

Oregon Clean Water State Revolving Fund Loan Program

Intended Use Plan

State Fiscal Year 2021

July 24, 2020

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

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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 2021 (July 1, 2020 through June 30, 2021).

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: <https://www.oregon.gov/deq/wq/cwsrf/Pages/CWSRF-IUP.aspx>. Loan applicants can begin completing any remaining 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 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 25 loan applications for a total of \$157,224,642 in requested funding. Currently, the loan program has \$248,969,579 net available to lend for state fiscal year 2021. DEQ can award a maximum individual loan amount of \$37,345,437.

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.
- 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 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 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 [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\(6\)](#) 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 April 30, 2020, the program had approximately \$2.46 million in the fee revenue account, also known as the administrative fund.

EPA allows four percent of the annual capitalization grant to be utilized toward program administrative expenses. From state fiscal year 2004 to state fiscal year 2020, DEQ has banked the four percent administrative allowance for future use. DEQ reserves the right to draw the banked administrative allowance as needed to administer the program. EPA refers to the banked administrative allowance as "banked authority." DEQ's banked authority stands at about \$10.4 million. For state fiscal year 2021, DEQ will utilize four percent or \$718,080 of the 2020 capitalization grant to support program administrative expenses.

Table 1 summarizes the total grants through the federal fiscal year 2019 capitalization grant, administrative allowance, allowance used and the remaining banked authority.

Table 1: Total Banked Authority

Total capitalization grants through March 31, 2020	\$513,447,785
Four percent administrative allowance	\$20,537,911
Allowance used through March 31, 2020	\$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 Jan. 1 through March 31, 2020 period. New rates for the next quarter will be calculated and published on the [Clean Water State Revolving Fund website](#) in July 2020.

Applications

DEQ published the program's Annual Solicitation [Newsletter](#) in March 2020 to solicit loan applications. Although DEQ accepts loan applications at any time, DEQ reviews and scores applications three times per year. The next loan application deadline is Aug. 14, 2020.

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 at 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, public health considerations, watershed 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 25 loan applications for a total of \$157,224,642 in requested funding. This plan includes five new loan applications and one loan application amendment:

Applicant	Application Number	Project Name	Amount Requested
City of Bend	14510B-20	Southwest Sewer Basin Improvements	\$5,845,000
City of Bend	14510C-20	Via Sandia, Orion and Ease Lake Sewer Project	\$3,460,000
City of Hood River	45760-20	Waterfront Stormwater Pipeline Replacement and Outfall Relocation	\$4,004,487
City of Molalla	66100-20	19-10 WWTP Upgrade	\$27,538,499
City of Scappoose	80930-19, Amended	Wastewater System Improvements	\$6,430,600
City of Wallowa	94580-20	City of Wallowa Wastewater Facilities Plan	\$110,000

Since the publication of the last Intended Use Plan, DEQ executed six new loan agreements totaling \$52,436,397 with the City of Echo (30250A-19 and 30250B-19), Gleneden Sanitary District (37440-19), City of Klamath Falls (52600-19), City of Madras (62370A-20), and City of Scappoose (80930-19). Three loan applicants withdrew their loan applications and DEQ removed the applications from the IUP: Middle Fork Irrigation District (65100-17), Rogue Valley Sewer Services (78495-18), and Swalley Irrigation District (89600-17).

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 and 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.	
14510B-20	City of Bend (Deschutes County)	\$5,845,000
	Sec. 212 Design and Construction, Southwest Sewer Basin Improvements. The City of Bend Collection System Master Plan (2014) and Public Facilities Plan (2018) identified a number of deficiencies in the city's southwest sewer basin. The proposed project includes: completion of an alternatives analysis to identify the best overall design approach to upgrade and improve the sewer collection system and construction of the collection and conveyance system improvements identified in the analysis. This project will provide overall collection system reliability, decrease risks of health hazards associated with sewer overflow events and may provide the capacity to extend sewer into areas currently on private septic systems.	
14510C-20	City of Bend (Deschutes County)	\$3,460,000
	Sec. 212 Design and Construction, Via Sandia, Orion and East Lake Sewer Project. The City of Bend will extend gravity sewer mains and laterals into three neighborhoods currently on individual septic systems ultimately discharging to the Southeast Interceptor. This project will allow 40 properties to decommission septic systems and connect to public sewer. The project will protect water quality and help eliminate potential health hazards associated with failing septic systems in the local area.	
20570-20	City of Cannon Beach (Clatsop County)	\$3,000,000
	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.	

