI - \$200,000	SC
12	58	Falls City	32100-22	1,700,000	I	OR0032701	N/A	SC
13	57	Carlton	20880-23	2,637,500	III-A, III-B	OR0020541	N/A	SC

Priority Ranking	Score	Applicant	Application Number	Amount Requested	EPA Needs Category	Permit Number	Green Project Reserve Category and Amount	Small Community and Planning
13	57	Umatilla	93050-23	9,177,805	IV-A	OR0022306	N/A	SC
14	55	Halsey	40670B-23	330,000	III-A, IX	OR002239	N/A	SC
14	55	Independence	47600-23	10,000,000	I	OR0020443	N/A	N/A
15	53	Rogue Valley Sewer Services	78495B-23	5,000,000	III-B	OR0026263	N/A	SC
15	53	Owyhee Irrigation District	70900-23	500,000	VII-A	N/A	N/A	SC
15	53	Madras	62370B-23	1,000,000	III-B	WPCF 101739	EE - \$85,000	SC
16	52	Medford Irrigation District	64120-23	2,443,000	VII-A	N/A	EI - \$1,200,000; EE - \$1,200,000	SC
17	50	Harbor Sanitary District	41410-23	1,750,000	III-A, III-B	OR0020354	N/A	SC
18	48	Sheridan	83810A-19; 83810B-19	4,577,513	IV-B, VII-D	OR0020648	N/A	SC
19	46	Hermiston	43770-23	2,947,000	IV-A	OR0020761	N/A	N/A
20	43	Madras	62370A-22	1,550,000	IV-B	WPCF 101739	N/A	SC
20	43	Madras	62370C-22	1,240,000	IV-B	WPCF 101739	N/A	SC
21	41	Madras	62370B-22	1,030,000	IV-B	WPCF 101739	N/A	SC
21	41	Bend	14510-23	2,000,000	III-B	WPCF 101572		N/A
22	36	Bend	14510A-23	997,740	IV-A	WPCF 101572	N/A	N/A
22	36	Bend	14510B-23	2,535,060				N/A
23	35	Madras	62370A-23	1,000,000	IV-A	WPCF 101739	N/A	SC
23	35	lone	47690-23	3,796,034	I, IV-A	N/A	N/A	SC
24	24	Halsey	40670A-23	80,000	IX, XIII	OR002239	EE - \$80,000	SC and FP

Priority Ranking	Score	Applicant	Application Number	Amount Requested	EPA Needs Category	Permit Number	Green Project Reserve Category and Amount	Small Community and Planning
25	18	City of Stanfield	87160-23	130,000	XVIII	OR0026972/WPCF101136	N/A	SC and FP
26	14	Bend	14510A-22	750,000	XVIII	WPCF 101739	EE - \$750,000	FP
26	14	Port of Tillamook Bay	91560B-23	12,000	XVIII	WPCF 102702	N/A	FP

Total of 39 applications = \$153,396,741

Total GPR = 28,735,141

Project category	EPA Needs Categories
I	Clean Water Treatment - Secondary Treatment Plant (includes, but is not limited to: new, expansion, improvements; effluent disposal; biosolids treatment, biosolids disposal, water reuse)
II	Clean Water Treatment - Advanced Treatment
III-A	Clean Water Treatment - Infiltration/Inflow Correction (I/I)
III-B	Clean Water Treatment - Sewer System Replacement/Rehabilitation
IV-A	Clean Water Treatment - New Collector Sewers and Appurtenances
IV-B	Clean Water Treatment - New Interceptor Sewers and Appurtenances
V	Clean Water Treatment - Combined Sewer Overflow (CSO) Correction
VI-A	Stormwater – Gray Infrastructure
VI-B	Stormwater – Green Infrastructure
VII-A	Nonpoint Source Resource Activity - Agriculture – Cropland (i.e. conservative tillage, nutrient management, irrigation improvements)
VII-B	Nonpoint Source Resource Activity - Agriculture – Animals (i.e. animal waste storage, animal waste management, composting facilities)
VII-C	Nonpoint Source Resource Activity - Silviculture (streamside buffers, revegetation)
VII-E	Nonpoint Source Resource Activity – Groundwater
VII-F	Nonpoint Source Resource Activity – Marinas
VII-F	Nonpoint Source Resource Activity – Brownfields
VII-H	Nonpoint Source Resource Activity - Storage Tanks
VII-J	Nonpoint Source Resource Activity - Sanitary Landfills
VII-K	Nonpoint Source Resource Activity - Hydromodification/Habitat restoration (i.e. conservation easements, swales, wetland development, shore erosion control)
VII-L	Nonpoint Source Resource Activity - Resource Extraction
VII-M	Nonpoint Source Resource Activity - Individual/Decentralized Systems
VII-N	Nonpoint Source Resource Activity - Land Conservation
VIII	Energy Efficiency
IX	Renewable Energy
X	Water Efficiency
XI	Recycled Water Distribution/Water Reuse
XII	Estuary (Sec. 320) Assessments
XIII	Desalination
XVIII	Planning and Assessments

