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**Financing Cycle Gets Underway for 1999!
Drinking Water System Improvement Projects Being Requested
-Safe Drinking Water Revolving Loan Fund-**

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The Health Division is preparing the **1999 Safe Drinking Water Revolving Loan Fund** grant request to EPA. Oregon's grant process begins by identifying and collecting information about Oregon drinking water system project needs. This edition of the Pipeline is devoted to starting that process.

If you have a drinking water project or a source water protection project for which you think you may need financing, complete the 2-page **Letter of Interest** enclosed. Mail your completed **Letter of Interest** by February 19, 1999, to Oregon Economic Development Department; the return mailing address is at the top of that form.

All projects identified from your **Letters of Interest** will create a list of drinking water system needs. That list of needed projects and estimated project costs will be submitted to EPA in our grant request to show how Oregon intends to use its \$11 million SDWRLF allotment for 1999. (If you do not submit a **Letter of Interest in 1999**, your project can not be financed by the 1999 Safe Drinking Water Revolving Loan Fund.)

This is the third year of federal support of the Safe Drinking Water Revolving Loan Fund. Oregon will receive an estimated \$11 million from a national appropriation of \$775 million for 1999. These funds, plus a 20% state match, will be used to make low interest loans to finance needed drinking water system improvements to achieve or maintain compliance with the Safe Drinking Water Act and to meet other mandated program requirements.

Here is some information that may help you decide how this Loan Fund will fit your needs.

What kinds of projects are eligible for the new Safe Drinking Water Revolving Loan Fund?

- Planning: water system master plans, filter pilot studies, engineering feasibility studies. (Planning must be part of a compliance related construction project);
- Final Engineering and Design: including engineering drawings and bid specs;
- Construction: all aspects of a public water system from source to metering;
- Source Water Protection Project: as part of an approved Source Water Management Plan for a watershed or a delineated source water protection area for a well.

Who can apply for financing?

- Community water system: city, water district, privately owned water company, or a nonprofit water system such as an association or cooperative;
- Nonprofit non-community water system such as a school, camp, or hospital.

How important is knowing project cost?

- Give your best estimate for the **Letter of Interest**. When you prepare a final loan application, then specific cost information will become very important.

What are loan terms and interest?

- Terms are 20 years with rates at 80% of the current municipal bond rate - about 4.5%. Financially disadvantaged applicants can get up to 30 years with a 1% loan rate.

Is the **Letter of Interest** a commitment to borrow loan funds?

- No! The **Letter of Interest** is not a loan application and is not a firm commitment to borrow. Water systems will apply formally for 1999 loan funds soon after EPA approves the state's 1999 SDWRLF request, which we anticipate will be in August, 1999. Oregon Economic Development Department will mail a loan application packet to those whose projects have the highest rating.

How are projects rated?

- Each project is rated jointly by the Health Division and Economic Development Department. Highest ratings are given to a project that: 1) addresses the most serious risk to human health; 2) is necessary to ensure Safe Drinking Water Act compliance; and 3) is most in financial need, on a per household basis, according to affordability criteria. Special consideration is given to projects at small water systems that serve 10,000 or fewer people, consolidating or merging with another system as a solution to a compliance problem, and which have an innovative solution to the stated problem.

About **Source Water Protection Projects**.

- This is the first year the Oregon Drinking Water Program will consider loans for source water protection projects. Letters of Interest received for source water protection projects will help determine the extent of need for loan assistance for these types of projects. Based on responses, the Drinking Water Program will develop a program and project rating criteria within EPA guidelines. All Letters of Interest will be used to request funds from EPA in the state's 1999 Intended Use Plan.

What is a **Source Water Protection Project**?

- Loan assistance can be provided to purchase land or easements, or assist a water system implement voluntary, incentive-based source water protection measures. All projects must be identified to benefit areas delineated under a Source Water Management Plan.

General:

- Only community, as opposed to non-community, water systems are eligible to benefit.
- An applicant must show how the land or easement to be purchased will directly promote public health protection and/or compliance with national drinking water regulations.

Questions? If you have questions about the **Letter of Interest** or the Safe Drinking Water Revolving Loan Fund, please call Oregon Economic Development Department at (503) 986-0122 or (800) 233-3306 and ask for a Project Coordinator. Dave Phelps, Water Fund Coordinator, Health Division, Drinking Water Program, can be reached at (503) 731-4010.