26110-20	City of Dallas (Polk County)	\$9,000,000
<p>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 percent, because it will no longer need to be used for public park landscape irrigation.</p>		
26750-20	City of Dayton (Yamhill County)	\$4,266,325
<p>Sec. 212 Design and Construction, Dayton Utility Bridge with Infrastructure Improvements Project. The City of Dayton proposes to replace sewer lines supported by a wooden utility bridge across the Yamhill River. The bridge was originally built as part of the city's wastewater system expansion in 1980 funded by EPA. The city recently completed a sewer pump station project to address water quality and public health problems associated with sanitary sewer overflows and DEQ approval of the pump station was contingent upon increasing capacity of the sewer force main across the river. The city conducted an alternatives analysis of options to replace the sewer line and selected to upgrade the sewer line in conjunction with replacing the utility bridge with a prefabricated steel truss bridge. The bridge will allow utility personnel to access the sewer (and water) line for maintenance. The project will help the City of Dayton improve their wastewater system in way that avoids impacts to the floodplain and Yamhill River.</p>		
29520-20	City of Dufur (Wasco County) – Interim Financing	\$4,344,000
<p>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.</p>		
45760-20	City of Hood River (Hood River County) – Interim and Permanent Financing	\$4,004,488
<p>Sec. 319, Design and Construction, Waterfront Stormwater Pipeline Replacement and Outfall Relocation Project. City of Hood River will relocate a current stormwater pipeline that has deteriorated due to corrosion. The project will take place in four phases. Phase one will address a sinkhole that formed due to the current pipeline collapsing. Phase two will intercept and reroute the stormwater on the south side of Interstate-84 away from the existing Oregon Department of Transportation culverts under I-84. Phase three will relocate the stormwater pipeline. Phase four will build a new stormwater pipeline northward of the existing pipeline to a new outfall on the Columbia River. The project will reduce health and safety concerns associated with deterioration of the pipeline and improve overall water quality in the project area by increasing treatment of existing stormwater runoff, adding mechanical treatment, water quality swales or other approved vegetative treatment methods. The project is consistent with the 2014 Final Oregon Nonpoint Source Management Program Plan section 6.1: CWSRF stormwater improvement projects; section 4 Urban and Rural Residential: 4.4.3 State Land Use Planning Goals 6 & 11, stormwater planning in a non-MS4 community. The city is requesting \$1,000,000 CWSRF permanent financing and \$3,004,488 CWSRF interim financing with USDA – Rural Development.</p>		

47840-20	Island City Area Sanitation District (Union County)	\$1,960,000
<p>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 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>		
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>		
62370B-20	City of Madras (Jefferson County)	\$2,313,231
<p>Sec. 212 Design and Construction, Wastewater Collection Expansion: Highway 361, 97 and Willowcreek. This project includes design and construction of a gravity collection system in three areas of Madras, which are currently not served by the city’s sewer system. These are top priority areas for improvements listed in the city’s Wastewater Facility Plan in 2018 based on concerns with failing septic systems and requests for development. The existing collection system is at capacity in two of the areas, which increases risk of sewer back-up and limits future growth. The city will construct a parallel sewer interceptor to increase capacity in these two areas. The third area currently does not have sewer. The city will extend sewer to this area so residences on septic systems will be able to connect to sewer, prevent pollution from failing septic systems and protect groundwater.</p>		
66100-20	City of Molalla (Clackamas County) – Interim and Permanent Financing	\$27,538,499
<p>Sec. 212 Design and Construction, 19-10 WWTP Upgrade. The City of Molalla is under a Mutual Agreement and Order. This project will help the city comply with the MAO by implementing the recommended alternative in the Wastewater Facility and Collection System Master Plan – Revised (July 2018). The project will convert the facultative lagoons into lined recycled water storage, reconstruct the aeration basin to provide influent flow equalization, upgrade the transfer pump station, construct a new four cell sequencing batch reactor structure, disinfection upgrades, a new aerobic digester and bio-solids dewatering unit, new control building, controls and telemetry, piping and other site improvements. The project will allow for phased construction of improvements identified in the master plan, compliance with an updated NPDES permit and recycled water use plan. The city is requesting \$6,884,625 CWSRF permanent financing and \$20,653,874 CWSRF interim financing with USDA – Rural Development.</p>		

