



PUBLIC HEALTH DIVISION
Center for Health Protection, Drinking Water Services

Kate Brown, Governor

Oregon
Health
Authority

800 NE Oregon Street, Suite #640
Portland, OR 97232-2162
(971) 673-0405
(971) 673-0694 – FAX
<http://healthoregon.org/dwp>

August 26, 2022

Ms. Andrea Bennett
Grants Specialist, EPA Region 10
United States Environmental Protection Agency
1200 Sixth Avenue, Suite 900, OMP-145
Seattle, WA 98101

Reference: Application, FFY-2022 Oregon's Drinking Water State Revolving Fund (FON: EPA-CEP-01)

Dear Ms. Bennett:

Please find in the Grants.gov application package the Oregon Health Authority's (OHA) complete Drinking Water State Revolving Fund capitalization grant application and Intended Use Plan (IUP) for FFY-2022 appropriations. This application package also includes OHA's Set-Aside work plans, the budget narrative (i.e., SF-424A), as well as the current indirect cost rate agreement and other required documents.

Our plans and strategy for implementing our programmatic goals while addressing the federal requirements will be copiously detailed and incorporated throughout the IUP and its attachments in the grant application package.

If you have any questions or comments, please contact Adam DeSemples, Program Coordinator, at 503-956-8287 or via e-mail at: adam.desemples@dhsosha.state.or.us.

Sincerely,

André Ourso, MPH, JD
Administrator, Center for Health Protection
Public Health Division
Oregon Health Authority

Nadia Davidson
Director of Finance
Public Health Division
Oregon Health Authority

Enclosures: Application, FFY-2022 Drinking Water State Revolving Fund (FON: EPA-CEP-01)

cc: Richard Green
Kari Salis
Tony Fields
Adam DeSemples
Debra Lambeth
Mai Quach
Travis Labrum
Jon Unger
Ed Tabor
Nicole Bailey

State of Oregon

Drinking Water State
Revolving Fund (DWSRF)
Base Program

Intended Use Plan
2022 - *final*

August 2022

Oregon Health Authority
Public Health Division
Center for Health Protection
Drinking Water Services
800 NE Oregon Street, STE 640
Portland, OR. 97232



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2022 Drinking Water State Revolving Fund – *Base Program*
Capitalization Grant Application and Intended Use Plan
State of Oregon

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A. REQUIRED DOCUMENTS

- AG Certification
- SFY-2022 ["Combined" Infrastructure Project Priority List \(PPL\)](#) (*web access only*)
- SFY-2022 Sustainable Infrastructure Planning Projects (SIPP) PPL
- SFY-2022 Drinking Water Source Protection (DWSP) PPL
- FFATA Set-Aside reporting spreadsheet

B. SUPPORTING DOCUMENTS

- Annual LOI Status List (2022)
- Basic SDWRLF Financing Details (2022)
- Grant Allotment Use Summary (2022)
- Cost Allocation & Other Payroll Expense Letters (3)

C. Timely & Expeditious Use of Funds

- Sources & Uses Table

D. SET-ASIDE WORK PLANS

- Administrative Expense
- Small System Technical Assistance
- State Program Management
- Local Assistance & Other State Programs:
 - i. Implementation of Protection
 - ii. Capacity Development
 - iii. Drinking Water Source Protection

E. PUBLIC NOTICES

- Intended Use Plan (IUP) Public Notice Letter
- PPL Annual & Quarterly Public Notice Letters

❖ *Contracts and Agreements with OHA partners are available upon request*

COMMON ACRONYMS

| | | |
|----------|---|---|
| • ACS | - | AMERICAN COMMUNITY SURVEY |
| • AIS | - | AMERICAN IRON & STEEL |
| • AWWA | - | AMERICAN WATER WORKS ASSOCIATION |
| • AWIA | - | AMERICA'S WATER INFRASTRUCTURE ACT |
| • BABA | - | BUILD AMERICA, BUY AMERICA ACT |
| • BIL | - | BIPARTISAN INFRASTRUCTURE LAW |
| • BMP | - | BEST MANAGEMENT PRACTICES |
| • CA | - | COST ALLOCATION & CAPACITY ASSESSMENT |
| • CFR | - | CODE OF FEDERAL REGULATIONS |
| • CHP | - | CENTER FOR HEALTH PROTECTION |
| • CR | - | CONTINUING RESOLUTION |
| • CWSRF | - | CLEAN WATER STATE REVOLVING FUND |
| • DB | - | DAVIS BACON |
| • DBE | - | DISADVANTAGED BUSINESS ENTERPRISE |
| • DEQ | - | DEPARTMENT OF ENVIRONMENTAL QUALITY |
| • DWAC | - | DRINKING WATER ADVISORY COMMITTEE |
| • DWS | - | DRINKING WATER SERVICES |
| • DWSP | - | DRINKING WATER SOURCE PROTECTION |
| • DWSRF | - | DRINKING WATER STATE REVOLVING FUND |
| • EDU | - | EQUIVALENT DWELLING UNIT |
| • EPA | - | ENVIRONMENTAL PROTECTION AGENCY |
| • ER | - | ENVIRONMENTAL REVIEW |
| • ERP | - | ENFORCEMENT RESPONSE POLICY |
| • ETT | - | ENFORCEMENT TARGETING TOOL |
| • FFATA | - | FEDERAL FUNDING ACCOUNTABILITY & TRANSPARENCY ACT |
| • FFY | - | FEDERAL FISCAL YEAR |
| • FSRS | - | FFATA SUBAWARD REPORTING SYSTEM |
| • FTE | - | FULL TIME EQUIVALENT |
| • GIS | - | GEOGRAPHICAL INFORMATION SYSTEMS |
| • GPR | - | GREEN PROJECT RESERVE |
| • IAA | - | INTER-AGENCY AGREEMENT |
| • IFA | - | INFRASTRUCTURE FINANCE AUTHORITY |
| • IGA | - | INTERGOVERNMENTAL AGREEMENT |
| • IUP | - | INTENDED USE PLAN |
| • LOI | - | LETTER OF INTEREST |
| • MCL | - | MAXIMUM CONTAMINANT LEVEL |
| • MHI | - | MEDIUM HOUSEHOLD INCOME |
| • NIMS | - | NATIONAL INFORMATION MANAGEMENT SYSTEM |
| • OA | - | OPERATING AGREEMENT |
| • OAR | - | OREGON ADMINISTRATIVE RULE |
| • OFS | - | OFFICE OF FINANCIAL SERVICES |
| • OHA | - | OREGON HEALTH AUTHORITY |
| • OMB | - | OFFICE OF MANAGEMENT & BUDGET |
| • ORS | - | OREGON REVISED STATUTE |
| • PBR | - | PROJECT & BENEFITS REPORTING |
| • PER | - | PROGRAM EVALUATION REPORT |
| • PPL | - | PROJECT PRIORITY LIST |
| • PPP | - | PUBLIC PRIVATE PARTNERSHIPS |
| • RCAC | - | RURAL COMMUNITY ASSISTANCE CORPORATION |
| • RLDWA | - | REDUCTION OF LEAD IN DRINKING WATER ACT |
| • SDWA | - | SAFE DRINKING WATER ACT |
| • SDWRLF | - | SAFE DRINKING WATER REVOLVING LOAN FUND |
| • SFY | - | STATE FISCAL YEAR |
| • SIPP | - | SUSTAINABLE INFRASTRUCTURE PLANNING PROJECTS |
| • SOS | - | SECRETARY OF STATE |
| • SPM | - | STATE PROGRAM MANAGEMENT |
| • ULO | - | UNLIQUIDATED OBLIGATION |
| • WIFIA | - | WATER INFRASTRUCTURE FINANCE & INNOVATION ACT |
| • WIIN | - | WATER INFRASTRUCTURE IMPROVEMENT FOR THE NATION ACT |

Oregon's 2022 DWSRF Intended Use Plan

Introduction & Purpose

On August 6, 1996, the Safe Drinking Water Act (SDWA) Amendments of 1996 ([P.L. 104-182](#)) were signed into law. Section 1452 of this act authorized the Administrator of the U.S. Environmental Protection Agency (EPA) to establish a Drinking Water State Revolving Fund (DWSRF) program to assist public water systems with affordable financing for infrastructure needs to achieve or maintain compliance with the SDWA requirements and to protect public health.

As a part of each state's annual capitalization grant application process to the EPA, Section 1452(b) of the SDWA, requires states to submit an Intended Use Plan (IUP) identifying the use of funds in that state's DWSRF program and how those uses support the goal of protecting public health.

❖ **Awarded DWSRF Capitalization Grants Cover:**

- **Safe Drinking Water Revolving Loan Fund (SDWRLF):** Assists eligible public water systems achieve, maintain, or regain compliance and protect public health by funding drinking water infrastructure or resiliency improvement projects such as treatment, distribution, storage, or a new source. Oregon's DWSRF capitalizes the SDWRLF (i.e., Loan Fund) per [Oregon Administrative Rule \(OAR\) 123-049](#).
- **Program Set-Asides:** Assists state primacy agencies and partners with administrative and non-construction related activities used to ensure compliance with the SDWA.

Summary

The State of Oregon, Drinking Water Services (DWS) is an Oregon Health Authority (OHA) program located within the Center for Health Protection (CHP). OHA seeks the entire grant allotment of \$9,220,000 from EPA's FFY-2022 DWSRF (base program) appropriation and will adopt the following 2022 IUP for State Fiscal Year 2023 (SFY-2023: July 1, 2022 – June 30, 2023). These efforts will be in coordination with our partners at Business Oregon by continuing to offer low interest loans from the Loan Fund to eligible drinking water systems while continuing to support the four separate program Set-Aside activities to meet federal drinking water program mandates.

Additionally, OHA is preparing to apply for the new [Bipartisan Infrastructure Law \(BIL\)](#) General Supplemental grant funds during the 2022 calendar year. OHA will revise this 2022 IUP and its appendices, including its Project Priority List (PPL), to incorporate BIL General Supplemental grant fund details and federal mandates as part of the State Revolving Fund (SRF) programs and funding expansions through the new [Infrastructure Investment and Jobs Act \(H.R. 3684\)](#) (i.e., BIL) that was signed in to law back on November 15, 2021.

Annual BIL grant funding appropriations to OHA's DWSRF program will run from FFY2022-2026. For more BIL details, visit [Oregon.gov/bil](https://oregon.gov/bil).

This IUP Executive Summary and its appendices present details of Oregon's DWSRF program that was developed in close cooperation with state agency partners (i.e., Business Oregon & DEQ) and

supported by many stakeholders (e.g., Oregon’s Drinking Water Advisory Committee - DWAC) and interested parties. Many of the details demonstrate Oregon’s continued efforts to programmatically improve processes and policies while protecting public drinking water supplies statewide.

I. Need for the Program

The need for this program continues to be clear in Oregon. A nationwide Drinking Water Infrastructure Needs Survey, sponsored by the EPA with assistance from OHA and its water suppliers, was completed back in 2015. Previous results conducted from the 2011 Needs Survey awarded OHA with 1.42 percent of the total EPA DWSRF appropriation. The 2015 Needs Survey results awarded OHA with a 1.32 percent of the appropriation. The 2020-21 Needs Survey results will supersede the 2015 results once it has been completed.

The 2015 surveyed results indicated that Oregon’s drinking water infrastructure needs are more than \$6.25 billion over the next twenty years. Majority (i.e., \$3.74 billion) needed for transmission and distribution infrastructure improvements and nearly half (i.e., \$3.03 billion) of the need is for medium-sized water systems serving between 3,301 and 100,000 people according to the survey.

The first grants from the DWSRF, were distributed to states, tribes, and territories from the 1997 appropriation and totaled \$1.275 billion. From FFY-1997 through 2021, cumulative federal grants (including ARRA) for the DWSRF program to states total approximately \$23.8 billion. Oregon’s total federal grant allocations received through FFY-2021 (including ARRA) is over \$342 million.

To augment the federal grants awarded, states are required to provide matching funds equal to 20 percent of the federal grant award. However, the once long-standing one-to-one State Program Management (SPM) Set-Aside match requirement for the DWSRF program was also recently removed by the 2016 WIIN Act revisions, Section 2103 SDWA Section 1452(g)(2).

In addition to these substantial infrastructure needs, many small water systems in Oregon lack the technical, managerial, and financial capacities to provide safe drinking water to their respective users. EPA uses the ETT/ERP approach to ensure that no community or non-profit non-community systems with project(s) from the System Scores list with a score of 11 or higher receive DWSRF funding unless the funding directly supports the water system in achieving or regaining compliance. OHA uses its own ETT type list (called the Priority Non-Complier (PNC) list) to target systems for capacity development assistance and to ensure that these systems are given the fullest possible consideration for available DWSRF infrastructure financing. For Oregon’s PNC list, see here, <https://yourwater.oregon.gov/sscore.php>.

II. Elements of Oregon’s Program Using the 2022 Allotment

The 2022 program consists of the following elements summarized below:
(For more details, please visit the Grant Allotment Use Summary sheet in the **Appendix B** portion of the IUP)

| | Federal Funds | Percent of Allotment | 20% State Match Funds* |
|------------------------------------|---------------|----------------------|------------------------|
| Project Loans for Water Systems | \$ 6,763,446 | 73.36% | \$ 1,844,000 |
| Set-Aside Activities: | | | |
| 1.) Administrative Expense | \$ 368,800 | 4% | \$ - |
| 2.) Small System Tech. Assist. | \$ 334,400 | 3.63% | \$ - |
| 3.) State Program Management | \$ 922,000 | 10% | \$ - |
| 4.) Local Assist. & Other St. Pro. | \$ 831,354 | 9.01% | \$ - |
| Total | \$ 9,220,000 | 100% | \$ 1,844,000 |

* Oregon's State Match funds are drawn before federal funds.

The figures for 2022 above demonstrate a proportionality ratio of new funds (minus Set-Asides) equaling, 78.58 percent federal funds and 21.42 percent State Match funds, which is close to optimum for financing projects. However, when Oregon deviates from those target percentages, it is likely due to its authorization to extract reserved (i.e., banked) Set-Aside funds, which reduce the available allotment for projects. More information about the use of reserved Set-Aside funds will be explained in Section III.

Oregon's DWSRF program is carried out through direct involvement activities and with the utilization of partnership agreements. The primacy agency is OHA via its DWS who provide direct services with a compliment of experienced regulatory technical staff.

OHA Inter-Agency Agreements (IAA) with Business Oregon and the Department of Environmental Quality (DEQ) are maintained and updated on a biennial basis. Both Business Oregon and DEQ are state agencies with their respective IAA's.

Since OHA is the lead agency, it is responsible for establishing program and project priorities, oversight of program operation, technical assistance, capacity development, and the annual capitalization grant application and reporting processes.

Business Oregon operates and administers the Loan Fund for drinking water infrastructure projects, Drinking Water Source Protection (DWSP) loans and grants, the Sustainable Infrastructure Planning Projects (SIPP) and our new Small System Equipment Assistance (SSEA) programs (100% forgivable loans), and utilization of the principal forgiveness strategy. They also perform loan servicing functions that result from the Loan Fund.

DEQ with OHA, complete source water assessments and implement the local DWSP programs.

Additionally, this grant year, OHA will continue to impose its cost allocation plan. The cost allocation factor will affect some direct costs (e.g., Set-Aside activities), but not the Loan Fund, nor the DWSP loans or grants in the Local Assistance Set-Aside. Our current cost allocation rate remains at 18.06 percent and is expected to be applied to \$1,296,765 of Set-Asides, resulting in a cost of approximately \$234,195. OHA continues to undergo an in-depth cost rate review for future state fiscal years as explained in our recent cost allocation letter dated, June 30, 2021. Cost

allocation acts like indirect costs, as allowed under OMB 2 Code of Federal Regulations (CFR) Part 225 (formerly OMB Circular A-87).

III. The Set-Aside Activities:

A. Establishing Set-Aside Activities and Setting Funding Levels

The SDWA authorizes states to use a maximum of 31 percent of its annual allotment for Set-Aside activities. Set-Aside activities are available to administer the Loan Fund and to assist water systems in meeting the requirements of the SDWA. OHA evaluated each of the four Set-Aside activities with a view toward protecting public health through prevention, while maximizing Loan Fund dollars for capital improvement projects and compliance purposes.

OHA decided on basic and mandated programs in each of the four Set-Aside activities, however, according to EPA 40 CFR part 35.3540(d), states are authorized to access reserved (unused) Set-Aside funds from previous grant phases. EPA Region 10 Staff has authorized Oregon to request more than the 31 percent Set-Aside maximum when necessary. For its 2022 grant, Oregon does plan to exercise this authority for its Technical Assistance Set-Aside by requesting an additional \$150,000 in reserved (banked) funds. This retains 73.36 percent for the Loan Fund. Set-Aside activities needed for SFY-2023 include:

- Administrative Expense (4.0%)
- Technical Assistance (3.63%)
 - Circuit Rider Assistance
- State Program Management (10.0%)
 - State & County Program Support
- Local Assistance and Other State Programs (9.01%)
 - Implementation of Source Water Protection Program (0.27%)
 - Water System Capacity Development Program (6.4%)
 - Drinking Water Source Protection Fund/Grants (2.34%)

B. Description of Oregon Health Authority's Set-Aside Activities

Work plan summaries for each of the Set-Aside Activities are outlined here. Specific detailed work plans are included in **Appendix D** and submitted as part of the Capitalization Grant application. All the activities described are continuation activities from the previous grant years and may include additional updates for that Set-Aside.

- 1. Administrative Expense:** OHA will use 1.00 FTE staff to prepare the annual EPA capitalization grant application, the IUP, the Project Priority List (PPL), assess environmental reviews and capacity of each loan recipient, along with conducting financial monitoring and control. Under its partnership contract, Business Oregon will utilize 4.80 FTE necessary to making loans to water systems from the PPL.

Therefore, a total of 5.80 FTE will be used to administer the overall DWSRF program.

The 2016 WIIN Act provisions provide states three options for this Set-Aside. The Act's options include:

Equal to the sum of any state fees collected and the greatest of \$400,000; 1/5 of one percent of the current fund value; and an amount equal to 4 percent of all grants awarded to the fund under this section for the fiscal year.

This year, OHA will plan to utilize the 4 percent option, totaling \$368,800. For more Set-Aside information, please reference the **Appendix D** section of the IUP.