Oregon Community Development Programs
 Oregon Economic Development Department
 775 Summer Street NE
 Salem, Oregon 97310 Phone: (503) 986-0122
 (800) 233-3306

1999 Letter of Interest

**Safe Drinking Water
 Revolving Loan Fund**

<p>Section 1: Applicant Applicant: Address: Phone: Fax No.: E-mail Address: Contact Person: Address: Phone: Fax No.:</p> <p>Please Submit an Original and 4 Copies</p>	<p>Population: A. Community Population: _____ B. Project Area Population: _____ C. Number of Connections _____</p>
	<p>Project Type: (mark one) <input type="checkbox"/> Planning, Preliminary Engineering <input type="checkbox"/> Final Design & Specifications <input type="checkbox"/> Construction <input type="checkbox"/> Source Water Protection Project</p>
	<p>Readiness to Proceed Date: _____ (Estimate date construction will begin)</p>
	<p>For Department Use Only: <input type="checkbox"/> Referred to SPWF <input type="checkbox"/> Referred to W/W <input type="checkbox"/> Referred to CDBG</p>

Section 2: Project Title:

Section 3: SDWRLF Funds Requested and Project Costs

Safe Drinking Water Revolving Loan Funds Requested	\$ _____
Additional Applicant Funds	\$ _____
Other Funds (list source): _____	\$ _____
_____	\$ _____
Total Cost of Project:	\$ _____

Section 4: Brief Project Summary (Answer only in the space provided.)

A. Describe Drinking Water Quality Problem or **Source Water Protection Project**:

B. Describe the Proposed Solution to the Problem:

Guidance for Safe Drinking Water Revolving Loan Fund 1999 Letter of Interest

Please submit the complete **Letter of Interest** by *February 19, 1999*

Economic Development Department
Regional Community Solutions Team
775 Summer Street NE
Salem, Oregon 97310
(503) 986-0122 or (800) 233-3306

Below are directions and information to help you complete the Letter of Interest. If you have other **questions** about completing this form, please call Economic Development Department and ask for a Project Coordinator.

Section 1: Applicant**Population:**

- A. **Community Population:** Current population of the applicant's community. This is requested to identify applicants qualifying as small communities (10,000 people or fewer).
- B. **Project Area Population:** Current population of the area which will be affected by the proposed project. This should not include projected growth.
- C. **Number of Connections:** Number of connections served by the water system.

Project Type:

Letters of Interest may be submitted for loans for different phases of a project. Please note the type of project you are applying for.

You must fill out separate *Letter of Interest* for water system elements that address different Safe Drinking Water Act rules. For instance, you must fill out one *Letter of Interest* for source improvements (like nitrate problems) and a separate *Letter of Interest* for treatment plant improvements (like corrosion control) and possibly a third *Letter of Interest* for distribution system improvements (like leaking pipes with excessive water or pressure loss). **New Project Type for 1999!** Source Water Protection Project must be based on a Certified Drinking Water Protection Plan for either surface water or groundwater drinking water source.

Readiness to Proceed:

Estimate the date [month/year] you think you will begin construction on your water system project. For funding in this loan cycle of the Safe Drinking Water Revolving Loan Fund, a planning, engineering design or construction project should be ready to start after September 1, 1999.

Section 2: Project Title

Give the project a short title (5 to 7 words).

Section 3: SDWRLF Funds Requested and Project Costs

Estimate the amount needed for the project. List the amount requested from the Safe Drinking Water Revolving Loan Fund. List other planned project funding by source, whether or not funds have already been committed to the project. Grant funds may be available from other Economic Development programs (i.e. Community Development Block Grant or the Water/Wastewater Financing Program). The Safe Drinking Water Revolving Loan Fund is a loan program, but it offers low interest rates.

Section 4: Brief Project Summary (Answer only in space provided.)

- A. **Describe Drinking Water Quality Problem or Source Water Protection Problem:** Briefly describe the specific drinking water quality problem. Indicate whether an Administrative Order or other form of formal enforcement action was issued by the Oregon Health Division that requires compliance with the Safe Drinking Water Act. If none of the above, provide documentation that shows how the system exceeds a maximum contaminant level(s) for a drinking water quality standard and what enforcement action may be pending. Documents which are useful include an engineering study, water system master plan or facility plan. State if your project is located in a drinking water protection area, i.e. surface water or groundwater. For a Source Water Protection Project, briefly describe how your project will improve and protect the system's source water, and how the project fits with other elements of your system's Certified Drinking Water Protection Plan.
- B. **Describe the Proposed Solution to the Problem:** Describe briefly the work to be done, whether this project is part of another larger project, and any other relevant information that will identify the location and scope of what is proposed. If the project is for planning, preliminary or final engineering, describe the scope of the planning effort. For a Source Water Protection Project, describe what the water system proposes to do, such as purchase land (in the drinking water protection area), devices (gates, fencing), to control access to drinking water protection land, etc., and describe how this will be accomplished.

