

OKLAHOMA

DEPARTMENT OF ENVIRONMENTAL QUALITY



DRINKING WATER STATE REVOLVING FUND



STATE
FISCAL YEAR
2004

INTENDED USE
PLAN

FOR THE 2004
CAPITALIZATION
GRANT

EFFECTIVE JULY 1, 2003
THROUGH JUNE 30, 2004

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I. INTRODUCTION

THE SAFE DRINKING WATER ACT

The Safe Drinking Water Act (SDWA) Amendments of 1996 authorized a Drinking Water State Revolving Fund (DWSRF) program to assist public water systems in financing the cost of replacement and repair of drinking water infrastructure to achieve or maintain compliance with the SDWA requirements and to protect public health. The DWSRF program will

help insure that drinking water supplies remain safe and affordable and that the systems that receive funding will be properly operated and maintained.

The SDWA places a strong emphasis on preventing contamination rather than reacting to problems. Central to this emphasis is the

development of state prevention programs including source water protection, capacity development, and additional requirements for operator certification. To fund these activities, the SDWA allowed not only the creation of the loan fund but also four set-aside accounts to fund the following state activities.

STATE ACTIVITIES FUNDED BY SDWA

STATE ACTIVITIES FUNDED BY SDWA

- Administration of DWSRF
- Small System Technical Assistance Program
- State Program Management
- Local Assistance and other State Programs

As required by the SDWA, the State of Oklahoma, through the Department of Environmental Quality (DEQ) is required to prepare this annual Intended Use Plan (IUP) in order to identify the set-aside programs and DWSRF loan projects that will utilize the funds available to the DWSRF. This IUP is prepared for State Fiscal Year 2004 (FY 04) (July 1, 2003 – June 30, 2004) and identifies those sources and uses of available program funds. For the purpose of the DWSRF and this IUP, the fiscal year

identified is the State FY 04 ending June 30, 2004. The capitalization grants and state matching funds to fund these activities are from prior fiscal years and the Federal Fiscal Year 2004 (FFY 04) (October 1, 2003 – September 30, 2004) appropriation.

To ensure that the public has an opportunity to review DEQ's proposed plans for the DWSRF, a draft IUP will be made available before the IUP public meeting scheduled for May 15, 2003. To ensure that interested parties are made aware of the public meeting date, DEQ published notice in the *Oklahoma Register*, posted notice on the DEQ web-site, and distributed announcements to a mailing list of public water systems, state and federal agencies, environmental organizations, public health officials, consulting engineers, financial consultants, and interested citizens. The public comment period will remain open until June 15, 2003.

As a result of federal appropriations to the State, the DEQ has received federal capitalization grants totaling \$85,640,300 from FY 97 through FY 03. DEQ will apply for approximately \$12,371,700¹ from the FFY 04 appropriation. This IUP considers the total of repayments and interest earnings, state match, and capitalization grants less set-asides, to be available for project loans and obligation to state match notes. These federal and state funds will be utilized by the DEQ in accordance with the purpose identified in this IUP. The state is required to provide 20% matching funds for each capitalization grant as the federal payments are received for DWSRF projects. The Oklahoma Water Resources Board (OWRB) and Oklahoma State Legislature have provided \$3,512,380 to match the 1997 capitalization grant, \$2,044,840 to match the 1998 capitalization grant and \$2,143,200 to match the 1999

(Footnotes)

¹ Based on the updated state allotment published in the Federal Register on May 18, 2001 and an estimate of the President's proposed FY 04 budget.

capitalization grant. The 2000 and 2001 capitalization grant state match amount of \$4,465,000 has been provided with funds made available through the issuance of Drinking Water State Revolving Fund Revenue Notes, Series 2001. The source of the 2002, 2003 and 2004 capitalization grant state match amount of approximately \$7,500,000 has not yet been identified. Potential sources for the matching funds include legis-

lative appropriations and additional DWSRF state match notes. The federal capitalization grant amount, including state matching funds but less set-asides, will be deposited into the DWSRF loan fund in order to provide financial assistance to public drinking water systems as outlined in this IUP. Table 1 reports the sources of funds available to the DWSRF program and their intended uses.

Since it is possible that federal funds for loans from the 2004

capitalization grant and the state matching funds will not be available to obligate until FY 05, applications from projects on the fundable portion of the DWSRF Project Priority List will be processed in the order they are received. Funds that we expect to be available during FY 04 will be reserved for the highest priority systems on the fundable portion of the project priority list. Any projects that are not funded during FY 04 may be considered for funding during FY 05.

TABLE 1

FINANCIAL STATUS OF DWSRF PROGRAM

A detail of the sources of funds available to Oklahoma's DWSRF Program.

ACCOUNT	Uncommitted funds	Federal funding	State funding Projected FY04 ¹	Repayments and Earnings FY99 -FY03	Repayments and earnings Projected FY04	Total
DWSRF LOAN ACCOUNT	5,038,948	9,526,208	2,474,340			17,039,496
Revenue						
Principal Repayments				11,527,960	9,127,186	20,655,146
Interest Earnings on Loans				2,207,720	964,531	3,172,257
Interest Earnings on Account				613,982	159,101	773,083
Large System Refinance						
Expenses						
Debt Service on Revenue Notes, Series 2001				-1,698,525	-1,355,254	-3,053,779
Total	1,539,210	9,526,208	2,474,340	12,651,143	8,895,564	38,586,203
SET-ASIDE ACCOUNT	FY 03	FY 04¹				
Administration	494,868	494,868				989,736
Small System Technical Assistance	247,434	247,434				494,868
Program Management	1,051,595	1,051,595				2,103,190
Local Assistance/other State Programs	0					
Wellhead Protection	1,051,595	1,051,595				2,103,190
Total	2,845,492	2,845,492				5,690,984
DWSRF ADMINISTRATION ACCOUNT						0
Revenue						
Application Fee				13,850	4,000	17,850
Administration Fee on Loans (0.5%)				381,523	137,942	519,465
Interest Earnings on Account				7,350	1,020	8,370
Administrative Costs ²				-237,945	-53,600	-291,545
Total				164,778	89,362	254,140

Note 1: The amount is an estimate based on the Federal Fiscal Year 2002 Budget and the new allotment formula released in May of 2001.

Note 2: Costs include issuance of state match note and other administrative costs

¹ FY 04 Cap grant will be based on FY 04 Budget and the State's allocation based on the 1999 Needs Survey

II. LIST OF PROGRAMS

A. SET-ASIDE PROGRAMS

Section 1452 (g) and Section 1452 (k) of the SDWA authorizes set-asides to enable states to implement the requirements of the SDWA. The set-asides are based on a percentage of the capitalization grant as specified in the SDWA. The DEQ will reserve the following amounts in the 2004 capitalization grant for set-asides as follows: 4% for Administration; 2% for Small System Technical Assistance; 8.5% for Local Assistance; and, 8.5% for other State Programs and Program Management. Table 2 describes DWSRF Set-aside activities. DEQ has submitted work plans to EPA describing how the specified 2003 capitalization grant set-asides will be expended during FY 04. DEQ will provide work plans for each set-aside to EPA describing how the specified 2004 capitalization grant funds are to be expended during State FY 05.

THE FOLLOWING DESCRIBES THE FOUR SET-ASIDES

1. DWSRF ADMINISTRATION

Section 1452(g) of the SDWA authorizes states to provide funding for the DWSRF Administration as a set-aside activity. The administration of the fund will be accomplished by DEQ personnel and through an interagency agreement with the Oklahoma Water Resources Board (OWRB). Administrative tasks include portfolio management; debt issuance; DWSRF program costs; support services; and financial, management, and legal consulting fees.