Appendix 2: Estimated applicants ready to proceed

The following applicants are estimated have met the loan requirements necessary to receive a loan offer for the proposed project:

Priority Ranking	Score	Applicant	Application Number	Amount Requested	Green Project Reserve Category and Amount	Small Community & Facility Planning
21	41	City of Bend	14510-23	\$ 2,000,000	-	N/A
7	68	City of Brookings	18230-23	\$ 24,996,000	EE - \$6,910,433	SC
13	58	Falls City	32100-22	\$ 1,700,000	-	SC
4	74	City of Gresham	39190-23	\$ 2,362,593	GI - \$1,181,297, EI - \$1,181,296	N/A
25	24	City of Halsey	40670A-23	\$ 80,000	EE - \$80,000	SC
16	55	City of Halsey	40670B-24	\$ 330,000	-	SC
3	76	City of Port Orford	91560A-23	\$ 826,015	-	SC
9	64	Port of Tillamook Bay	91560A-23	\$ 1,410,500	-	SC
26	14	Port of Tillamook Bay	91560B-23	\$ 12,000	-	SC
17	53	Rogue River Valley Sewer Services	78495B-23	\$ 5,000,000	-	SC
27	18	City of Stanfield	87160-23	\$ 130,000	-	SC
8	67	Tillamook County Solid Waste Service District	91560A-23	\$ 1,753,883	GI - \$58,800; EE - \$75,000	N/A
8	67	Tillamook County Solid Waste Service District	91560B-23	\$ 766,153	GI - \$82,400; EE - \$75,000	N/A
		Total		\$ 39,367,144	\$9,644,226	

Appendix 3 Estimated funds available

Appendix 3 provides the calculation of funds available for state fiscal year 2024 and includes the forecasts for state fiscal years 2024, 2025 and 2026.

Sources of Funds	Cumulative Through 6/30/2023 SFY 2023	Estimated For SFY 2024	Cumulative Estimate Through SFY2024	Estimated For SFY 2025-26	Total
Federal Capitalization Grants	562,419,785	29,808,000	592,227,785	0	592,227,785
State Match	113,384,322	10,000,000	123,384,322	0	123,384,322
Investment Earnings	69,192,123	5,000,000	74,192,123	10,000,000	84,192,123
Loan Principal Repayments	816,334,062	52,221,523	868,555,585	75,887,207	944,442,792
Loan Interest Payments	234,800,009	9,655,297	244,455,306	19,375,965	263,831,271
Total Sources of Cash	1,796,130,301	106,684,820	1,902,815,121	105,263,172	2,008,078,293
Uses of Funds					
Loans and Amendments	1,545,964,086	88,982,423	1,634,946,509	0	1,634,946,509
Technical Assistance	0	700,000	700,000	0	700,000
Administration Expense paid from the CWSRF	10,960,452	1,000,000	11,960,452	2,000,000	13,960,452
Debt Service on Match Bonds	135,529,414	11,324,125	146,853,539	2,141,000	148,994,539
Total Uses of Cash	1,692,453,951	102,006,548	1,794,460,499	4,141,000	1,798,601,499
Sources of Cash Less Uses of Cash	103,676,350	4,678,272	108,354,622	101,122,172	209,476,794
Net Available to Loan - SFY 2024					209,476,794

*Future 4% administration allowance expenses will be utilized from SRF repayments.