Section 5: Loan Repayment and Finances

- A. Identify the proposed source(s) of funds for repayment of the Safe Drinking Water Revolving Loan. Mark as many sources as you will use to repay the loan.
- B. Enter the amount of debt supported by the water system (funds the system has borrowed in the past to make system improvements). Identify the debt by how it is being repaid: by water user fees or property taxes.
- C. Enter the amount of the average monthly residential water bill. Use 7,000 gallons per month if you need an average monthly use.
- D. Enter amount of average annual property taxes paid per residence for water system debt. Calculation you should complete is: (Average residential assessed value ÷ 1,000) x property tax rate for the water system debt. If you need assistance with this calculation, please call your county tax collector or assessor, or call Economic Development Department's Financial Analyst at (503) 986-0128.

Section 6: Water System

Note if all water system connections are metered. If not all connections are metered, note what percentage is not metered. Also indicate if this project will result in at least two water system merging or joining together.

Section 7: Certification

This Letter of Interest should be signed by a mayor, city manager or administrator, county commissioner, water district chair, association or board president, or other responsible official or officer.

Questions or Problems? Call the Oregon Economic Development Department at (503) 986-0122 or (800) 233-3306, and ask for a Project Coordinator.

Safe Drinking Water Revolving Loan Fund for 1997
Loan Status of 29 Projects

Oregon's Safe Drinking Water Revolving Loan Fund for 1997, made available \$19,407,426 for low interest loans to community and non-profit noncommunity water systems. Loans from the Fund can be used to plan, design and construct drinking water system improvement projects needed to achieve or maintain compliance with the Safe Drinking Water Act.

For this first year of the Fund, Oregon drinking water systems requested over \$106 million in financing for 135 water improvement projects. Of these 135 projects, just 29 of the highest rated projects were asked to submit loan applications. Water systems submitting applications are those with projects that resolved the most serious risk to human health; ensured compliance with the Safe Drinking Water Act; and, demonstrated significant financial need on a per household basis.

The EPA approved Oregon's Fund program in September 1998. Since then, Oregon Economic Development Department made awards for four projects totaling \$2,036,165 in loans. As of early December, 1998, ten more projects totaling over \$10,000,000 are pending final approval for award.

<u>Projects funded</u>	<u>Loan amount</u>
City of Bandon	\$ 500,000
City of Gold Beach	\$ 500,000
City of Mitchell	\$ 36,165
City of Talent	\$ 1,000,000
<u>Applications pending review/approval</u>	<u>Loan amount</u>
City of Prairie City	\$ 41,000
City of Warrenton	\$ 2,000,000
Youngs River-Lewis & Clark Water Dist.	\$ 1,611,500
City of Glendale	\$ 245,000
City of Yamhill	\$ 2,000,000
City of Sandy	\$ 250,000
City of Amity	\$ 1,000,000
City of Vale	\$ 1,203,000
City of Carlton	\$ 2,000,000
Chenowith Water Co-op	\$ 75,000

Of concern are those water systems whose loan applications have not yet been submitted to Oregon Economic Development Department. The Drinking Water Program urges water systems listed here to submit final loan application materials as quickly as possible. Applicants with questions about the loan process should contact Oregon Economic Development Department at 503 986-0122 and ask for a Project Coordinator.

<u>Applications being finalized by water system</u>	<u>Requested amount</u>
Rock Creek Hideout	\$ 500,000
Heceta Water Dist.	\$ 1,250,000
City of Wasco	\$ 20,000
Marshland Water Assn.	\$ 141,000



Drinking Water Program, Oregon Health Division
 Department of Human Resources
 P.O. Box 14450
 Portland OR 97293-0450

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Projects with unknown Application status

Umpqua Basin Water Assn.	\$ 20,100
ArrahWanna Water Co.	\$ 26,000
River Bend West Water Assn..	\$ 600,000
City of Sumpter	\$ 500,000
Tri-City Water Dist.	\$ 1,000,000
Alpine Water Assn.	\$ 10,000
Westland Estates Water Co.	\$ 19,800

Requested amount

Applicants who withdrew from 1997 process

City of Estacada	\$ 135,000
City of Manzanita	\$ 10,000
City of Pendleton	\$ 2,000,000
Jewel School Dist. #8	\$ 15,000
City of Mitchell (* Unused amount)	\$ 97,102
Total amount of 1997 funds available:	\$19,407,426

Requested amount

Any Safe Drinking Water Revolving Loan Fund dollars not committed to loans by late January, 1999, will be offered to the next water systems on the list of 135 projects.

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