Title 82 of Oklahoma Statutes, Section 1085.71 through 1085.84A establishes the DWSRF program duties of OWRB and DEQ. The interagency agreement between OWRB and DEQ specifies the responsibilities of each agency

in regard to the following tasks: DWSRF capitalization grant application and management; annual joint report to the Governor and Legislature; biennial report to EPA; preliminary loan applications; final loan applications; letters of binding commitment to loan applicants; bidding and contract documents; loan closings; change orders and other related construction documents; inspections of projects, books, and records; payments; loan terminations; and the return of funds.

As allowed by the SDWA, DEQ reserved and specified an amount equal to 4% of the 2003 capitalization grant for administrative support of the DWSRF. DEQ and OWRB will use an estimated amount of \$494,868 from set-aside funds for FY 04 DWSRF administration. This set-aside is to fund activities that implement, administer, and operate the DWSRF program during State FY 04.

TABLE 2

DWSRF SET-ASIDE ACTIVITIES

Set-aside category	Total amount reserved from 2003 grant	Reclaimed credit from old grants	Cumulative amount specified in workplans	Amount of current grant reserved for future use	Total available credit ¹
Admin.	\$494,868	0	\$494,868	0	\$571,833
Tech. Asst.	\$247,434	0	\$247,434	0	\$288,307
St. Prg. Mgt.	\$1,051,595	0	\$1,051,595	0	\$1,440,661
Local Assist.	\$1,051,595	NA	\$1,051,595	0	\$2,160,710
Total	\$2,845,492	0	\$2,845,492	0	\$4,461,511

Table 2. A description of the reserved amounts, specified amounts, and available credit for DWSRF set-aside activities.

Note 1: Total available credit includes credit from previous grants and credit from the transfer of unexpended funds from the 1997-2002 grants.

In addition to set-aside funds, at the end of FY 04, it is projected that approximately \$89,362 is available in the DWSRF Administrative Fee Account, which is maintained outside of the DWSRF loan account. DEQ and OWRB can utilize these funds to administer the DWSRF program.

Funds available for administration of the DWSRF program during State FY 04 include the administrative set-aside funds (4%) from the 2003 capitalization grant and the funds available in the DWSRF Administrative Fee Account.

DEQ expects to reserve an amount equal to 4% of the 2004 capitalization grant funds for administrative support of the DWSRF. During State FY 05 DEQ and OWRB will use an estimated amount of \$494,868 from set-aside funds reserved for DWSRF administration. This set-aside will be used to fund activities that implement, administer, and operate the DWSRF program during State FY 05.

Funds available for administration of the DWSRF program during State FY 05 include unexpended administrative set-aside funds from previous years and funds available in the DWSRF Administrative Account.

2. SMALL SYSTEM TECHNICAL ASSISTANCE

Section 1452(g)(2)(D) of the SDWA authorizes states to provide funding for technical assistance to

public water systems serving a population of 10,000 or fewer. The DEQ, through a contract with the Oklahoma Rural Water Association (ORWA) and others, will accomplish this technical assistance.

Small water systems will be provided technical assistance to improve treatment and capacity to operate surface water systems, to improve compliance with drinking water standards, comply with monitoring and reporting requirements, to improve the quality of service to customers, and the quality of water system management, and to increase the knowledge of board members in efficient water system operation.

Funds available for the Small System Technical Assistance Program during State FY 04 include the 2% set-aside funds from the 2003 capitalization grant.

DEQ expects to reserve 2% of the 2004 federal capitalization grant to fund small system technical assistance activities. Funds in the amount of approximately \$247,434 will be specified to conduct these activities during state FY 05.

3. STATE PROGRAM MANAGEMENT

Section 1452(g)(2) of the SDWA, authorizes states to provide funding to finance State Program Management (SPM) requirements. These requirements are to provide technical assistance to small water systems, to provide technical assistance through source water protection programs, to develop and implement the Capacity Development Strategy, to provide Long Term 1 Enhanced Surface Water Treatment Rule assistance, and to provide Disinfectants/Disinfection

Continued on next page



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By-products Rule assistance. DEQ personnel will accomplish these tasks.

DWSRF set-aside funds cannot be used to reduce the existing state funds supporting the program.

EPA allows the use of the FY 93 PWS State overmatch and PWSS match for the PWSS program to be used to meet the 1:1 state match

for the SPM set-aside. However, the rule requires that at least 50% of the funds for the match come from the current year. Therefore, the amount available for the match is \$2,189,908 from the current year plus an equal amount from FY 93 (if available) totaling \$4,379,816. Since the DEQ is only requesting \$1,051,595, the match is easily met.



DEQ will reserve 8.5% of the 2003 capitalization grant for the State Program Management Set-aside. DEQ may reclaim the unspecified funds from future capitalization grants if additional funds are needed for State Program Management responsibilities.

protection programs as allowed under Section 1452(k)(1)(D) of the SDWA.

During FY 01, the DEQ received approval for its Source Water Assessment and Protection Plan (SWAPP) from the EPA. The plan detailed how the project will be performed and the types of analyses to be conducted and reported on each individual drinking water system. Draft Source Water Assessment and Protection Plans for each community water system affected by the rule were sent in March of 2002 for comments and correction. Once the corrections have been made, the reports will become final.

Field teams, comprised of DEQ staff and system representatives, will check the accuracy of the data and also evaluate if new sources of contamination exist within the Source Water Assessment and Protection Plan delineated areas for each source.

4. LOCAL ASSISTANCE AND OTHER STATE PROGRAMS

Section 1452(k) of the SDWA authorizes states to provide funding for Local Assistance and other State Programs. The Local Assistance and other State Programs Set-aside funds will be used to establish and implement wellhead

TABLE 3

PROGRAM MANAGEMENT STATE MATCH

FFY	State General Revenue	PWS Fees	Operator Certification	Federal Grant	Total PWSS	Total State Match Funds	25% State Match	Amount Overmatch
FY 93	\$859,000	\$1,054,041	\$135,000	\$827,700	\$2,875,741	\$2,048,041	\$275,900	\$1,772,141
FY 03	\$1,358,502	\$778,706	\$470,000	\$1,251,900	\$3,859,108	\$2,607,208	\$417,300	\$2,189,908

	FY 1993	FY 2003
PWSS grant	\$827,700	\$1,251,900
PWSS State Match	\$275,900	\$417,300
PWSS State Overmatch	\$1,772,141	\$2,189,908

Current Year SPM Set-aside	\$1,051,595
Current Year Credit	\$1,051,595

Funds available for the Local Assistance and other State Programs during FY 04 are unexpended funds reserved from the previous capitalization grants and 8.5% of the 2003 capitalization grant.

DEQ will reserve and specify 8.5% of the 2004 capitalization grant for the Local Assistance and other State Programs set-aside. DEQ expects to use these funds for well-head protection activities during FY 05.

B. DWSRF PROJECTS

1. DWSRF PROJECT PRIORITY SYSTEM

DEQ has established the Project Priority System, included as Appendix B, and prepared the comprehensive Project Priority List, included as Appendix C. The comprehensive Project Priority List demonstrates which eligible drinking water projects are to receive loan funds from the DWSRF. The comprehensive Project Priority List is comprised of a Funding List and a Contingency List that ranks projects according to the DWSRF Project Priority System that:

- a. Address the most serious risk to human health;
- b. Are necessary to ensure compliance with the requirements of the SDWA; and
- c. Assist systems most in need, on a per household basis.

Eligible projects proposed by applicants requesting funding from the DWSRF are ranked and prioritized

according to the Project Priority System procedures (the project with the most points shall be first on the Project Priority List; the project with the least points shall be last). The specific categories of source, treatment, storage, and distribution are not ranked separately. Projects will be funded in order of priority as each project meets the program requirements. A project may be bypassed if it is not on schedule. Bypassed projects will be monitored and encouraged to meet program requirements so that they may be reinstated to the fundable portion of the list.