70100-20	Ochoco Irrigation District (Deschutes County)	\$680,000
<p>Sec. 319 Design and Construction, Ochoco Irrigation District Irrigation Modernization Project. The Ochoco Irrigation District developed a System Improvement Plan in 2017 with a modernization strategy for the district. The SIP identified 11 different project groups totaling over \$265,000,000 in projects. This project supports the first phase of the strategy and is comprised of three interrelated components: McKay Switch, Ochoco Irrigation District System Effects, and piping Grimes Flat East and West Laterals. Project actions in this phase include converting existing canals and laterals to pipes, installing new pump stations, raising canal banks and installing a new lateral line. The combined project components will reduce irrigation system spills, which contribute to water quality impairments, and will result in restoration of stream flow through conserved water agreements. The Grimes Flat piping will result in an estimated savings of 3.8 cfs and the McKay Switch will restore natural flow of water to McKay Creek, which is seasonally dry in the summer. The project is consistent with the 2014 Final Oregon Nonpoint Source Management Program Plan sections 3.6.1 (Watershed Approach Basin Reports) and 6.1 (utilizing Clean Water State Revolving Fund).</p>		
76070-20	City of Redmond (Deschutes County)	\$31,000,000
<p>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.</p>		
80490-20	City of Sandy (Clackamas County)	\$6,025,000
<p>Sec. 212 Design and Construction, WWTP Condition Assessment and Collection System Improvements. The city has a Mutual Agreement and 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.</p>		
80930-19, Amended	City of Scappoose (Columbia County)	\$6,430,600
<p>The city amended the overall project scope to include facility plan amendment, final design, engineering and bidding services for a new aeration basin, headworks, aerated sludge basin rehabilitation, electrical building and influent and effluent pump stations. 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.</p>		
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>		
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 and 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 and 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>		
94580-20	City of Wallowa (Wallowa County)	\$110,000
<p>Sec. 212 Planning, City of Wallowa Wastewater Facilities Plan. The City of Wallowa needs to complete a Wastewater Facility Plan. The city is experiencing excessive infiltration and inflow from groundwater into the collection system and the wastewater treatment system is approaching 20 years since its last major improvement project. As part of the WWFP process, a wastewater collection system evaluation will be completed that will include sewer line cleaning and closed circuit TV monitoring work performed by a contractor. Once the wastewater collection system evaluation is complete, the engineer will develop the WWFP. The WWFP will include basic planning and design criteria, evaluation of the existing wastewater system, development of improvement alternatives, estimated project costs, determination of the most appropriate alternative for a long-term solution and financial analysis of the selected alternative.</p>		
94965-18	Wasco County Soil & Water Conservation District (Wasco County)	\$299,987
<p>Sec. 319 Local Community Loan, Mosier Deep Well Project. The district will construct two deep irrigation supply wells. Upper aquifers (Pomona & Priest Rapids) have declined nearly 200 feet over the last 40 years and are the primary source of water for domestic, municipal and irrigation in the Mosier area. The wells will draw from deeper aquifers and supply the two largest irrigators in the Mosier Valley alleviating this demand from the upper aquifers. The project predicts restoration of the upper aquifers increasing reliability of domestic water sources and a resulting increase in stream flows, e.g., about 70 percent of the flow in Mosier Creek is from groundwater inputs. Mosier Creek is listed for temperature.</p>		
22500-18	Water Environment Services (Clackamas County)	\$1,800,000
<p>Sec. 212 Design and Construction with Sponsorship Option, Tri-City Water Resource Recovery Facility Solids Handling Improvement Project; Pleasant Valley Stream Restoration, Three Creeks 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:</p>		

Project #1, Pleasant Valley Stream Restoration, involves restoration of a portion of Rock Creek and two small tributaries, including large wood placement, riparian corridor enhancement, removing an existing irrigation dam and daylighting parts of two tributary channels.

Project #2, Three Creeks Floodplain Enhancement Project, includes planning and data gathering for the Three Creeks Floodplain Enhancement project that will enhance the existing natural floodplain area and construct wetlands and floodplain terraces to increase flood storage.

