

January 8, 2025

Public Review and Comment Period

Legal notice of public review and comment period concerning the proposed 2024 Intended Use Plan (IUP) attached below for Oregon's Base Drinking Water State Revolving Fund (DWSRF) and the Bipartisan Infrastructure Law (BIL) General Supplemental program. The BIL General Supplemental increases funding to Oregon's existing DWSRF program.

One of Oregon Health Authority (OHA) Drinking Water Services (DWS) responsibilities as a state agency managing the DWSRF program as set forth under Section 1452 (40 CFR 35.555 (b)) of the amended 1996 Safe Drinking Water Act (SDWA) is to provide the public the opportunity to comment on the proposed IUP as part of the grant application process to the U.S. Environmental Protection Agency (EPA). This IUP explains how OHA-DWS prioritizes low-interest loan assistance to eligible community and non-profit non-community public water systems and the funding of Set-Aside activities. It also is a key aspect of how we will procure the funding resources that the EPA has appropriated Oregon for the Federal fiscal year 2024 grant phase.

The public comment period for the IUP will be from Monday, January 13 through Thursday, February 13, 2025. If you would like to make a comment, please email your comments to DWS.SRF@odhsoha.oregon.gov by no later than 5pm on Thursday, February 13th to be considered. If you have questions, you may also email or call me at (503) 956-8287.

Thank you.

Adam DeSemple

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Tina Kotek, Governor

January 3, 2025

Ms. Lacey Davidson
Grants Specialist, EPA Region 10
United States Environmental Protection Agency
1200 Sixth Avenue, Suite 900, OMP-145
Seattle, WA 98101

Reference: Applications, FFY2024 Oregon's Drinking Water State Revolving Fund (FON: EPA-CEP-01) – Base and BIL General Supplemental

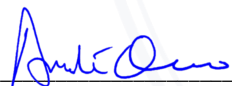
Dear Ms. Davidson:

Please find in the Grants.gov application package the Oregon Health Authority's (OHA) complete Drinking Water State Revolving Fund – Base and BIL General Supplemental capitalization grant applications and Intended Use Plans (IUP) for FFY2024 appropriations. This application package also includes OHA's Set-Aside work plans, the budget narrative (i.e., SF-424A), as well as the current indirect cost rate agreement and other required documents.

Our plans and strategy for implementing our programmatic goals while addressing the federal requirements will be copiously detailed and incorporated throughout the IUP and its attachments in the grant application packages.

If you have any questions or comments, please contact Adam DeSemples, Program Coordinator, at 503-956-8287 or via e-mail at adam.desemples@oha.oregon.gov.

Sincerely,



André Ourso, MPH, JD
Administrator, Center for Health Protection
Public Health Division
Oregon Health Authority



Nadia Davidson
Director of Finance
Public Health Division
Oregon Health Authority

Enclosures: Applications, FFY2024 Drinking Water State Revolving Fund (FON: EPA-CEP-01)

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State of Oregon

Drinking Water State Revolving Fund (DWSRF) Base & Bipartisan Infrastructure Law (BIL) – General Supplemental Programs

Intended Use Plan 2024 - *final*

December 2024

Oregon Health Authority
Public Health Division
Center for Health Protection
Drinking Water Services
800 NE Oregon Street, STE 640
Portland, OR. 97232



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2024 Drinking Water State Revolving Fund – Base & BIL General Supplemental Programs
Capitalization Grant Application and Intended Use Plan

State of Oregon

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APPENDICES

A. REQUIRED DOCUMENTS

- AG Certification
- 2024 Base & BIL General Supplemental PPL - ([Next to IUP on IUP webpage](#))
- 2024 Sustainable Infrastructure Planning Projects (SIPP) PPL
- 2024 Drinking Water Source Protection (DWSP) PPL
- SRF LOI Rating Guidance
- FFATA Set-Aside reporting spreadsheet

B. SUPPORTING DOCUMENTS

- SDWRLF Financing Details
- 2024 Grant Allotment Use Summaries – Base & BIL General Supplemental
- Cost Allocation & Other Payroll Expense Letters (3)

C. TIMELY & EXPEDITIOUS USE OF FUNDS

- Sources & Uses Table

D. SET-ASIDE WORK PLANS

- Administrative Expense
- Small System Technical Assistance
- State Program Management
- Local Assistance & Other State Programs:
 - i. Implementation of Protection
 - ii. Capacity Development
 - iii. Drinking Water Source Protection (DWSP)

E. PUBLIC NOTICES

- Intended Use Plan (IUP) Annual Public Notice Letter
- PPL Semi-Annual and Annual Public Notice Letters

F. AGREEMENTS

- Interagency Agreement (with Business Oregon)
- Interagency Agreement (with DEQ)
- Operating Agreement (with EPA)