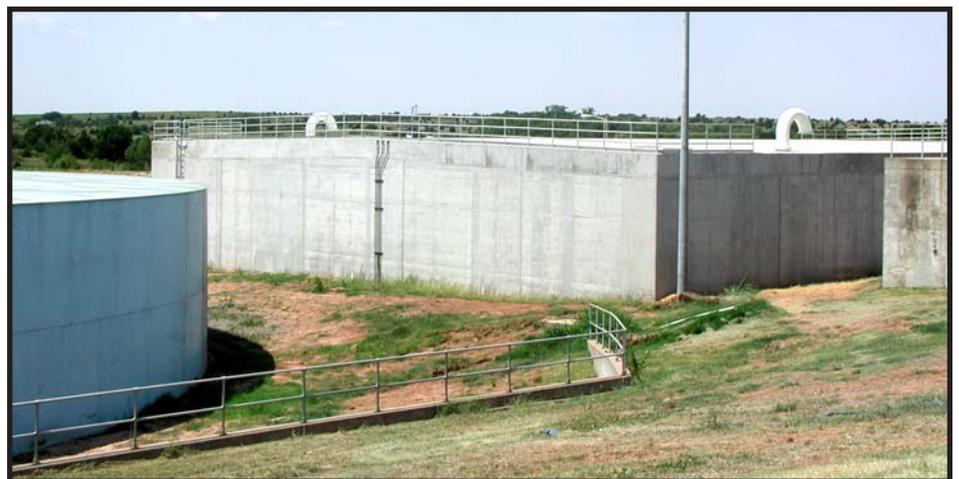
2. ALLOCATION OF FUNDS

Allocation of funds among the eligible projects is based on a six-step process:

- a. Projects of eligible applicants that request financial assistance are ranked according to the Project Priority System and placed on the Project Priority List;

- b. The financial assistance needed for each drinking water project that is ready to proceed is determined;
- c. Sources of unobligated funds available to the DWSRF that are necessary to provide the requested financial assistance are identified;
- d. The highest priority projects that will be ready to proceed during FY 04 are placed on the FY 04 Funding List, included as Appendix C;
- e. Bypass letters are issued to applicants which have projects not ready to proceed according to the Priority Ranking System procedures; and
- f. The consistency with the funds available and the financial assistance requested is determined.

Information pertinent to each DWSRF project is included on the Project Priority List pursuant to the requirements of the SDWA. To be placed on the fundable portion of the list the project must be ready to proceed. *Continued on next page*



The contingency portion of the Project Priority List, included as Appendix C, is developed from the projects of applicants that are bypassed and projects of applicants that do not rank high enough to receive funding. This contingency list includes projects which may receive loan funds should projects in the fundable portion not proceed on schedule.

3. STATUS OF PROJECTS ON THE FUNDABLE PORTION OF THE PRIORITY LIST

- a. **Bixby:** An engineering report and environmental information document are being prepared.
- b. **Grady County Rural Water District #1 (Pocasset):** An engineering report has been approved and a Finding of no Significant Impact was issued for this project on 3/6/03.

c. **Bethany:** A Master Plan for the City has been prepared. An engineering report and environmental information document are being prepared.

d. **Rogers County Rural Water District #4:** An engineering report and environmental information document are being prepared.

e. **Cherokee Development Authority:** An engineering report and environmental information document have been prepared and submitted to the DEQ. A Finding of No Significant Impact was issued for this project on 5/22/01.

f. **Sayre:** An engineering report and environmental information document are being prepared.

g. **Ponca City:** An engineering report and environmental information document are being prepared.

h. **Owasso:** An engineering report and environmental information document are being prepared.

i. **Maysville:** An engineering report and environmental information document are being prepared.

4. SRF AVAILABLE FUNDS

For FY 04 there is expected to be a total of \$38,586,203 available to fund Project Priority List projects. Total funds used and budgeted for set-aside programs are shown in Table 2. The total funds available for the DWSRF loan program are derived from past capitalization grants and state matching funds, 2004 capitalization grant and state match, investment income, and interest income as shown in Table 1.

III. DWSRF GOAL STATEMENTS

A. SHORT-TERM GOALS

1. Provide loans to the Nine (9) water systems listed on the Fundable Portion of the FY 04 Project Priority List. (Target Completion: June 2004)
2. Apply for 2004 capitalization grant. (Target Completion: April 2004)
3. Complete set-aside work plans specifying funds from the 2004 capitalization grant. (Target Completion: Within 90 days of grant award)

4. Use set-aside funds to complete source water assessments and delineations. (Target Completion: June 2004)

5. Continue to refine the Capacity Development Program.

6. Use set-aside funds to implement Capacity Development Strategy. (Target Completion: June 2004)

7. Use set-aside funds to provide technical assistance to systems to comply with the Long Term 1 Enhanced Surface

Water Treatment Rule and Disinfectant/ Disinfection By-product rule. (Target Completion: June 2004)

B. LONG-TERM GOALS

1. Maintain the fiscal integrity of the DWSRF and assure a continuous enhancement of the loan fund for future generations.

2. Maintain the fund in perpetuity. Perpetuity consists of maintaining the principal amounts of the state matching funds and capi-

talization grants, less set-asides, within the DWSRF.

3. Assist the State in meeting the total drinking water funding needs by blending DWSRF loan proceeds (capitalization grant funds and state match) with bond proceeds from the OWRB bond program (maintained outside the DWSRF) to provide

long-term low-interest drinking water financing.

4. Obtain maximum capitalization of the fund for the State in the shortest time possible.
5. Use set-aside funds along with DWSRF loans to maximize compliance and public health protection.

6. Promote technical, managerial, and financial capability of all public water supply systems.
7. Encourage the consolidation and/or regionalization of small public water systems that lack the capability to operate and maintain systems in a cost-effective manner.

IV. FINANCING PLANS

A. DWSRF INTEREST RATES

The type of assistance to be provided will be loans for up to 100% of the eligible cost of drinking water projects. DWSRF program requirements are defined in DEQ and OWRB program regulations.

OWRB provides a DWSRF financing plan that maintains a pool of funds to meet the program demand. Loans at below market interest rates provide affordable financing and incentives for loan applicants to meet the program requirements. The program provides for flexibility and the perpetuity of the DWSRF.

The OWRB charges an annual administration fee of 0.5% on the unpaid loan balance. Also, OWRB charges an administrative fee upon application filing. This fee is based on the size of the application. If the application is for \$249,000 or less the fee is \$100. If the application is for \$250,000 to \$999,000 the fee is \$250. If

the application is for \$1,000,000 or more the fee is \$500. Administrative fees collected are deposited into the Drinking Water Treatment Loan Administration Fund. This fund is a statutory account outside the DWSRF and fees deposited into this fund will be used to offset the future DWSRF administrative expenses of DEQ and OWRB. It is projected that the Drinking Water Treatment Loan Administrative Fund will contain approximately \$89,362 as of June 30, 2004.

The terms of financial assistance offered to water systems listed on the Project Priority List will be either the Small Drinking Water Systems Financing Plan or the Large Drinking Water System Financing Plan each described below.

1. SMALL PUBLIC DRINKING WATER SYSTEMS FINANCING PLAN

The DEQ and OWRB have implemented a policy directed toward providing both low interest loans and refinancing loans for small



public drinking water systems (less than 10,000 population or systems with less than 4,000 connections) will be made at 60% of either the current variable or fixed market rate and each will include the administration fee. All loans from the DWSRF must comply with program requirements as required by the State's capitalization grant.

