

Oregon Clean Water State Revolving Fund Loan Program

Intended Use Plan, Second Edition

State Fiscal Year 2020

Nov. 13, 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 \$215,328,922 in requested funding. Currently, the loan program has \$217,419,874 net available to lend for state fiscal year 2020. DEQ can award a maximum loan amount of \$32,612,981.

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 35.3100](#))
- 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 [2019 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 June 30, 2019, the program had approximately \$2.80 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 \$10.4 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, 2019	\$513,447,785
Four percent administrative allowance	\$20,537,911
Allowance used through June 30, 2019	\$10,101,744
Banked authority remaining	\$10,436,167

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 July 1 through Sept. 30, 2019 period. New rates for the next quarter will be calculated and published on the [Clean Water State Revolving Fund website](#) in January 2020.

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 Dec. 13, 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 \$215,328,922 in requested funding. This plan includes five new loan applications and one new loan application amendment:

Applicant	Application Number	Project Name	Amount Requested
City of Cannon Beach	20570-20	Matanuska Lift Station Protection	\$300,000
City of Dufur	29520-20	City of Dufur Wastewater System Improvements	\$4,344,000
Island City Sanitary District	47840-20	Collection System Improvements 2019 - 2020	\$1,960,000
City of Lebanon	56200-20	Westside Interceptor Phase V	\$14,000,000
City of Redmond	76070-20	WPCF Improvements	\$31,000,000
City of Toledo	91800B-20	I&I Sanitary Sewer Improvement Evaluations and Studies	\$750,000

Since the publication of the last Intended Use Plan, DEQ executed three new loan agreements totaling \$4,479,200 with the City of Independence (47600-19), City of Irrigon (47740-19), and City of Joseph (49800-17). [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:

- Type of loan, loan amount and application numbers with an extension that indicates the state fiscal year.
- A description of the project goals and water quality benefits.
- The section of the Clean Water Act the project qualifies for: Section 212 (treatment works), Section 319 (nonpoint source pollution control) or Section 320 (estuary management).
- 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.	
20570-20	City of Cannon Beach (Clatsop County)	\$3,00,000
	Sec. 212 Design and Construction, Matanuska Lift Station Protection. The City of Cannon Beach will replace the undersized Matanuska lift station control building with a single, wooden cedar sided structure to protect lift station equipment including controls, back-up generator and high voltage transformer. The new building will protect equipment from the corrosive effects of salt air and be large enough to allow for routine maintenance, care, and repair of lift station equipment. The project will increase the useful life of vital equipment, which will protect water quality, public health from sewer overflows.	
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.		
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.		
29520-20	City of Dufur (Wasco County) – Interim Financing	\$4,344,000
Sec. 212 Design and Construction, City of Dufur Wastewater System Improvements. The City of Dufur is in violation of its National Pollution Discharge Elimination System permit limits for ammonia and has been under a Mutual Agreement and Order with DEQ since 2007. The city has elected to modify their existing evaporative lagoon system to facilitate the addition of aeration equipment. The improvements will enable the city to meet required treatment levels as well as increase the storage and disposal capacity of the system. Other improvements include the addition of a headworks and screening system, maintenance building modifications, reconstruction of inlets and control structures at treatment lagoons, removing sludge build-up, and expansion of the city's irrigation area. These improvements will allow the city to discontinue discharge to Fifteenmile Creek. The application replaces the application the city submitted in December 2018 (#29520-19). 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.		
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.		
47840-20	Island City Area Sanitation District (Union County)	\$1,960,000
Sec. 212 Design and Construction, Collection System Improvements – 2019-20. The Island City Area Sanitation District operates a collection system including lift stations and does not have a National		