COMMON ACRONYMS

• ACS	-	AMERICAN COMMUNITY SURVEY
• AIS	-	AMERICAN IRON & STEEL
• AWWA	-	AMERICAN WATER WORKS ASSOCIATION
• AWIA	-	AMERICA'S WATER INFRASTRUCTURE ACT
• BABA	-	BUILD AMERICA, BUY AMERICA ACT
• BIL	-	BIPARTISAN INFRASTRUCTURE LAW
• BMP	-	BEST MANAGEMENT PRACTICES
• CA	-	COST ALLOCATION & CAPACITY ASSESSMENT
• CFR	-	CODE OF FEDERAL REGULATIONS
• CHP	-	CENTER FOR HEALTH PROTECTION
• CR	-	CONTINUING RESOLUTION
• CWSRF	-	CLEAN WATER STATE REVOLVING FUND
• DB	-	DAVIS BACON
• DBE	-	DISADVANTAGED BUSINESS ENTERPRISE
• DEQ	-	DEPARTMENT OF ENVIRONMENTAL QUALITY
• DWAC	-	DRINKING WATER ADVISORY COMMITTEE
• DWS	-	DRINKING WATER SERVICES
• DWSP	-	DRINKING WATER SOURCE PROTECTION
• DWSRF	-	DRINKING WATER STATE REVOLVING FUND
• EDU	-	EQUIVALENT DWELLING UNIT
• EPA	-	ENVIRONMENTAL PROTECTION AGENCY
• ER	-	ENVIRONMENTAL REVIEW
• ERP	-	ENFORCEMENT RESPONSE POLICY
• ETT	-	ENFORCEMENT TARGETING TOOL
• FFATA	-	FEDERAL FUNDING ACCOUNTABILITY & TRANSPARENCY ACT
• FFY	-	FEDERAL FISCAL YEAR
• FSRS	-	FFATA SUBAWARD REPORTING SYSTEM
• FTE	-	FULL TIME EQUIVALENT
• GIS	-	GEOGRAPHICAL INFORMATION SYSTEMS
• GPR	-	GREEN PROJECT RESERVE
• IAA	-	INTER-AGENCY AGREEMENT
• IFA	-	INFRASTRUCTURE FINANCE AUTHORITY
• IGA	-	INTERGOVERNMENTAL AGREEMENT
• IUP	-	INTENDED USE PLAN
• LOI	-	LETTER OF INTEREST
• MCL	-	MAXIMUM CONTAMINANT LEVEL
• MHI	-	MEDIUM HOUSEHOLD INCOME
• NIMS	-	NATIONAL INFORMATION MANAGEMENT SYSTEM
• OA	-	OPERATING AGREEMENT
• OAR	-	OREGON ADMINISTRATIVE RULE
• OFS	-	OFFICE OF FINANCIAL SERVICES
• OHA	-	OREGON HEALTH AUTHORITY
• OMB	-	OFFICE OF MANAGEMENT & BUDGET
• ORS	-	OREGON REVISED STATUTE
• PBR	-	PROJECT & BENEFITS REPORTING
• PER	-	PROGRAM EVALUATION REPORT
• PPL	-	PROJECT PRIORITY LIST
• PPP	-	PUBLIC PRIVATE PARTNERSHIPS
• RCAC	-	RURAL COMMUNITY ASSISTANCE CORPORATION
• RLDWA	-	REDUCTION OF LEAD IN DRINKING WATER ACT
• SDWA	-	SAFE DRINKING WATER ACT
• SDWRLF	-	SAFE DRINKING WATER REVOLVING LOAN FUND
• SFY	-	STATE FISCAL YEAR
• SIPP	-	SUSTAINABLE INFRASTRUCTURE PLANNING PROJECTS
• SOS	-	SECRETARY OF STATE
• SPM	-	STATE PROGRAM MANAGEMENT
• ULO	-	UNLIQUIDATED OBLIGATION
• WIFIA	-	WATER INFRASTRUCTURE FINANCE & INNOVATION ACT
• WIIN	-	WATER INFRASTRUCTURE IMPROVEMENT FOR THE NATION ACT

Oregon’s 2024 Drinking Water State Revolving Fund Base & BIL General Supplemental, Intended Use Plan

I. Executive Summary

Introduction & Purpose

On August 6, 1996, the Safe Drinking Water Act (SDWA) Amendments of 1996 ([P.L. 104-182](#)) were signed into law. Section 1452 of this act authorized the Administrator of the U.S. Environmental Protection Agency (EPA) to establish a Drinking Water State Revolving Fund (DWSRF) program to assist public water systems with affordable financing for infrastructure needs to achieve or maintain compliance with the SDWA requirements and to protect public health.

Annually, congress appropriates funding to the EPA for the DWSRF program. EPA then separates that appropriation into an allocation for each state using a set percentage based upon the results of the most recent EPA Drinking Water Infrastructure Needs Survey and Assessment. States must apply for the capitalization grant successfully and provide a match to be awarded the allocated funds by the EPA for their DWSRF program.