For small systems that select the variable rate loan, the OWRB will utilize an interest rate based upon 60% of the rate used on its AA rated bonds (variable rate loans are subject to a change in interest rate every six months). For small systems that choose a fixed rate loan, the OWRB will utilize an interest rate based upon 60% of the Municipal Market Data Index. The Municipal Market Data Index is recognized by the financial community and is chosen by OWRB to identify the current fixed rate of interest because it reflects market rate changes daily and is easily accessed.

It is anticipated that the DEQ will enter into binding commitments with five (5) small systems and four (4) large systems during FY 04.

Prior to FY 04, 43% of Oklahoma's DWSRF loans were made to small systems; therefore, DEQ exceeded the 15% requirement for DWSRF loan funds to small systems. This is presented in Exhibit 1.

Including FY 04, DEQ expects 36% of all DWSRF loan funds committed since inception of Oklahoma's DWSRF program to be for small systems. This is presented in Exhibit 2.

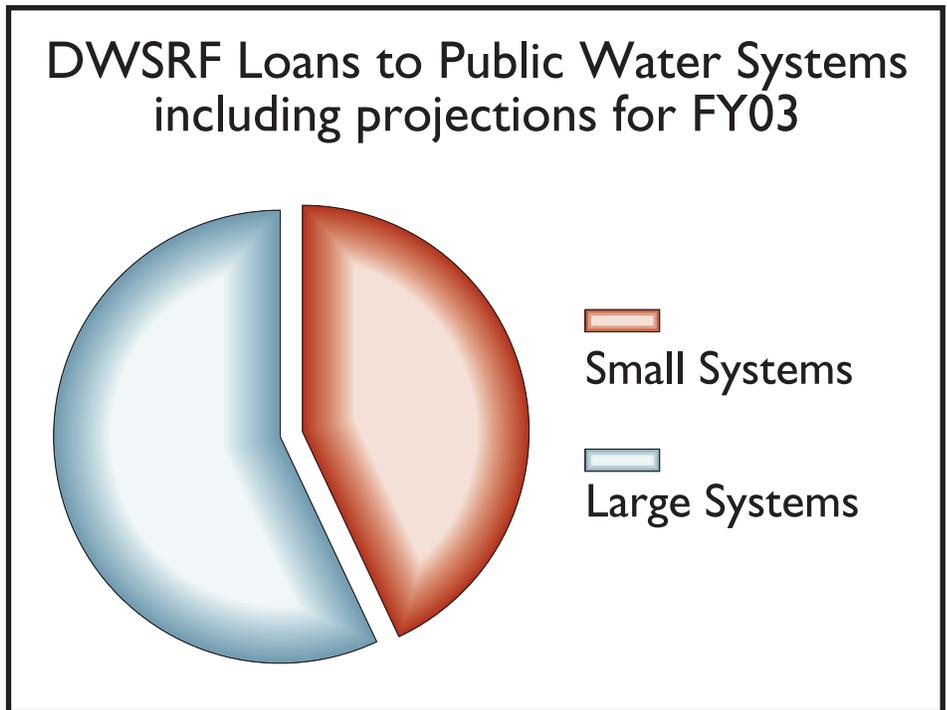


Exhibit 1. DWSRF loan funds committed prior to state fiscal year 2004.

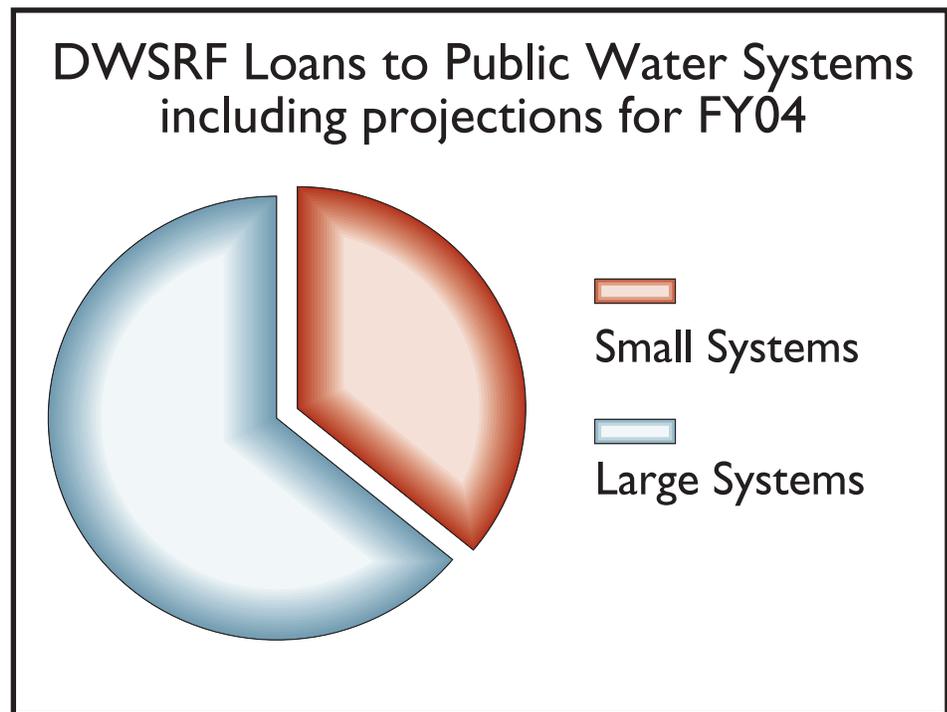


Exhibit 2. DWSRF loan funds committed including projects proposed to be funded in FY 04.

2. LARGE PUBLIC DRINKING WATER SYSTEM FINANCING PLAN

A. INTERIM CONSTRUCTION LOAN

Funds in the DWSRF will provide construction financing in the form of an interim direct loan to public drinking water systems that have a population greater than 10,000 or more than 4,000 connections. Loan proceeds will be disbursed to the recipient periodically (monthly) as project expenses are incurred. Payment requests with corresponding invoices will be reviewed and approved by the DEQ and paid by the OWRB. An interim construction loan will typically be made for a period of no more than two years past the expected construction completion date of the project. The rate of interest for DWSRF interim construction loans will be 3.25% plus the 0.5% administration fee. Interest and administration fee payments will be billed every six months. For those interim construction loans that extend the loan maturity date beyond one year after construction is complete, principal, as well as interest and administrative fee payment will be due every six months thereafter until maturity. The actual outstanding interim construction loan balance will be due and payable at the end of the loan term. Due to the varying nature of construction projects, some terms of the interim construction loan agreement can be negotiated and additional conditions may be included by the DEQ and OWRB.

B. BLENDED LONG-TERM DWSRF/BOND REFINANCING LOAN

The OWRB will provide 60% of the total eligible cost from OWRB bond proceeds from outside the DWSRF. Funds equaling 40% of the eligible cost are provided from a direct loan from the DWSRF. This blended long-term loan may be a refinance of existing eligible DWSRF interim construction loans or eligible local debt obligations after the completion of construction. This will result in a blending of the bond proceeds from outside the DWSRF at the then current market rate with direct DWSRF funds at a 0% interest rate plus the administration fee. Section 1452 of the SDWA allows the DWSRF to make interest free loans. This also results in a net total project interest rate of approximately 60% of the bond market rate. The portion of the loan (60%) from the OWRB bond proceeds will be made as a

variable or fixed rate loan not to exceed the term of the OWRB bond. The portion of the loan proceeds from the DWSRF will be at 0% for up to 20 years from the date of construction completion for repayment. Project accounts between the OWRB bonds and the DWSRF will be maintained by the OWRB, and funds will be kept separate.