Appendix 4: Binding commitments and funds available

Funds Available Through June 30, 2024:

Total Federal Cap Grants Awarded	Total State Match	Total Principal Repayments	Total Interest Repayments	Total Investment Interest	Total Cumulative Admin Allowance and Bond Debt Service	TOTAL FUNDS AVAILABLE
592,227,785	123,384,322	868,555,585	244,455,306	74,192,123	-170,542,650	1,902,815,121
					Admin allowance -23,689,111	
					Bond debt service -146,853,539	
					Adjusted Total of Funds Available	1,732,272,471
					Estimated binding commitments	1,634,946,509
					Binding Commitments as a Percentage of Funds Through 6/30/2024	94.38%

Appendix 5: Environmental justice metrics

The CWSRF program has incorporated the following environmental justice metrics into project scoring criteria and affordability criteria to determine eligibility for principal forgiveness:

1. Income. At least 30.9% of the pop. lives under 200% of the poverty level
2. Unemployment 16 years and older in civilian workforce is greater than or equal to Oregon's 10-year, seasonally-adjusted, monthly median unemployment rate and at least 80% of the population 18 years or older is not enrolled in higher education
3. Within 2 km of a major surface water or 1 km of minor surface water that is impaired.
 - a. A "major surface water" is defined as rivers and streams that are classified according to the Strahler stream order system as five or higher; lakes, reservoirs, and estuaries greater than 25 square kilometers in size; and ocean and coastal beaches.
 - b. A "minor surface water" is defined as rivers and streams that are classified according to the Strahler stream order system less than or equal to four, and lakes, reservoirs, and estuaries less than or equal to 25 square kilometers in size.
4. Project will address requirements of a Mutual Agreement and Order
5. At or above the 70th percentile for asthma, diabetes, or heart disease
6. Population less than or equal to 10,000
7. Population less than 2,500
8. Two-year population decline of at least 5%

Affordability criteria is one of several eligibilities for principal forgiveness under the Clean Water Act. See Appendix 7 "Principal forgiveness eligibility criteria and limits" for details on principal forgiveness eligibilities, including, but not limited to, affordability criteria with environmental justice metrics for the Oregon CWSRF program.

Project scoring criteria: Appendix 6 "Project scoring criteria" describes the program's project scoring criteria. An applicant will not need to provide additional information on environmental justice metrics beyond a CWSRF loan application for project scoring and determining eligibility for principal forgiveness.

Data sources and analysis: CWSRF program staff will analyze data related to environmental justice metrics based on information included in a loan application by an applicant. Staff will analyze information based on data sources identified in Appendix 7 table "Affordability criteria and environmental justice metrics" approved by EPA.

Appendix 6: Project scoring criteria

Internal CWSRF Procedures for Scoring Criteria for Non-planning loans for scoring as of April 2023 are as follows:

Category One: Water quality standards and public health considerations

- 1a. Does project improve water quality by addressing water quality parameters including, but not limited to, the following: temperature, dissolved oxygen, contaminated sediments, toxic substances, bacteria or nutrients?
- 1b. Does project ensure that a facility currently in compliance, but at risk of noncompliance, maintains compliance?
- 1c. Does project address noncompliance with water quality standards, public health issues or effluent limits related to surface waters, biosolids, water reuse or groundwater?
- 1d. If project is not implemented, is a water quality standard likely to be exceeded or an existing exceedance likely to worsen?

Category Two: Watershed health benefits

- 2a. Does project improve or sustain aquatic habitat supporting native species or state or federally threatened or endangered species?
- 2b. Does project address water quality or public health issue within a federally designated wild and scenic river or sole source aquifer, state designated scenic waterway, the Lower Columbia River or Tillamook Bay estuary, a river designated under OAR 340-041-0350, or a significant wetland and riparian area identified and listed by a local government?
- 2c. Does project support implementation of a total maximum daily load (TMDL) allocation, a department water quality status and action plan or designated groundwater management area declared under ORS 468B.180?
- 2d. Does project provide performance based water quality improvements supported by monitoring and reasonable assurance that the project will continue to function over time?
- 2e. Does project integrate or expand sustainability or the use of natural infrastructure, or use approaches including, but not limited to, water quality trading, that are not specified in subsections (f) through (i) of this section of the rule?
- 2f. Does project incorporate or expand green stormwater infrastructure including, but not limited to, practices that manage wet weather and that maintain and restore natural hydrology by infiltrating, evapotranspiring, harvesting or using stormwater on a local or regional scale?
- 2g. Does project incorporate or expand water efficiency including, but not limited to, the use improved technologies and practices to deliver equal or better services with less water such as conservation, reuse efforts or water loss reduction and prevention?
- 2h. Does project incorporate or expand energy efficiency including, but not limited to, the use of improved technologies and practices to reduce the energy consumption of water quality projects, use energy in a more efficient way, or to produce or utilize renewable energy?