As a part of each state’s annual capitalization grant application process to the EPA, Section 1452(b) of the SDWA, requires states to submit an Intended Use Plan (IUP) identifying the use of funds in that state’s DWSRF program and how those uses support the goal of protecting public health.

On November 15, 2021, the Bipartisan Infrastructure Law (BIL) was signed into law, generating significant additional investments in the DWSRF program through the General Supplemental (GS) funding and targeted programs for Emerging Contaminants (EC) and Lead Service Line Replacement (LSLR). Throughout federal fiscal years, 2022 to 2026, EPA will allocate these funds annually as additional grants for states to apply for and manage, utilizing their existing DWSRF program.

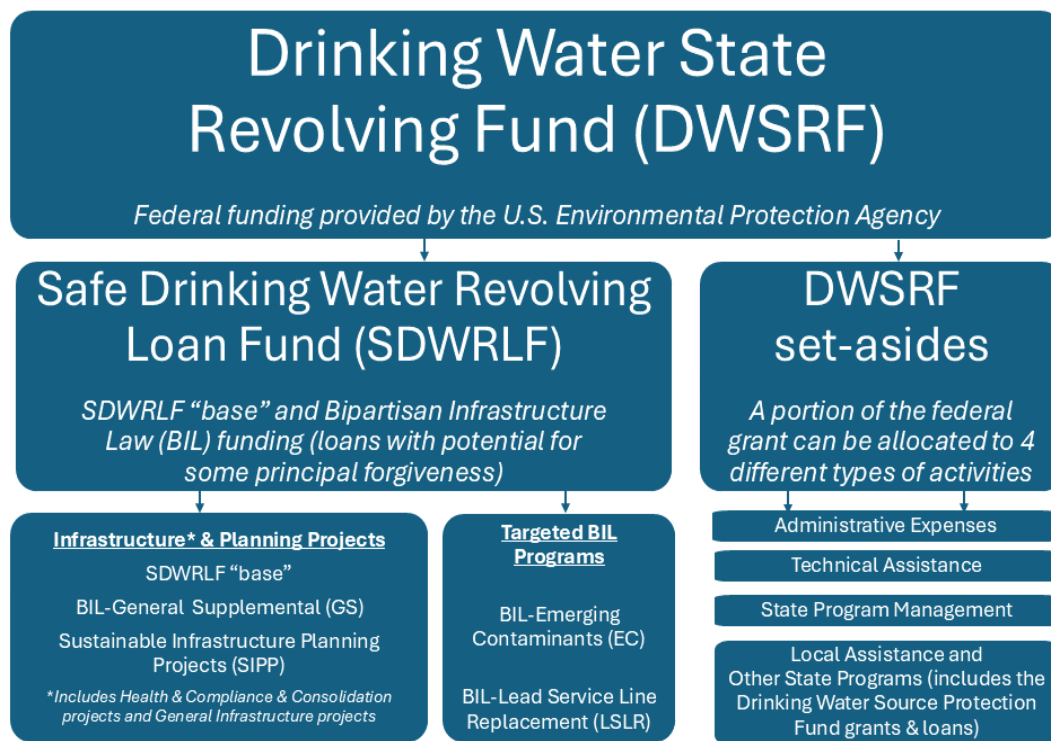
The purpose of the Intended Use Plan (IUP) document is to identify the intended uses of the 2024 Base and BIL-GS allotments available to the Oregon DWSRF Program.

❖ Oregon’s Awarded DWSRF Capitalization Grants Are Used for Two Key Functions:

- 1. Safe Drinking Water Revolving Loan Fund (SDWRLF):** The SDWRLF is the loan fund of Oregon’s DWSRF program (henceforth referred to as the “Loan Fund”). It assists eligible public water systems in achieving, maintaining, or regaining compliance and protecting public health by funding drinking water infrastructure or resiliency improvement projects such as treatment, distribution, and storage or creating a new source with low-cost financing. Oregon’s DWSRF capitalizes the Loan Fund per [Oregon Administrative Rule \(OAR\) 123-049](#) and is managed by the Oregon Business Development Department, DBA Business Oregon through its Infrastructure Finance Authority (IFA). The SDWRLF Program will be detailed further in Section V.

2. **Program Set-Asides:** State DWSRF programs include four unique Set-Asides that allow States the option of providing a portion of its capitalization grant towards those activities. Activities such as covering the costs to administer the DWSRF program, regulatory work (by counties) to ensure compliance with SDWA, technical assistance, and capacity development are a few of the primary focuses these Set-Asides support. Partner costs to Oregon’s Department of Environmental Quality (DEQ) are also covered by Set-Asides for its assistance with source water protection efforts throughout the State. Additionally, Set-Asides support source water protection objectives through grant awards to eligible entities. See Section VII below or **Appendix D** for more details about these four Set-Aside activities.

