

## Drinking Water State Revolving Fund Procedures and Strategy

Many Oklahoma water systems are looking for affordable financing options for improvements to their drinking water systems to comply with the Safe Drinking Water Act (SDWA). The Drinking Water State Revolving Fund (DWSRF) was authorized by the 1996 Amendments to the SDWA and is funded by EPA capitalization grants to the Oklahoma Department of Environmental Quality (DEQ). DEQ and the Oklahoma Water Resources Board (OWRB) jointly administer this low interest loan program.

### Eligible Entities

- Towns and municipalities with proper legal authority
- Rural water districts established under Title 82 of the Oklahoma Statutes

### Eligible Projects

- Drinking water treatment
- New intake/raw water lines
- Major distribution/storage system rehabilitation
- New storage
- Engineering
- New transmission/distribution systems

### Program Requirements

- Projects must be listed on the DWSRF Project Priority List and current Intended Use Plan maintained by DEQ
- Projects that are ready to proceed will receive the highest priority
- Environmental review as required by DEQ
- Engineering report as required by DEQ, including cost-effective analysis
- Public participation/public hearing with public notice
- Project will be required to comply with federal SDWA requirements and federal cross-cutting laws and authorities



## DWSRF Loan Terms

- Interest rate equal to 70% of Municipal Market Daily (MMD) AAA scale spot rates for each year through maturity plus 40-76 basis points, calculated 10 days before loan closing
- 0.50% administration fee
- 20-30 years maximum payback period
- 1.25 rate covenant factor
- No reserve requirements (unless required by borrower's existing outstanding debt)
- Loan proceeds drawn down as costs are incurred
- Interest and administrative fees billed every 6 months
- Principal will be billed every 6 months after construction completion

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