- 2i. Does project incorporate or expand environmentally innovative projects including, but not limited to, demonstrating new or innovative approaches to deliver services or manage water resources in a more sustainable way?

Category Three: Other considerations

- 3a. Does project include a long-term planning effort that addresses financial, managerial or technical capability, or asset planning that ensures project will be maintained?
- 3b. Does project include a significant on-going education or outreach component?
- 3c. Does the project incorporate other resources including, but not limited to, in-kind support, other funding sources or a partnership with a governmental, tribal or non-governmental organization?
- 3d. Does project address a water quality improvement or restoration need for a small community?
- 3e. Does project include a sponsorship option?

Internal CWSRF Procedures for Scoring Criteria for Planning Loans are as follows:

- 1 - Will the scope of the planning effort include more than one water quality benefit, pollutant or restoration effort?
- 2 - Will the scope of the planning effort include sustainability?
- 3 - Will the scope of the planning effort take advantage of an opportunity with respect to timing, finances, partnership or other advantageous opportunity?
- 4 - Will the scope of the planning effort include financial, managerial or technical capability aspects of the project?
- 5 - Will the scope of the planning effort include integrating natural infrastructure and built systems?
- 6 - Will the scope of the planning effort demonstrate applicant cost effectiveness by considering three or more project alternatives such as optimizing an existing facility, regional partnership or consolidation?

Appendix 7: Principal forgiveness - eligibility criteria and limits

Principal forgiveness eligibilities

The Clean Water Act Section 603(i) states that additional subsidization must be provided to eligible CWSRF assistance recipients or project types as described in section 603(i) of the CWA:

- to benefit a municipality that meets the state’s affordability criteria as established under the CWA section 603(i)(2);
- to benefit a municipality that does not meet the state’s affordability criteria but seeks additional subsidization to benefit individual ratepayers in the residential user rate class; or
- to any eligible recipient to implement a process, material, technique, or technology that addresses water or energy efficiency goals; mitigates stormwater runoff; or encourages sustainable project planning, design, and construction

Oregon Administrative Rule 340-054-0065 identifies eligibilities for principal forgiveness consistent with requirements under the federal Clean Water Act including:

- Affordability criteria consistent with requirements under the Clean Water Act including:
 - Income
 - Unemployment
 - Population trends
 - Other data determined relevant by the State
- Water efficiency, energy efficiency, stormwater, and sustainable project planning, design, and construction
- Ratepayer hardship

Affordability criteria requirements

Clean Water Act Section 603(i)(2) specifically requires states to develop affordability criteria for distribution of additional subsidization based on:

- Income
- Unemployment data
- Population trends, and
- Other data determined relevant by the state. The IUP must include the state's criteria for providing additional subsidy.

The Oregon CWSRF program has updated affordability criteria consistent with requirements under the Clean Water Act priorities of the Bipartisan Infrastructure and EPA to address disadvantaged communities and environmental justice (previously described in [Appendix 6](#)). The table below describes the Oregon CWSRF program affordability criteria:

Affordability criteria and environmental justice metrics

Indicator	Measurement	Data Source
Income - Low income	At least 30.9% of the pop. lives under 200% of the poverty level	American Community Survey, 5-year Estimates
Unemployment - High unemployment	Unemployment 16 years and older in civilian workforce is greater than or equal to Oregon's 10-year, seasonally-adjusted, monthly median unemployment rate and at least 80% of the population 18 years or older is not enrolled in higher education	Oregon Employment Department's Quality Information
Population trends - Declining population	Two-year population decline of at least 5%	PSU Population Research Center
Population - Small population	Population <10,001	PSU Population Research Center
Population - Very small population	Population <2,501	PSU Population Research Center
Environmental justice, water pollution burdened community- Near impaired water body	Within 2 km of a major surface water or 1 km of minor surface water that is impaired	DEQ Integrated Report (multiple ways to access data: story map, web map, ArcGIS Pro, online database)
Environmental justice, water pollution burdened community - Near a facility with a substantial exceedance	Project will address requirements of a Mutual Agreement and Order	DEQ Water Quality Division
Environmental justice, health burdened community - Elevated health risks	At or above the 70 th percentile for asthma, diabetes, or heart disease	Centers for Disease Control and Prevention, PLACES: Local Data for Better Health

Principal forgiveness scoring

The Oregon CWSRF program has developed a scoring system to evaluate projects for principal forgiveness loans based on affordability criteria and environmental justice metrics developed by the program, along with ratepayer hardship, water efficiency, energy efficiency, stormwater, and sustainable planning, design, and construction consistent with the Clean Water Act.