A visual representation of the uses of the DWSRF funding in Oregon is demonstrated below:



Summary

This IUP and its appendices, including its Project Priority Lists (PPL), incorporate Base DWSRF and BIL General Supplemental grant funding details and federal mandates as part of Oregon’s DWSRF program to expand more funding options to eligible drinking water systems throughout the State. Additional capitalization will allow the Oregon DWSRF to expand its funding options and assistance to eligible drinking water systems throughout the State. These efforts will be in coordination with our partners at Business Oregon by continuing to offer low interest loans from the Loan Fund to eligible drinking water systems while continuing to support the four separate program Set-Aside activities to meet federal drinking water program mandates.

In addition to discussing important program details and priorities for Oregon’s Base DWSRF program, this IUP will also focus on the supplemental BIL grants through the [Infrastructure Investment and Jobs Act \(H.R. 3684\)](#) (i.e., BIL, Drinking Water Sec. 50101-50115). Finally, many of the details throughout this IUP demonstrate Oregon’s continued efforts to programmatically improve processes and policies while protecting public drinking water supplies statewide.

EPA’s April 3 and May 1, 2024, memorandums allocated states, including Oregon, its 2024 traditional Base DWSRF and its [Bipartisan Infrastructure Law \(BIL\)](#) capitalization grant amounts totaling \$81,729,000. These funds are targeted for use for State Fiscal Years 2025 through 2026 (July 1, 2024 – June 30, 2026).

OHA and its state agency partners (i.e., Business Oregon and DEQ) are pursuing both FFY2024 Base DWSRF and BIL General Supplemental allotments totaling \$41,586,000 to further expand its funding efforts as described above. Efforts to apply for FFY2024 BIL grants related to Emerging Contaminants (EC) and Lead Service Line Replacements (LSLR) will be explained in separate updates to our IUP in the future. These annual BIL grant funding appropriations to Oregon’s DWSRF program will run from FFY2022-2026. For more BIL details, see Section VI in this IUP or visit Oregon.gov/bil.

Oregon’s 2024 DWSRF – Base & BIL General Supplemental Allotments

The 2024 program is allotted as described in the tables below:

(For more details, visit the Grant Allotment Use Summary sheets in the **Appendix B** portion of the IUP)

2024 Base DWSRF	EPA Site Project Code	Federal Funds	Percent of Allotment	20% State Match Funds*
Project Loans for Water Systems	DA	\$ 4,837,590	69.00%	\$ 1,402,200
Set-Aside Activities:				
1.) Administrative Expense	DD	\$ 280,440	4.00%	\$ -
2.) Small System Tech. Assist.	DE	\$ 140,220	2.00%	\$ -
3.) State Program Management	DF	\$ 701,100	10.00%	\$ -
4.) Local Assist. & Other St. Pro.				
<i>LA - Implementation of Protection</i>	DGD	\$ 701,100	10.00%	\$ -
<i>LA - Capacity Development</i>	DGC	\$ 350,550	5.00%	\$ -
<i>LA - Drinking Water Source Protection</i>	DGB	\$ -	0.00%	\$ -
Total		\$ 7,011,000	100.00%	\$ 1,402,200

2024 BIL General Supplemental	EPA Site Project Code	Federal Funds	Percent of Allotment	20% State Match Funds*
Project Loans for Water Systems	DA	\$ 27,314,250	79.00%	\$ 6,915,000
Set-Aside Activities:				
1.) Administrative Expense	DD	\$ 1,383,000	4.00%	\$ -
2.) Small System Tech. Assist.	DE	\$ 691,500	2.00%	\$ -
3.) State Program Management	DF	\$ 1,728,750	5.00%	\$ -
4.) Local Assist. & Other St. Pro.				
<i>LA - Implementation of Protection</i>	DGD	\$ 1,200,000	3.47%	\$ -
<i>LA - Capacity Development</i>	DGC	\$ 575,545	1.66%	\$ -
<i>LA - Drinking Water Source Protection</i>	DGB	\$ 1,681,955	4.87%	\$ -
Total		\$ 34,575,000	100.00%	\$ 6,915,000

* Oregon's State Match funds are drawn before federal funds. 10% for 2022 and 2023 and then increases to 20% for 2024 through 2026 to meet BIL General Supplemental fund match requirements. Base DWSRF is unchanged at 20%.