<p>Pollution Discharge Elimination System or Water Pollution Control Facilities permit with DEQ. The District sends wastewater to the City of La Grande’s wastewater treatment facility for disposal. A collection system study was recently completed, which identified a number of system needs related to safety and inflow and infiltration. This project will upgrade four lift stations including pump replacement, upgrades to electrical systems and wet wells, and improve the district’s wastewater collection system including cured-in-place pipe lining or dig-and-replace techniques.</p>		
52600-19	City of Klamath Falls (Klamath County)	\$38,817,797
<p>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.</p>		
55700A-17	City of La Pine (Deschutes County)-Interim Financing	\$7,832,500
<p>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.</p>		
55700B-17	City of La Pine (Deschutes County)	\$1,000,000
<p>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.</p>		
56200-20	City Lebanon (Linn County)	\$14,000,000
<p>Sec. 212 Construction, Westside Interceptor Phase V. The City of Lebanon currently is not allowing new wastewater connections due to system capacity issues. This restriction affects nearly half of Lebanon’s undeveloped Residential Mixed Density Zone properties. The city has studied inflow and infiltration related to the capacity issues and made improvements to its collection system to prevent sanitary sewer overflows. This construction project will continue work to address capacity issues with their Westside Interceptor. Replacement of the Westside Interceptor will prevent sanitary sewer overflows, allow new connections and support housing development.</p>		
58710-19	Lone Pine Irrigation District (Deschutes, Jefferson, and Crook counties)	\$2,000,000
<p>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).</p>		

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).		
76070-20	City of Redmond (Deschutes County)	\$31,000,000
Sec. 212 Design and Construction, WPCF Improvements. The City of Redmond will complete Water Pollution Control Facilities improvements to address current and projected service needs for capacity, ability to meet current and potential future regulatory requirements, reliability of unit process performance and ability to maintain the facilities over a 20-year planning horizon. The major project components include: expand the Orbal System; install new tertiary treatment filtration and UV disinfection; rehabilitate the solids de-watering building and equipment; install a solar biosolids drying and storage system; install a new standby generator; and other facility improvements including new operations/administration building.		
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.		

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>		
91800A-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>		
91800B-20	City of Toledo (Lincoln County)	\$750,000
<p>Sec. 212 Planning, MAO/I&I Sanitary Sewer Improvement Evaluations and Studies. The City of Toledo has a Mutual Agreement Order for non-compliance. The city will perform a comprehensive inflow and infiltration study including evaluation of wet weather flows to assess the capacity of the plant to treat projected flows. The city will clean, perform a CCTV inspection and smoke test the collection system. The project includes purchase of three flow meters for the treatment plant’s influent lines to collect flow data, which will be used to support future pump station improvements.</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</p>		

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

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 three applicants are ready to proceed: City of Bend (14510C-19), City of Cascade Locks (21310-19,) and City of La Pine (55700A-17 and 55700B-17).

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 \$217,419,874 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 the estimated use of funds calculation for the Intended Use Plan used for the annual capitalization grant application and for the Intended Use Plan issued after the end of state fiscal year accounting is complete.

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 called the 2009A series bond on November 1, 2019. 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 in an 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

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 35 percent of the 2019 capitalization grant amount, or \$6,359,277.

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 \$4,451,494 for applicants that meet the affordability criteria and \$1,907,783 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
Island City Area Sanitary District	47840-20	Affordability	\$500,000

Gleneden Sanitary District	37440-19	Affordability	\$500,000
City of La Pine	55700B-17	Affordability	\$500,000
City of Lebanon	56200-20	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
City of Redmond	76070-20	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	Affordability	\$500,000
Swalley Irrigation District	89600-17	Green/Sustainability	\$500,000
City of Toledo	91800A-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 \$32,612,981.

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 \$54,354,969 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 June 30, 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 Bend (14510C-19) and City of La Pine (55700A-17 and 55700B-17).

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 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 Daily 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, Second Edition* 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, Second Edition

Notice Issued: Nov. 13, 2019
Comments Due: Dec. 13, 2019

What is proposed?

The Oregon Department of Environmental Quality has prepared a *Proposed Intended Use Plan State Fiscal Year 2020, 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 2020, Second Edition* includes 29 loan applications for a total of \$215,328,922 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, Second Edition* 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 Friday, Dec. 13, 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 \$215,328,922 in requested funding for planning, design and construction of projects needed to address water quality improvements in Oregon.