A long-term refinancing blended loan can be used to refinance eligible local debt, a DWSRF interim construction loan, or can be used as the first line financing for the construction of a project where the construction period is relatively short and/or the total estimated project cost is not expected to vary significantly. The blended approach allows the State to provide for a larger quantity of low interest blended funds for meeting total DWSRF financing needs. The OWRB and the DEQ retain the right

to determine which financing scenario (DWSRF interim construction loan, long-term blended loan, or long-term direct loan from DWSRF) can be utilized in any individual instance in order to protect the fiscal integrity of the DWSRF.

It is anticipated that the DEQ will enter into binding commitments with three (3) large systems for an interim construction loan during FY 04.



V.

ASSURANCES AND SPECIFIC PROPOSALS

DEQ provides the necessary assurances and certifications as a part of the Operating Agreement between the DEQ and the EPA. The DEQ/EPA Operating Agreement includes the requirements of the SDWA, as follows:

1. The State has the authority to establish a DWSRF project loan fund and to operate the DWSRF program in accordance with the SDWA.
2. The State will comply with its statutes and regulations.
3. The State has the technical capability to operate the program.
4. The State will accept capitalization grant funds in accordance with a payment schedule.
5. The State will deposit all capitalization grant funds in the DWSRF project fund or set-aside account.
6. The State will provide an amount at least equal to 20 percent of the capitalization grant (State match) in the DWSRF project fund.
7. The State will deposit interest earnings and repayments into the DWSRF project fund.
8. The State will match capitalization grant funds the State uses for 1452 (g)(2) set-asides.
9. The State will use Generally Accepted Accounting Principles.
10. The State will have the DWSRF project fund and set-aside account audited annually in accordance with General Accepted Government Auditing Standards.
11. The State will adopt policies and procedures to assure that borrowers have a dedicated source of revenue for repayments.
12. The State will commit and expend funds as efficiently as possible, and in an expeditious and timely manner.
13. The funds will be used in accordance with the IUP.
14. The State will provide EPA with a Biennial Report.
15. The State will comply with all federal cross-cutting authorities.



The State agrees that binding commitments for DWSRF projects which receive loan funds made available from the capitalization grant will be made only after the State has conducted an environmental review according to DWSRF regulations (OAC 252:633) and a determination is executed and distributed using the EPA approved SERP.

The State agrees to submit Biennial Reports to the EPA on the actual use of funds and how the State has met the goals and objectives for the previous fiscal year as identified in the IUP for the previous year.

A. DISTRIBUTION OF MONIES

The following criteria were used to develop the proposed distribution of the DWSRF monies:

1. Utilize set-asides as authorized by the SDWA.
2. Identify all possible public drinking water systems eligible to receive DWSRF assistance.
3. Identify and rank public drinking water system projects requesting financial assistance that results in compliance with SDWA requirements on the DWSRF Project Priority List.
4. Determine the readiness to proceed of each project ranked on the DWSRF Project Priority List.
5. Identify the sources and spending limits of DWSRF.
6. Allocate funds to projects ready to proceed according to the Project Priority System, Appendix B.
7. Develop a grant payment schedule that will be used to make timely binding commitments to the projects selected for DWSRF assistance. The anticipated federal DWSRF loan fund payment schedule for the 1997 through 2004 capitalization grants is included as Appendix D.
8. Develop an outlay schedule to pay project costs as incurred.

All funds in the DWSRF will be used to provide direct construction loans, long-term small community loans, or to refinance existing debt obligations of eligible applicants, when such debt obligations were incurred, and the construction commenced after July 1, 1993, and all program requirements have been met.

Provisions for project bypass, assistance deadlines, and default are addressed in the DEQ DWSRF Regulations and/or State legislation implementing the DWSRF.

B. FUNDS AVAILABLE FOR DWSRF PROJECTS

As shown in Table 1, a total of \$38,586,203 will potentially be available during FY 04 for project loans. There is a great need for funding drinking water infrastructure and the current demand for funds by projects that are ready to proceed will justify leveraging of funds.

C. DWSRF LEVERAGED BOND ISSUE

Demand for funding through the DWSRF Program has increased substantially for the FY 2004 fiscal year and following fiscal years. As a result, the DEQ and the OWRB are proposing to issue DWSRF Revenue Bonds in an estimated amount of \$100 to \$200 million (subject to change) to finance the additional demand. The Revenue Bonds will be sized based on the amount of identified need, and a portion of the proceeds may include funds for the purpose of providing the state matching funds for the FY 2002 and FY 2003 capitalization grants. The Revenue Bonds may also be sized to refinance the currently outstanding Drinking Water State Revolving Fund Revenue Notes, Series 2001, for the purpose of reducing the interest rates, extending the maturities, and freeing up funds held in reserve for the Notes in order to provide a better pledge of security on



the Revenue Bond issue. The Revenue Bonds may be issued in a single series, or multiple, smaller series as funds as required for eligible project costs. The first series of Revenue Bonds are projected for issuance in August 2003.

While the final size and structure of the bond issue remain in development, it is anticipated that the issuance may result in modifications to the DWSRF financing strategies for local loans. These modifications may include decreasing the interest rate subsidy level on local loans, changing to a single direct, long-term loan for large communities, pledging capitalization grants and other program assets to a common reserve for the Revenue Bond issue, or other modifications as may be appropriate. The DEQ and the OWRB remain committed to achieving the goals of the Safe Drinking Water Act by providing the greatest amount of low-interest financing to the greatest number of borrowers. The structure and size of the Revenue Bond issue will be designed to minimize the impact of program changes on local borrowers and maintain the DWSRF Program as a permanent and perpetual source of financing.



D. DESCRIPTION OF FINANCIAL STATUS OF DWSRF

During FY 04, the funds expected to be available to the DWSRF are those funds available from past grants and including the 2004 capitalization grant; the required state matching funds; investment income, interest earnings and loan repayments. At present, the DEQ is expecting to receive \$17,128,060 in state matching funds for the years FY 97 through FY 03. As loans are made and project costs have been incurred, the DWSRF accrued some interest on these funds. The financial status of the DWSRF is further detailed in Table 1.

E. DEVELOPMENT OF PAYMENT SCHEDULE

The total amount of loan funds and spending limits are identified in the grant payment schedule included as Appendix D. This chart shows the federal payment schedules for loan funds since the beginning of the program and the expected payment schedule for 2004 capitalization grants. These amounts are summarized by quarter and the totals are shown.

All project loans scheduled for funding from the DWSRF will be reviewed for consistency with appropriate planning, design, and construction requirements. Evidence of this review and funding shall be documented in each DWSRF project file.

DEQ will use a minimum of fifteen percent (15%) of all capitalization grant amounts to provide loan assistance to small drinking water systems that serve populations less than 10,000.

Oklahoma's grant payment schedule is based on the state's projection of when program set-asides will be utilized and as project binding commitment schedules develop. EPA/ACH System draws for project loans are proposed so that the federal share of disbursements for the DWSRF priority list projects will be a minimum of 79.381%. The actual percentage varies because the percentages of funds reserved for set-asides may differ in each capitalization grant. Set-aside payments will be 100% federal funds.

F. DEVELOPMENT OF THE DWSRF PAYMENT SCHEDULE

Oklahoma's projected grant payment schedule is based on the time of the capitalization grant award, the scheduled dates for binding commitments, projected construction schedules for projects, and the proposed budget for set-asides.