Allocation Table Description (See Section VII or Appendix D for details on Set-Asides)

- **Project Loans for Water Systems:** 69% of the Base Allocation and 79% of the BIL-GS is dedicated to funding projects on the Infrastructure Project Priority List.
- **Administrative Expense:** Contribute to administrative costs associated with implementing the program between OHA and Business Oregon.
- **Small System Technical Assistance:** Provides technical assistance and related services to small water systems serving 10,000 or fewer people by contracting with the for these services, such as the Circuit Rider Program.
- **State Program Management:** Continues OHA's contractual support of County drinking water programs and of the Oregon Department of Agriculture to augment the Public Water System Supervision (Primacy) program.
- **Local Assistance (LA):** The Local Assistance set-aside funds the Implementation of Protection and Drinking Water Source Protection programs.
- **EPA Site Project Code:** A simplified internal coding for tracking grant fund balances as required by EPA.
- **State Match:** State match is required to be provided by Oregon to obtain the capitalization grant and the BIL-General Supplemental. These funds are used for additional project awards.

Program Implementation

A. Interagency Implementation

The State of Oregon, Drinking Water Services (DWS) is an Oregon Health Authority (OHA) program located within the Center for Health Protection (CHP). Oregon's DWSRF program is carried out through direct involvement activities and with the utilization of

partnership agreements. The primacy agency is OHA via its DWS who provide direct services with a complement of experienced regulatory technical staff.

OHA inter-agency agreements (IAAs) with Business Oregon and DEQ are maintained and updated on a biennial basis. Both Business Oregon and DEQ are state agencies with respective IAAs. Visit **Appendix F** to see IAAs with OHA.

Since OHA is the lead agency, it is responsible for establishing program and project priorities (via project ratings and rankings), oversight of program operations, technical assistance, capacity development, and the annual capitalization grant application and reporting processes. Business Oregon operates, manages, and administers the Safe Drinking Water Revolving Loan Fund (SDWRLF) for drinking water infrastructure projects, Drinking Water Source Protection (DWSP) loans and grants, and the Sustainable Infrastructure Planning Projects (SIPP) program funds (100% forgivable loans). While managing the Loan Fund, Business Oregon ensures compliance and reporting with subsidy (forgivable loan) requirements as outlined in annual grant agreements. Business Oregon staff also works with communities to provide loan servicing functions that result from the Loan Fund, as well as project management services to ensure project completion and adherence to federal standards. DEQ with OHA, complete source water assessments and implement the local DWSP programs.

B. Operating Agreement (OA)

The original 1998 DWSRF Operating Agreement between the EPA and OHA was amended in 2016 and effective through 2021. The 2021 amended OA is expected to run through 2026. The OA explains and itemizes the agreed-upon implementation and management of Oregon's DWSRF program. OHA and Business Oregon plan to review and amend the current OA with our EPA partners prior to the 2026 expiration.

II. Need for the Program

This IUP and its supporting documents (e.g., PPL, financing details) clearly demonstrates Oregon's robust drinking water infrastructure need and further explains how the funds are intended to be used.

A. Comprehensive 2024 Infrastructure Project Priority List Results

Systems seeking financing from the Loan Fund must submit a Letter of Interest (LOI) to be considered for funding. Eligible submitted LOIs are then prioritized to create a Project Priority List (PPL) during a rating process (See Section V for more details). The combined Base and BIL-GS PPLs under Oregon's DWSRF currently demonstrate over \$600 million in infrastructure financing assistance needed in communities. Given the ongoing high demand on the DWSRF, the Oregon SDWRLF program will not be able to fund all projects on the PPL in SFY2025-26. See **Appendix A** for details on the list of projects on the combined PPL and Public Notices.

The table below illustrates the total amount of funding requested of the DWSRF program across all programs for 2024 funding consideration.

Project Priority Lists (PPL)	Total Letters of Interests on PPLs	Total Funding Requests on PPL
Health/ Compliance/ Consolidation Projects	54	\$434,725,271
General Infrastructure & Resiliency Projects	39	\$199,200,896
Expedited Projects	01	\$3,727,200
Sustainable Infrastructure Planning Projects	17	\$339,658
Drinking Water Source Protection	12	\$699,625
TOTAL	123	\$638,692,650

For 2024 funding consideration, water systems submitted fifty-five (55; one was ineligible) Letters of Interest (LOI) for Health / Compliance / Consolidation projects. Approximately \$130 million in DWSRF financial assistance was requested to fund needed infrastructure improvements throughout Oregon during SFY2024. Forty-nine (49) of the 55 eligible projects (89%) are for small water systems serving fewer than 10,000 people. Forty-three (43) of the 55 eligible projects (78%) are for disadvantaged communities.

B. Drinking Water Infrastructure Needs Survey Results

EPA's Drinking Water Infrastructure Needs Survey and Assessment (DWINSA) assesses the nation's public water systems' infrastructure needs over the next 20 years and is used to allocate Drinking Water State Revolving Fund (DWSRF) grants, including Bipartisan Infrastructure Law funding, to states. The 2019-20 nationwide DWINSA, sponsored by the EPA with assistance from OHA and its water suppliers, was completed in 2022. Previous results conducted from the 2011 DWINSA awarded OHA with 1.42 percent and 2015 results equaled 1.32 percent of the total annual EPA DWSRF appropriations. The 2019-20 DWINSA results supersede the 2011 and 2015 outcomes and now allocate 1.50 percent for Base DWSRF, BIL-General Supplemental, and BIL-Emerging Contaminants. BIL-Lead Service Line Replacement annual allocation was reduced to 1.00 percent.