2. **Small Systems Technical Assistance:** OHA continues providing technical assistance and related services to small water systems serving 10,000 or fewer people by contracting for these services. A total of 0.40 FTE will be associated to these Set-Aside activities.

A maximum of 2 percent of the annual grant allotment of \$9,220,000 is allowed for this activity. This year, OHA is requesting 3.63 percent of the allotment, or \$334,400. Oregon intends to utilize a portion (i.e., \$150,000) of historically unused (i.e., reserved) Technical Assistance Set-Aside authority to further support the growing technical assistance needs of Oregon communities. For more Set-Aside information, please reference the **Appendix D** section of the IUP.

3. **State Program Management (SPM) – State and County Program Support:** These funds will continue OHA and contractual support of County drinking water programs and of the Oregon Department of Agriculture to augment the Public Water System Supervision (Primacy) program. These activities include sanitary surveys, the investigation and resolution of significant non-compliance concerns and adjacent activity. OHA will use 1.75 FTE to conduct direct services and to manage contracts.

Typically, a maximum of 10 percent of the annual allotment is allowed for this Set-Aside. For 2022, OHA is requesting 10 percent of the allotment, or \$922,000. Oregon does not intend to utilize a portion of its historically unused (i.e., reserved) SPM Set-Aside authority. For more Set-Aside information, please reference the **Appendix D** section of the IUP.

4. **Local Assistance & Other State Programs:**

- **Implementation of Protection:** OHA continues to assist water systems to protect their respective sources of drinking water. OHA will continue this work without allocating any FTE with the reduced 2022 grant allocation (see below). Additionally, through contracting with the DEQ and others for technical services to place source water assessment information on the GIS, and to provide training and technical support.

A maximum of 15 percent for all local assistance activities of the \$9,220,000 annual allotment is allowed for this Set-Aside. This year, OHA will plan to use 9.01 percent, or \$831,354. The Implementation of Protection effort will use \$25,000 or 0.27 percent of the total grant this year. For more Set-Aside information, please reference the **Appendix D** section of the IUP.

- **Capacity Development Program:** OHA works with water systems that have had histories of non-compliance to ensure that they have the technical, managerial, and financial capacities needed to return to compliance status using the strategy developed by OHA and approved by EPA. This work will be carried out by 2.80 FTE and will use \$590,080 or 6.4 percent of the grant this year. For more Set-Aside information, please reference the **Appendix D** section of the IUP.

- **Drinking Water Source Protection Fund/Grants (DWSP):** This DWSRF Set-Aside activity will assist water systems to protect their source(s) of drinking water by typically providing an aggregate up to a total of \$200,000 in various loans/grants to undertake source water protection activities. There is no FTE assigned to this activity since it will be part of the Local Assistance Implementation of Protection Set-Aside FTE. This activity will use \$216,274 or 2.34 percent of the 2022 grant to reimburse the “SWP Repayment Fund” account for recently funded source protection project activities and to cover numerous emerging DWSP needs. For more Set-Aside information, please reference the **Appendix D** section of the IUP.

The level of Set-Aside funding on a year-to-year basis will continue in collaboration with the DWAC and partner agencies to assure that public water suppliers in Oregon are well trained and knowledgeable of the most current drinking water quality standards and techniques.

Additionally, Set-Aside transfers to the Loan Fund will be performed on an as needed basis to further expedite federal funding timeline requirements.

IV. Current & Future Years of the Program

This year’s program represents a continuation of significant initiatives begun in 1997 by OHA, including its partner agencies (e.g., Business Oregon), stakeholder organizations, and service providers as well as public water systems. New initiatives, strategic proposals, and process improvements are continually being introduced between partnering agencies so our goals and federal crosscutter requirements (e.g., Davis Bacon, American Iron & Steel, Federal Funding Accountability & Transparency Act, etc....) continue to be met.

❖ Short-Term Goals

- Operate and manage a DWSRF program in Oregon for eligible community and non-profit non-community water systems to construct needed improvements and meet security needs.

- Provide loan assistance to projects that will address the greatest public health need while accounting for project affordability, especially to help small systems and those serving disadvantaged communities.
- Develop technical assistance and source protection efforts that sustain and/or improve the operation, maintenance, and management of Oregon’s drinking water systems.

❖ **Long-Term Goals**

- Administer the DWSRF program in Oregon in a way that protects its revolving nature in perpetuity.
- Support the State’s goal of ensuring Oregon’s water supplies provide safe drinking water by financially contributing to needed water system improvements.
- Increase water system compliance with state and federal drinking water requirements through technical assistance, capacity development and assessment of source water.
- Develop and implement equivalency into Oregon’s DWSRF program so that water system projects that are selected to comply with some federal crosscutters and federal requirements is minimized to only those projects equivalent to the annual federal award amount.

❖ **Loan Principal Forgiveness**

Oregon’s DWSRF has institutionalized the utilization of a Loan Principal Forgiveness strategy as an incentive and financial tool option, augmenting the program’s existing flexible interest rate structure and repayment terms. The goal in using Loan Principal Forgiveness is to: Promote increased project affordability, enhance DWSRF accessibility, and to provide effective and innovative project financing tools to reach more water systems in need of drinking water project financing. This expands upon the partnership the DWSRF has with the EPA.

The Loan Principal Forgiveness strategy is a tailored and targeted approach. For eligible water systems seeking financing for water system improvement projects, a reduction of the principal loan amount may be utilized as a subsidy at the time the loan is structured in addition to offering below market interest rates and flexible repayment terms.

It’s anticipated that Loan Principal Forgiveness will continue to facilitate expanded affordability and will be a complimentary project financing option, so that a water system’s access to capital would not be a hindrance to implementing effective water system improvements. The “Safe Drinking Water Revolving Loan Fund - Financing Details 2022” within the **Appendix B** section, depicts this tailored and targeted approach in the use of the Oregon DWSRF comprehensive Loan Principal Forgiveness program; coupled with its flexible interest rates and loan repayment terms. Business Oregon closely monitors

available subsidy and loan principal forgiveness awards and can make necessary adjustments to the annual financing details document when needed to ensure the awarding of loan principal forgiveness results in adherence to EPA subsidy requirements. Additionally, Business Oregon manages principal forgiveness awards to disadvantaged communities to meet EPA requirements.

Additional Loan Principal Forgiveness incentive details can be found within the **Appendix B** section of the IUP.

❖ **Full-Service Line and Fixture Replacement Opportunity**

As a continuation of [40 CFR Section 35.3520 \(b\)\(2\)\(ii\)](#) and further supported within EPA’s [DWSRF Eligibility Handbook](#), Table 3.2, Category: Transmission and Distribution, funding assistance is available for complete service line replacements, regardless of pipe material or ownership of the property where the service line is located. Funding assistance can be used for service line replacement from the public water main to the point it connects with premise plumbing. Additionally, funding assistance may be used to replace water fixtures that contain lead as a component to a larger eligible drinking water infrastructure project.

Additionally, the new BIL funding also will include two separate grant funding streams for Lead Service Line Replacements (LSLR) and Emerging Contaminants (EC) to further assist Oregon’s existing DWSRF program. Initial efforts with the LSLR funding will be to work with water systems to collect inventories prior to applying for the BIL LSLR grant funding opportunity. And project identification efforts are also taking place for EC grant funding consideration as well.

More details about these specific funding opportunities will be referenced in the coming months when Oregon submits its revised IUP and grant application for the 2022 BIL Supplemental funding. For more details, visit [Oregon.gov/bil](https://oregon.gov/bil).

❖ **Green Project Reserve (GPR)**

While Oregon continues to encourage systems to incorporate “green” components into their projects, Oregon will no longer be providing any additional subsidy incentives under the GPR. State DWSRF programs have the flexibility to forgo or incentivize GPR until the EPA makes it a requirement again.

❖ **Sustainable Infrastructure Planning Projects (SIPP)**

The [Sustainable Infrastructure Planning Projects](#) program objectives are to assist communities with 100 percent DWSRF forgivable loan financing for water system planning and related activities that promote sustainable water infrastructure. Priority continues to be given to those systems that serve fewer than 300 service connections and/or are considered disadvantaged communities.

Additionally, and in the light of the recent drinking water system cybersecurity incidents in Florida and Kansas, the SIPP program added the new Security Risk and Vulnerability Study project category to its existing portfolio. We have received overwhelming support for this new SIPP category.

SIPP funded projects are encouraged to use the results from their planning studies to apply for infrastructure funding to help address aging infrastructure and compliance issues to further protect public health. Many SIPP projects have returned to Oregon's DWSRF program to fund their infrastructure projects, but they are not required to.

Reference **Appendix A** for details about rated and ranked 2022 SIPP projects on the Project Priority List (PPL).

Visit website for more information.

❖ **Seismic SIPP**

Funded under a separate allotment of the SIPP program, eligible water systems now have access to SIPP funding to meet the new Seismic Risk Assessment and Mitigation Plan requirements ([OAR 333-061-0060\(5\)\(a\)\(J\)](#)) for Master Plans for those systems that serve 300 to 3,300 connections. This Master Plan requirement became effective in January 2018, but funding launched at the beginning of SFY2019.

For more information about this funding option, visit the SIPP webpage (shown above).

❖ **Small System Equipment Assistance (SSEA)**

Officially launched on February 15th, 2021, the [Small System Equipment Assistance](#) program objectives targets and funds additions or replacement of equipment and instrumentation needed by small water systems (i.e., ≤ 300 connections) to ensure continued operation and protection of public health. Project activity examples include: Treatment equipment, process control, monitoring and instrumentation, etc...

Initially, funding for the inaugural program launch is \$160,000 or maximum of 8 projects for 2021. Details include: \$20,000 max forgivable loan per project; minimum award of \$2,000; one award per system per 5-year period; priority will be given to systems with lowest medium household income (MHI); and systems with SDWA compliance needs and systems treating surface water sources will be prioritized.

While popular, the SSEA program is postponed until further notice.

Visit website for more information.

❖ **Letter of Interest (LOI) packet**

OHA and Business Oregon have had a long-standing practice of utilizing a Letter of Interest (LOI) solicitation process to inform, gather, and process (rating and ranking) requests from eligible water systems interested in financing drinking water infrastructure planning, design, and/or construction improvements. For more information about project eligibilities, reference the [DWSRF webpage](#).

On April 2013, OHA and Business Oregon's DWSRF program launched its first web-based [LOI](#) (for infrastructure projects only) which is open year-round. This version saves money, streamlines the application process, is environmentally friendly, and extremely convenient for water systems. It also incorporates Business Oregon's project intake rolled in to the original LOI format while providing direct access to [regional staff](#). This increases the size of the LOI but reduces redundancy of the funding process so viable projects can obtain funding sooner than in years past.

To date, the web-based LOI has provided easy access to hundreds of new project submissions.

The [Drinking Water Source Protection \(DWSP\)](#) grant program LOI is available separately in a fillable pdf format. Eligible DWSP project activities include: Implementation, enhanced delineation and assessments, planning, and security. For more details, visit the web link to learn more about this program and what it can offer eligible water systems with their efforts to protect their drinking water sources.

❖ **Federal Funding Accountability and Transparency Act (FFATA)**

On March 23, 2011, the EPA released a memo explaining this federal requirement to states and the use of the FFATA Subaward Reporting System (FSRS) tool. States have the option to apply some Federal Crosscutting Authorities and Federal requirements to all awarded projects, or only the projects and Set-Asides equal to (equivalent to) the annual federal award amount (i.e., 100% of the award and FFATA identified projects). During SFY2023, Oregon's DWSRF program will begin applying Federal Crosscutting Authorities to the FFATA identified projects equivalent to the annual federal award amount. However, because it has not fully implemented equivalency into its program, EPA is allowing Oregon time to transition in to using this practice. This means most of the Federal Crosscutters and Federal requirements will continue to apply to all projects. By beginning to use the equivalency option in Oregon's DWSRF program, projects that exceed the amount of the annual federal funding award amount will benefit by not having to comply with all Federal requirements, which include the new Build America, Buy America Act (BABA).

Although project adherence to Federal Crosscutting Authorities is not limited to FFATA projects, the chart below demonstrates the projects Oregon intends to identify for the purposes of FFATA.

Additionally, and in accordance with the EPA September 22, 2014 memo, "Application of Equivalency Under the FFATA," these reporting requirements specific to the Set-Asides

relate only to subaward contracted obligations at or above \$30,000 and that only those Set-Aside activities that meet or exceed this amount need to be reported in to the FSRS database. Specific contract details can be found on the Set-Aside FFATA spreadsheet within the **Appendix A** section of the IUP.

Oregon's Safe Drinking Water Revolving Loan Fund 2022 IUP

FFATA Reportable Project List (including Set-Asides)

| Applicant | Applicant Number | Score | Amount |
|-------------------------------------|-------------------------|--------------|---------------------|
| City of The Dalles (App#256-13368)* | SD-16-119 | 30 | \$ 6,763,446 |
| Set-Asides** | n/a | n/a | \$ 2,456,554 |
| FFATA Reportable Total: | | | \$ 9,220,000 |

**The Dalles project was ranked as a Health/Compliance project and is being targeted for a BABA waiver since the City has executed a contract for design or engineering services prior to BABA going into effect on May 14, 2022.*

*** Set-Aside contracts (i.e., county partners) of \$30,000 or above will be entered in to the FSRS database as well.*

❖ Davis Bacon (DB) Wage Rate Compliance, American Iron & Steel Requirements, and the Build America, Buy America Act (BABA)

Loan recipients will be made aware of all specific programmatic requirements as part of a federal appropriation. Contract language will reflect those requirements.

Davis Bacon (DB) wage rate requirements apply to all construction, alteration and repair of treatment works carried out in whole or in part with assistance made available through the DWSRF. To ensure compliance, applicable DB contract clauses are inserted into all relevant contracts. Recipients of DWSRF funds are briefed on their responsibility to ensure that all relevant DB regulations are adhered to. In addition, Business Oregon Regional Project Managers will periodically monitor certified payroll documents and other necessary and relevant documents for the adherence to DB regulations. Recipients of DWSRF funds are encouraged to contract with individuals or organizations that have demonstrated expertise in the administration of DB rules and regulations. Principal Forgiveness is available to eligible recipients who choose to hire such expertise.

American Iron and Steel (AIS) Provisions require DWSRF assistance recipients to use iron and steel products that are produced in the United States. Language regarding the requirement will be included with all DWSRF contracts to assistance recipients. Monitoring of compliance requirements will occur at appropriate intervals to ensure that any issues are addressed with immediacy.

Build America, Buy America (BABA) requires all iron, steel, manufactured products, and construction materials used in a project to be produced in the United States. Due to lack of knowledge regarding how to implement the requirement and the adequacy of domestic supply chains as well as inflationary pressures and increasing costs, for the 2022 DWSRF capitalization grant, Oregon seeks to explore available waivers to provide relief to borrowers. Projects that are approaching construction are not in the position to easily

accommodate drastic changes to the project plans and specifications and associated increased cost.

Business Oregon seeks to communicate the BABA requirement as a part of the upcoming BIL outreach efforts and provide the opportunity for BIL funded projects to increase proposed budgets to account for the increased costs of BABA adherence. In addition to pursuing BABA waivers in the short-term for Oregon's base DWSRF program, Business Oregon seeks to apply BABA only to our equivalency projects, even though we have not yet begun implementing equivalency. Business Oregon will seek to formally adopt equivalency in the coming years in close coordination with EPA and OHA.

❖ **Emergency Funding**

Emergency DWSRF funding is available for those infrastructure projects that fit specific criteria (i.e., 5 rating characteristics) that warrant these funds. Specific details about the requirements systems and their projects must meet to qualify for emergency funding are detailed in the latest version of the Program Guidelines and Handbook (see below).

❖ **Program Guidelines & Applicant's Handbook**

The SDWRLF [Program Guidelines and Applicant's Handbook](#) provides guidance for those interested in applying for and administering awards for infrastructure, SIPP, SSEA, and DWSP projects. The Handbook serves as both an internal and external resource and is a critical element to ensuring that loan and grant funds are administered in an effective and efficient manner and that regulations and guidelines are administered correctly and uniformly.

For more details about the Handbook, visit the link above.

❖ **Operating Agreement (OA)**

The original 1998 DWSRF Operating Agreement between the EPA and OHA was amended in 2016 and effective through 2021. The 2021 amended OA is expected to run through 2026. The OA explains and itemizes the agreed-upon implementation and management of Oregon's DWSRF program.

V. Sources & Uses

According to SDWA Section 1452(f)(3)(A), EPA policy memos SRF 99-05 and SRF 99-09, and DWSRF regulations at 40 CFR 35.3550(I), States need to expend all DWSRF funds (i.e., state and federal) in an efficient and as timely as realistically possible to remain compliant with these requirements.

Oregon’s DWSRF Intended Use Plan’s Sources and Uses table and summaries demonstrates transparency and compliance with these statutes, regulations, and policies as set forth by the requirements noted above.