VII. SAFE DRINKING WATER ACT AMENDMENT OPTIONS

A. PRIVATELY OWNED DRINKING WATER SYSTEMS

Although the SDWA provides for funding of privately owned drinking water systems, the DEQ has determined that funding these systems is not in compliance with the state statutes and constitution. According to Oklahoma Annotated Code Title 82 Section 1085.72 and Article 10 Paragraph 39 of the Constitution of Oklahoma, the definition of eligible entity is limited to mean “any city, town, county or the State of Oklahoma, and any rural sewer district, public trust, master conservancy district, any other political subdivision.” By law the funds established for the Drinking Water State Revolving Fund are limited to those entities, precluding any privately owned entities from receiving monies.

B. DISADVANTAGED COMMUNITIES

The SDWA provides for an option to states to provide low interest, zero percent interest, and loan forgive-

ness programs to disadvantaged communities. In order to meet the program goals of maintaining the fiscal integrity of the DWSRF, assuring a continuous enhancement of the loan fund for future generations, and maintaining the fund in perpetuity, the state has determined not to provide a program for disadvantaged communities. There are other funding sources including state grant programs that provide funding of projects in small disadvantaged communities. The DWSRF project priority system provides for priority points to be given to projects that benefit disadvantaged communities.

C. TRANSFER OF FUNDS

Under the SDWA, the state is allowed to transfer and/or cross-colateralize fund assets of the DWSRF program and the Clean Water State Revolving Fund (CWSRF) program. During FY 2004 Oklahoma may take advantage of funding flexibility between the Clean Water and Drinking Water SRF programs, provided by the Environmental Protection Agency, in order to assure adequate capacity to meet all funding de-

mands. In accordance with the Safe Drinking Water Act-SRF funds transfer provisions (Section 302), the State hereby reserves the authority “to transfer an amount up to 33 percent of the [FY 2004] Drinking Water SRF program capitalization grant to the Clean Water SRF program or an equivalent amount from the Clean Water SRF program to the Drinking Water SRF program.”

Prior to any actual transfer of funds, the Intended Use Plan and capitalization grant agreement will be amended; an Attorney General’s opinion certifying that State law permits the State to transfer funds will be submitted; and transfers will be made by the Governor, in accordance with Section 302 of the Safe Drinking Water Act. Currently, the Safe Drinking Water Act requires states to request transfer authority on a year-to-year basis, limiting the ability to transfer funds in future years. Funds will not be transferred between programs during FY 2004 or in future years unless a permanent extension of transfer authority is granted.

VIII. PUBLIC REVIEW AND COMMENT

A public meeting, conducted in compliance with the Oklahoma State Administrative procedures Act and DWSRF regulations will be held on May 15, 2003. To ensure that interested parties are made aware of the public meeting date DEQ published notice in the *Oklahoma Register*,

posted notice on the DEQ web-site, and distributed announcements to a mailing list of public water systems, state and federal agencies, environmental organizations, public health officials, consulting engineers, financial consultants, and interested citizens. The agenda will

be posted at the meeting site. The public meeting is scheduled to review this IUP, the Project Priority System, and the Funding and Contingency Project Priority List. A comment period following the public meeting will remain open until June 16, 2003.

IX. AMENDMENTS TO THE PLAN

Revisions to this plan determined to be insignificant and/or minor revisions required for administrative purposes, shall be made by the

DEQ without notification to the public, and will be reported to EPA in the Annual Report. Any changes in

the IUP shall be made in accordance with procedures provided in the DEQ DWSRF Regulations.

APPENDIX A

SOURCES AND USES OF FUNDS

Sources of Funds	
Federal Grants	\$ 85,640,300.00
State Match	\$ 17,128,060.00
Principal Repayments	\$ 11,527,960.00
Interest Earnings on Loans	\$ 2,207,726.00
Interest Earnings on Account	\$ 613,982.00
Large System Refinance	
Sub Total	\$ 117,118,028.00
Anticipated FY 04 Revenue	
Federal Grant	\$ 12,371,700.00
State Match	\$ 2,474,340.00
Principal Repayments	\$ 9,127,186.00
Interest Earnings on Loans	\$ 964,531.00
Interest Earnings on Account	\$ 159,101.00
Large System Refinance	\$ -
Sub Total	\$ 25,096,858.00
Total Sources of Funds	\$ 142,214,886.00
Uses of Funds	
Loan Program Binding Commitments prior to FY 04	
Small System	\$ 34,382,058.00
Large System	\$ 45,762,459.00
Expected Loan Program Binding Commitments for FY 04	
Small System	\$ 5,989,450.00
Large System	\$ 27,200,000.00
Sub Total	\$ 113,333,967.00
Prior to FY 04 Debt Service on State Match Note	\$ 1,698,525.00
FY 04 Debt Service on State Match Note	\$ 1,355,254.00
Sub Total	\$ 3,053,779.00
Set-Asides prior to FY 04	\$ 17,584,895.00
Set-Asides from FY 04 Cap Grant	\$ 2,845,491.00
Administration	\$ 494,868.00
Small System Technical Assistance	\$ 247,434.00
Program Management	\$ 1,051,594.50
Local Assistance	
Wellhead Protection	\$ 1,051,594.50
Sub Total	\$ 20,430,386.00
Total Uses of Funds	\$ 136,818,132.00
Balance	\$ 5,396,754.00

APPENDIX B

PROJECT PRIORITY SYSTEM
OKLAHOMA DEPARTMENT OF ENVIRONMENTAL QUALITY
DRINKING WATER STATE REVOLVING FUND
STATUTORY REFERENCES: OAC 252:633-1-5, OAC 252:633-3-4
AND OAC 252:633 APPENDIX A

These procedures are necessary to determine the eligibility and priority of entities to receive financial assistance under the Federal Safe Drinking Water Act Amendments of 1996 and from the Drinking Water State Revolving Fund (DWSRF).

PART I: DEFINITIONS:

“Comprehensive Project Priority List (Project Priority List)” means a list of all projects requesting funds from the DWSRF, ranked in order of priority for funding for which DWSRF assistance is expected during a five-year planning period.

“Contingency section” means that portion of the Project Priority List consisting of projects which may receive loans due to bypass provision or due to additional funds becoming available.

“Fundable List” means projects listed on the Project Priority List which have met all requirements for funding and includes projects scheduled for financial assistance during the funding year.

“Funding year” means the first year of the planning period represented by a Project Priority List.

“Project priority points” means the total number of points assigned to a project by using the priority ranking formula.

PART II: DWSRF PROJECT PRIORITY SYSTEM

A. Preparation. DEQ shall prepare and maintain a current Project Priority List which ranks projects according to these DWSRF Project Priority System Procedures in the order of priority. Priority for the use of the DWSRF funds shall be given to projects that:

1. address the most serious risk to human health;
2. are necessary to ensure compliance with the requirements of the SDWA; and
3. assist systems most in need, on a per household basis.

Applicants shall be ranked according to the formula in Section IV of these procedures with the projects ranked by points (the project with the most points shall be first on the Project Priority List; the project with the least points shall be last).

