

Clean Water State Revolving Fund Loan Sponsorship Option



State of Oregon
Department of
Environmental
Quality

Water Quality Division Clean Water SRF

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

DEQ's mission is to be an active leader in restoring, maintaining, and enhancing the quality of Oregon's air, water and land.

Overview

DEQ's Clean Water State Revolving Fund loan program allows a public agency to apply for a wastewater treatment or collection system project loan and a water resource activity as a combined loan. This "sponsorship option" encourages communities to pursue water restoration or protection projects in conjunction with "traditional" wastewater projects by offering a financial incentive with minimal impact to ratepayers.

Traditional wastewater projects include building or improving a sewer interceptor, pump station, treatment process, biosolids disposal process or other activities. Water resource activities are generally nonpoint source projects that improve Oregon's water quality through restoration or protection of a streamside area or wetland.

Sponsorship option benefits

As an incentive to encourage public agencies to pursue water resource activities, DEQ reduces the combined loan's interest rate so the semi-annual repayment for the combined project equals what the semi-annual repayment would have been for just the traditional wastewater project, or 1 percent, whichever is highest. Loan terms range from five to 20 years.

Implementing a sponsorship option

A public agency may either implement the water resource activity itself or enter into a sponsorship agreement with a partner who implements the activity. An implementing partner can be a local government, non-governmental organization or private company. The public agency (sponsoring community) remains responsible for both the successful completion of the water resource activity and for the loan repayment.

The loan agreement requires the borrower to maintain the results of the water resource activity through property restrictions such as conservation easements. Projects may include acquiring streamside areas or wetlands.

Loan application process

Applicants for the sponsorship option must:

- Complete a point source application (for the traditional wastewater project)
- Provide a description of the water resource activity (see below)

- Submit a letter confirming the applicant's authority to implement the water resource activity
- Provide a copy of the sponsorship agreement if contracting with an implementing partner.

DEQ reviews, scores and ranks new loan applications three times a year. Proposed sponsorship projects are ranked based on environmental benefit of just the traditional wastewater project. Financing of a sponsorship option loan depends on the eligibility of the water resource activity, ranking of the traditional wastewater project and availability of program funds.

Requirements for water resource activity descriptions

Sponsorship loan applicants must describe their project's water resource activity and provide information on the topics listed below. The resulting narrative should clearly describe the water resource activity and how the project will either restore or protect the quality of the associated water body.

1. Describe the water body addressed by the project.

Describe the stream/river riparian area, lake, pond, wetland or other type of water body, including the water body's length/size and its location. Describe any geographic or economic relationship between the water body and loan applicant.

2. Describe the water body's biological importance.

What species (fish, mammal or plant) habitat is associated with this water body? Is this water body seasonally important to any specific species, or any listed threatened or endangered species? What water quality beneficial uses (such as fishing, recreation) apply to this water body? What is the biological importance of restoring or protecting this water body?

3. Explain the project's restoration facets.

Describe any activity that currently degrades the water body. Explain what safeguards will be incorporated to protect the water body once restoration is complete. List any other known environmental issues affecting the water body that your project will not address.

4. Explain the project's protection efforts.
Describe the project's proposed activities in detail. What aspects will ensure the water body's long-term environmental protection? If land acquisition or a conservation easement is proposed, who will manage these to ensure environmental protection in perpetuity?

5. Describe project planning.
Who is responsible for planning this project? What planning experience does this entity bring to this project? What is the planning entity's relationship to the project and the property owner? What legal oversight will ensure the project is implemented as planned?

6. Describe any implementing partner.
A third party can be involved in implementing a water resource activity. If there will be an implementing partner, describe that organization, if different from the public entity applying for the CWSRF loan or those planning the project. Describe the partner's experience with this type of work as well major conditions anticipated in any agreement between the sponsoring community and implementing partner.

7. Discuss long-term viability of this water resource activity's results.
State what safeguards you'll implement to protect the water body for the long term. Explain who will manage the resource to ensure its environmental health in perpetuity.

For more information

Contact the appropriate DEQ regional project officer for more specific information on applying for the sponsorship option.

Western Region

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Alternative formats

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