The 2019-20 surveyed results indicated that Oregon's drinking water infrastructure needs are more than \$10 billion over the next twenty years, representing a 160 percent increase from the 2015 results. Nearly half (i.e., \$5.14 billion) of needs in Oregon are for medium-sized water systems serving between 3,001 and 100,000 people according to the survey. The state will be working with EPA in 2025 to provide figures for the anticipated 8th annual DWINSA.

C. Cumulative Grant Awards

The first grants from the DWSRF were distributed to states, tribes, and territories from the 1997 appropriation and totaled \$1.275 billion. From FFY1997 through June 30, 2024, cumulative federal grants (including ARRA) for the DWSRF program to states total approximately \$24.75 billion. Oregon's total federal grant allocations received through SFY2024 (including ARRA) is over \$351 million. This figure, compared with the DWISNA

results above, demonstrates that the need for infrastructure financing far surpasses the federal amount received cumulatively.

D. Targeted Capacity Development for Priority Non-Compliers

In addition to these substantial infrastructure needs, many small water systems in Oregon lack the technical, managerial, and financial capacities to provide safe drinking water to their respective users. The capitalization grant provides Set-Aside funding for technical assistance and capacity development programs to help water systems, especially smaller ones, operate more efficiently and in compliance with federal regulations.

EPA utilizes an Enforcement Response Policy to ensure that no community or non-profit non-community systems with project(s) from the System Scores list with a score of 11 or higher receive DWSRF funding unless the funding directly supports the water system in achieving or regaining compliance. A system score is a point-based value that provides a comprehensive approach for assessing a water system's level of compliance, calculated by an enforcement targeting tool (ETT). OHA uses its own ETT type list (called the Priority Non-Complier (PNC) list) to target systems for capacity development assistance and to ensure that these systems are given the fullest possible consideration for available DWSRF infrastructure financing. For Oregon's PNC list, see here, <https://yourwater.oregon.gov/sscore.php>.

III. Short and Long-Term Goals of the Program

This year's program continues significant initiatives begun in 1997 by OHA, including its partner agencies (e.g., Business Oregon), interested organizations, service providers, and public water systems. New initiatives, strategic proposals, and process improvements are continually introduced between partnering agencies so our goals and service to Oregonians continue to improve and adapt to a changing environment.

❖ Short-Term Goals

- Provide low-cost loan assistance to projects that will address the greatest public health need while accounting for project affordability, especially to help small systems and those serving disadvantaged communities.
- Develop technical assistance and source protection efforts that sustain and/or improve the operation, maintenance, and management of Oregon's drinking water systems.
- Evaluate and update financial offerings within the program to ensure requirements with the grant are met while also providing equitable access to needed funds.
- Incorporate an updated definition for Disadvantaged Community into the program in 2025 and beyond that is more inclusive of indicators that address socioeconomic, environmental justice, and demographic considerations.

- Develop and implement equivalency into Oregon’s DWSRF program in order for a subset of federal requirements to be minimized to only apply to those projects funded with the annual federal award amount.
- Integrate the OHA’s internal process of identifying Small, Underserved, and Disadvantaged Communities (SUDC) and providing targeted support and assistance to incentivize those communities to submit projects into the DWSRF funding program.

❖ **Long-Term Goals**

- Successfully operate and manage a DWSRF program in Oregon for eligible community and non-profit non-community water systems to construct needed infrastructure to improve drinking water improvements and quality and meet water security needs.
- Administer the DWSRF program in Oregon in a way that protects its revolving nature in perpetuity to be able to provide financing for drinking water improvements needed in the years to come.
- Support the State’s goal of ensuring Oregon’s water supplies provide safe drinking water by financially contributing to needed water system improvements.
- Increase water system compliance with state and federal drinking water requirements through technical assistance, capacity development and assessment of source water.

IV. Program Updates

A. Letter of Interest (LOI) Process – New Annual Review Date

OHA and Business Oregon have had a long-standing practice of utilizing a Letter of Interest (LOI) solicitation process to inform, gather, and process (rating and ranking) requests from eligible water systems interested in funding drinking water infrastructure planning, design, and/or construction improvements. The LOI form is found on Business Oregon’s [SDWRLF webpage](#). LOIs are accepted year-round but have moved to an annual submission deadline date of February 15th. This change improves OHA and Business Oregon’s ability to meet its funding and programmatic timelines and goals. The DWSRF plans to continue to apply for BIL funding on an annual basis, and as such lends itself to making funding decisions for projects on the PPL once per year.

