


Date: November 30, 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 - 2012 Update

DEQ's CWSRF loan program went through another active year in 2011 and Congress continues to recognize the importance of appropriations to states for the funding of water quality improvement projects. Our program is aware of the continuing challenges Oregon communities face regarding infrastructure needs and water quality regulations at a time when resources are limited. We continue to work with other funding agencies in Oregon to provide technical assistance to communities and to assess viable financing options for eligible projects. DEQ's CWSRF loan program has provided more than \$918 million in low-cost loans since 1991 to assist 143 Oregon communities who are addressing water quality improvements. CWSRF loans are available to public agencies including cities, counties, tribal governments, sewer and sanitary districts, various special districts, soil and water conservation districts and irrigation districts.

The 2011 federal Appropriations Act resulted in a capitalization grant to DEQ's CWSRF program of more than \$16.6 million. The Act requires states to continue to fund green projects and to provide a certain amount of additional subsidization as was required by the 2009 American Recovery and Reinvestment Act (ARRA) grant and the 2010 appropriations. The CWSRF program has set aside \$3.3 million for 2012 to fund projects that address water or energy efficiency, green infrastructure (primarily stormwater), and other environmentally innovative activities. DEQ will offer principal forgiveness to eligible projects, as the form of subsidization, which is applied to the principal loan amount effectively reducing the loan and future loan payments.

Loan Applications

DEQ encourages public agencies to consider submitting applications to DEQ in 2012 by the following dates: January 13th, May 11th, and September 14th. EPA's notification to DEQ of available federal appropriations has been unpredictable during the last several years. The current state of the economy has also created an influx of loan prepayments to the CWSRF program which DEQ then makes available for other loans. Applicants are encouraged to consult with their regional CWSRF project officer when completing an application to ensure the project is eligible for funding and meets all application requirements. Eligible projects include:

- **Point Source** – Eligible projects include upgrades to existing wastewater treatment facilities or collection systems, new wastewater facilities and stormwater projects under certain circumstances.
- **Nonpoint Source** – Possible nonpoint source projects include, but are not limited to, irrigation system improvements, septic system repairs, riparian habitat restoration and source water protection.
- **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 data collection and measurement, evaluation, analysis, security evaluations, report preparation, environmental review and any other reasonable activity leading to a written plan.

Rulemaking Update

DEQ is currently working with the CWSRF advisory committee to review the program's state administrative rules in an effort to improve program procedures and ensure funds are allocated based on state water quality priorities. The advisory committee is considering program financial, technical, and policy issues to ensure a fair, objective and transparent funding process, and will provide recommendations for rule amendments to DEQ. DEQ is targeting mid 2012 for a public comment period and late 2012 to present proposed rules for adoption to the Environmental Quality Commission. For additional information please refer to our website at

<http://www.deq.state.or.us/wq/loans/rulemaking.htm>.

Clean Watersheds Needs Survey

DEQ will conduct the Clean Watersheds Needs Survey for Oregon in 2012. The survey is a comprehensive assessment of the capital needs required to meet the water quality goals set in the Clean Water Act. The states and EPA collect information every four years that is used by EPA to document national needs in a Report to Congress. Information on the 2012 CWNS may be found at <http://www.deq.state.or.us/wq/loans/docs/CleanWatershedNeeds.pdf>

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 4.2 percent. Current CWSRF interest rates range from just over 1.0 percent to 2.7 percent depending on the term of the loan. Different interest rates and other financial terms apply to different types of loans. Rates are adjusted quarterly, based on the average Bond Buyer rates of the previous quarter as published by the Federal Reserve. When a loan is signed, the interest rate is fixed for the life of the loan. Below are interest rates for the fourth quarter of 2011.

Loan Type	Repayment Term	Annual Interest Rate	Annual Fee
Planning	5 years	1.04%	No
Design/Construction	5 years	1.04%	Yes*
Design/Construction	10 years	2.29%	Yes*
Design/Construction	15 years	2.50%	Yes*
Design/Construction	20 years	2.71%	Yes*
Local Community Loan	10 years	2.09%	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 should contact their DEQ CWSRF regional staff for technical assistance and project officer for CWSRF funding information. 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
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