Applicant	Application Number	Amount Requested	EPA Needs Category	Permit Number	Application Deadline	Start	Completion
Baker City	12600-19	10,500,000	I	101632	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
Cannon Beach	20570-20	300,000	III-B	102237	Aug-19	Nov-19	Dec-20
Cascade Locks	21310-19	4,456,600	I, III-A	101328	Dec-18	Jun-20	Aug-19
Dallas	26110-20	9,000,000	I, II, X	101518	Apr-19	Jan-20	Sep-21
Dufur	29520-20	4,344,000	I, III-A	102478	Aug-19	Mar-20	Sep-20
Echo	30250A-19	1,000,000	I, III-B	102054	Aug-18	Jun-19	Jun-21
Echo	30250B-19	1,563,000	I, III-B	102054	Dec-18	Nov-19	Jun-21
Gleneden Sanitary District	37440-19	3,975,000	III-B	101383	Dec-18	Mar-20	Dec-20
Island City Area Sanitation District	47840-20	1,960,000	III-A, III-B	101549	Aug-19	Jul-20	Sep-20
Klamath Falls	52600-19	38,817,797	I	100701	Aug-18	Mar-19	May-21
La Pine	55700B-17	1,000,000	I	102069	Dec-16	Feb-17	Mar-21
La Pine-Interim	55700A-17	7,832,500	I, IV-A	102069	Dec-16	Feb-17	Mar-21
Lebanon	56200-20	14,000,000	IV-B	13061	Aug-19	Jun-20	Oct-23
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
Redmond	76070-20	31,000,000	I	101500	Aug-19	Jan-21	Jan-23
Rogue Valley Sewer Services	78495-18	1,026,925	I	102854	Dec-17	Jan-18	Sep-18

Intended Use Plan State Fiscal Year 2020, Second Edition

Sandy	80490-20	6,025,000	I, III-A, III-B	102492	Apr-19	Nov-19	Jun-22
Scappoose	80930-19	6,430,600	I, III-B	100677	Apr-18	Jun-19	Oct-21
Sheridan	83810A-19; 83810B-19	4,577,513	IV-B, VII-D	101625	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	91800A-20	600,000	III-A, III-B	101713	Apr-19	Mar-20	Dec-20
Toledo	91800B-20	750,000	N/A	101713	Aug-19	Jun-19	Dec-21
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	101168	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	55700B-17	1,000,000	N/A	SC
6	55	La Pine-Interim	55700A-17	7,832,500	N/A	SC
6	55	Dufur	76070-20	4,344,000	N/A	SC
7	54	Scappoose	80930-19	6,430,600	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
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
11	48	Sheridan	83810A-19; 83810B-19	4,577,513	N/A	SC
12	47	Toledo	91800A-20	600,000	N/A	SC
12	47	Redmond	76070-20	31,000,000	EE - \$4,450,000	N/A
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	
13	44	Island City Area Sanitation District	47840-20	1,960,000	EE - \$140,000	SC
14	43	Gleneden Sanitary District	37440-19	3,975,000	N/A	SC
15	42	Bend	14510-20	7,920,000	N/A	N/A
16	39	Cannon Beach	20570-20	300,000	N/A	SC
17	35	Bend	14510A-19	7,500,000	N/A	N/A
18	33	Lebanon	56200-20	14,000,000	N/A	N/A
19	32	Rogue Valley Sewer Services	78495-18	1,026,925	EE - \$107,500	SC
20	29	Bend	14510C-19	10,000,000	N/A	N/A
21	16	Toledo	91800B-20	750,000	N/A	SC & FP

Appendix 3: Applicants Ready to Proceed

Three applicants are ready to proceed: City of Bend (14510C-19), City of Cascade Locks (21310-19,) and City of La Pine (55700A-17 and 55700B-17). The applicants has met the loan requirements necessary to receive a loan offer for the proposed project.

Priority Ranking	Application Score	Applicant	Application Number	Amount Requested	Green Project Reserve Category and Amount	Small Community and Facility Planning
20	29	Bend	14510C-19	10,000,000	N/A	N/A
10	50	Cascade Locks	21310-19	4,456,600	N/A	SC
5	56	La Pine	55700B-17	1,000,000	WE - 750,000, EE - 75,000	SC
6	55	La Pine-Interim	55700A-17	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	93,416,572	9,967,750	0	0	103,384,322
Investment Earnings	46,801,009	6,630,903	5,500,000	10,000,000	68,931,912
Loan Principal Repayments	616,427,776	30,882,363	48,954,810	66,344,648	762,609,597
Loan Interest Payments	193,938,187	9,924,540	9,261,338	18,805,982	231,930,047
Total Sources of Cash	1,427,950,329	75,537,556	81,665,148	95,150,630	1,680,303,663
Uses of Funds					
Loans and Amendments	1,264,100,319	62,993,499	0	0	1,330,093,818
Administration Expense paid with Grant	10,101,744	0	2,000,000	0	12,101,744
Debt Service on Match Bonds	100,161,055	15,009,177	3,849,523	1,668,473	120,688,227
Total Uses of Cash	1,374,363,118	81,002,676	5,849,523	1,668,473	1,462,883,789
Sources of Cash Less Uses of Cash	53,587,211	-5,465,120	75,815,626	93,482,158	217,419,874
Net Available to Loan - SFY 2020					217,419,874