The minimum total point threshold to be eligible for principal forgiveness is 10 points.

The principal forgiveness scoring system is described in the following table:

Indicator	Measurement	Points
Low income	At least 30.9% of the pop. lives under 200% of the poverty level	10
High unemployment	Unemployment 16 years and older in civilian workforce is greater than or equal to Oregon's 10-year, seasonally-adjusted, monthly median unemployment rate and at least 80% of the population 18 years or older is not enrolled in higher education	10
Declining population	Two-year population decline of at least 5%	10
Rate payer hardship	Principal forgiveness directed through rate payer hardship program	10
Green, Stormwater, and Sustainability	Water efficiency, energy efficiency, mitigate stormwater runoff, or sustainable planning, design, or construction	10
Near impaired water	Within 2 km of a major surface water or 1 km of minor surface water that is impaired	5
Near a facility with a substantial exceedance	Project will address requirements of a Mutual Agreement and Order	5
Elevated health risks	At or above the 70 th percentile for asthma, diabetes, or heart disease	5
Very small population	Population <2,501	5
Small population	Population <10,001	2.5

Principal forgiveness limits

The program has also updated limits for awarding principal forgiveness as of May 2023.

Planning Loans: Eligible borrowers that are eligible recipients of principal forgiveness may receive additional subsidization for up to 100 percent of their loan but not to exceed \$100,000 for planning loans.

Design/Construction Loans: Eligible borrowers that are eligible recipients of principal forgiveness may receive additional subsidization for up to 50% percent of their loan but not to exceed \$2,000,000 for design and/or construction loans, whichever is less per state fiscal year. If the Design and Construction loan are executed separately, it is not possible to exceed the \$2,000,000 limit. *

The maximum subsidization that a borrower can receive per state fiscal year is \$2,000,000

Additional subsidization is subject to availability of funds. Borrowers eligible for principal forgiveness can only be awarded a maximum amount of \$2,000,000 in additional subsidization per state fiscal year, regardless of the number of active loans or projects the borrower has with the program. This includes additional subsidization awarded to all loan types (planning loans, design only loans, construction only loans and design and construction loans). **Borrowers that are eligible recipients may only receive a max subsidization award per project up to the max of \$2,000,000 or 50% of the loan amount, whichever is less. *This does not include subsidization awarded for emerging contaminants which may exceed the \$2,000,000 max.**

Loan Type	Maximum PF per fiscal year	Number of Loans
Planning	100% of the amount, up to \$100,000	A borrower can only receive one 100% forgivable loan per State Fiscal Year. No limit on number of loans per State Fiscal Year.
Design, Construction, Design and Construction	50% of the loan amount, but to not exceed \$2,000,000, whichever is less per project and state fiscal year	No limit on number of loans per State Fiscal Year.
Emerging Contaminants*	Up to 100% principal forgiveness per loan for any CWSRF eligible project	A borrower can only receive one 100% forgivable loan per State Fiscal Year.

Bipartisan Infrastructure Law CWSRF funding to address emerging contaminants

*The Bipartisan Infrastructure Law includes provisions for supplemental federal capitalization funding for CWSRFs to address emerging contaminants under the Clean Water Act. The EPA BIL implementation guidance memo regarding EC provisions for CWSRFs states “funds provided under this paragraph in this Act deposited into the state revolving fund shall be provided to eligible recipients as assistance agreements with 100 percent principal forgiveness or as grants (or a combination of these)”. This language requires states to provide 100% of the capitalization grant amount as additional subsidization in the form of principal forgiveness and/or grants. Additional subsidization may be provided to any eligible CWSRF assistance recipient for any project eligible under section 603(c) of the CWA that addresses emerging contaminants. Oregon CWSRF may offer up to 100% principal forgiveness for any CWSRF eligible project to address emerging contaminants per EPA. A project that is eligible for principal forgiveness under other eligibilities may receive an additional award of principal forgiveness related to funding for emerging contaminants. A project funded to addresses emerging contaminants may receive an additional award of principal forgiveness above the maximum limit of \$2,000,000.