Project #3, Carli Creek Treatment Wetland, will create approximately 7 acres of backwater channel habitat and a water quality treatment wetland complex. The sponsorship option project is consistent with the 2014 Final Oregon Nonpoint Source Management Program Plan sections 2.3 (Short-term goal), 3.5.3 (Total Maximum Daily Load implementation), 4.6.1 (Total Maximum Daily Load Implementation for Urban and Rural Residential DMAs), and 6.1 (utilizing Clean Water State Revolving Fund).

Project priority list in alphabetical order

[Appendix 1](#) includes all loan applications, including those ready to proceed to an executed loan agreement. An applicant must complete all applicable Clean Water State Revolving Fund loan requirements before DEQ will execute a loan agreement.

The project priority list is in alphabetical order by applicant and includes the following additional information required by the EPA: application number, amount requested, EPA needs category, water quality permit number (for federal National Pollution Discharge Elimination System permits, EPA's "OR" identification number is listed and for state Water Pollution Control Facility permits, the DEQ identification number is listed) and preliminary project schedule.

Project priority list in rank order

[Appendix 2](#) includes all loan applications in rank order, project scores, the applicable green project reserve category and dollar amount, a small community identifier as defined under Oregon Administrative Rule [340-054-0010\(28\)](#) and a facility planning identifier. Rank order shifts as loan applications are added and removed from the project priority list.

Priority ranking criteria

DEQ used criteria in Oregon Administrative Rules [340-054-0026](#) and [340-054-0027](#) to rank projects. Project ranking criteria include: water quality standards, public health considerations, watershed 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 five applicants are ready to proceed: City of Bend (14510A-19), City of Cannon Beach (20570-20), Island City Sanitary District

(47840-20), Wasco County Soil and Water Conservation District (94965-18), and Water Environment Services (22500B-18).

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 2021

Currently, the loan program has \$248,969,579 net available to lend for state fiscal year 2021. [Appendix 4](#) provides the calculation of funds available for state fiscal year 2021 and includes the projections for state fiscal years 2021, 2022 and 2023. This calculation includes the federal fiscal year 2020 capitalization grant in the amount of \$17,952,000.

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 2021, 2022 and 2023 in the amount of \$155,936,133 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 2023.

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 2022.

State fiscal years 2022 and 2023 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 state fiscal year 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. From state fiscal year 2004 to state fiscal year 2020, DEQ used only the annual fee revenue to pay administrative expenses for program operations and banks the four percent of the capitalization grant for future use. For state fiscal year 2021, DEQ will utilize four percent or \$718,080 of the 2020 capitalization grant to support program administrative expenses.

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 2021, the program will pay approximately \$1,668,473 in debt service costs on bonds issued in previous years. Because debt service reduces funds available for future years, DEQ routinely calls bonds when possible. 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.

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 2020 (Oct. 1, 2020 through Sept. 30, 2021) capitalization grant allocation, required subsidy, required green project reserve and state match allocation.

EPA plans to award DEQ the federal fiscal year 2020 capitalization grant in the amount of \$17,952,000. DEQ will demonstrate \$3,590,400 in state match.

Estimated federal fiscal year 2020 capitalization grant payment schedules:

July – September 2020: \$4,000,000

October – December 2020: \$8,000,000

January – March 2021: \$5,952,000

DEQ disburses 100 percent of the required state match prior to disbursing the capitalization grant funds.

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 2020 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 \$1,795,200 to the green project reserve for federal fiscal year 2020.

[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 2020 green project reserve requirement of \$1,795,200 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 database.

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 2020 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 2021 to be 31 percent of the 2020 capitalization grant amount, or \$5,512,907.

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 2021, DEQ reserves \$3,859,035 for applicants that meet the affordability criteria and \$1,653,872 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 Dayton	26750-20	Affordability	\$500,000
City of Hood River	45760-20	Green/Sustainability	\$500,000
Island City Area Sanitary District	47840-20	Affordability	\$500,000
City of Lebanon	56200-20	Affordability	\$500,000
Lone Pine Irrigation District	58710-19	Green/Sustainability	\$500,000
City of Madras	62370B-20	Affordability	\$500,000
City of Molalla	66100-20	Affordability	\$500,000
Ochoco Irrigation District	70100-20	Green/Sustainability	\$340,000
City of Redmond	76070-20	Green/Sustainability	\$500,000

City of Sandy	80490-20	Green/Sustainability	\$500,000
City of Scappoose	80930-19, Amended	Affordability	\$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 2021, DEQ can award a maximum loan amount of \$37,345,437.