- B. Public participation.** DEQ shall insure that there is adequate public participation on the DWSRF Project Priority System and the Project Priority List. A public meeting shall be held to discuss the DWSRF IUP, which includes the Project Priority List and any revisions that were made to the DWSRF Project Priority System. These public participation procedures shall follow the Oklahoma Administrative Procedures Act. The notice of public meeting shall precede the public meeting by 30 days and shall be published in a statewide publication. At this time, DEQ shall circulate information about the IUP and the Project Priority List including a description of each proposed project. Attendees of the public meeting will be allowed to express their views concerning the Project Priority List and system. A 30 day public comment period shall follow each meeting.
- C. Project Priority List.** A Project Priority List shall become effective and supersede all previous lists upon completion of the public participation process and resolution of comments. A Project Priority List, as updated during the funding year, shall remain effective until such time as it is superseded by a new list.
- D. Additional allotments.** After determining the fundable portion of the Project Priority List, DEQ may determine that it is necessary or desirable to obligate available funds and the funding point may be extended to include the next highest ranked project(s) on the contingency section of the Project Priority List in priority order. Any sum made available to the DWSRF by reallocation or the release of funds that were previously obligated shall follow these procedures.
- E. Project removal.** DEQ may remove a project from the Project Priority List when the project has been funded, the project is found to be ineligible, it is indicated that the applicant does not intend to continue in the DWSRF, or DEQ has determined that the applicant does not have financial capability to construct the project. The applicant whose project is affected shall be given a written notice that the project is to be removed from the list.
- F. Amount of financial assistance.** The amount of financial assistance shall be the sum of the total eligible costs related to construction. The amount is contingent upon the availability of funds for this purpose.
- G. Addition of new projects to the Project Priority List.** To be included on the Project Priority List, the applicant must submit a request to DEQ, including project description, estimated assistance to be requested and a schedule for the proposed project for such placement. The request must specify that the applicant intends to apply for financial assistance from the DWSRF. DEQ will evaluate the request for eligibility and if it is determined that this request could result in a project that meets DWSRF requirements, the potential project will be ranked and added to the Project Priority List.

PART III: MANAGEMENT OF THE PROJECT PRIORITY LIST.

- A. Projects included.** The comprehensive Project Priority List shall consist of all eligible projects requesting placement on the Project Priority List. Projects which meet all requirements for funding shall be placed on a Fundable List and included in the current Intended Use Plan (IUP). Projects which rank below the available funding level shall be considered the contingency section of the Fundable List. Projects in this part of the list may receive loans due to bypass provision or due to additional funds becoming available.
- B. Project ranking.** The ranking factors are based on the relative impact of the project in achieving the objectives of the Safe Drinking Water Act of 1996. The ranking factors are listed in Part III of these procedures.
- C. Tie breaking procedure.** A tie breaking procedure shall be used when two or more projects have equal points under the Project Priority System and are in competition for funds. Tied projects will be ranked with the first project which has the greatest value for the ranking factor for Violations of Maximum Allowable Levels (Primary Standards).
- D. Project bypass.** A project on the fundable portion of the Project Priority List may be bypassed for one year if it is not on schedule as indicated in the IUP or the project's specific consent/administrative order. The applicant whose project is affected shall be given a written notice that the project is to be bypassed. Bypassed projects may be reinstated on the funded portion of the list if sufficient funds are available, and the applicant completes the necessary tasks to proceed. Funds which become available due to the utilization of these bypass procedures will be applied to the next ranked project on the project priority list.
- E. Project Priority List update.** The priority list shall be periodically reviewed by the DEQ Water Quality Division Director and changes (i.e., loan award dates, estimated construction assistance amounts, project bypass, addition of new projects, etc.) will be made as necessary.

PART IV: RANKING SYSTEM

Projects may only receive points for violations and deficiencies that they seek to address. For consolidations, points will be awarded for the parent system and all systems that the project proposes to consolidate. Priority points may be recalculated each time a new Project Priority List is created and presented to the public.

- A. Formula.** The project priority points (P) are derived from the formula:

$$P = A + B + C + D + E + F + G + H + I$$

where the factors are defined as:

- 1. A = Violations of Maximum Allowable Levels (Primary Standards).
- 2. B = Quantity Deficiencies.
- 3. C = Design Deficiencies.
- 4. D = Vulnerability to Potential Pollution.
- 5. E = Violation of Recommended Maximum Levels (Secondary Levels).
- 6. F = Consolidation.
- 7. G = Compliance Orders.
- 8. H = Source Water Protection.
- 9. I = Affordability.

Ranking factors one through eight are to address the risks to human health and the compliance with the Safe Drinking Water Act of 1996 requirements. Ranking factor nine addresses the affordability requirements of the Safe Drinking Water Act of 1996.

B. Factors Descriptions.

1. Violations of Maximum Allowable Levels (Primary Standards). Maximum allowable levels are established for those parameters which may be detrimental to public health. Severity point values will be the sum of points for the violations of a contaminant during a 24 month period, from the date of the request. Contaminants reported quarterly, such as nitrate, may include up to eight violations during this 24 month period. Those contaminants reported monthly, such as fecal coliform, may include up to twenty-four violations during this 24 month period. Violations of standards of contaminants based on a running annual average, such as total trihalomethanes, will be based on a 12 month reporting period and will include only severity value. Violations of more than one contaminant are additive. These violations are documented by inclusion in the Safe Drinking Water Information System (SDWIS). These values may be increased quarterly in the event that there are repeated violations.

Contaminant	Severity Points Per Violation)
Antimony	10
Arsenic	10
Asbestos	10
Barium	2
Beryllium	10
Cadmium	10
Chromium	10
Copper >1.3	5
Fluoride > 4	5
Gross Alpha Radioactivity	5
Gross Beta Radioactivity	5
Lead	10
Mercury	10
Nickel	10
Nitrate	20
Selenium	5
Thallium	10
Turbidity	10
Radium	10
Radon	5
Fecal Coliform	20
Total Colifom	10
Total Organic Carbon (TOC)	10
Total Trihalomethanes	10
Pesticides and other SOCs	10
Volatile Organic Contaminants	10
Haloacetic Acids	10

2. Quantity Deficiencies (B). Quantity deficiencies are shortages of water due to source, treatment, or distribution problems. Deficiencies of only one condition will be allowed. These conditions are documented by inspection records, a comprehensive performance evaluation, or another system evaluation.

Condition	Severity
Continual shortage	10
Shortage during peak demands (daily)	8
Shortage during high use (seasonal)	6

3. Design Deficiencies (C). Design deficiencies are those which could be corrected by enlargement, repair, or replacement of a portion of the system. Deficiencies of more than one condition are additive. These conditions are documented by inspection records, a comprehensive performance evaluation, or another system evaluation.

Condition	Severity
Inadequate filtration (surface)	10
Pressure filtration	9
Inadequate disinfection	10
Inadequate chemical feed	8
Inadequate mixing	8
Inadequate settling.....	8
Inadequate storage	8
Inadequate distribution (low pressure)	8
Inadequate distribution (area not served)	8
Inadequate distribution (deterioration)	8
Demand exceeds design capacity	10
Inadequate laboratory equipment	7
Inadequate intake structure	8
Improper well construction.....	10
Groundwater under the influence of surface water	10
Inadequate water treatment wastewater disposal	10

4. Vulnerability to Potential Pollution (D). Vulnerability describes a condition in which the source of supply for a system could potentially be contaminated and for which the project will address. Vulnerabilities to more than one condition are additive. These conditions are documented by vulnerability assessments for monitoring waivers or source water protection area assessments.

Condition	Severity
Point source discharge in delineated area	10
Subject to industrial spills	5
Subject to agricultural chemicals	5
Subject to oil/gas/coal/mineral operations	5
Unprotected watershed	3

5. Violation of Recommended Maximum Levels (Secondary Standards) (E).

Recommended maximum levels are set for parameters, which are not harmful to health, but make the water undesirable for use. Deficiencies of more than one condition are additive. These conditions are documented in the State Environmental Laboratory database.

Contaminant	Severity
Chloride	3
Color	3
Copper >1 but <1.3	3
Corrosivity	3
Fluoride >2 but <4	3
Foaming Agents	3
Iron	3
Manganese	3
Odor	3
pH	3
Sulfate	3
TDS	3
Zinc	3

- 6. Consolidation (F).** Projects which result in the consolidation, interconnection, or improvement of services for two or more water systems shall add twenty (20) for consolidation, ten (10) for interconnection, and ten (10) for improvement of services such as back-up or emergency supply. Projects may meet more than one of these conditions. The points awarded for this category are documented in the scope of the project submitted by the system.
- 7. Compliance Orders (G).** Projects that will result in the compliance with a formal enforcement action will receive fifty (50) points.
- 8. Source water protection (H).** Water supply systems which have implemented source water protection programs such as watershed protection programs or wellhead protection programs will add ten (10) to their total.
- 9. Affordability (I).** This element is to assist systems most in need, on a per household basis. The points awarded for this category are documented by the latest census information.