B. Sustainable Infrastructure Planning Projects (SIPP)

The [Sustainable Infrastructure Planning Projects](#) program objectives are to assist communities with 100 percent DWSRF forgivable loan financing for water system planning and related activities that promote sustainable water infrastructure. Priority continues to be given to those systems that serve fewer than 300 service connections and/or are considered disadvantaged communities.

SIPP funded projects are encouraged to use the results from their planning studies to apply for infrastructure funding to help address aging infrastructure and compliance issues to further protect public health. Many SIPP projects have returned to Oregon’s DWSRF program to fund their infrastructure projects, but they are not required to.

Eligible projects include: Feasibility studies, asset management plans, system partnership studies, water rate studies, leak detection studies, security risk and vulnerability studies (e.g., cybersecurity), and water system master plans (for systems with under 300 connections). And more recently in response to Oregon’s 2021 House Bill 3293, Oregon’s SIPP program is prioritizing and looking to incorporate community engagement planning as an eligible project type in the future.

Eligible water systems also have access to SIPP funding to meet the required Seismic Risk Assessment and Mitigation Plan requirements ([OAR 333-061-0060\(5\)\(a\)\(J\)](#)) for Master Plans for those systems that serve 300 to 3,300 connections. This Master Plan requirement became effective in January 2018, but funding launched at the beginning of SFY2019.

Since the launch of SIPP in 2015, it has become clear that communities with a plan have better infrastructure outcomes than without. OHA and Business Oregon anticipates raising the funding limits for certain project types within the SIPP program in 2025, as there have been considerations that the long-standing \$20,000 limit is not a sufficient incentive for planning in communities that have experienced inflation in planning costs. Visit OHA’s SIPP website for more information.

C. Disadvantaged Community Definition Revision

Nationally, the Safe Drinking Water Act requires state DWSRF programs to establish affordability criteria. Under the SDWA section 1452(d), a disadvantaged community (DAC) is defined as the service area of a public water system that meets the state’s affordability criteria. During the project rating and ranking process, OHA assesses the affordability criteria of each water system to determine “disadvantaged” status under the DWSRF program, prior to placement on the Project Priority List. DAC communities are assigned additional points during the rating process to further prioritize systems in need of assistance with affordable infrastructure financing.

For Oregon’s DWSRF the following affordability criteria is currently used by OHA to determine disadvantaged community status:

- A disadvantaged community is a public water system that has a service area with a Median Household Income (MHI) below the state MHI. MHI is determined using the most recent American Community Survey (ACS) 5-year estimates available.

Over 2024, OHA and Business Oregon decided to review and consider updates to the disadvantaged community definition. The agencies felt that relying solely on a single metric may result in needed assistance not being provided to communities that have a portion of

their populations that are disadvantaged based on other socioeconomic factors. BIL funding and its requirements mean that meeting the DAC definition has even more significance for a community in terms of receiving loan subsidies through the SDWRLF. The EPA’s guidance for implementing BIL funding seeks to ensure equitable benefits from the funding by including a wider array of socioeconomic factors when establishing an “affordability criteria” as required under the SDWA.

Several steps have been completed so far to get to a draft preferred alternative of a new DAC definition. The EPA contracted with the consultant group Cadmus Group LLC (Cadmus) to assist Oregon through a process to consider options for change. Over the first half of 2024, OHA and Business Oregon staff met several times with and without Cadmus and the EPA. Cadmus facilitated a review of Oregon’s current definition and DAC determination process, available data sources, options of other socioeconomic indicators, and examples of other states’ DAC definitions. With the analytical support of Cadmus, OHA and Business Oregon staff assessed several socioeconomic indicators that Oregon’s DWSRF could consider including in its definition, such as rate of poverty, rate of unemployment, and percent of population that is housing cost burdened. OHA staff developed different scenarios incorporating various combinations of indicators and thresholds and the group examined the results of each scenario. For example, the agencies assessed the increase or decrease in the number of water systems or population served under each scenario.

The agencies selected a few top options to examine more closely and then reached consensus on the draft preferred alternative of a new definition of disadvantaged community. The draft definition includes communities that currently meet the DAC definition and will include additional water systems. The draft definition is as follows:

- A disadvantaged community is a public water system that has a service area with MHI is less than 100% of the state’s MHI, OR the system meets 2 out of 4 criteria that is higher than the state rate for poverty rate, unemployment rate, education attainment less than high school, or housing cost burden. The MHI and criteria would be determined using the most recent American Community Survey five-year data available from the U.S Census Bureau.