See the table and summaries below for SFY-2022 and 2023 details.

| SOURCES & USES TABLE | | | |
|---------------------------------|--|-----------------------------|------------------------|
| SFY 2022: | Beginning Cash Balance (Includes All SRF Sources) | 148,773,622 | 148.77 |
| | Current Revenues & Expenditures: | | |
| | SRF Fund Loan Repayments | 10,607,600 | 10.61 |
| | SRF Fund Interest Earnings on Invested Funds | 2,434,759 | 2.43 |
| | Revolving Fund Disbursements | (8,536,095) | (8.54) |
| | State Match Disbursements | (2,895,904) | (2.90) |
| | Federal Disbursements | (9,674,479) | (9.67) |
| | Net Cash Revenue / (Expenditures) | (8,064,119) | (8.06) |
| | Ending State Match Balance | - | - |
| | Ending Undrawn Federal Funds (All Years) | - | - |
| | Total Cash Available (As of IUP) | 140,709,503 | 140.71 |
| | Commitments: | | |
| | Executed Contracts | (83,783,524) | (83.78) |
| | Pending Contract Execution | (28,106,519) | (28.11) |
| | Intakes & Department Applications | (18,067,415) | (18.07) |
| | Total Commitments (As of IUP) | (129,957,458) | (129.96) |
| | Project Priority List (Not Listed Above) | (333,832,511) | (333.83) |
| | Ending SRF Fund Availability (As of IUP) | (323,080,466) | (323.08) |
| | Ending Balance Summary: | | |
| | Ending Cash Balance | 140,709,503 | 140.71 |
| | SRF Funds Available | (323,080,466) | (323.08) |
| SFY 2023: | Beginning Cash Balance (Includes All SRF Sources) | 140,709,503 | 140.71 |
| | Projected Revenues: | | |
| | Loan Capitalization (State Match & Federal) | 12,615,726 | 12.62 |
| | Interest Earnings on Invested Funds (thru 6/30/23) | 2,239,978 | 2.24 |
| | Scheduled Loan Repayments (thru 6/30/23) | 14,345,487 | 14.35 |
| | Estimated Repayments from Projects Soon to be Completed (thru 6/30/23) | 1,246,851 | 1.25 |
| | Total Future Recapitalization & Revenues | 30,448,042 | 30.45 |
| | Projected Expenses: | | |
| | Projected Disbursements (Committed Projects) | (29,324,233) | (29.32) |
| | Projected Disbursements (Pending List) | (7,026,630) | (7.03) |
| | Projected Disbursements (Intakes & Applications) | (5,420,225) | (5.42) |
| | Total Project Expenses | (41,771,088) | (41.77) |
| | Net Increase / (Decrease) in Cash | (11,323,045) | (11.32) |
| | Ending Balance Summary: | | |
| | Estimated Ending Cash Balance | 129,386,458 | 129.39 |
| | Remaining Commitments From Prior Years | (422,018,881) | (422.02) |
| | Estimated LOI's & Ready to Proceed Projects | (191,120,000) | (191.12) |
| | Estimated Ending SRF Fund Availability | <u>(483,752,423)</u> | <u>(483.75)</u> |

❖ SFY-2022

For SFY-2022, current revenue and expenditures shows that disbursements occurred \$8.06 million more than repayments, interest earnings, capitalization grant, and State Match. Additionally, all DWSRF grant funds (previous through current years) and State Match have been fully expended. This results in total cash revolving fund availability of \$140.71 million to meet the funding needs captured in the program's committed funds and pipeline.

Currently, there are projects under contract with undisturbed funds totaling \$83.78 million. Projects totaling \$28.11 million are pending contract execution (i.e., awaiting signature). Projects totaling \$18.07 million have been formally invited to apply for funding, are in the process of completing application materials, or are currently being underwritten by Business Oregon.

Potential viable projects on the PPL totaling \$333.83 million have submitted an LOI requesting funding. As projects are deemed ready-to-proceed, they may be formally invited to apply for funding. Business Oregon carefully monitors the cash availability balance to ensure projects that address health and compliance objectives are prioritized and adequate funding exists to meet the existing funding obligations (i.e., projects under contract).

Ending DWSRF fund availability (cash balance minus total commitments) is negative \$323.08 million. Adequate funding does not exist to meet all funding requests. Business Oregon addresses this lack of availability by working with communities to assess readiness-to-proceed, prioritizing projects that address health and compliance objectives, encouraging the phasing of large projects, and providing access to alternative State funding opportunities to finance drinking water infrastructure.

❖ SFY-2023

For SFY-2023, \$30.45 million of revenue is anticipated from federal capitalization, required State Match, interest earnings on funds, interest and principal repayments, and repayments from projects soon to be completed (entering repayment phase). Prior year's project commitments that have executed contracts, were pending contract execution, or within the intakes and Business Oregon applications, are expected to have disbursements in the amount of \$41.77 million. The net of revenues and expenses is expected to reduce the cash balance by \$11.32 million, leaving the ending cash balance of the DWSRF at \$129.39 million.

Estimated future LOIs and viable projects are estimated to total \$191.12 million. This estimate is based in part on LOIs totaling \$141.12 million that were submitted by the most recent 3/15/22 deadline. Those LOIs have already been rated and ranked by OHA for eligibility and have passed the 10-day mandated public comment period. LOIs are now accepted semi-annually (3/15 and 9/15) and receipt of LOIs totaling an additional \$50 million are estimated for the remainder of SFY-2023. The presence of federal stimulus dollars (e.g., BIL, ARPA and congressional earmarks) is driving higher than normal interest

in the program due to the new BIL General Supplemental (stimulus) funds and because of the stated DWSRF eligibility parallel and the stated earmark preference for projects on the DWSRF Intended Use Plan. Estimated DWSRF fund availability at the end of SFY-2023 is expected to be negative \$483.75 million.

As the table and summaries above illustrates, Oregon’s current and projected uses (demand) far outweighs our sources (supply).

See **Appendix C** for complete table details.

Additionally, to the table and summaries above, Oregon has the option of packaging DWSRF projects with other state and federal infrastructure program funds, including bond funds from the Oregon Bond Bank if additional funds are needed to complete projects, saving scarce Loan Fund dollars for more projects.

The Oregon Bond Bank is a leveraging mechanism whereby the state sells revenue bonds and lends the proceeds to local governments for drinking water and other infrastructure projects.

The state considers this a leveraging procedure, even though it does not fit EPA’s definition of “leveraging.”

The long-term financial viability of the Loan Fund depends on maximizing return to the Loan Fund without decreasing demand for the funds or increasing risk to Fund principal. Lending to eligible disadvantaged communities is balanced with loans funding other eligible projects to maximize the Loan Fund and still assist financially distressed communities that need system improvements.

The interest rate for the Loan Fund base program will be set at a rate of 80% of the previous quarterly municipal Bond Buyer 20 index.

VI. Disadvantaged Community Program

Awards and subsidy provided to disadvantaged communities are tracked by Business Oregon. For the DWSRF, EPA tasks each state with establishing a definition of “disadvantaged community.” Disadvantaged community, under the SDWA section 1452(d), means the service area of a public water system that meets affordability criteria. For Oregon’s DWSRF the following criteria are used to determine disadvantaged community status:

- **Median Household Income (MHI) below the state average:** A disadvantaged community is a public water system that has a service area with a MHI below the state average.
- **Consolidation or Elimination of Non-Viable Public Water Systems:** Within the context of this activity, a disadvantaged community is defined as a community served by a public water system that lacks capacity as defined by the SDWA, Sections 1420 and 1452 (a)(3). Principal forgiveness loans and reduced interest/expanded term loans will be made to the most appropriate public water system having capacity that is willing to take over a failing disadvantaged community water system.

- **Emergency Projects:** Projects that are determined to be emergencies by OHA may be given disadvantaged community status, provided the project meets certain characteristics as described in the current Program Guidelines and Handbook.

Loans to Disadvantaged Communities are assessed interest on a sliding scale between the interest rate for a standard loan (i.e., 80% of municipal Bond Buyer 20 index) and one percent. Rates and principal forgiveness offerings will be based on loan affordability. The goal will be to offer the most affordable loan possible (within program constraints) such that user rates are brought as close to the affordability rate as programmatically possible for the community. The affordability rate is calculated as a ratio of the average annual water rate (based on 7,500 gallons) to the local median household income from the most recent decennial Census.

The loan amortization period is up to 30 years but not to exceed the useful life of the infrastructure investment. If at project completion, a community with an MHI below state average (Disadvantaged Community) is expected to have user rate that exceeds the affordability rate, then incentives will be considered which may include:

- ❖ Subsidized interest rate of 1%. If reducing the interest rate to 1% does not bring the user rate close to the affordability rate, then Principal Forgiveness may be considered.
- ❖ Principal forgiveness will be awarded at a level sufficient to bring the user rate as close to the affordability level, including subsidies of up to 50% of the total project award or \$650,000. Principal forgiveness awards more than 50% of the total project award or \$650,000 may be considered based on established criteria. Additional subsidies for administration of Davis-Bacon Labor Standards and federal requirements assistance may also be applicable. See the current Financing Details in **Appendix B** of the IUP.

VII. Asset Management

OHA has developed a comprehensive Asset Management Implementation Plan as part of its overall Capacity Development Strategy. Plan elements include education, training and technical assistance to water systems in an effort to encourage incorporation of [Asset Management](#) into routine operational programs. Water systems are encouraged to review the educational materials and resources provided on OHA's website under [Capacity Development](#) and take advantage of free trainings provided by partner organizations (e.g., RCAC, Environmental Finance Center, AWWA, etc.) which are listed on OHA's training opportunities webpage. These materials offer important insights on best management practices, how to save money while being organized, and how to project for future infrastructure improvements. OHA's Circuit Rider is also available to provide technical assistance in developing asset management plans. Activities encouraging asset management will be funded through the Local Assistance Set-Aside: Capacity Development Program.

In addition to the activities described above, water systems are also encouraged to apply for the SIPP program (reference Section IV above), which includes creation of Asset Management Plans as one of the eligible funding activities.

VIII. Fund Linkage between DWSRF and CWSRF

Oregon does not anticipate the transfer of funds between the Drinking Water and the Clean Water funds this grant year.

IX. Drinking Water State Revolving Fund Projects

A. Project Identification Process

Before projects are placed on the PPL, water systems must first submit an LOI. An LOI is a document that provides information about the water system, its water quality problem, its finances, its readiness-to-proceed, and its project solution and estimated cost. This is adequate information to rate (i.e., score) and rank each project to create the PPL, as required by the amended 1996 SDWA. Oregon's primary focus remains with projects that address drinking water public health risks and compliance issues while assisting systems most in need on a per household basis using state affordability criteria.

Current infrastructure project rating criteria includes:

- Risks to Human Health & Health Protection.
- Compliance with Safe Drinking Water Act.
- Consolidation of Two or More Systems.
- Drinking Water Source Protection.
- Community Affordability
- Cost Effectiveness
- *Changes to our project rating criteria will be provided in the revised IUP that will accompany the new BIL General Supplemental grant application later this fall.*

A total of thirty-nine new eligible projects successfully submitted an LOI for 2022 DWSRF funding consideration. Thirty of the thirty-nine (i.e., 77%) serve less than 10,000 people. All together, these thirty-nine new projects are asking for nearly \$311 million and have been reviewed, rated, and ranked by OHA-DWS Technical Staff and the EPA and placed on the most current combined PPL. These projects are currently in the process of being funded by Business Oregon or have already been funded.

The [combined infrastructure PPL](#) is now updated semi-annually and still allows Oregon to better manage the Loan Fund and assures ready-to-proceed projects continue through financing and project implementation quickly. For more information on the PPL and to see its current version, reference **Appendix A** of the IUP or visit OHA's [DWSRF PPL and Public Notices](#) webpage.

Most water systems not in full compliance with the Safe Drinking Water Act have some form of administrative enforcement order from OHA that defines the problem(s) to be resolved and includes a compliance schedule. If a water system has an enforcement order, then the proposed project must be able to return the water system to a full compliance status. DWSRF funds can be used to assist systems in reaching their compliance issues provided that the system has the technical and managerial capacity required to operate the system being funded.

B. Project Selection Criteria – Rating and Ranking, By-Pass

EPAs DWSRF Interim Final Rule 40 CFR Section 35.3555 (c)(1) suggests that the IUP must include a priority system for ranking individual projects for funding that is detailed and understandable. Oregon's infrastructure, DWSP, SIPP, and SSEA program rating criteria are

robust and meet this requirement. More information related to OHAs rating form and detailed criteria is available on request.

The By-Pass Process is equivalent to skipping over a project higher on the PPL that is not ready-to-proceed to fund a project lower on the PPL that is ready-to-proceed. Unfunded Projects may remain on the PPL for up to two years from the approval of the IUP of the federal grant their projects were targeted for. Additional by-pass information can be provided on request.

Finally, to comply with provisions of the amended 1996 SDWA, Oregon will assure at least 15% of the Loan Fund will be used to assist small water supplies, those that serve 10,000 or fewer people. If it is not at the 15% mark, then “only” these small systems will be considered until this federal requirement is met. Historically, Oregon has been in compliance with this requirement.

X. Public Reviews & Comments

❖ Process

The public has been invited to review and comment on Oregon’s proposed SFY-2022 IUP of the DWSRF grant application. If comments are received and it is determined that our IUP must be amended, we will notify the EPA Region 10 office immediately.

According to the SDWA’s Federal Register Interim Final Rule, Section “O. Meaningful Public Review of the IUP (40 CFR 35.3555 (b)),”

- *“This interim final rule does not include specific requirements as to what constitutes “meaningful public review” of the IUP. Due to the variation among States, no single approach will work under all conditions.”*

EPA interprets the above language to provide States the ability to determine what is appropriate for meeting this requirement provided an effort is made to provide the public an opportunity to make comments. EPA Region 10 also supports Oregon’s public notice decisions referenced below. The result is a more rapid process that also reduces program costs.

Below is a list of resources OHA uses when posting notices for public comments related to our annual IUP and our quarterly PPL. List includes:

- DWSRF (base) webpage, <http://healthoregon.org/srf>
- BIL webpage, <http://oregon.gov/bil>
- DWS main website front page, <http://healthoregon.org/dwp>
- Orange postcard mailings have been replaced with [OHA's GovDelivery](#) email messaging system to public water systems and other interested parties throughout Oregon.
- Publication of “Pipeline” Newsletter includes permanent information about policy, <http://public.health.oregon.gov/HealthyEnvironments/DrinkingWater/Operations/Pages/pipeline.aspx>
- Correspondence with State, Federal, and private partnerships.

Public Notice materials can be found in **Appendix E** of the IUP.

◆ End of Summary

APPENDIX A: Required Documents

- Attorney General Certification
- SFY-2022 ["Combined" Infrastructure Project Priority List \(PPL\)](#) (*web access only*)
- SFY-2022 Sustainable Infrastructure Planning Projects (SIPP) PPL
- SFY-2022 Drinking Water Source Protection (DWSP) PPL
- FFATA Set-Aside reporting spreadsheet



DEPARTMENT OF JUSTICE

Justice Building
1162 Court Street NE
Salem, Oregon 97301-4096
Telephone: (503) 378-6002

July 20, 2022

I, Ellen F. Rosenblum, as the Attorney General for the State of Oregon, hereby certify that for the purposes of the state's application for capitalization grants for its Drinking Water State Revolving Fund (DWSRF) program:

1. The authority establishing the DWSRF program and the powers it confers are consistent with Oregon law.
2. The State of Oregon may legally bind itself to the terms of the capitalization grant agreement.
3. The DWSRF program will be administered by an instrumentality of the State of Oregon that is authorized to: enter into capitalization grant agreements with the United States Environmental Protection Agency; accept capitalization grant awards made under 42 USC § 300j-12(a)(1)(A); and otherwise manage the Fund in accordance with the requirements and the objectives of the Safe Drinking Water Act and applicable federal rules.

Dated this 20th day of July, 2022.

LISA M. UDLAND
Deputy Attorney General
On behalf of
ELLEN F. ROSENBLUM
Attorney General
Pursuant to ORS 180.130

APPENDIX A: [2022 "Combined" Infrastructure PPL](#)*

** Once on the PPL and Public Notices webpage, scroll down to the Infrastructure PPL (4th section). Download spreadsheet (Excel) to view project details and funding requests.*

| | | | |
|----------------|---|---|-----------|
| SFY2022 | Oregon's DRINKING WATER SOURCE PROTECTION FUND (DWSPF) PROJECT PRIORITY LIST (PPL) for the DWSRF | Total Amount to be Funded: | \$235,300 |
| | | Total Amount Requested for Eligible Projects: | \$235,300 |

Revised Date: 07-20-2022

Project Removal Date: 2022 Grant Award Must Be Contracted with Business Oregon By 05-01-2024 Or Face Removal From PPL

| Rank | Applicant LOI (SWPF) - (1) County RDO / RPM - (2) | Short Project Description | Primary Project Focus | Amount Req. | Fundable Amount | Grant Award Year (4) | Rating Total | DWSP LOI Project Rating | | | | |
|------|--|--|---|-----------------|-----------------|----------------------|--------------|-----------------------------|--|--------------------------------------|---|--------------------------|
| | | | Focus (i.e., delineation, assessment, planning, implementation, & security) (3) | | | | | Area & Level of Sensitivity | Presence of High-Risk Sources of Contamination | Contaminant Detections at the Source | Proposed Reduction or Prevention Activities | Risk Reduction Potential |
| 1 | Meskowin Regional Water District SWP-22-001 Tillamook County | Watershed Acquisition & Management Planning. Develop a conservation-based Forest Management Plan for private property within Drinking Water Source Area and conduct supplemental appraisal of lands that may be offered for sale. | Source Protection Planning Implementation | \$50,000 | \$50,000 | 2022 | 90 | 20 | 10 | 20 | 15 | 25 |
| 2 | Medford Water Commission SWP-22-002 Jackson County | Rogue Drinking Water Partnership Spill Prevention & Response Planning Phase II. Develop a Plan with site specific spill response strategies and priorities including identification of general response strategies, prioritization of protection and staging areas, equipment needs and availability, and identification of partner responsibilities. | Enhanced Assessment Source Protection Planning Implementation | \$50,000 | \$50,000 | 2022 | 90 | 20 | 10 | 15 | 15 | 30 |
| 3 | City of Myrtle Point SWP-22-003 Coos County | Lower North Fork Riparian Restoration - Phase II Bank Stabilization. Design and installation of streambank stability enhancement modifications that will improve water quality and slow erosion along the North Fork Coquille river above the Myrtle Point drinking water intake. | Implementation | \$50,000 | \$50,000 | 2022 | 88 | 20 | 10 | 20 | 10 | 28 |
| 4 | Lincoln City SWP-22-006 Lincoln County | Lincoln City Drinking Water Protection Plan. Develop a DEQ approved drinking water source protection plan, provide for public outreach, identify protection strategies to implement, develop contingency plan, and plan for future water system needs. | Enhanced Assessment & Source Protection Planning | \$35,300 | \$35,300 | 2022 | 87 | 20 | 10 | 20 | 10 | 27 |
| 5 | Chateau MHP SWP-22-009 Marion County | Chateau Mobile Home Park Source Water Protection Regional Project. In coordination with Belle Passi Mobile Estates, & Lazy Acres Mobile Home Park, develop a DEQ approved drinking water source protection plan, provide for public outreach, conduct an enhanced potential contaminant source inventory, identify protection strategies to implement, develop contingency plan, and plan for future water system needs. | Enhanced Assessment Source Protection Planning Implementation | \$50,000 | \$50,000 | 2022 | 74 | 20 | 9 | 0 | 20 | 25 |
| | | | | \$235,300 | \$235,300 | | | | | | | |
| | | | | Total Requested | Total Fundable | | | | | | | |

Projects below funding line that met eligibility score:

| Applicant | Applicant # | Ranking Points | Project Description | Amount Requested | Fundable Amount |
|--------------------------------|-------------|----------------|--|------------------|-----------------|
| City of Oakland #1 | SWP-22-004 | 70 | Install in-stream monitoring equipment and map stormwater drain system | \$50,000 | \$37,000 |
| Woodland Mobile Home Park | SWP-22-008 | 67 | Nitrate monitoring, public education, and riparian area restoration | \$36,000 | \$6,000 |
| Klamath Falls Water Department | SWP-22-007 | 65 | Develop Drinking Water Source Protection Plan | \$50,000 | \$50,000 |
| | | | | \$50,000 | \$93,000 |
| | | | | Total Requested | Total Fundable |

Projects not eligible for funding due to low scores:

| Applicant | Applicant # | Ranking Points | Project Description | Amount Requested | Funding Amount |
|--------------------|-------------|----------------|---|------------------|----------------|
| City of Oakland #2 | SWP-22-005 | 50 | Regional stormwater mapping project with City of Canyonville and City of Elkton | \$39,000 | \$0 |

COLUMN NOTES

- (1) LOI (SWPF) column is an Applicant number assigned to the system after they submit their Letter of Interest (LOI).
- (2) Regional Development Officer / Regional Project Manager column is the Business Oregon Regional Professionals who have been assigned to the project. RDO / RPM act as the financing project managers for DWSPF funded projects.
- (3) Primary Project Focus column demonstrates the primary focus for what the DWSPF funds will be utilized for. In many cases, projects have more than one focus, but often they have one or two primary focuses for their project. This column displays that focus.
- (4) Grant Award column shows the year in which the projects were awarded. Projects are removed from PPL when funds have been committed to the project from Business Oregon. Projects may also be removed from the PPL if more than a year has transpired and Business Oregon has not been able to commit funds to the project.