Median Household Income	Severity
less than \$10,000	30
between \$10,000 and \$17,000	20

APPENDIX C

FY 2004 IUP PROJECT PRIORITY LIST

PRIORITY POINTS	SYSTEM	LOAN AMOUNT	CUMULATIVE AMOUNT	POPULATION	PROJECT DESCRIPTION
Funding List					
148	Bixby PWA	\$ 4,000,000.00	\$ 4,000,000.00	25,961	Water plant upgrade & replacement of water main from WTP to 171st St.
88	Grady Co RWD #1 (Pocasset)	\$ 259,900.00	\$ 4,259,900.00	400	Drill new well and install 24,750 L.F. of 6" waterline.
74	Bethany PWA (I)	\$ 8,400,000.00	\$ 12,659,900.00	42,514	New water treatment plant, water wells, and raw water transmission.
74	Rogers Co. RWD #4	\$ 1,700,000.00	\$ 14,359,900.00	5,606	Upgrade water treatment plant and rehabilitation of water line leaving plant.
73	Cherokee DA (II)	\$ 1,349,550.00	\$ 15,709,450.00	3,630	Construction of a new reverse osmosis plant to correct nitrate violations.
64	Sayre PWA	\$ 1,400,000.00	\$ 17,109,450.00	7,114	Construction of water lines and water storage tank.
55	Ponca City UA (I)	\$ 6,000,000.00	\$ 23,109,450.00	58,273	Construction of raw water line and pump station.
44	Owasso PWA	\$ 8,800,000.00	\$ 31,909,450.00	24,502	Construct a water transmission main, booster pump station, and elevated water storage tank.
40	Maysville PWA	\$ 1,280,000.00	\$ 33,189,450.00	2,693	Construct new water storage tank, replace 50,000 linear feet of deteriorated water line and install 48 fire hydrants.
Contingency List					
60	Bartlesville MA (III)	\$ 42,000,000.00	\$ 75,189,450.00	77,627	Construct water treatment plant, raw water line, treated water transmission line and misc. equipment purchases.
34	Ponca City UA (II)	\$ 11,000,000.00	\$ 86,189,450.00	58,273	Plant modifications and distribution improvements.
29	Guthrie PWA	\$ 1,500,000.00	\$ 87,689,450.00	18,025	Replace 4 inch water line with 12 inch water line to correct pressure problems near school.
28	Broken Arrow MA	\$ 15,000,000.00	\$ 102,689,450.00	228,589	Construct 60,000' of 24"-48" replacement and parallel water lines to eliminate deteriorated cast iron pipe, increase capacity and improve redundancy.
26	LeFlore Co. RWD #9	\$ 296,500.00	\$ 102,985,950.00	600	Construction of a standpipe storage tank and add 1 supply lines.
26	Skiatook PWA	\$ 4,800,000.00	\$ 107,785,950.00	18,896	Water treatment plant upgrade, new water truck line, and new water storage tank.
16	West Siloam Springs PWA	\$ 1,000,000.00	\$ 108,785,950.00	2,501	21,000' lines to replace deteriorating system.
2005					
158	Duncan PUA	\$ 10,000,000.00		51700	Water treatment plant modifications to meet new rules for turbidity and TTHM's.
94	Lawton WA	\$ 22,000,000.00		225,267	New water treatment plant, new transmission lines and other related infrastructure and appurtenances.
71	McCurtain Co. RWD #6	\$ 5,265,000.00		2000	New water system consisting of a 1 mg storage tank, three (3) pump stations, and 889,350' of w.i.
67	Grove MSA	\$ 3,000,000.00		21,219	Expansion of existing water plant and construct a new water tower.
44	Frederick PWA	\$ 4,100,000.00		10,915	Replace obsolete and worn out equipment and meet new surface water treatment standards.
2006					
30	Bethany PWA (II)	\$ 2,000,000.00		42,514	New water treatment plant, water wells, and raw water transmission.

APPENDIX D

FEDERAL PAYMENT SCHEDULE

	Actual Payments				Projected Payments								
	TOTAL	FY 2002				FY 2003				FY 2004			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
97 GRANT	12,117,711												
97 TRANSFER ²	1,632,581												
98 GRANT	7,054,698												
98 TRANSFER ²	511,210												
99 GRANT	7,394,040												
99 TRANSFER ²	535,800												
00 GRANT	9,355,080												
00 TRANSFER ²	1,781,920												
01 GRANT	8,935,747	8,935,747											
02 GRANT	9,210,410								9,210,410				
03 GRANT	9,526,208									9,526,208			
04 GRANT	9,526,208												9,526,208
CUM.		8,935,747	0	0	0	0	0	0	0	0	0	0	0
PAYMENTS	77,581,613	49,318,787	49,318,787	49,318,787	49,318,787	49,318,787	49,318,787	49,318,787	49,318,787	68,055,405	68,055,405	68,055,405	77,581,613

Note 1: Fiscals years are federal fiscal years.
 Note 2: Transfer funds are unexpended set-aside funds.

APPENDIX E

NOTICE OF PUBLIC MEETING

TITLE 252. OKLAHOMA DEPARTMENT OF ENVIRONMENTAL QUALITY LOCAL PROJECT FUNDING CONTRACT ANNOUNCEMENT

DESCRIPTION OF THE PROJECT:

The Drinking Water State Revolving Fund (DWSRF) was made possible by the passage of the Safe Drinking Water Act Amendments of 1996. The act authorizes funds to be used by states to establish a revolving loan fund to address drinking water infrastructure needs and correct other water system deficiencies that might result in violations of drinking water standards. The Department of Environmental Quality (DEQ) in conjunction with the Oklahoma Water Resources Board (OWRB) conducts project reviews for selecting those entities to be considered for low interest loans. The DEQ/OWRB will enter into loan agreements with the selected entities. A public meeting to receive comments on the SFY 2004 Intended Use Plan, Priority Ranking System, and the Project Priority List, which will include a listing of those entities which have expressed an interest in obtaining a loan from the DWSRF, will be held *May 15, 2003 at 1:30pm* in the DEQ Office Building, Multi-Purpose Room, at 707 N. Robinson, Oklahoma City, Oklahoma.

FUNDS AVAILABLE:

Uncommitted FFY 03, and FFY 04 federal funds; state matching funds; and interest on state funds totaling approximately \$20 million are anticipated to be available during SFY 2004 for drinking water loans.

ELIGIBILITY:

A potential loan recipient is any eligible public water supply system. The authority for this program is established by the Safe Drinking Water Act Amendments of 1996, Section 1452 and Title 82 of Oklahoma Statutes Annotated, Section 1085. Any entity wishing to obtain more information on eligibility for this program should contact Leandra "Andy" Callaway or Patty Thompson at (405) 702-8100.

APPLICATION DEADLINE:

Application deadline is within the current state fiscal year.

CONTACT PERSON:

For additional information regarding the Intended Use Plan or the public meeting, contact Leandra "Andy" Callaway at (405) 702-8100 or E-mail: Leandra.Callaway@deq.state.ok.us. A copy of the draft plan may be reviewed on the eighth floor at: Oklahoma Dept. of Environmental Quality, Water Quality Division, 707 N. Robinson, Oklahoma City, Oklahoma 73102.

DEQ web page: www.deq.state.ok.us