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 2021, DEQ allocates \$62,242,395 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 2021 activity

[Appendix 5](#) includes the project priority list, anticipated loan increases and funding allocations 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.

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 2021 compared to the amount of binding commitments executed as of March 31, 2020 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 2019 and 2020 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 loan for reporting purposes for federal fiscal year 2020 will be City of Redmond (76070-20).

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 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 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 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 2021* 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 2021

Notice Issued: June 24, 2020
Comments Due: July 24, 2020

What is proposed?

The Oregon Department of Environmental Quality has prepared a *Proposed Intended Use Plan, State Fiscal Year 2021* 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 2021* includes 25 loan applications for a total of \$157,224,642 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 2021* 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, July 24, 2020 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 25 loan applications for a total of \$157,224,642 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	14510A-20	7,920,000	III-B, VI	102901	Apr-19	Mar-21	Oct-22
Bend	14510B-20	5,845,000	IV-B	101572	Apr-20	Mar-20	Oct-21
Bend	14510C-20	3,460,000	IV-A	101572	Apr-20	Feb-20	Dec-21
Cannon Beach	20570-20	300,000	III-B	102237	Aug-19	Nov-19	Dec-20
Dallas	26110-20	9,000,000	I, II, XI	101518	Apr-19	Jan-20	Sep-21
Dayton	26750-20	4,266,325	III-B	101742	Dec-19	Jun-20	Jun-22
Dufur	29520-20	4,344,000	I, III-A	102478	Aug-19	Mar-20	Sep-20
Hood River	45760-20	4,004,487	VI-A, VI-B	N/A	Apr-20	Apr-20	Sep-23
Island City Area Sanitation District	47840-20	1,960,000	III-A, III-B	101549	Aug-19	Jul-20	Sep-20
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	62370B-20	2,313,231	IV-A, IV-B	101739	Dec-19	Jun-20	Apr-21
Molalla	66100-20	27,538,499	I	OR00223-1	Apr-20	Jul-20	Dec-23
Ochoco Irrigation District	70100-20	680,000	VII-A	N/A	Dec-19	Jul-20	Mar-24
Redmond	76070-20	31,000,000	I	101500	Aug-19	Jan-21	Jan-23
Sandy	80490-20	6,025,000	I, III-A, III-B	102492	Apr-19	Nov-19	Jun-22
Scappoose	80930-19, Amended	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
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

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Wallowa	94580-20	110,000	I, III-A, III-B	OR0020028	Apr-20	Jan-20	Mar-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-A	Stormwater – Gray Infrastructure
VI-B	Stormwater – Green Infrastructure
VII	Nonpoint Source Water Resource Activity
VIII	Energy Efficiency
IX	Renewable Energy
X	Water Efficiency
XI	Recycled Water Distribution/Water Reuse
XII	Estuary (Sec. 320) Assessments
XIII	Desalination

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-E	Groundwater
VII-F	Marinas
VII-F	Brownfields
VII-H	Storage Tanks
VII-J	Sanitary Landfills
VII-K	Hydromodification/Habitat restoration (i.e. conservation easements, swales, wetland development, shore erosion control)
VII-L	Resource Extraction
VII-M	Individual/Decentralized Systems
VII-N	Land Conservation