Eligible DWSPF projects are placed on this PPL annually, but the PPL is updated quarterly to keep track of how much money is available for lending and to remove projects that have been awarded funds.

SFY-2023 DWSRF FFATA Reportable *Set-Aside* Contracts ≥\$30,000 ONLY

| Contracts | | Contract # (if avail.) | Fiscal Yr. - not to exceed Contract Amount | FSRS Req? | Reason if not Req? |
|--|---|---------------------------|---|-----------|--------------------------|
| Circuit Rider (Civil West) | | 174190-1 | \$ 975,000 | No | Vendor Contracts are N/A |
| Counties* 7 of 26 contracts (Annual) | Clackamas | 169503 | \$ 56,752 | Yes | |
| | Deschutes | 169509 | \$ 35,257 | Yes | |
| | Jackson | 169514 | \$ 40,555 | Yes | |
| | Josephine | 169516 | \$ 33,418 | Yes | |
| | Lane | 169519 | \$ 50,879 | Yes | |
| | Linn | 169521 | \$ 36,952 | Yes | |
| | Marion | 169523 | \$ 43,786 | Yes | |
| Dept. of Agriculture | | 169551 | \$ 25,657 | No | Federal entities are N/A |
| OAWU (\$5,965/class) | | 158366 | \$ 596,500 | No | Vendor Contracts are N/A |
| Needs Survey (HBH) | | 162617-1 | \$ 233,558 | No | Vendor Contracts are N/A |
| DWSP (Grants) | <i>Business Oregon to Manage (grants ≥\$25,000)</i> | | | Yes | |
| Only County Set-Aside FFATA TOTALS: | | | \$ 297,599 | | |

PHD-PE50 Disclaimer:

All FSRS reported *Set-Aside* contracts shown above are to be associated to CFDA: 66.468 and FAIN: 98009021 & 98009022.

FFATA reporting threshold from March 1, 2011 through September 30, 2015 was \$25,000. Since October 1, 2015, the threshold became \$30,000 (Per OMB Guidance issued on 08/27/10; Prime Grant Recipient FFATA reporting threshold, remains at \$25,000).

APPENDIX B: Supporting Documents

- Annual LOI Status List (2022)
- Basic SDWRLF Financing Details (2022)
- Grant Allotment Use Summary (2022)
- Cost Allocation & Other Payroll Expense Letters (3)

QUARTERLY Letter of Interest (LOI) STATUS List



| SFY Grant: | | 2022 | | | | | | | | | | | | | |
|---------------------------|--------|------------|-----------------|---------------|-------------|------------------------------------|--------------|---------------------|--|---|---|---|---------------------------------|--------------------|--|
| System | SD # | County | Submitted (Y/N) | Qtr. / Yr.*** | Rated (Y/N) | DWS Staff Rev. & Appr./Dec.? (Y/N) | Ranked (Y/N) | Placed On PPL (Y/N) | EPA Reviewed & Approved PPL (Y/N) & DATE | (i check) "Exclusions" (Susten/Debar) in SAM.gov? (Y/N) | Rated Form Letter Response Sent to BizOR? (Y/N) | Committed/Funded Projects Removed from PPL for Q? (Y/N)** | Published Public Notice (DATE)* | DWS Regional Staff | |
| City of Jacksonville | 21-324 | Jackson | Y | 4Q2021 | Y | Y | Y | Y | Y / 7-19-21 | N | Y | 4Q2021 / Y | Jul-21 | Zach | |
| Sportsmans Park Water | 21-325 | Wasco | Y | 4Q2021 | Y | Y | Y | Y | Y / 7-19-21 | N | Y | 4Q2021 / Y | Jul-21 | Michelle | |
| McNulty Water PUD | 21-326 | Columbia | Y | 4Q2021 | Y | Y | Y | Y | Y / 7-19-21 | N | Y | 4Q2021 / Y | Jul-21 | Pete | |
| Crescent Water Supply | 21-327 | Klamath | Y | 4Q2021 | Y | Y | Y | Y | Y / 7-19-21 | N | Y | 4Q2021 / Y | Jul-21 | Russ | |
| TVWD | 21-328 | Washington | Y | 4Q2021 | Y | Y | Y | Y | Y / 7-19-21 | N | Y | 4Q2021 / Y | Jul-21 | Nicole | |
| City of Nehalem | 21-329 | Tillamook | Y | 4Q2021 | Y | Y | Y | Y | Y / 7-19-21 | N | Y | 4Q2021 / Y | Jul-21 | Evan | |
| City of Willamina | 21-330 | Yamhill | Y | 4Q2021 | Y | Y | Y | Y | Y / 7-19-21 | N | Y | 4Q2021 / Y | Jul-21 | Nicole | |
| City of Hillsboro | 21-331 | Washington | Y | 4Q2021 | Y | Y | Y | Y | Y / 7-19-21 | N | Y | 4Q2021 / Y | Jul-21 | Nicole | |
| City of Donald | 21-332 | Marion | Y | 4Q2021 | Y | Y | Y | Y | Y / 7-19-21 | N | Y | 4Q2021 / Y | Jul-21 | Chantal | |
| Glide Water Assoc. | 22-333 | Douglas | Y | 1Q2022 | Y | Y | Y | Y | Y / 10-13-21 | N | Y | 1Q2022 / Y | Oct-21 | Rebecca | |
| Whispering Pines MHV | 22-334 | Jackson | Y | 1Q2022 | Y | Y | n/a | Y | Y / 9-15-21 | N | n/a | 1Q2022 / Y | n/a | Zach | |
| Sunset Hills Domestic | 22-335 | Crook | Y | 1Q2022 | Y | Y | Y | Y | Y / 10-13-21 | N | Y | 1Q2022 / Y | Oct-21 | Michelle | |
| City of Fairview | 22-336 | Multnomah | Y | 2Q2022 | Y | Y | Y | Y | Y / 1-26-22 | N | Y | 2Q2022 / Y | Jan-22 | Carrie | |
| City of Detroit | 22-337 | Marion | Y | 2Q2022 | Y | Y | n/a | Y | Y / 12-29-21 | N | n/a | 2Q2022 / Y | Jan-22 | Chantal | |
| City of Grants Pass | 22-338 | Josephine | Y | 2Q2022 | Y | Y | Y | Y | Y / 1-26-22 | N | Y | 2Q2022 / Y | Jan-22 | Zach | |
| Burlington Water District | 22-339 | Multnomah | Y | 2Q2022 | Y | Y | Y | Y | Y / 1-26-22 | N | Y | 2Q2022 / Y | Jan-22 | Carrie | |
| City of Arch Cape | 22-363 | Clatsop | Y | 3Q2022 | Y | Y | Y | Y | Y / 6-23-22 | N | Y | 3Q2022 / Y | Jun-22 | Pete | |
| City of Astoria | 22-361 | Clatsop | Y | 3Q2022 | Y | Y | Y | Y | Y / 6-23-22 | N | Y | 3Q2022 / Y | Jun-22 | Pete | |
| City of Boring | 22-362 | Clackamas | Y | 3Q2022 | Y | Y | Y | Y | Y / 6-23-22 | N | Y | 3Q2022 / Y | Jun-22 | Keith | |
| City of Cannon Beach | 22-354 | Clatsop | Y | 3Q2022 | Y | Y | Y | Y | Y / 6-23-22 | N | Y | 3Q2022 / Y | Jun-22 | Pete | |
| Canyon City | 22-342 | Grant | Y | 3Q2022 | Y | Y | Y | Y | Y / 6-23-22 | N | Y | 3Q2022 / Y | Jun-22 | Bill / Amy | |
| City of Carlton | 22-360 | Yamhill | Y | 3Q2022 | Y | Y | Y | Y | Y / 6-23-22 | N | Y | 3Q2022 / Y | Jun-22 | Nicole | |
| City of Corvallis | 22-351 | Benton | Y | 3Q2022 | Y | Y | Y | Y | Y / 6-23-22 | N | Y | 3Q2022 / Y | Jun-22 | Shawn | |
| City of Dallas | 22-359 | Polk | Y | 3Q2022 | Y | Y | Y | Y | Y / 6-23-22 | N | Y | 3Q2022 / Y | Jun-22 | Michelle | |
| Eastmont Water Co. | 22-348 | Clackamas | Y | 3Q2022 | Y | Y | Y | Y | Y / 6-23-22 | N | Y | 3Q2022 / Y | Jun-22 | Keith | |
| City of Estacada | 22-357 | Clackamas | Y | 3Q2022 | Y | Y | Y | Y | Y / 6-23-22 | N | Y | 3Q2022 / Y | Jun-22 | Keith | |
| City of Falls City | 22-358 | Polk | Y | 3Q2022 | Y | Y | Y | Y | Y / 6-23-22 | N | Y | 3Q2022 / Y | Jun-22 | Michelle | |
| City of Gaston | 22-364 | Washington | Y | 3Q2022 | Y | Y | Y | Y | Y / 6-23-22 | N | Y | 3Q2022 / Y | Jun-22 | Nicole | |
| City of Hillsboro | 22-341 | Washington | Y | 3Q2022 | Y | Y | Y | Y | Y / 6-23-22 | N | Y | 3Q2022 / Y | Jun-22 | Nicole | |
| City of Hubbard | 22-353 | Marion | Y | 3Q2022 | Y | Y | Y | Y | Y / 6-23-22 | N | Y | 3Q2022 / Y | Jun-22 | Chantal | |
| City of Independence | 22-352 | Polk | Y | 3Q2022 | Y | Y | Y | Y | Y / 6-23-22 | N | Y | 3Q2022 / Y | Jun-22 | Michelle | |
| City of Klamath Falls | 22-347 | Klamath | Y | 3Q2022 | Y | Y | Y | Y | Y / 6-23-22 | N | Y | 3Q2022 / Y | Jun-22 | Russ | |
| Lincoln County PUD | 22-344 | Lincoln | Y | 3Q2022 | Y | Y | Y | Y | Y / 6-23-22 | N | Y | 3Q2022 / Y | Jun-22 | Amy B. | |
| City of Paisley | 22-346 | Lake | Y | 3Q2022 | Y | Y | Y | Y | Y / 6-23-22 | N | Y | 3Q2022 / Y | Jun-22 | Russ | |
| City of Pendleton | 22-356 | Umatilla | Y | 3Q2022 | Y | Y | Y | Y | Y / 6-23-22 | N | Y | 3Q2022 / Y | Jun-22 | Bill / Amy | |
| City of Powers | 22-345 | Coos | Y | 3Q2022 | Y | Y | Y | Y | Y / 6-23-22 | N | Y | 3Q2022 / Y | Jun-22 | Kent | |
| Scravel Hill Water Coop | 22-350 | Linn | Y | 3Q2022 | Y | Y | Y | Y | Y / 6-23-22 | N | Y | 3Q2022 / Y | Jun-22 | Amy B. | |
| City of Umatilla | 22-355 | Umatilla | Y | 3Q2022 | Y | Y | Y | Y | Y / 6-23-22 | N | Y | 3Q2022 / Y | Jun-22 | Bill / Amy | |
| Zigzag Water Coop | 22-349 | Clackamas | Y | 3Q2022 | Y | Y | Y | Y | Y / 6-23-22 | N | Y | 3Q2022 / Y | Jun-22 | Keith | |

*** LOI's that are submitted AFTER the current DWSRF Cap Grant application has been submitted to the EPA will be applied to the PPL, but not included with the existing Cap Grant application. This would typically apply to new LOI's submitted in the months of April - June annually (depending on when the grant application is submitted). These LOIs would then be rated/ranked and considered for the following grant phase cycle.

** Semi-Annual, check in PBR database and with Business Oregon on which projects referenced in the PPL have recently had DWSRF funds committed to their projects, therefore, can be removed from the PPL.

* The months following the end of our new semi-annual LOI submission deadlines (i.e., September 15th and March 15th), the PPL will be published for public comments. For example, the semi-annual dates include:

(Q1) July - Sept [OCT] (Q2) Oct - Dec [JAN] (Q3) Jan - March [APRIL] (Q4) April - June [JULY]

In order for an LOI to be included in a public notice, the LOI must be submitted no later than the 15th of the month prior to the public notice (i.e., Sept 15 & March 15) or the closest work day if those days fall on a weekend. Once the Tech Staff have met and made their final LOI rating determinations, the LOI is finally added to the PPL and published as soon as possible. Once the quarterly public notice ends, forward the updated "Combined" (fundable & comprehensive) PPL to Business Oregon to begin the funding process.

| | |
|--|-------------------------------------|
| | Withdraw / Ineligible |
| | Emerg. & Env. Justice Projects ONLY |
| | General Infrs. & Resiliency |

| DWSRF Public Notice Policy <i>(revised 09-15-21)</i> | |
|--|-------------------------|
| Project Type: | Days Published* |
| Infrastructure (non-emergency loans) | 10 |
| Infrastructure (Emergency loans) | N/A** |
| DWSP (non-emergency grants and/or loans) | 10 |
| DWSP (Emergency grants only) | N/A** |
| DWSP (Emergency grants with loans) | grant: N/A** & loan: 10 |
| SIPP (non-emergency forgivable loans) | 10 |
| SSEA (non-emergency forgivable loans) | 10 |
| Environmental Justice (non-emergency forgivable loans) | 10 |
| * Days published is a requirement that must occur prior to the project moving forward in the funding process | |
| ** Emergency projects <u>do not</u> require a public notice for comments | |



Safe Drinking Water Revolving Loan Fund Financing Details 2022

I. Purpose and Background

The purpose of this document is to provide information on Safe Drinking Water Revolving Loan Fund (SDWRLF) financing terms and policies.

The SDWRLF is a federal funding program through the Environmental Protection Agency (EPA) that provides below market interest rates and forgivable loan awards for drinking water infrastructure projects. The SDWRLF is administered by Business Oregon's Infrastructure Finance Authority (IFA). Oregon Health Authority (OHA) has a role of prioritizing project proposals for funding. The SDWRLF is the loan fund of Oregon's Drinking Water State Revolving Fund (DWSRF). OHA applies annually to EPA for DWSRF capitalization grants.

[Please refer to the SDWRLF Handbook for more program details.](#)

NOTE: These financing details apply to the base SDWRLF program and not the Bipartisan Infrastructure Law funding for which financing details will differ.

II. Loan Limits and Project Prioritization

To access SDWRLF funding water systems must first submit a Letter of Interest (LOI). After each LOI review deadline, LOIs are rated and ranked by OHA. All eligible projects that are rated and ranked by OHA are combined to form the Project Priority List (PPL). Those infrastructure projects that address a risk to human health and ensure compliance with the Safe Drinking Water Act receive the highest rating and are placed on the "Health/Compliance/Consolidation Projects" PPL. Lower priority, eligible projects are not rated or ranked and are placed on the "General Infrastructure & Resiliency Projects" PPL.

The PPL is used by Business Oregon to prioritize the invitation of funding applications for those water systems ready to proceed. The projects ranked highest on the PPL receive funding priority with consideration given to readiness to proceed. Business Oregon may limit funding of projects on the "General Infrastructure & Resiliency Projects" PPL or otherwise limit the amount of funding offered. When program funds are sufficient, all eligible projects on OHA's PPL may proceed in the funding process regardless of rating or ranking.

While there is no statutory maximum limit on the size of a funding award, the priority of the SDWRLF is to fund human health and compliance related drinking water infrastructure needs across the state. Based on fund availability and program demand, Business Oregon may offer a lower amount of assistance than requested. In those cases when a lower funding award is offered, Business Oregon staff may facilitate exploration of other state and federal funding opportunities. For more information contact a Business Oregon Regional Development Officer (RDO).

Awards of \$3 million and above are subject to review by the [IFA Board](#). Awards of \$6 million and above must be approved by the Oregon Health Authority's [Drinking Water Advisory Committee](#) (DWAC).

III. Disadvantaged Communities

Business Oregon must track and report to EPA any subsidy (forgivable loan) provided to disadvantaged communities. For the DWSRF, EPA tasks each state with establishing a definition of "disadvantaged community." Disadvantaged community under the [SDWA](#) section 1452(d) means the service area of a public water system that meets affordability criteria. The following are criteria used to determine disadvantaged community status:

- a. **MHI Below the state average:** A disadvantaged community is a public water system that has a service area with a Median Household Income (MHI) below the state average.
- b. **Consolidation or Elimination of Non-Viable Public Water Systems:** Within the context of this activity, a disadvantaged community is defined as a community served by a public water system that lacks capacity as defined by the SDWA, Sections 1420 and 1452 (a)(3). Principal forgiveness loans and reduced interest/expanded term loans will be made to the most appropriate public water system having capacity that is willing to take over a failing disadvantaged community water system.
- c. **Emergency Projects:** Projects that are determined to be emergencies by OHA may be given disadvantaged community status, provided the project meets certain characteristics as described in the SDWRLF Handbook.