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	54,354,969	1,794,900	158,270,006	217,419,874	6,359,277	217,419,874
Use of Available Funds - Anticipated Increases								
Applicant	App. Number	Planning	Small Comm.	GPR	Fund	FP,SC,GPR and Fund Total	PF Subsidy	Remaining Funds
Central Oregon Irrigation District	21640-18				18,000,000	18,000,000	500,000	199,419,874
Coos Bay	24000D-19				346,340	346,340		199,073,534
Coos Bay	24000B-19				1,423,000	1,423,000		197,650,534
Coos Bay	24000A-19				13,015,156	13,015,156		184,635,378
Sutherlin	89540-14				1,750,000	1,750,000		182,885,378
<i>Subtotals</i>		-	-	-	34,534,496	34,534,496	500,000	-
Balance		3,000,000	54,354,969	1,794,900	123,735,509	182,885,378	5,859,277	182,885,378
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	172,385,378
Bend	14510-20				7,920,000	7,920,000		164,465,378
Bend	14510A-19				7,500,000	7,500,000		156,965,378
Bend	14510C-19				10,000,000	10,000,000		146,965,378
Cannon Beach	20570-20		300,000			300,000		146,665,378
Cascade Locks	21310-19		4,456,600			4,456,600	500,000	142,208,778
Dallas	26110-20				9,000,000	9,000,000		133,208,778
Dufur	29520-20		4,344,000			4,344,000		128,864,778
Echo	30250A-19		1,000,000			1,000,000	500,000	127,864,778
Echo	30250B-19		1,563,000			1,563,000	500,000	126,301,778

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Gleneden Sanitary District	37440-19				3,975,000	3,975,000	500,000	122,326,778
Independence †	47600-19		3,449,200					122,326,778
Irrigon †	47740-19		1,000,000				500,000	122,326,778
Joseph †	49800-17	30,000						122,326,778
Island City Area Sanitary District	47840-20		1,960,000			1,960,000	500,000	120,366,778
Klamath Falls*	52600-19				38,817,797	38,817,797		81,548,981
La Pine - Interim	55700B-17		7,832,500			7,832,500		73,716,481
La Pine	55700A-17		1,000,000			1,000,000	500,000	72,716,481
Lebanon	56200-20				14,000,000	14,000,000		58,716,481
Lone Pine Irrigation District	58710-19			1,794,900	205,100	2,000,000	500,000	56,716,481
Madras	62370-20		650,000			650,000	325,000	56,066,481
Middle Fork ID	65100-17				20,000,000	20,000,000	500,000	36,066,481
Redmond	76070-20				31,000,000	31,000,000		5,066,481
Rogue Valley Sewer Service	78495-18		1,026,925			1,026,925	107,500	4,039,556
Sandy	80490-20				6,025,000	6,025,000	500,000	(1,985,444)
Scappoose	80930-19		6,430,600			6,430,600	500,000	(8,416,044)
Sheridan	83810A-19 83810B-19		4,577,513			4,577,513		(12,993,557)
Swalley Irrigation District	89600-17				16,000,000	16,000,000	500,000	(28,993,557)
Toledo	91800A-20		600,000			600,000	300,000	(29,593,557)
Toledo	91800B-20		750,000			750,000	375,000	(30,343,557)
Wasco County SWCD	94965-18		299,987			299,987	16,000	(30,643,544)
WES - Sponsorship	22500B-18				1,800,000	1,800,000		(32,443,544)
<i>Subtotal</i>		-	47,291,125	1,794,900	166,242,897	215,328,922	7,623,500	
Balance		3,000,000	7,063,844	-	(42,507,387)	(32,443,544)	(1,764,223)	

*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.

† Loans already signed.

Appendix 6: Binding Commitments and Funds Available

Funds Available as of October 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	103,384,322	647,310,139	203,862,727	53,431,912	-11,090,816	-134,990,183	1,503,487,885
						Admin Allowance	-19,819,951
						Bond Debt Service	-115,170,232
						Adjusted Total of Funds Available	1,357,406,886
Total Binding Commitments as of 10/31/2019							1,342,164,362
Binding Commitments as a Percentage of Funds Available from 10/31/2019							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	