VII-O	Estuary (Sec. 320) Assistance
VII-P	Desalination

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	67	Water Environment Services	22500B-18	1,800,000	EE - \$6,500,000, GI - \$1,800,000	N/A
2	63	Lone Pine Irrigation District	58710-19	2,000,000	WE - \$1,000,000; EE - \$1,000,000	SC
3	57	Sandy	80490-20	6,025,000	GI - \$1,500,000; EE - 400,000	N/A
4	55	Dufur	76070-20	4,344,000	N/A	SC
5	54	Scappoose	80930-19, Amended	6,430,600	N/A	SC
6	52	Ochoco Irrigation District	70100-20	680,000	WE - \$680,000	SC
6	52	Molalla	66100-20	27,538,499	N/A	N/A
7	51	Baker City	12600-19	10,500,000	N/A	SC
8	48	Sheridan	83810A-19; 83810B-19	4,577,513	N/A	SC
9	47	Toledo	91800A-20	600,000	N/A	SC
9	47	Redmond	76070-20	31,000,000	EE - \$4,450,000	N/A
10	44	Wasco County Soil & Water Conservation District	94965-18	299,987	EE - \$16,000	SC
10	44	Dallas	26110-20	9,000,000	WE - \$1,577,000	N/A
10	44	Island City Area Sanitation District	47840-20	1,960,000	EE - \$140,000	SC
11	43	Hood River	45760-20	4,004,487	GI - \$1,600,000	SC
12	42	Bend	14510A-20	7,920,000	N/A	N/A
13	41	Madras	62370B-20	2,313,231	N/A	SC
14	40	Dayton	26750-20	4,266,325	N/A	SC
15	39	Cannon Beach	20570-20	300,000	N/A	SC
16	35	Bend	14510A-19	7,500,000	N/A	N/A
16	35	Bend	14510C-20	3,460,000	N/A	N/A
17	33	Lebanon	56200-20	14,000,000	N/A	N/A
18	28	Bend	14510B-20	5,845,000	N/A	N/A
19	16	Toledo	91800B-20	750,000	N/A	SC & FP
20	15	Wallowa	94580-20	110,000	N/A	SC & FP

Appendix 3: Applicants Ready to Proceed

Five applicants are ready to proceed: City of Bend (14510A-19), City of Cannon Beach (20570-20), Island City Sanitary District (47840-20), Wasco County Soil and Water Conservation District (94965-18), and Water Environment Services (22500B-18). These applicants have 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
1	67	Water Environment Services	22500B-18	1,800,000	EE - \$6,500,000, GI - \$1,800,000	N/A
10	44	Wasco County Soil & Water Conservation District	94965-18	299,987	EE - \$16,000	SC
10	44	Island City Area Sanitation District	47840-20	1,960,000	EE - \$140,000	SC
15	39	Cannon Beach	20570-20	300,000	N/A	SC
16	35	Bend	14510A-19	7,500,000	N/A	N/A

Appendix 4: Estimated Funds Available

Appendix 4 provides the calculation of funds available for state fiscal year 2021 and includes the forecasts for state fiscal years 2021, 2022 and 2023. This calculation includes the federal fiscal year 2020 capitalization grant in the amount of \$17,952,000.

Sources of Funds	Actual through SFY 2019	Actual SFY 2020 (3/31/20)	Estimated SFY 2021	Estimated SFY 2022-23	Total
Federal Capitalization Grants	495,498,785	17,949,000	\$17,952,000	0	513,447,785
State Match	103,384,322	0	10,000,000	0	113,384,322
Investment Earnings	53,431,912	4,808,082	4,000,000	8,000,000	70,239,994
Loan Principal Repayments	647,310,139	27,889,165	48,181,481	79,750,831	803,131,616
Loan Interest Payments	203,862,727	4,914,210	8,836,829	19,166,992	236,780,758
Total Sources of Cash	1,503,487,885	55,560,457	88,970,310	106,917,823	1,754,936,475
Uses of Funds					
Loans and Amendments	1,330,093,818	38,341,530	0	0	1,368,435,348
Administration Expense paid through capitalization grants	10,101,744	0	718,080	3,000,000	13,819,824
Debt Service on Match Bonds	115,170,232	3,545,274	1,668,473	3,327,745	123,711,723
Total Uses of Cash	1,455,365,794	41,886,804	1,668,473	6,327,745	1,505,248,815
Sources of Cash Less Uses of Cash	48,122,091	13,673,653	69,349,838	100,590,078	248,969,579
Net Available to Loan - SFY 2021					248,969,579

Appendix 5: Estimated State Fiscal Year 2021 Activity

Appendix 5 includes the project priority list compared to the funds available as calculated in [Appendix 4](#) and each fund reserve.

