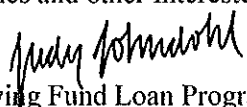


Date: January 7, 2011

To: All Oregon Public Agencies and other Interested Parties

From: Judy Johndohl, Manager 
Clean Water State Revolving Fund Loan Program

Subject: Oregon's Clean Water State Revolving Fund Loan Program - 2011 Update

DEQ's CWSRF loan program has seen a great amount of activity in the last two years that was brought on by the American Recovery and Reinvestment Act of 2009 and increased appropriation in 2010 from Congress. Our program in the last 20 years has provided more than \$860 million in low-interest loans to assist 137 Oregon communities in financing water quality improvement projects throughout the state. The CWSRF loan program will continue to provide low-interest loans in 2011 to public agencies, including cities, counties, tribal governments, sewer and sanitary districts, various special districts, irrigation districts, soil and water conservation districts and intergovernmental entities created by units of local governments.

The American Recovery and Reinvestment Act of 2009 and the 2010 Appropriation Act substantially increased capitalization grant funds to the states and stipulated incentives for allocation of those funds. Both of these acts required states to reserve 20 percent of their federal capitalization grant as a set-aside to fund qualifying "green projects" and to provide "additional subsidization." These requirements have been incorporated into DEQ's CWSRF program through administrative rule amendments approved by the Oregon Environmental Quality Commission. Although Congress has not yet acted on appropriations for 2011, we believe the program will be funded this year at the same level as 2010 and that the requirements to fund green projects and provide additional subsidization will continue.

DEQ is aware of the challenges facing Oregon communities to address needed infrastructure improvements and various water quality regulatory requirements with limited resources. In 2010, DEQ's CWSRF loan program hired two regional engineers to work directly with communities. These staff provide technical assistance and outreach to assist communities in assessing their wastewater infrastructure needs and sustainable approaches, and by identifying available financial options. We also continue to work with other funding agencies in Oregon to assess viable financing options for eligible projects.

The CWSRF loan program accepts and processes loan applications year-round. Applicants are encouraged to consult with their DEQ CWSRF regional project officer when completing an application to ensure the project is eligible for funding and that all application requirements are met. Applications are due in January, May, and September; DEQ's CWSRF program staff will then score the applications (refer to website for application process details) and revise the Intended Use Plan. Project funding depends on the amount of funds available, a project's score and ranking against other projects, and if an applicant is ready to proceed.

Eligible Projects

- **Point Source** – Eligible projects include upgrades to existing wastewater treatment facilities or collection systems, new wastewater facilities, sewer replacement, combined sewer overflow correction, and stormwater projects under certain circumstances.
- **Nonpoint Source** – Possible nonpoint source projects include, but are not limited to, irrigation system improvements, septic system repairs, conservation tillage, riparian habitat restoration, source water protection or storm water best management practices.
- **Estuary Management** – Estuary management projects within the Tillamook Bay Estuary and the Lower Columbia River Estuary include planning or implementing activities that benefit water quality.

- **Planning** – Projects include water quality monitoring, data collection and measurement, evaluation, analysis, security evaluations, report preparation, environmental review, public education and review process, and any other reasonable activity leading to a written plan.

Loan Rates and Terms

Oregon law requires that CWSRF loans be offered at interest rates ranging from as low as zero percent and up to the current market rate, which is 4.4 percent. Current interest rates range from 1.1 percent to 2.9 percent depending on the term of the loan. Different interest rates and other financial terms apply to different types of loans and to loans of differing repayment periods. Rates are adjusted quarterly, based on the average Bond Buyer rates of the previous quarter, as published by the Federal Reserve. Once a loan is signed, the interest rate is fixed for the life of the loan. Below are the interest rates for the first quarter of 2011.

Loan Type	Repayment Term	Annual Interest Rate	Annual Fee
Planning	5 years	1.11%	No
Design/Construction	5 years	1.11%	Yes*
Design/Construction	10 years	2.44%	Yes*
Design/Construction	15 years	2.66%	Yes*
Design/Construction	20 years	2.88%	Yes*
Local Community Loan	10 years	2.22%	Yes*
Sponsorship Option	5-20 years	Minimum rate: as low as 1%	Yes*

*There is an annual fee of 0.5% per year on the unpaid balance.

Contact Information

Oregon public agencies who have identified water quality improvement projects should contact their DEQ CWSRF regional project officer listed below to discuss CWSRF funding. Applications and additional information are available on DEQ’s CWSRF website at: <http://www.deq.state.or.us/wq/loans/loans.htm>

Regional Contact Information

Clatsop, Columbia, Tillamook, Washington, Multnomah, and Clackamas counties	Yamhill, Lincoln, Polk, Marion, Linn, Benton, Lane, Douglas, Coos, Curry, Josephine and Jackson counties	Hood River, Wasco, Sherman, Gilliam, Morrow, Umatilla, Union, Wallowa, Jefferson, Wheeler, Grant, Baker, Deschutes, Crook, Klamath, Lake, Harney and Malheur counties
<p><u>Project Officer</u> Tiffany Yelton-Bram 503-229-5219 FAX: 503-229-6957 email: yelton.tiffany@deq.state.or.us</p> <p><u>Technical Assistance</u> Shannon Jones 541-687-7343 FAX: 503-686-7551 email: jones.shannon@deq.state.or.us</p>	<p><u>Project Officers</u> Jaime Isaza 541-687-7341 FAX: 541-686-7551 email: isaza.jaime@deq.state.or.us</p> <p>Bob Haberman 541-687-7359 FAX: 541-686-7551 email: haberman.bob@deq.state.or.us</p> <p><u>Technical Assistance</u> Shannon Jones 541-687-7343 FAX: 503-686-7551 email: jones.shannon@deq.state.or.us</p>	<p><u>Project Officer</u> Shanna Bailey 541-278-8681 FAX: 541-278-0168 email: bailey.shanna@deq.state.or.us</p> <p><u>Technical Assistance</u> Todd Hesse 541-633-2026 FAX: 541-388-8283 email: hesse.todd@deq.state.or.us</p>