If a community is determined to be disadvantaged, additional forgivable loan and reduced interest rate may be available pending assessment of water rates through the rate impact review process.

IV. Rate Impact Review

Business Oregon targets forgivable loan and reduced interest rate to those communities least able to afford the improvements. Business Oregon calculates the user rate impact of the project by multiplying the water system's service area MHI by 1.25% and dividing by 12 (months). This "**threshold rate**" is compared to the monthly residential water charge per equivalent dwelling unit (EDU) during a Business Oregon financial review. The MHI is based on the 5-Year American Community Survey (ACS) figure for the city or other more appropriate census statistical unit (e.g., census tract and/or block group) that is representative of the water system's users. To ensure consistency, Business Oregon uses an EDU or a standard unit of water demand equal to one single family residence which consumes 7,500 gallons of water per month to determine whether water rates are high and exceed what is considered affordable.

V. Interest Rates

A below market interest rate ranging from eighty percent (80%) of the Business Oregon direct rate to 1% is offered depending on community MHI and monthly user rates. Disadvantaged communities that are determined through rate impact review to be faced with rates in exceedance of the threshold rate receive a 1% interest rate. Loan interest rate is set when a complete funding application is received by Business Oregon.

VI. Loan Term Length

A loan term length of up to 30 years may be awarded but shall not exceed the expected useful life of the improvements funded in the project. The term of a loan for a planning or design-only project shall not exceed ten years. Loan repayment must begin within one year of project completion.

VII. Loan Fee

A 1.5% origination fee is included as a part of the loan principal for borrowers determined to be non-disadvantaged communities. The loan fee moneys are used for Business Oregon administrative expenses.

The loan fee is financed as part of the funding award and the transfer of fee monies occurs during the first disbursement of project funds. To make the loan fee neutral to borrowers, the loan interest rate is reduced to offset the impact of the fee over the loan term length. The fee is non-refundable even if not all project funds are utilized.

VIII. Forgivable Loan Overview

A forgivable loan award, also known as principal forgiveness, are loan awards that are forgiven if a project is completed consistent with contract terms. A forgivable loan is like a grant with conditions. EPA characterizes forgivable loan awards as “subsidy” and limits the amount that can be awarded each year. Forgivable loan awards are subject to annual availability based on federal subsidy limitations identified in annual program capitalization grants to the State.

Forgivable loan awards are available for all SDWRLF funded projects. Increased amounts may be provided to eligible water systems to assist with water rate affordability, health/compliance projects, and water system consolidation. There are forgivable loan awards available to all projects to hire professionals for labor standards compliance and to assist with meeting federal requirements. These special forgivable loan allocations are captured in the SDWRLF funding contract as special budget line items. Projects for disadvantaged communities with high water rates are eligible for increased forgivable loan awards. The standard approach by which forgivable loans are awarded to projects is outlined in the various forgivable loan categories.

IX. Forgivable Loan Categories

Forgivable loan may be capped at either a maximum dollar amount or maximum percentage of the project’s total cost, whichever is lower. The forgivable loan categories and amounts are subject to change based on annual availability and federal subsidy limitations. Not considering the special subsidized budget line items, the maximum amount of forgivable loan per funding award is \$500,000 for those water systems with an MHI of 81-99% of the statewide average, and \$650,000 for those water systems with an MHI of 80% or less of the statewide average. The Affordability Assistance forgivable loan category is dependent on Business Oregon rate impact review findings.

| Forgivable Loan Category | Max \$ Per Project | Max % of Total Project Cost |
|--|---------------------------|------------------------------------|
| All Projects Serving a Population of less than 10,000 | \$100,000 | 10% |
| Health/Compliance Projects | \$150,000 | 25% |

| | | |
|--|------------------|------------|
| Affordability Assistance (81-99% of statewide average MHI) | \$500,000 | 50% |
| Affordability Assistance (80% or less of statewide average MHI) | \$650,000 | 50% |
| <u>Special Subsidized Budget Line Items</u> | | |
| Labor Standards Compliance Assistance | \$15,000* | |
| Federal Requirements Assistance | \$15,000* | |
| *These budget line items are subtracted from total project cost for the purposes of forgivable loan category calculations. | | |

X. Forgivable Loan Category Detail

All Projects Serving a Population of Under 10,000: May be awarded forgivable loan of up to 10% of the total award, not to exceed \$100,000.

Health and Compliance Projects: Any project placed on OHA’s Health/Compliance/Consolidation project priority list may be awarded forgivable loan of up to 25% of the total award, not to exceed \$150,000.

Affordability Assistance: Affordability assistance forgivable loan is available to disadvantaged communities that are faced with high water rates as determined by Business Oregon rate impact review. Applying Affordability Assistance shall not result in water rates lower than the threshold rate calculated during the Business Oregon rate impact review process. Water systems with a service area MHI between 81-99% of statewide average MHI are eligible for a forgivable loan award of up to \$500,000 or 50% of project cost (whichever is less). Water systems with a service area MHI of 80% or less of statewide average MHI are eligible for a forgivable loan award of up to \$650,000 or 50% of project cost (whichever is less).

Special Subsidized Budget Line Items: Labor Standards Compliance and Federal Requirements Assistance special budget line items help SDWRLF recipients adhere to funding requirements. Professionals hired for this role act as a liaison between the funding recipient and the Business Oregon Regional Project Manager. Generally, a contractor other than the engineer of record is hired for this role. More detail about what is allowed under these forgivable loan budget line items is as follows:

- a. **Labor Standards Compliance:** The Davis-Bacon Act, as amended, and its related acts, refer to the requirement to pay the prevailing wage rate for work on projects that receive federal funding. Eligible costs associated with adhering to Davis-Bacon Labor Standards Compliance for construction projects may be awarded forgivable loan for up to 100% of actual costs, not to exceed \$15,000.
- b. **Federal Requirements Assistance:** Eligible costs for administration of applicable federal provisions may be awarded principal forgiveness for up to 100% of actual costs, not to exceed \$15,000. Activities eligible for this budget line items are as follows:
 - American Iron and Steel tracking and compliance.
 - Build America-Buy America tracking and compliance.

- Procurement and contracting.
- Compliance with EPA's Disadvantaged Business Enterprise Program including documenting the required Six Good Faith Efforts.
- Other costs associated with federal requirement compliance as approved by Business Oregon.

XI. Amendments to Increase Award

In the case of a request to increase funding award for an existing project through a contract amendment, the following policies exist:

- Fund Availability.** An amendment for increased award will only be provided if there are adequate SDWRLF funds to accommodate the request and if the borrower is able to meet financial criteria upon agency review. In the case of inadequate SDWRLF funds to accommodate the request Business Oregon staff may facilitate exploration of other state and federal funding opportunities to address the unmet funding need.
- Interest Rate.** The interest rate for the increased funding amount shall be the same rate applied to the original loan award.
- Forgivable Loan.** Additional forgivable loan may be considered for an amendment to increase award. The forgivable loan caps and categories in place at the time of amendment will be used to determine additional forgivable loan award and the forgivable loan award may not exceed 50% of increased award amount.
- Loan Fee.** For those projects subject to the loan fee an increased award amount will also increase the loan fee budget line item.
- IFA Board and DWAC:** Depending on the amount of additional funds requested, approval by the IFA Board and/or the Drinking Water Advisory Committee may be required prior to increased funding award.

XII. Policies Regarding Deviation from Standard Subsidy Approach

Forgivable loan awards typically conform to the categories described in this document. Deviations (increases or reductions) to the forgivable loan categories may be made based on the following factors and in consultation with OHA:

- Restructuring, consolidation, or regionalization potential
- Community affordability
- Public health risk
- Projects that address a Governor declared emergency
- Projects that are identified as an environmental justice project, emergency project, or otherwise characterized on OHA's Project Priority List as an urgent priority.
- Water system purchases (purchase price may not be subsidized)
- Business Oregon may limit the amount of forgivable loan a single entity may receive through multiple SDWRLF funding awards. Unless otherwise allowed by Business Oregon, an entity may not be awarded a subsequent forgivable loan award until two years has elapsed from date of SDWRLF contract execution.

- This policy does not preclude an entity from receiving a SDWRLF loan or impact subsidized interest rate.
- Amendments to existing awards (XI, c) are not subject to this policy.
- Exception may be made based on factors including i.- v. of this section or based on Business Oregon need to remain in compliance with EPA requirements for awarding subsidy.
- This policy does not apply to technical assistance forgivable loan awarded through the Sustainable Infrastructure Planning Projects program funded through SDWRLF.

The 2022 State of Oregon's (base) DWSRF Program EPA Grant Allotment Use Summary

| GRANT APPLICATION TOTALS | | | |
|---|--------------------|-------------------|--|
| (1.) FFY-2022 appropriation (\$9,220,000); (2.) State Match total (\$1,844,000) | | | |
| Combined total (\$11,064,000) | | | |
| Program use of Grant Funding | Federal Funds | Percent of Grant* | State Match Funds (total must equal 20% appropriation) |
| Project Loans for Water Systems: (AC:0254) EPA Site Project Code: DA CARVE-OUTS for: <ul style="list-style-type: none"> • "Green Project Reserve" (GPR) projects ***No longer a mandatory requirement - Optional*** • <u>Sustainable Infrastructure Planning Program (SIPP)</u> • <u>Small System Equipment Assistance (SSEA)</u> <i>(temporarily postponed)</i> • "Principle Forgiveness" (additional subsidy) projects requires: \$1,290,800 (14% min.) of FFY2022 allotment. Extra required 12% - 35% to be used for disadvantaged. | \$6,763,446 | 73.36% | \$1,844,000 |
| Set-Aside Activities: (maximum = 31%) 1 - <u>Administrative Exp.</u> (Business OR. & OHA) (1/5% of 1% of fund value, 4%, or 400K - per WIIN) (up to 4%) (AC: 0250) EPA Site Project Code: DD | \$368,800 | 4.00% | \$0 |
| 2 - <u>Small System Technical Assistance</u> (CR) (up to 2%) (AC:0251) EPA Site Project Code: DE | \$334,400 | 3.63% | \$0 |
| 3 - <u>State Program Management</u> (County and DOA support for sanitary surveys, non-compliance resolution & other water system support activity) (up to 10%) (AC:0253) EPA Site Project Code: DF | \$922,000 | 10.00% | \$0 |
| 4 - <u>Local Assistance & Other State Programs</u> (up to 15%) EPA Site Project Code: DGD <ul style="list-style-type: none"> • IMPLEMENTATION OF PROTECTION = \$25,000 (0.27%) (DEQ, Tech Asst, GIS, Training & Support) (AC:0252) • EPA Site Project Code: DGC WATER SYSTEM CAPACITY DEVELOP = \$590,080 (6.40%) (Technical, Managerial, Financial skill building assistance to Water System Operators) (AC:0255) • EPA Site Project Code: DGB DRINKING WATER SOURCE PROTECTION = \$216,274 (2.34%) (Loans & grants for Source Protection Projects paid out of the DWSP Fund) (AC:0256) | \$831,354 | 9.01% | \$0 |
| TOTAL USE OF GRANT FUNDS | \$9,220,000 | 100.00% | \$1,844,000 |

Disclaimer ≥15% of the SDWRLF monies, "must" be awarded to Small Public Water Systems (10,000 or fewer people) each year.

If it's not at the 15% mark, then "only" these small systems will be considered until this federal requirement is met.

On December 2016, the Water Infrastructure Improvement for the Nation (WIIN) Act was developed and included key provisions.

One of these key provisions includes, Subtitle A (§2103) for "Safe Drinking Water" which states:

SDWA §1452(g)(2) Set-aside language is revised to remove the overmatch for the 10% set-aside and change the 4% administrative

set-aside to be "equal to the sum of any state fees collected and the greatest of \$400,000, 1/5% of the current fund value (2021 Total Net Position = \$312,116,326),

and an amount equal to 4% of all grants awarded to the fund under this section for the fiscal year." These funds will also be subtracted from the Loan Fund to balance

the increased Set-aside amount when applicable.

On October 2018, the America's Water Infrastructure Act (AWIA) provided provisions to the existing SDWA §2015 (c) for "Assistance for Disadvantaged

Communities." The Section requires states to use at least 12% (from 6% to 12% per BIL Imp Memo), but no more than 35% of the capitalization

grant amount for additional subsidy for state-defined Disadvantaged Communities.

As authorized under EPA's DWSRF Interim Final Rule, 40 CFR, Section 35.3540 (d), Oregon plans to draw \$150,000 from our "banked" (reserved)

Technical Assistance set-aside. These funds will only increase this set-aside and decrease the Loan Fund by \$150,000. The 2022 (base) annual capitalization grant

application reflects these changes.



OREGON STATE PUBLIC HEALTH DIVISION
Office of the State Public Health Director

Kate Brown, Governor

Oregon
Health
Authority

800 NE Oregon Street, Suite 930
Portland, OR 97232
Phone: 971-673-1229
Fax: 971-673-1299

Date: June 30, 2022

To: All Oregon Public Health Division Grantors

Subject: Oregon Public Health Division Indirect Cost Allocation Rate

The Oregon Health Authority, Public Health Division operates under a federally approved cost allocation plan in lieu of an indirect rate agreement for administrative overhead costs. This agency-level cost allocation plan is approved by the Department of Health and Human Services, Cost Allocation Services (DHHS-CAS).

For the period of July 1, 2022 through June 30, 2023, the assumed rate of indirect cost allocation for Public Health programs is 18.06% of direct personal services and services and supplies. This is the indirect percentage built into grant proposals for this period.

The Oregon Health Authority, Public Health Division is in the process of compiling a proposal to DHHS-CAS regarding a formal indirect cost rate agreement. If a rate is approved during the period, the indirect cost allocation percentage may change to reflect the new rate.

Very truly yours,

Nadia Davidson, MPH, MSF
Director of Finance
Oregon Health Authority, Public Health Division



August 10, 2022

To: Any Concerned Parties

RE: Updated Oregon Health Authority Other Payroll Expenses 2021-23 Estimate

The current estimated Other Payroll Expense (OPE) rate for the 2021-23 biennium (from July 1, 2021 through June 30, 2023) for the Oregon Health Authority (OHA), Public Health Division (PHD) is 52.45%. OPE factors are prescribed and updated periodically by Oregon's Department of Administrative Services and are costs in addition to salary for State of Oregon employees. The current estimated OPE rate is based on a combination of total budgeted salaries and OPE and actual average OPE costs for all positions within PHD.

Actual OPE rates vary based upon the salary of the individual. Therefore, the rate is a blended estimate of actual OPE costs and the fixed rates (e.g., flex or health benefits) that do not change based upon the salary of the individual. Other costs like PERS benefits vary based upon salary. Below is the OPE detail.

Variable OPE Costs:

- Public Employees Retirement System (PERS): 17.13% of salary
- PERS Pension Bonds (POB): 5.60% of salary
- Social Security and Medicare: 7.65% of salary

Fixed OPE Costs:

- Employee Relations Board (ERB): \$2.40 per month
- Worker's Compensation: \$1.91 per month
- Flex Benefits (Health Insurance): \$1,593 per month

Sincerely,

Nadia Davidson, MPH, MSF
Director of Finance
OHA-Public Health Division



June 15, 2021

Shawn Jacobsen, Controller
DHS/OHA Shared Services
Office of Financial Services
500 Summer St. NE, E-31
Salem, OR 97301

Dear Ms. Jacobsen:

This letter provides approval of the Oregon Health Authority Cost Allocation Plan (Plan) which was submitted by letter dated September 30, 2020, and subsequently revised electronically on February 2, 2021. This Plan, which was submitted in accordance with 45 CFR 95, Subpart E, is effective July 1, 2020.

Acceptance of the actual costs in accordance with the approved Plan is subject to the following conditions:

1. The information contained in the Plan and provided by the State in connection with our review of the Plan is complete and accurate in all material respects.
2. The actual costs claimed by the State are allowable under prevailing cost principles, program regulations and law.
3. The claims conform with the administrative and statutory limitations against which they are made.

This approval relates only to the methods of identifying and allocating costs to programs, and nothing contained herein should be construed as approving activities not otherwise authorized by approved program plans or Federal legislation and regulations.

Implementation of the approved cost allocation plan may subsequently be reviewed by authorized Federal staff. The disclosure of inequities during reviews may require changes to the Plan.

If you have any questions concerning the contents of this letter, please contact Karen Wong of my staff at 415-437-7835. Please submit your next proposed Plan amendment electronically via email to CAS-SF@psc.hhs.gov.

