

Clean Water State Revolving Fund

Components of a Proposed Local Community Loan Program

Funding for Oregon's Public Agencies to Address Water Pollution



State of Oregon
Department of
Environmental
Quality

Water Quality Division Headquarters

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restoring, maintaining
and enhancing the
quality of Oregon's air,
land and water.*

Overview

The Oregon Department of Environmental Quality's Clean Water State Revolving Fund loan program makes funds available to Oregon's public agencies to prevent or mitigate various types of water pollution. Traditionally public agencies use these funds to establish or upgrade municipal sewer systems. However, some public agencies (often rural counties, soil and water conservation districts or irrigation districts) also have an opportunity to address local water pollution. The Local Community Loan Program encourages public agencies to use DEQ's financing to establish their own local loan program to address local water pollution within their jurisdiction.

Through this program, the public agency receives a loan from DEQ and uses those funds to establish a loan program within their agency. The public agency then can make local loans to citizens or other constituents to address specific types of local water pollution. The advantage to this approach is that it provides financial resources to public agencies that they might not otherwise have to assist citizens with local sources of water pollution.

Historically, specific information provided by the State Revolving Fund application packet is adequate for DEQ to assess an applicant's ability to implement the proposed program, their readiness to proceed and their potential to repay the loan. Given the variety of needs and circumstances that a Local Community Loan may address, considerably more information is necessary for DEQ to review, understand and evaluate such proposals.

This document provides guidelines for applicants to follow in describing their proposed local community loan program to ensure water quality improvement and protection, and to ensure that the program's cash flows are adequate to cover all costs for both the public agency and DEQ. The result should be a program description that adequately describes the water pollution that will be addressed, how water quality improvement work will occur, who will participate in the program, program funding, cash flows, timeframes and expected results. The completed document must provide a reader with a good understanding of how the proposed program will be implemented. DEQ staff is available to help agencies design local loan programs.

At a minimum, agencies need to describe the following program areas and topics in a separate document and submit this document with their Local Community Loan application to DEQ for review. DEQ will likely need additional details and have further discussions with the agency before approving the program.

Purpose/Intention of this Program

- What specific water quality and/or health problems will be addressed by this program?
- Are there state or federal enforcement actions or water quality violations associated with the proposed program?
- How will such problems be prevented or mitigated?
- What water bodies will be affected by this program?
- What criteria will be used to demonstrate program success?

Participants

- Which county, city and/or state offices will also participate in this program? Describe their roles.
- What other businesses will be involved (such as contractors, banks)? Describe their roles.
- Will local health offices be involved?
- Who will be targeted for this assistance? Will this service be directed to a particular income group or geographical area? Describe targeted end-users of the local loan program and why they would need and benefit from this type of program.

Program Process

- What eligibility criteria will be used to qualify individual applicants for these local loans (income level, health and/or water quality problems being addressed, homeowners or tenants, business owners, specific producers/growers within agricultural community)?
- How will local individual projects be identified initially? Which office will be responsible for identifying/evaluating proposed projects? Describe the relevant experience and resources of this office.
- Describe the application and approval process. Which office will verify the applicant's data? Which office will provide credit checks and loan reviews or perform any required permitting? Is there a role for contractors? What is that? Who will provide inspections of completed projects and, if appropriate, what requirements will there be for maintaining these projects?
- Is there a need by the agency for legal approval (board approval and resolutions) to support the startup and continuation of this service?

Timeframe/Scope

- Define the program and its scope.
- What is the program's expected start date?
- What is the program's expected duration?
- Will this begin as a pilot, and then be expanded over time?
- Will this service be made available to the entire public agency's jurisdiction?

Financial Considerations - Public Agency with Constituents

- Is the public agency considering providing just loans, or grants and loans in combination?
- Describe anticipated loan terms, maximum and minimum loan sizes, interest rates, expected fees.
- How will local loans be secured? How many local loans will be made, and over what time frame?
- How will administrative costs be covered? Does the public agency intend to charge its administrative costs to the loans, or will those costs be funded by the agency? Does the agency anticipate this program to generate agency income?
- Which agency office will hold the contracts between the borrowers and the agency?
- What will the agency require to secure the loans it makes?

DEQ with Public Agency

- What agreements will be needed to ensure the responsibilities of both offices?
- How will the agency secure loan(s) with DEQ (general obligation debt, a revenue stream)?
- What activity will trigger loan disbursement from DEQ to the agency?
- Describe the anticipated repayment process to DEQ.

Publicity

- How will the agency publicize this program?
- Does the agency already have an existing process for promoting/publicizing agency programs?
- Will you be working with local newspapers, radio stations or television stations?
- Is it appropriate and will the local health department office(s) promote this program? How?
- Are there plans to educate and include the appropriate local businesses in this program?

Reporting and Evaluation

- What level of data collection, regular reporting and evaluation will be included to support DEQ's requirement for water quality or public health impacts?
- What level of program evaluation will be included?

Alternative formats

Alternative formats (Braille, large type) of this document can be made available. Contact DEQ's Office of Communications & Outreach, Portland, at 503 229-5696, or call toll-free in Oregon at 1-800-452-4011, ext. 5696.