Current Funds Available		Planning	Small Comm.	GPR	Fund	FP,SC,GPR and Fund Total	PF Subsidy
		3,000,000	54,354,969	1,794,900	158,270,006	217,419,874	6,359,277
Use of Available Funds – Anticipated loan increases:							
Applicant	App. Number	Planning	Small Comm.	GPR	Fund	FP,SC,GPR and Fund Total	PF Subsidy
Coos Bay	24000D-19				346,340	346,340	
Coos Bay	24000B-19				1,423,000	1,423,000	
Coos Bay	24000A-19				13,015,156	13,015,156	
Gleneden	37440-19		3,805,000			3,805,000	415,000
<i>Subtotals</i>		-	3,805,000	-	14,784,496	18,589,496	415,000
Balance		3,000,000	58,437,395	1,795,200	167,147,488.25	230,380,083	5,097,907
Use of Available Funds – SFY 2021 Loan Applications:							
Applicant	App. Number	Planning	Small Comm.	GPR	Fund	FP,SC,GPR and Fund Total	PF Subsidy
Baker City	12600-19		10,500,000			10,500,000	500,000
Bend	14510A-19				7,500,000	7,500,000	
Bend	14510-20				7,920,000	7,920,000	
Bend	14510B-20				5,845,000	5,845,000	
Bend	14510C-20				3,460,000	3,460,000	
Cannon Beach	20570-20		300,000			300,000	
Dallas	26110-20				9,000,000	9,000,000	
Dayton	26750-20		4,266,325			4,266,325	500,000
Dufur	29520-20		4,344,000			4,344,000	
Hood River	45760-20				4,004,487	4,004,487	500,000
Island City Sanitary District	47840-20		1,960,000			1,960,000	500,000
Lebanon	56200-20				14,000,000	14,000,000	500,000

Intended Use Plan - State Fiscal Year 2021

Lone Pine Irrigation District	58710-19			1,795,200	204,800	2,000,000	500,000
Madras	62370B-20		2,313,231			2,313,231	500,000
Molalla	66100-20				27,538,499	27,538,499	500,000
Ochoco Irrigation District	70100-20				680,000	680,000	340,000
Redmond	76070-20				31,000,000	31,000,000	500,000
Sandy	80490-20				6,025,000	6,025,000	500,000
Scappoose	80930-19		6,430,600			6,430,600	500,000
Sheridan	83810A-19 83810B-19		4,577,513			4,577,513	
Toledo	91800A-20		600,000			600,000	300,000
Toledo	91800B-20		750,000			750,000	
Wallowa	94580-20	110,000				110,000	
Wasco County SWCD	94965-18		299,987			299,987	16,000
Water Environment Services	22500B-18				1,800,000	1,800,000	
<i>Subtotal</i>		<i>110,000</i>	<i>36,341,656</i>	<i>1,795,200</i>	<i>118,977,786</i>	<i>157,224,642</i>	<i>6,156,000</i>
Balance		2,890,000	22,095,739	-	48,169,702	73,155,441	(1,058,093)

Appendix 6: Binding Commitments and Funds Available

Funds Available as of March 31, 2020:

Total Cap Grants Awarded	Total State Match	Total Principal Repayments	Total Interest Payments	Total Investment Interest	Total Principal Prepayments SFY 2019, 2020*	Total Cumulative Admin Allowance and Bond Debt Service	TOTAL FUNDS AVAILABLE
495,498,785	103,384,322	675,199,304	208,776,937	53,431,912	-15,977,538	-139,253,417	1,554,240,260
						Admin Allowance	-20,537,911
						Bond Debt Service	-118,715,506
						Adjusted Total of Funds Available	1,430,964,381
Total Binding Commitments as of 3/31/2020							1,368,435,348
Binding Commitments as a Percentage of Funds Available from 3/31/2020							95.63%**

* 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 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
Total	6,261,814	
State Fiscal Year 2020		
Borrower/Loan Number	Amount	Date
Vernonia R93642	349,059	7/1/2019
Shady Cove R83120	997,503	7/11/2019
MWMC R64840	5,314,777	10/1/2019
Dayton R26750	2,300,000	12/6/2019
Lakeview R54440	100,021	12/20/2019
Burns R19400	453,248	1/15/2020
Reedsport R08710	100,000	2/1/2020
Vernonia R93643	101,116	5/1/2020
Total	9,715,724	
Subtotal	15,977,538	

Appendix 7: Public Notice Period

DEQ did not receive any comments during the June 24, 2020 to July 24, 2020 public comment period for the *Proposed Intended Use Plan State Fiscal Year 2021*. The content of this plan remains the same as the June 24, 2020 publication of the document.