Sincerely,

Arif M. Karim -S Digitally signed by Arif M. Karim -S
Date: 2021.06.17 06:30:24 -05'00'

Arif Karim, Director
Cost Allocation Services

cc: Terrence Perry, CDC
Elizabeth Naftchi, HRSA

Todd McMillion, CMS
Jack Goldberg, SAMHSA

Francisco Lebron, FNS

APPENDIX C: Timely & Expeditious Use of Funds

- Sources & Uses Table

SOURCES & USES TABLE

| | | | |
|------------------|--|----------------------|-----------------|
| SFY 2022: | Beginning Cash Balance (Includes All SRF Sources) | 148,773,622 | 148.77 |
| | Current Revenues & Expenditures: | | |
| | SRF Fund Loan Repayments | 10,607,600 | 10.61 |
| | SRF Fund Interest Earnings on Invested Funds | 2,434,759 | 2.43 |
| | Revolving Fund Disbursements | (8,536,095) | (8.54) |
| | State Match Disbursements | (2,895,904) | (2.90) |
| | Federal Disbursements | (9,674,479) | (9.67) |
| | Net Cash Revenue / (Expenditures) | (8,064,119) | (8.06) |
| | Ending State Match Balance | - | - |
| | Ending Undrawn Federal Funds (All Years) | - | - |
| | Total Cash Available (As of IUP) | 140,709,503 | 140.71 |
| | Commitments: | | |
| | Executed Contracts | (83,783,524) | (83.78) |
| | Pending Contract Execution | (28,106,519) | (28.11) |
| | Intakes & Department Applications | (18,067,415) | (18.07) |
| | Total Commitments (As of IUP) | (129,957,458) | (129.96) |
| | Project Priority List (Not Listed Above) | (333,832,511) | (333.83) |
| | Ending SRF Fund Availability (As of IUP) | (323,080,466) | (323.08) |
| | Ending Balance Summary: | | |
| | Ending Cash Balance | 140,709,503 | 140.71 |
| | SRF Funds Available | (323,080,466) | (323.08) |
| SFY 2023: | Beginning Cash Balance (Includes All SRF Sources) | 140,709,503 | 140.71 |
| | Projected Revenues: | | |
| | Loan Capitalization (State Match & Federal) | 12,615,726 | 12.62 |
| | Interest Earnings on Invested Funds (thru 6/30/23) | 2,239,978 | 2.24 |
| | Scheduled Loan Repayments (thru 6/30/23) | 14,345,487 | 14.35 |
| | Estimated Repayments from Projects Soon to be Completed (thru 6/30/23) | 1,246,851 | 1.25 |
| | Total Future Recapitalization & Revenues | 30,448,042 | 30.45 |
| | Projected Expenses: | | |
| | Projected Disbursements (Committed Projects) | (29,324,233) | (29.32) |
| | Projected Disbursements (Pending List) | (7,026,630) | (7.03) |
| | Projected Disbursements (Intakes & Applications) | (5,420,225) | (5.42) |
| | Total Project Expenses | (41,771,088) | (41.77) |
| | Net Increase / (Decrease) in Cash | (11,323,045) | (11.32) |
| | Ending Balance Summary: | | |
| | Estimated Ending Cash Balance | 129,386,458 | 129.39 |
| | Remaining Commitments From Prior Years | (422,018,881) | (422.02) |
| | Estimated LOI's & Ready to Proceed Projects | (191,120,000) | (191.12) |
| | Estimated Ending SRF Fund Availability | (483,752,423) | (483.75) |

Executed Contracts

| Client | Short Description | Lenders Loan # | Remaining to Draw |
|---------------------------|---|----------------|------------------------|
| Angler's Cove Shady Cove | Emergency Backup Generator | R21007 | 45,090.00 |
| Christmas Valley Domestic | Water System Improvements | S22008 | 1,660,761.00 |
| City of Adair Village | Adair Village Hospital Hill Waterline Replacement | S22007 | 655,690.00 |
| City of Amity | Salt Creek Bridge Water Transmission Main | S20014 | 1,093,801.00 |
| City of Ashland | New 2.5 MG Water Treatment Plant | S16021 | 12,262,274.00 |
| City of Banks | Banks Water Supply Development - Phase 1 | S20011 | 6,231.00 |
| City of Banks | Capital Improvement Project | S18006 | 411,332.00 |
| City of Beaverton | Aquifer Storage and Recovery (ASR) Well No. 5 | S15006 | 748,021.00 |
| City of Brookings | Water System Upgrades | S22005 | 4,077,519.00 |
| City of Cannon Beach | Water Meter Replacements | S20003 | 327,272.00 |
| City of Cannon Beach | Backbone Resiliency Project Phase 1 | S22002 | 586,000.00 |
| City of Chiloquin | Water System Design / Construction | S17021 | 2,088,700.00 |
| City of Coburg | Water System Improvements | S19007 | 4,498,230.00 |
| City of Columbia City | Reservoir and Distribution Line Improvements | S17032 | 45,500.00 |
| City of Detroit | Distribution System Replacement | S18013 | 211,864.00 |
| City of Gold Beach | Gold Beach Raw Water Treatment Plant Improvements | S20001 | 2,244,736.00 |
| City of Haines | Water System Distribution Improvements | S21018 | 1,214,000.00 |
| City of Hines | Water System Improvements | S18014 | 797,351.00 |
| City of Jefferson | Water Treatment Plant | S18001 | 1,042,917.00 |
| City of La Pine | Water System Improvements | S17027 | 2,000,000.00 |
| City of Mill City | Replacement of Waterlines and Meters | S21004 | 1,917,596.00 |
| City of Mitchell | Water System Preliminary Engineering Report | S20013 | 20,000.00 |
| City of North Plains | Reservoir & Pump Station Improvements | S19005 | 1,030,506.00 |
| City of Oakland | Seismic Risk Assessment and Mitigation Plan | S21003 | 11,000.00 |
| City of Oakridge | Well No. 2 Improvements | S22006 | 260,000.00 |
| City of Pendleton | Water System Improvements - Final Design & Constr | S17018 | 4,000,000.00 |
| City of Pendleton | Water System Improvements - Final Design & Constr | S17018 | 8,428,970.00 |
| City of Rogue River | Water Infrastructure Projects | S21014 | 3,634,209.00 |
| City of Rufus | Well Feasibility Study | S21016 | 20,000.00 |
| City of Sodaville | Well #6 and 75,000 Gallon Reservoir | S18003 | 567,000.00 |
| City of Sutherlin | Nonpareil Water Treatment Plant Improvements | S19026 | 2,946,655.00 |
| City of The Dalles | Dog River Pipeline Replacement Project | S21013 | 4,030,000.00 |
| City of Turner | Seismic Risk Assessment and Mitigation Plan | S19012 | 1,462.00 |
| City of Union | Water Rate Study | S20015 | 4,644.00 |
| City of Unity | Water System Study 2019 | S19021 | 20,000.00 |
| City of Warrenton | NW Warrenton Dr Transmission Main Replacement | S17012 | 1,645,000.00 |
| Crescent Water Supply and | Seismic Risk Assessment & Mitigation Plan | R22002 | 20,000.00 |
| Crescent Water Supply and | Water Master Plan and Drill a New Well | R22003 | 793,954.00 |
| Crystal Springs Water Dis | Parkdale Water Company Acquisition Feasibility Stud | S20020 | 20,000.00 |
| Crystal Springs Water Dis | Odell Water Consolidation | S19003 | 661,825.74 |
| Crystal Springs Water Dis | South Reservoir | S19002 | 824,846.00 |
| Crystal Springs Water Dis | Mid-Valley Reservoir | S17013 | 1,266,151.00 |
| East Yamhill Rural Water | Master Plan/Asset Mngmt Plan /Leak Detection Study | R17010 | 20,000.00 |
| Falcon Cove Beach Water D | Water Production Capacity Increase | S20010 | 88,825.00 |
| Falcon Heights Water & Se | Water System Preliminary Engineering Report | R21001 | 20,000.00 |
| Johnson Creek Water Servi | Water System Improvements | S22003 | 4,225,178.00 |
| Kozy Acres Water Supply C | Replace Failing Water Storage Tank | R19008 | 55,636.00 |
| Laidlaw Water District | New Reservoir/Meter Upgrade/Treatment | S19011 | 124,063.00 |
| Lakewood Homeowners Inc. | Distribution System Replacement Feasibility Study | R22008 | 20,000.00 |
| Long Prairie Water Distri | Water System Master Plan | S21001 | 20,000.00 |
| Luckiamute Domestic Water | Well Number 5 and Transmission Line | R18002 | 4,210,000.00 |
| Lusted Water District | Distribution System Improvements | S18019 | 3,068,366.00 |
| Manzanita Hills Homeowner | Manzanita Hills HOA Arsenic Treatment | R21003 | 113,738.00 |
| Minikahda Water District | MWD Distribution System Replacement Project | R20004 | 191,360.00 |
| Mount Angel Abbey and Sem | Long Range Water System Master Plan | R20009 | 20,000.00 |
| Neahkahnie Water District | G.I.S. Development | S20002 | 20,000.00 |
| Nesika Beach-Ophir Water | Seismic Risk Assessment and Mitigation Plan | S20016 | 8,030.00 |
| Panther Creek Water Distr | Seismic Risk Assessment and Mitigation Plan | S22013 | 15,150.00 |
| Pine Grove Water District | New Storage Tank | S21002 | 360,000.00 |
| Pleasant Valley Water Com | Water System Master Plan | R21004 | 20,000.00 |
| Rainbow Rock Service Asso | Feasibility Study | R22005 | 12,531.00 |
| Round Lake Mobile Home Pa | Feasibility Study | R21011 | 20,000.00 |
| Row River Valley Water Di | Leak Detection DS | S19027 | 17,191.00 |
| Seal Rock Water District | Water Intake, Treatment and Transmission | S18011 | 58,393.00 |
| Skyline View District Imp | Skyline VDIC Water Master Plan | R21002 | 6,250.00 |
| Tooley Water District | Nitrate Levels Resolution Feasibility Study | S21015 | 20,000.00 |
| Trollers Cove Water Assoc | Trollers Cove Ground Water Source Protection | R21005 | 178,809.00 |
| Whaleshead RV Park & Reso | Water System Rehabilitation Feasibility Study | R21006 | 4,597.00 |
| Whispering Pines Mobile H | Connection to Charlotte Ann Water District | R22004 | 158,399.00 |
| Winston-Dillard Water Dis | New Raw Water Intake | S21005 | 2,545,900.00 |
| Youngs River Lewis & Clar | Seismic Risk Assessment and Mitigation Plan | S21009 | 20,000.00 |
| | | | \$83,783,523.74 |

Pending Contracts

| Project # | Client | Short Description | Approved Amount |
|-----------|---------------------------|---|------------------------|
| 8904 | Burlington Water District | Riverview Water Main Upgrade and Construction | 314,650.00 |
| 18714 | City of Joseph | Distribution System Improvements 2022 | 3,055,895.00 |
| 20812 | City of Monroe | Monroe Water Treatment DBP Remediation | 20,000.00 |
| 23017 | City of Rainier | Water Master Plan Update | 20,000.00 |
| 23835 | City of Salem | Sleepy Hollow Water System Integration | 1,132,810.00 |
| 44306 | Heceta Water People's Uti | Water System Improvements | 6,770,089.00 |
| 89301 | Midland Water Association | Feasibility Study | 20,000.00 |
| 91815 | City of Detroit | Water System Wildfire Rebuild | 200,000.00 |
| 100006 | City of Beaverton | North Transmission Intertie | 10,000,000.00 |
| 156304 | City of Cannon Beach | Backbone Resiliency Project Phase 2 | 3,215,000.00 |
| 472105 | City of Donald | New Well | 2,055,375.00 |
| 523601 | Welches Water Company | Water Storage System | 105,050.00 |
| 627805 | Glide Water Association | Water Treatment Capacity Upgrades | 743,650.00 |
| 660903 | Clarks Branch Water Assoc | Water Storage Tank Enlargement Redundancy Pr | 454,000.00 |
| | | | \$28,106,519.00 |

Intakes & Applications

| Deal # | Client Name | Short Description | Finance Amount |
|--------|---|--|------------------------|
| 13537 | South Hills Water System | Water System Update | 220,000.00 |
| 13937 | Aldridge Ditch Company | Pump Station Replacement | 55,000.00 |
| 14359 | Umpqua Ranch Cooperative | Water System Rehabilitation Projects | 960,000.00 |
| 14366 | Corbett Water District | Seismic Assessment and Mitigation Plan | 20,000.00 |
| 14369 | Pleasant Valley Water Company | Regional Water Supply Planning Study | 20,000.00 |
| 14374 | Otter Rock Water District | Full Scope - Otter Rock Water District | 3,500,000.00 |
| 14380 | Ochoco West Water and Sanitary Authority | Ochoco West Filtration System | 295,000.00 |
| 14397 | CHR District Improvement Company | Bridge Replacement Project | 95,096.00 |
| 14413 | Corbett Water District | Water Master Plan | 20,000.00 |
| 14469 | Youngs River Lewis & Clark Water District | Water system improvements | 708,500.00 |
| 14503 | Beaver Water District | Water System Improvements Design & Construction | 2,967,300.00 |
| 14536 | City of Jacksonville | Water Infrastructure Projects | 1,590,927.00 |
| 14550 | City of Willamina | Water Tank Relocation | 5,055,592.00 |
| 14664 | Sunset Hills Domestic Water Association | Well Additions and Supporting Infrastructure | 20,000.00 |
| 14667 | Wickiup Water District | Wickiup Water Source Study | 20,000.00 |
| 14713 | Burlington Water District | BWD Service Meter Replacement Project | 80,000.00 |
| 14714 | City of Fairview | Fairview Water Utility Well #10 | 2,300,000.00 |
| 14724 | Deer Creek Estates | Water Rate Study | 20,000.00 |
| 14731 | Tierra Del Mar Water Company | Tierra Del Mar Water Co Water System Improvements | 20,000.00 |
| 14735 | City of Stayton | Utility Rate Study | 20,000.00 |
| 14736 | Bay Hills Water Association | Earthen Dam Feasibility Study | 20,000.00 |
| 14737 | Sleepy Hollow Mobile & RV LLC | Sleepy Hollow RV & Mobile Home Park Feasibility St | 20,000.00 |
| 14738 | City of Gaston | Seismic Resiliency Plan & Leak Detection Study | 20,000.00 |
| 14740 | Crystal Springs Water District | Water Master Plan 2022 | 20,000.00 |
| | | | \$18,067,415.00 |

Projects on the PPL that are viable for funding through the 2022 Cap Grant

| LOI # | Water System Name | Project Short Description | LOI Funding Request | Notes |
|--------------|---|---|-------------------------|-------|
| SD-21-356 | City of Pendleton | Water System Projects - Ongoing Improvements | \$23,000,000.00 | |
| SD-22-355 | City of Umatilla | Power city connection | \$4,652,226.00 | |
| SD-22-338 | City of Grants Pass Sportsmans Park Water Association | Water Treatment Plant Replacement | \$76,000,000.00 | |
| SD-21-325 | Association | SPWA Arsenic Water Treatment Project | \$24,365.00 | |
| SD-21-331 | City of Hillsboro | Upper System Pipeline Replacement | \$47,584,000.00 | |
| SD-22-358 | City of Falls City | Water System Improvements | \$1,563,798.00 | |
| SD-22-344 | Lincoln County Water PUD | AC Piping Replacement | \$7,123,000.00 | |
| SD-22-364 | City of Gaston | Trails End Pump Station Improvement | \$730,000.00 | |
| SD-20-322 | Christmas Valley Domestic | Distribution System Replacement | \$2,985,000.00 | |
| SD-22-346 | City of Paisley Sunset Hills Domestic Water Association | Water System Improvements | \$3,319,262.00 | |
| SD-22-335 | Association | Well Additions and Supporting Infrastructure | \$574,269.00 | |
| SD-22-350 | Scravel Hill Water Coop | AC Piping Replacement | \$1,917,000.00 | |
| SD-21-318 | City of Pendleton | Water System Projects - Ongoing Improvements | \$23,000,000.00 | |
| SD-22-349 | Zigzag Water Coop | Tank replacement/generator purchase | \$400,000.00 | |
| SD-22-353 | City of Hubbard | Water System Improvements | \$1,737,500.00 | |
| SD-22-345 | City of Powers | SCADA replacement | \$194,991.00 | |
| SD-19-262 | Tierra Del Mar Water Company | Wooden Watertank Replacement | \$276,000.00 | |
| SD-22-347 | Klamath Falls Water Dept | Center North and South Reservoir project | \$6,000,000.00 | |
| SD-22-361 | City of Astoria | Meter Installation | \$1,902,384.00 | |
| SD-22-352 | City of Independence | New well, pumphouse, and reservoir | \$3,100,000.00 | |
| SD-22-351 | City of Corvallis | Resiliency Improvements | \$10,000,000.00 | |
| SD-22-354 | City of Cannon Beach | Backbone Resiliency Project - Phase 3 | \$12,100,000.00 | |
| SD-19-254 | City of Cannon Beach (Version 2) | Backbone Resiliency Project | \$13,947,763.00 | |
| SD-22-359 | City of Dallas | New Reservoir | \$4,425,450.00 | |
| SD-21-329 | City of Nehalem | Anderson Creek Raw Water Transmission Main | \$430,000.00 | |
| SD-22-357 | City of Estacada | New Reservoir | \$2,015,000.00 | |
| SD-22-360 | City of Carlton | Distribution System Improvements | \$991,000.00 | |
| SD-22-362 | Boring Water District #24 | Reservoir Construction | \$1,750,000.00 | |
| SD-22-341 | City of Hillsboro | Willamette Water Supply System | \$50,000,000.00 | |
| SD-21-328 | Tualatin Valley Water District | Willamette water Supply System WTP - Ozone and Ultraviolet Treatment | \$31,857,503.00 | |
| SD-22-363 | Arch Cape Water District | Meter Replacement | \$152,000.00 | |
| SD-22-348 | Eastmont Water Company | Seismic Planning | \$80,000.00 | |
| TOTAL | | | \$333,832,511.00 | |

APPENDIX D: Set-Aside Work Plans

- Administrative Expense
- Small System Technical Assistance
- State Program Management
- Local Assistance & Other State Programs:
 - i. Implementation of Protection
 - ii. Capacity Development
 - iii. Drinking Water Source Protection

**2022 Work Plan – DWSRF (Base)
Oregon Health Authority, Public Health Division
Administrative Expense – Loan Fund & Set-Aside**

General

This is a continuation effort to administer and operate the Loan Fund and Set-Asides, which is carried out jointly under the new Inter-Agency Agreement (IAA) between the Oregon Health Authority (OHA) and Business Oregon.

Funding

Funding for this Set-Aside is **\$368,800** or 4% of EPA’s FFY-2022 allotment to Oregon of **\$9,220,000**. This funding level supports 5.80 FTE between OHA (1.00) and Business Oregon (4.80).

These Set-Aside funds will be targeted for use during SFY-2023 (i.e., July 1 – June 30).

Goals and Objectives

The goal is to provide the administrative framework necessary for eligible public water suppliers to access loan funds for planning, engineering design, and construction projects needed to meet current or future drinking water quality standards and to further public health provisions of the amended 1996 Safe Drinking Water Act. Specific objectives include, but are not limited to:

- < Apply for and administer the annual capitalization grant from US-EPA
- < Manage infrastructure and planning project reviews, ratings, and rankings quarterly
- < Process loan applications and execute loan agreements
- < Monitor progress of planning, design, and construction projects
- < Manage contracts for assistance to water suppliers
- < Process project payments
- < Receive and process loan repayments
- < Report on program progress and results
- < Coordinate with Business Oregon Regional Staff in conducting timely capacity assessments and environmental reviews
- < Coordinate Drinking Water Source Protection (DWSP) grant processing
- < Manage Set-Aside funds and programs

Implementation Responsibility

OHA is the lead agency, responsible for the annual EPA capitalization grant application process, the rating and ranking of eligible drinking water projects, establishing program priorities, managing service contracts for assistance to water suppliers, and oversight of the Loan Fund operation and results. Business Oregon operates and administers the Loan Fund project financing for the individual water system projects.

Evaluation of Results

The primary results of work under the Administrative Expense Set-Aside are the financing and completion of drinking water system projects. The number of projects initiated, in progress, and completed will be reported annually along with an overall evaluation. Additional Administrative Expense Set-Aside efforts will continue to be used for the overall oversight of the program and to administer and manage the annual grant application processes.

2022 Work Plan – DWSRF (Base)
Oregon Health Authority, Public Health Division
Small Water System Technical Assistance

General

This is continuation of effort.

Through Oregon's Drinking Water State Revolving Fund (DWSRF), contracts have been established with drinking water Circuit Riders to provide short-term (typically 10 hours or less) on-site technical and engineering assistance for community water systems serving populations under 10,000, as well as nonprofit transient and non-transient water systems. For these systems, services are free.

Beginning with the 2022-2027 Circuit Rider contract, Oregon will also utilize state general funds to provide technical assistance to water systems that are not eligible for traditional circuit rider assistance, excepting only federally owned water systems. As above, these services are intended to provide short term technical and engineering assistance (typically 10 hours or less) and are provided free of charge.

Program activities include:

On-Site Technical Assistance – The contractor receives requests for assistance directly from the water system, or requests initiated from state and county staff. Contractors perform quick response, one-on-one technical assistance that aids in solving short-term operational problems, assists with compliance-related issues, and provides technical, managerial, and planning information to system operators and administrators. Services are generally restricted to 10 hours or less per system without prior approval from OHA management.

SRF Program Assistance – The contractor also provides assistance to systems seeking SRF financing needing a pre-engineering design report to initiate the loan process or just to get help completing the SRF loan application form itself.

Crypto and MPA Sampling – EPA allows for the payment of the costs of LT2 monitoring for Crypto through the SDWRLF Set-Asides. Surface water systems exceeding the E. coli triggers are referred to the Technical Assistance Circuit Rider for assistance in determining the Bin Class under LT2. A part of this determination is Crypto sampling. Similarly, Ground water systems identified as being at risk for GWUDI (Ground Water Under Direct Influence) are targeted for MPA sampling. A referral to the circuit rider for assistance in determining GWUDI can be made by state staff, which entails sampling by the circuit rider for determination of GWUDI / non-GWUDI status.

NEW - Project Management - Contractor shall assist water systems identified by OHA by providing project management duties for approved service actions. This service shall consist of, but is not limited to, an initial on-site evaluation and assessment of project scope and time requirements for the system, which will be presented to OHA in a written report. This review and report activity shall not exceed 10 hours without prior written approval. If the submitted

proposal receives approval, the Contractor shall assume the role of project manager for the life of the approved service. OHA will authorize such service in 20-hour increments.

NEW – Asset Management - Contractor shall provide on-site technical assistance to water systems evaluating or implementing an asset management strategy or program. OHA will authorize such services in 15-hour increments.

Small Water System Operator Training - Oregon also provides training and assistance to small water systems in their efforts to comply with small water system operator certification requirements. Oregon contracts with an outside training provider to provide monthly training classes for small water systems. This free class covers the basics of water system operation and maintenance, water testing and other regulations, waterborne disease, water treatment for small systems, and record keeping. Small water system operators are required to attend one of these training classes (or an equivalent on-line version) every three years to maintain eligibility for DRC duties and responsibilities.

Funding

The funding from the Technical Assistance set-aside is **\$334,400** or **3.63%** of EPA’s FFY-2022 allotment to Oregon of **\$9,220,000**. Funding will support Oregon’s circuit rider program and 0.40 FTE.

With support from EPA Region 10, Oregon intends to utilize a portion of historically unused (i.e., reserved) Technical Assistance set-aside authority to support ongoing and expanded circuit rider program activities. The additional \$150,000 added to this set-aside will also decrease the amount available to the Loan Fund by the same amount.

These set-aside funds will be targeted for use during SFY-2023 (i.e., July 1 – June 30).

Implementation Schedule

Circuit rider services are delivered statewide on as needed basis. Small water system training classes are delivered 20 times per year at numerous locations throughout the state.

Implementation Responsibility

Service contracts are offered through an open competitive Request for Proposal (RFP). A Department (OHA) committee selects the most qualified contractor candidates, and they will enter into a standard contract generally for a period of two years, but which can be extended or amended up to a maximum of five years with the agreement of all parties. The Department will provide contract oversight and assure contracts are current and meet state contract requirements.

Evaluation of Results

The Department evaluates contractors periodically by reviewing contact reports of technical assistance provided, and satisfaction surveys of the water systems receiving technical assistance

and training. Long-term evaluation is based on compliance status trends (such as the Oregon Benchmarks) of the water systems being served.

For more circuit rider information, visit

<http://public.health.oregon.gov/HealthyEnvironments/DrinkingWater/Operations/Pages/circuitrider.aspx>

For more information about our small water system training program, visit

<http://public.health.oregon.gov/HealthyEnvironments/DrinkingWater/OperatorCertification/SmallWaterSystems/Pages/schedule.aspx>

2022 Work Plan – DWSRF (Base)
Oregon Health Authority, Public Health Division
State Program Management- State & Partner Support

General

This is a continuation of effort.

Funds from this set-aside augment the Public Water Supply Supervision grant (PWSS). The PWSS grant work plan defines the roles, responsibilities, objectives, performance measures, annual work plan, and a compliance assurance agreement.

The Oregon Health Authority and USEPA annually negotiate the PWSS.

Funding

The funding from the State Program Management (SPM) set-aside is **\$922,000** or **10%** of EPA’s FFY-2022 allotment to Oregon of **\$9,220,000**.

For 2022, Oregon does not intend to utilize a portion of its historically unused (i.e., reserved) SPM Set-Aside authority.

Additionally, the one-to-one overmatch requirement was removed as set forth by the December 2016 Water Infrastructure Improvements for the Nation (WIIN) Act, Subtitle A, §2103 SDWA §1452 (g)(2).

These funds will support 1.75 FTE to support the PWSS program conducting sanitary surveys, responding to water quality alerts, follow-up on priority non-compliant water systems, administer contracts, and provide clerical support.

These set-aside funds will be targeted for use during SFY-2023 (i.e., July 1 – June 30).

Implementation Responsibility

The Oregon Health Authority provides the leadership for the Oregon Drinking Water Services. The Oregon Drinking Water Services provides core drinking water services as well as supports contractors on technical issues and provides training to assure that our contractors are properly trained and capable of providing the contracted services.

Core services and contracted work involves conducting sanitary surveys, investigations of water quality alerts, resolution of priority non-compliant water systems, and conducting needed follow-ups to these activities. Various other related tasks for small drinking water systems are also performed with contracted work.

Evaluation of Results

The overall effort is evaluated based on overall compliance figures (Oregon Annual Compliance Report, and Oregon Benchmarks) and the change in the number of water systems that are Priority Non-compliers. The Oregon Health Authority displays these measures on-line. The Oregon Health Authority conducts formal audits of contracts every three years.

2022 Work Plan – DWSRF (Base)
Oregon Health Authority, Public Health Division
Local Assistance – Implementation of Protection

General

This is a continuation of effort.

Funds from this set-aside are used by the Oregon Health Authority (OHA) and the Oregon Department of Environmental Quality (DEQ) to: provide assistance to water systems developing local drinking water protection strategies using Source Water Assessment data; integrate drinking water protection and associated Clean Water Act activities; and conduct/modify Source Water Assessments. The Local Assistance – Implementation of Protection work plan defines roles, responsibilities, objectives, goals, performance measures, and deliverables.

Funding

The funding for this set-aside has been reduced to **\$25,000** or around **0.27%** of EPA’s FFY-2022 Drinking Water State Revolving Fund (DWSRF) allotment to Oregon of **\$9,220,000**. While this allocation does contribute to source protection project activities, the reduced amount will help OHA catch up on its existing Unliquidated Obligations (ULO) for this Local Assistance set-aside program. OHA anticipates increasing its allocation to normal levels in the coming years.

Additionally, due to the small 2022 allocation and large existing balance for this set-aside, OHA Drinking Water Services will not assign any FTE to the 2022 grant phase. This set-aside will continue to support FTE with its existing funding balance to cover costs associated to internal staff and its Inter-Agency Agreement (IAA) with Oregon’s DEQ.

These set-aside funds will be targeted for use during SFY-2023 (i.e., July 1 – June 30).

Implementation Responsibility

The OHA Drinking Water Services and Oregon DEQ have formed a partnership through a continuing Inter-Agency Agreement to split the responsibilities associated with the Implementation of Protection set-aside.

The OHA Drinking Water Services is responsible for: conducting new and updating older Source Water Assessments for groundwater sources; utilizing Assessment results to identify groundwater sources that need to conduct monthly source water monitoring due to viral contamination susceptibility; provide source water protection outreach, technical assistance, and training to groundwater dependent community and non-transient non-community public water systems; coordinating activities with DEQ and other appropriate agencies; and delivers to EPA annual reports, work plans, and other critical data.

The Oregon DEQ is responsible for: conducting new and updating older Source Water Assessments for surface water sources; development, maintenance and update of critical Source Water Assessment geographic data, implementation activities/results, outreach/technical

assistance/training materials; coordinating the use of Safe Drinking Water Act and Clean Water Act protection tools within drinking water source areas utilizing contacts with local groups, local officials, and other state and federal agencies; integrating source water protection into community emergency preparedness/planning and into Oregon DEQ regulatory activities; and identifying, designing, and conducting critical water quality monitoring plans for highly sensitive drinking water sources.

Evaluation of Results

The overall effort is evaluated annually by the number of community water systems that achieve substantial implementation of protection strategies and the state-wide percentage of population served by community water systems that have achieved substantial implementation. These numbers are reported annually to EPA accompanied by a narrative that documents additional Implementation of Protection activities that are not adequately captured in the numbers. Additional activities documented in the narrative include:

- Source Water Assessment Data Availability and Use
- Assisting Individual Public Water Systems
- Funding for Oregon Public Water Systems
- State-wide and Regional Projects
- Coordination with State and Federal Agencies
- Coordination with Rural Nonprofit Organizations
- Information Sharing
- Implementation Results

2022 Work Plan – DWSRF (Base)
Oregon Health Authority
Local Assistance – Water System Capacity Program

General

This is a continuation of an EPA-mandated activity.

The Oregon Capacity Development Strategy is designed to provide assistance to public water systems to improve technical, managerial, and financial capabilities and is implemented through four program elements: Capacity Assessment, Information Services, Training, and Outreach.

Capacity Assessment: Drinking Water Services (DWS) staff will work with water systems to identify deficiencies in technical, managerial, and financial capabilities using the capacity assessment tool in the following categories: New public water systems and Drinking Water State Revolving Loan Fund applicants.

New public water systems - Assessments will be conducted during the initial plan review and approval process of new public water systems. Areas of evaluation: plan review, construction, master plan/feasibility study, operator certification, managerial processes, ownership, water management and conservation, rate structure, financial planning, and water system survey deficiencies. Corrective action will be required for identified deficiencies.

Drinking Water State Revolving Fund applicants - All applicants will receive a full capacity assessment prior to release of any funds. DWS conducts a technical and managerial assessment, with the financial assessment conducted in partnership with Business Oregon. Identified deficiencies will be made a condition of the loan.

Information and Communication Services: DWS will issue a quarterly newsletter called The Pipeline which provides information regarding upcoming rules, deadlines, and operation/maintenance type issues. DWS will also utilize its website to provide water system-related information, including public access to the State Safe Drinking Water Information System (SDWIS) database. DWS will conduct special mailings including electronic mail delivery as needed to inform drinking water systems about emergencies, new rules, upcoming regulatory deadlines and upcoming monitoring requirements.

Training Program: Training opportunities are available on all levels for certified operators. DWS will continue its contract with a 3rd party training provider to provide a monthly basic training course for small water systems at no cost to the water system. DWS has initiated the contract with a third party, certified education facility, to create an exam for the Small Water System Training Course. Training materials will continue to be identified, developed, and made available as appropriate.

To help water systems maintain compliance with operator certification requirements, DWS staff will continue to work to increase water system capacity by providing a variety of services, including operator certification, support of professional growth through training development, and review and approval of Continuing Education Units (CEUs) for operators.

DWS will continue to support and update its Training Opportunities webpage, providing listings of free classes and webinars hosted by other training providers.

Capacity Development Outreach Program:

Technical Service Providers:

To further assist water systems with identified problems and to develop capacity, the Technical Assistance Set-Aside will continue to be used to contract with outside technical service providers. The contractors perform one-on-one technical and managerial capacity assistance in the field to individual water systems, providing quick response services.

Capacity Building by DWS Staff:

Integration of capacity building outreach into day-to-day drinking water program activities is key in successful resolution of identified capacity related deficiencies. Field staff will continue to conduct capacity assessments, will be familiar with available technical assistance resources, and will provide direct assistance to water systems. In addition to capacity assessments, capacity building will be incorporated into Oregon's sanitary survey activities, water treatment plant visits, water quality investigations and associated technical consultation and outreach. A wide variety of tools and resources will be used by staff to help systems address identified capacity deficiencies, including direct technical assistance in person or over the phone, providing handouts, factsheets and training guides, referral to resources on the DWS website, and referral for assistance to funding partners and outside technical assistance/training providers. Water systems identified as being in violation, or those with water quality test results indicating a potential public health concern, will be contacted directly by staff and technical assistance provided. Water systems needing help building capacity in emergency response will be provided resources and technical assistance to better prepare for continued operation.

Area Wide Optimization Program:

Oregon's Area Wide Optimization Program (AWOP) works toward increasing operator technical capacity at surface water plants, while also promoting managerial capacity. DWS staff will continue to work with EPA and other Region X states in this effort and will continue to participate in quarterly AWOP Planning Meetings. Current activities include: 1-day training classes for surface water plant operators (Surface Water Essentials; Conventional & Direct Filtration; and Slow Sand Filtration classes), implementation of Oregon's Comprehensive Performance Evaluation (CPE) process for identified system issues, and implementation of AWOP "strike team" tools to assist systems with immediate needs as they arise.

Source Water Assessment Program:

Funded under a separate set-aside of the DWSRF, source water protection efforts are focused on all Oregon water systems. DWS shares implementation responsibility with the Oregon Department of Environmental Quality. Since the majority of public water systems in Oregon have now received a source water assessment; our emphasis focuses on providing technical assistance to community water systems that ultimately result in voluntary implementation of source water protection strategies in response to local source water characteristics and vulnerabilities.

Funding

The Water System Capacity Program is a continuation effort. This year's funding for the Capacity Program is **\$590,080** which is **6.4%** of EPA's FFY-2022 allotment to Oregon of **\$9,220,000**. This funding level supports 2.80 FTE in the DWS of the Oregon Health Authority, contracts, and related operating costs.

These set-aside funds will be targeted for use during SFY-2023 (i.e., July 1 – June 30).

Implementation Schedule

DWS is responsible for the development and implementation of the Water System Capacity Program, including AWOP and SWAP. Continuation of existing activities, as well as development and implementation of new and/or revised activities, will be completed as overall time, resources, and priorities allow.

Evaluation of Results

Successful capacity development efforts should result in improved water system capacity, allowing water systems to qualify for DWSRF financing, and improved water quality and operational compliance.

The overall effort is evaluated using results of capacity assessments reports, AWOP status component and performance information, and changes in the violation system score list. DWS will also evaluate through follow-up contacts, assessments, and comments from water system operators and managers.

2022 Work Plan – DWSRF (Base)
Oregon Health Authority, Public Health Division
Local Assistance – Drinking Water Source Protection Fund (DWSP)

General

This is a continuation of effort.

Funds from this set-aside are used to provide protection incentives through technical assistance, grants, and low interest loans that enable Public and Privately-owned Community and Nonprofit Non-Community water systems that have a Source Water Assessment Report to develop and implement drinking water protection activities that achieve substantial implementation.

A water system achieves substantial implementation when Oregon agencies determine that strategic protection actions have been taken to appropriately reduce the risk of potential contamination within their source water area, based on the state/local identified significant threats and sensitivity of the source water or source area. The source water area is the delineated surface area that overlies the critical portion of the watershed or aquifer that provides water to a Public Water System.

The Oregon Health Authority and USEPA annually negotiate the Local Assistance – Drinking Water Source Protection Fund Work Plan.

Funding

Annually the allocation for this set-aside is typically \$200,000. For 2022, funding for this set-aside is **\$216,274** or around **2.34%** of EPA’s FFY-2022 Drinking Water State Revolving Fund (DWSRF) allotment to Oregon of **\$9,220,000** to cover recently funded source protection project activities and numerous emerging DWSP needs and emergencies. There is no FTE assigned to this set-aside (i.e., activities are covered through the Implementation of Protection set-aside).

Beginning with our FFY-2020 DWSRF allotment, Oregon began applying for DWSP set-aside funds (not to exceed \$200,000 – unless management approval) based on the amount of “SWP Repayment Funds” that were expended (as determined by Business Oregon) during the current State fiscal year to reimburse the “SWP Repayment Fund.” An operational agreement (i.e., policy) has been established for these specific reimbursement activities and will be utilized moving forward.

Two types of DWSP funding include:

1. Low interest loans up to a maximum of \$100,000.
2. Grant funds up to \$50,000 per water system. Regional/Joint protection projects are eligible to receive up to \$50,000 for each water system that is directly involved in the project.
 - *Unsure if the increased grant amount per water system from \$30,000 to \$50,000 will remain beyond the 2022 recommended projects.*

These set-aside funds will be targeted for use during SFY-2023 (i.e., July 1 – June 30).

Implementation Responsibility

The Oregon Health Authority (OHA), Oregon Department of Environmental Quality (DEQ) and Business Oregon have formed a partnership to disperse loan and grant monies from the Drinking Water Protection Fund.

The OHA is responsible for requesting Letters of Interest from eligible drinking water systems. OHA reviews and evaluates proposed projects to protect groundwater sources. The DEQ reviews and evaluates proposed projects to protect surface water sources. Proposed projects for eligible water systems are scored on a scale of 0 to 100.

Each scored project is placed on a numerically ranked Drinking Water Protection Project Priority List. OHA notifies the project contacts and Business Oregon of the final evaluation results. Water systems with projects selected for funding are contacted by Business Oregon to determine their readiness to proceed. Once the selected project is ready to proceed, the funding process is initiated with the assistance of Business Oregon's Regional Staff.

Evaluation of Eligible Projects

To ensure that money from the Drinking Water Protection Fund is used to fund projects that will achieve substantial implementation, eligible projects are limited to those activities that lead to risk reduction within the identified source water area or would contribute to a reduction in contaminant concentration within the drinking water source. Therefore, categories for eligible projects have been limited to the following:

Enhanced Delineation – Completion or update of source area delineations using new or additional site-specific information.

Enhanced Assessment Inventory – Improvement of existing potential contaminant source inventories including an expansion or update of the land use practices within the source area.

Enhanced Assessment Evaluation – Establishment of a water quality monitoring project to evaluate existing and potential threats to water quality.

Source Protection Planning – Identification and development of appropriate protection measures, including source water protection plans, educational projects, implementation of Best Management Practices, drinking water source protection ordinances, and restoration and conservation plans.

Implementation – Purchase of goods or services that offset the cost of implementing drinking water protection strategies such as waste reduction programs, drug take-back projects, sign installation, secondary containment, land purchases, and reforestation of sensitive areas within the drinking water source area.

Security – Implementation of security measures that reduce the risk of contamination to the drinking water source area or intake/well/spring. Security efforts must focus on highly sensitive portions of the drinking water source area not just equipment or facilities.

APPENDIX E: Public Notices

- Intended Use Plan (IUP) Public Notice Letter
- PPL Annual & Quarterly Public Notice Letters



PUBLIC HEALTH DIVISION
Center for Health Protection, Drinking Water Services
Kate Brown, Governor



800 NE Oregon Street, Suite #640
Portland, OR 97232-2162
(971) 673-0405
(971) 673-0694 - FAX
<http://healthoregon.org/dwp>

August 30, 2022

Legal Notice

Legal notice of public review and comment period concerning the proposed 2022 Intended Use Plan (IUP) attached below for Oregon's base Drinking Water State Revolving Fund (DWSRF) program.

One of Oregon Health Authority (OHA) Drinking Water Services (DWS) responsibilities as a state agency managing the DWSRF program as set forth under Section 1452 (40 CFR 35.555 (b)) of the amended 1996 Safe Drinking Water Act (SDWA) is to provide the public the opportunity to comment on the proposed IUP as part of the grant application process to the U.S. Environmental Protection Agency (EPA). This IUP explains how OHA-DWS prioritizes low-interest loan assistance to eligible community and non-profit non-community public water systems and the funding of Set-Aside activities. It also is a key aspect of how we will procure the funding resources that the EPA has appropriated Oregon during Federal fiscal year 2022.

The public comment period for the IUP will be from Tuesday, August 30 through Friday, September 30, 2022. If you would like to make a comment, please email me your comments by no later than 5pm on Friday, September 30th to be considered. If you have questions, you may also email or call me at (503) 956-8287.

Thank you!

Adam DeSempfle

PROGRAM COORDINATOR, DWSRF/BIL
Oregon Health Authority
Center for Health Protection
Drinking Water Services
800 N.E. Oregon St., STE 640
Portland, OR. 97232-2162
adam.desempfle@dhsaha.state.or.us
<http://healthoregon.org/srf>
<http://oregon.gov/bil>



800 NE Oregon Street, Suite #640
Portland, OR 97232-2162
(971) 673-0405
(971) 673-0694 - FAX
<http://healthoregon.org/dwp>

July 26, 2022

Legal Notice

Legal notice of public review and comment period concerning proposed changes to the combined Project Priority List (PPL) attached below for Oregon's Drinking Water State Revolving Fund (DWSRF) for 2022. This portion of the combined PPL is specific to our Drinking Water Source Protection (DWSP) Program.

One of Oregon Health Authority (OHA) Drinking Water Services (DWS) responsibilities as a state agency managing the DWSRF program as set forth under Section 1452 (40 CFR 35.555 (b)) of the amended 1996 Safe Drinking Water Act (SDWA) is to provide the public the opportunity to comment on changes to the Intended Use Plan (IUP) as a part of the grant application process to the U.S. Environmental Protection Agency (EPA). The PPL is important to how the DWSRF program implements the IUP. DWSP projects are related to the protection of drinking water sources. Projects are rated (i.e., scored) to determine ranking and placement on the PPL. Funding for ready-to-proceed projects are in the form of a grant up to \$30,000 per Applicant and/or a loan up to \$100,000 per project. For more information, please contact Tom Pattee, DWSP Program Coordinator, at tom.pattee@dhsaha.state.or.us or (541) 684-2440.

The public review and comment period for proposed changes to the PPL will be from Friday, July 29 through Monday, August 8, 2022. If you would like to make a comment, please email me your comments by no later than 5pm on Monday, August 8, 2022 to be considered. If you have questions, you may also email or call me at (503) 956-8287.

Thank you.

Adam DeSemples

PROGRAM COORDINATOR, DWSRF

Drinking Water Services

Oregon Health Authority

800 N.E. Oregon St., STE 640

Portland, OR. 97232-2162

adam.desemples@dhsaha.state.or.us

<http://healthoregon.org/srf>

<http://oregon.gov/bil>



PUBLIC HEALTH DIVISION
Center for Health Protection, Drinking Water Services
Kate Brown, Governor



800 NE Oregon Street, Suite #640
Portland, OR 97232-2162
(971) 673-0405
(971) 673-0694 - FAX
<http://healthoregon.org/dwp>

May 26, 2022

Legal Notice

Legal notice of public review and comment period concerning proposed changes to the combined Project Priority List (PPL) for Oregon's Drinking Water State Revolving Fund (DWSRF) for the end of Quarter 3, state fiscal year 2022. This portion of the combined PPL is specific to the [Sustainable Infrastructure Planning Projects \(SIPP\)](#) program.

One of Oregon Health Authority (OHA) Drinking Water Services (DWS) responsibilities as a state agency managing the DWSRF program as set forth under Section 1452 (40 CFR 35.555 (b)) of the amended 1996 Safe Drinking Water Act (SDWA) is to provide the public the opportunity to comment on changes to the Intended Use Plan (IUP) as a part of the grant application process to the U.S. Environmental Protection Agency (EPA). The PPL is important to how the DWSRF program implements the IUP. SIPP projects are related to stand-alone drinking water system planning activities that promote sustainable water infrastructure. Engineering and construction activities are ineligible. The projects are rated (i.e., scored) to determine ranking and placement on the PPL. Funding for ready-to-proceed eligible projects will be in the form of 100% forgivable loan up to \$20,000.

The public review and comment period for proposed changes to the PPL will be from Tuesday, May 31 through Thursday, June 9, 2022. If you would like to make a comment, please email me your comments by no later than 5pm on Thursday, June 9th to be considered. If you have questions, you may also email or call me at (503) 956-8287.

Thank you.

Adam DeSemple

PROGRAM COORDINATOR, DWSRF
Drinking Water Services
Oregon Health Authority
800 N.E. Oregon St., STE 640
Portland, OR. 97232-2162
adam.desemple@dhsaha.state.or.us
<http://healthoregon.org/srf>
<http://Oregon.gov/bil>



800 NE Oregon Street, Suite #640
Portland, OR 97232-2162
(971) 673-0405
(971) 673-0694 - FAX
<http://healthoregon.org/dwp>

May 26, 2022

Legal Notice

Legal notice of public review and comment period concerning proposed changes to the combined Project Priority List (PPL) for Oregon's Drinking Water State Revolving Fund (DWSRF) for the end of the third quarter of state fiscal year 2022. This PPL only includes eligible, emergency, and environmental justice infrastructure projects. All newly added projects are highlighted and recently funded projects have been removed. *Additionally, all of the projects listed on this PPL will also be reevaluated in the coming months for the new [Bipartisan Infrastructure Law \(BIL\)](#) supplemental funding. When that occurs, we will repost the PPL for public comments at that time.*

One of Oregon Health Authority (OHA) Drinking Water Services (DWS) responsibilities as a state agency managing the DWSRF program as set forth under Section 1452 (40 CFR 35.555 (b)) of the amended 1996 Safe Drinking Water Act (SDWA) is to provide the public the opportunity to comment on changes to the Intended Use Plan (IUP) as a part of the grant application process to the U.S. Environmental Protection Agency (EPA). The PPL is important to how the DWSRF program implements the IUP. Projects have been rated (i.e., scored) by OHA staff for strict compliance, health risk, consolidation, and affordability criteria to determine ranking and placement on the PPL. Before projects can be funded, we are obligated to provide the public the opportunity to review and comment on proposed changes to the PPL.

The public review and comment period for proposed changes to the PPL will be from Tuesday, May 31 through Thursday, June 9, 2022. If you would like to make a comment, please email me your comments by no later than 5pm on Thursday, June 9th to be considered. If you have questions, you may also email or call me at (503) 956-8287.

Thank you.

Adam DeSemple

PROGRAM COORDINATOR, DWSRF
Drinking Water Services
800 N.E. Oregon St., STE 640
Portland, OR. 97232-2162
adam.desemple@dhsosha.state.or.us
<http://healthoregon.org/srf>
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800 NE Oregon Street, Suite #640
Portland, OR 97232-2162
(971) 673-0405
(971) 673-0694 - FAX
<http://healthoregon.org/dwp>

January 26, 2022

Legal Notice

Legal notice of public review and comment period concerning proposed changes to the combined Project Priority List (PPL) attached below for Oregon's Drinking Water State Revolving Fund (DWSRF) for the end of Quarter 2, state fiscal year 2022. This portion of the combined PPL is specific to the [Sustainable Infrastructure Planning Projects \(SIPP\)](#) program.

One of Oregon Health Authority (OHA) Drinking Water Services (DWS) responsibilities as a state agency managing the DWSRF program as set forth under Section 1452 (40 CFR 35.555 (b)) of the amended 1996 Safe Drinking Water Act (SDWA) is to provide the public the opportunity to comment on changes to the Intended Use Plan (IUP) as a part of the grant application process to the U.S. Environmental Protection Agency (EPA). The PPL is important to how the DWSRF program implements the IUP. SIPP projects are related to stand-alone drinking water system planning activities that promote sustainable water infrastructure. Engineering and construction activities are ineligible. The projects are rated (i.e., scored) to determine ranking and placement on the PPL. Funding for ready-to-proceed eligible projects will be in the form of 100% forgivable loan up to \$20,000.

The public review and comment period for proposed changes to the PPL will be from Friday, January 28 through Monday, February 7, 2022. If you would like to make a comment, please email me your comments by no later than 5pm on Monday, February 7th to be considered. If you have questions, you may also email or call me at (503) 956-8287.

Thank you!

Adam DeSemp

PROGRAM COORDINATOR, DWSRF
Drinking Water Services
Oregon Health Authority
800 N.E. Oregon St., STE 640
Portland, OR. 97232-2162
adam.desemple@dhsosha.state.or.us
<http://healthoregon.org/srf>



800 NE Oregon Street, Suite #640
Portland, OR 97232-2162
(971) 673-0405
(971) 673-0694 - FAX
<http://healthoregon.org/dwp>

January 26, 2022

Legal Notice

Legal notice of public review and comment period concerning proposed changes to the combined Project Priority List (PPL) attached below for Oregon's Drinking Water State Revolving Fund (DWSRF) for the end of the second quarter of state fiscal year 2022. This PPL only includes eligible, emergency, and environmental justice infrastructure projects. *All newly added projects are highlighted and recently funded projects have been removed.*

One of Oregon Health Authority (OHA) Drinking Water Services (DWS) responsibilities as a state agency managing the DWSRF program as set forth under Section 1452 (40 CFR 35.555 (b)) of the amended 1996 Safe Drinking Water Act (SDWA) is to provide the public the opportunity to comment on changes to the Intended Use Plan (IUP) as a part of the grant application process to the U.S. Environmental Protection Agency (EPA). The PPL is important to how the DWSRF program implements the IUP. Projects have been rated (i.e., scored) by OHA staff for strict compliance, health risk, consolidation, and affordability criteria to determine ranking and placement on the PPL. Before projects can be funded, we are obligated to provide the public the opportunity to review and comment on proposed changes to the PPL.

The public review and comment period for proposed changes to the PPL will be from Friday, January 28 through Monday, February 7, 2022. If you would like to make a comment, please email me your comments by no later than 5pm on Monday, February 7th to be considered. If you have questions, you may also email or call me at (503) 956-8287.

Thank you!

Adam DeSemple

PROGRAM COORDINATOR, DWSRF
Drinking Water Services
800 N.E. Oregon St., STE 640
Portland, OR. 97232-2162
adam.desemple@dhsosha.state.or.us
<http://healthoregon.org/srf>



800 NE Oregon Street, Suite #640
Portland, OR 97232-2162
(971) 673-0405
(971) 673-0694 - FAX
<http://healthoregon.org/dwp>

November 1, 2021

Legal Notice

Legal notice of public review and comment period concerning proposed changes to the combined Project Priority List (PPL) attached below for Oregon's Drinking Water State Revolving Fund (DWSRF) for the end of Quarter 1, state fiscal year 2022. This portion of the combined PPL is specific to the [Sustainable Infrastructure Planning Projects \(SIPP\)](#) program.

One of Oregon Health Authority (OHA) Drinking Water Services (DWS) responsibilities as a state agency managing the DWSRF program as set forth under Section 1452 (40 CFR 35.555 (b)) of the amended 1996 Safe Drinking Water Act (SDWA) is to provide the public the opportunity to comment on changes to the Intended Use Plan (IUP) as a part of the grant application process to the U.S. Environmental Protection Agency (EPA). The PPL is important to how the DWSRF program implements the IUP. SIPP projects are related to stand-alone drinking water system planning activities that promote sustainable water infrastructure. Engineering and construction activities are ineligible. The projects are rated (i.e., scored) to determine ranking and placement on the PPL. Funding for ready-to-proceed eligible projects will be in the form of 100% forgivable loan up to \$20,000.

The public review and comment period for proposed changes to the PPL will be from Wednesday, November 3 through Friday, November 12, 2021. If you would like to make a comment, please email me your comments by no later than 5pm on Friday, November 12th to be considered. If you have questions, you may also email or call me at (503) 956-8287.

Thank you!

Adam DeSemp

PROGRAM COORDINATOR, DWSRF
Drinking Water Services
Oregon Health Authority
800 N.E. Oregon St., STE 640
Portland, OR. 97232-2162
adam.desemple@dhsosha.state.or.us
<http://healthoregon.org/srf>



800 NE Oregon Street, Suite #640
Portland, OR 97232-2162
(971) 673-0405
(971) 673-0694 - FAX
<http://healthoregon.org/dwp>

November 1, 2021

Legal Notice

Legal notice of public review and comment period concerning proposed changes to the combined Project Priority List (PPL) attached below for Oregon's Drinking Water State Revolving Fund (DWSRF) for the end of the first quarter of state fiscal year 2022. This PPL only includes eligible, emergency, and environmental justice infrastructure projects. *All newly added projects are highlighted and recently funded projects have been removed.*

One of Oregon Health Authority (OHA) Drinking Water Services (DWS) responsibilities as a state agency managing the DWSRF program as set forth under Section 1452 (40 CFR 35.555 (b)) of the amended 1996 Safe Drinking Water Act (SDWA) is to provide the public the opportunity to comment on changes to the Intended Use Plan (IUP) as a part of the grant application process to the U.S. Environmental Protection Agency (EPA). The PPL is important to how the DWSRF program implements the IUP. Projects have been rated (i.e., scored) by OHA staff for strict compliance, health risk, consolidation, and affordability criteria to determine ranking and placement on the PPL. Before projects can be funded, we are obligated to provide the public the opportunity to review and comment on proposed changes to the PPL.

The public review and comment period for proposed changes to the PPL will be from Wednesday, November 3 through Friday, November 12, 2021. If you would like to make a comment, please email me your comments by no later than 5pm on Friday, November 12th to be considered. If you have questions, you may also email or call me at (503) 956-8287.

Thank you!

Adam DeSemple

PROGRAM COORDINATOR, DWSRF
Drinking Water Services
800 N.E. Oregon St., STE 640
Portland, OR. 97232-2162
adam.desemple@dhsosha.state.or.us
<http://healthoregon.org/srf>



800 NE Oregon Street, Suite #640
Portland, OR 97232-2162
(971) 673-0405
(971) 673-0694 - FAX
<http://healthoregon.org/dwp>

July 20, 2021

Legal Notice

Legal notice of public review and comment period concerning proposed changes to the combined Project Priority List (PPL) attached below for Oregon's Drinking Water State Revolving Fund (DWSRF) for the end of the fourth quarter of state fiscal year 2021. This PPL only includes eligible, emergency, and environmental justice infrastructure projects. *All newly added projects are highlighted and recently funded projects have been removed.*

One of Oregon Health Authority (OHA) Drinking Water Services (DWS) responsibilities as a state agency managing the DWSRF program as set forth under Section 1452 (40 CFR 35.555 (b)) of the amended 1996 Safe Drinking Water Act (SDWA) is to provide the public the opportunity to comment on changes to the Intended Use Plan (IUP) as a part of the grant application process to the U.S. Environmental Protection Agency (EPA). The PPL is important to how the DWSRF program implements the IUP. Projects have been rated (i.e., scored) by OHA staff for strict compliance, health risk, consolidation, and affordability criteria to determine ranking and placement on the PPL. Before projects can be funded, we are obligated to provide the public the opportunity to review and comment on proposed changes to the PPL.

The public review and comment period for proposed changes to the PPL will be from Monday, July 26 through Wednesday, August 4, 2021. If you would like to make a comment, please email me your comments by no later than 5pm on Wednesday, August 4th to be considered. If you have questions, you may also email or call me at (503) 956-8287.

Thank you!

Adam DeSemple

PROGRAM COORDINATOR, DWSRF
Drinking Water Services
800 N.E. Oregon St., STE 640
Portland, OR. 97232-2162
adam.desemple@dhsosha.state.or.us
<http://healthoregon.org/srf>