As of October 2024, the agencies have scheduled a virtual Open House in October to share more information about how they arrived at this draft preferred alternative and more details on the criteria selected. OHA and Business Oregon will be considering any necessary adjustments to the proposed draft definition based on feedback received through the Open House, public comment, and other discussions. OHA will release the final proposed definition for a public comment period. The agencies will adopt a final definition after the public comment period. The target timeline for the new DAC definition to be finalized is before the end of 2024. The next Letter of Interest (LOI) review deadline for submitting a project to seek funding through the SDWRLF program will be February 15, 2025. The goal is to have the new definition adopted in time for the LOI review period in early 2025.

OHA anticipates evaluating and updating the rating criteria following finalization of the definition. Business Oregon will evaluate and update its financing details document to ensure subsidy requirements are met.

The recording of the Open House, a formal report from Cadmus on the process and proposed definition, and information about the public comment process will be updated on OHA's DAC webpage as the process moves forward. Visit OHA's [Project Ranking and Disadvantaged Status webpage](#).

D. Small, Underserved and Disadvantaged Communities Program

Separate from the DWSRF program, The Water Infrastructure Improvements for the Nation (WIIN) Act establishes the [Small, Underserved, and Disadvantaged Communities \(SUDC\) grant](#) to award funding on a non-competitive basis to states to assist public water systems in meeting SDWA requirements. The grant program aids underserved communities, which means they are served by a public water system that violates or exceeds any Maximum Containment Level, treatment technique, or action level. From 2019 to 2024, OHA has utilized its existing structure of the DWSRF program to obtain and administer SUDC grant funding. The WIIN Act SUDC grants are obtained and awarded to OHA, with Business Oregon acting as funding contract administrator and project managers for the recipients of the grant funding.

Within the SUDC program's development, OHA has developed procedures for identifying and targeting prospective SUDC recipients, screening them for eligibility and performing a rating and ranking system for assigning funding priority. Because of this approach, OHA does not market the SUDC program to water systems, but rather prospective targets for SUDC funding are identified by reviewing current compliance and enforcement lists and screening these against SUDC eligibility criteria, including whether the system had a health-based violation in the past 5 years, whether the system meets Oregon's current definition of "Disadvantaged Community", and whether the system is considered "small" for grant purposes because it serves fewer than 10,000 people. The systems are then guided and supported on development of potential projects that grant funding would address the health and compliance issues for their community.

In SFY2025, the DWSRF program anticipates utilizing approximately \$1,000,000 in forgivable loan funding from the BIL General Supplemental to address additional systems that have been identified through the SUDC program that submit an eligible project through the Letter of Interest process. Technical service assistance, additional project management, engineering, and consulting services shall be offered utilizing OHA's Circuit Rider program, if needed, to ensure support is provided for these communities.

V. Drinking Water State Revolving Fund: Program Overview and Requirements

A. Financing Details

The SDWRLF is the loan fund of the DWSRF, administered by Business Oregon’s Infrastructure Finance Authority (IFA). The SDWRLF provides below market interest rates on loans and forgivable loan awards for planning, design, and construction of drinking water infrastructure.

For any eligible water system in the SDWRLF Base program, forgivable loan and a below market interest rate is available, starting from eighty percent (80%) of the current direct rate. A disadvantaged community, depending on community MHI and monthly user rates through a review of debt impact, may be eligible for an interest rate subsidized to as low as 1% and increased forgivable loan amounts. A loan term length of up to 30 years may be awarded but shall not exceed the expected useful life of the improvements funded in the project. An origination fee of 1.5% of the SDWRLF award is included as a part of the loan principal for borrowers determined to be non-disadvantaged communities.

Under the SDWRLF Base program, forgivable loan awards are available for nearly all SDWRLF funded projects. Adjusted amounts may be provided to eligible water systems based on population, to assist with water rate affordability, health/compliance projects, and water system consolidation.

There are special forgivable loan awards available to Base program-funded construction projects to hire third-party professionals for adherence to Davis Bacon and to assist with meeting federal requirements. These special forgivable loan allocations are captured in the SDWRLF funding contract as special budget line items. The forgivable loan allocations detailed in the following section also fund the Sustainable Infrastructure Planning Projects program for small, 100% forgivable loan awards.

Business Oregon calculates the impact to community water user rates due to potential debt coverage of proposed project costs by multiplying the water system’s service area MHI by 1.25% and dividing by 12 (months). This “threshold rate” is then compared to the current user rates as well as anticipated monthly residential water charge per equivalent dwelling unit (EDU) necessary at project completion to cover debt service during a Business Oregon financial capacity review. Affordability assistance additional forgivable loan awards are available to disadvantaged communities that are faced with high water rates as determined by Business Oregon financial capacity review.

Currently, projects funded with the BIL-General Supplemental are eligible for forgivable loan amounts that are higher than typically available under the Base program but may only be awarded to disadvantaged communities. (See section VI for more information on BIL subsidy). Debt impact and interest rates are evaluated and set using the same structure as the Base program.

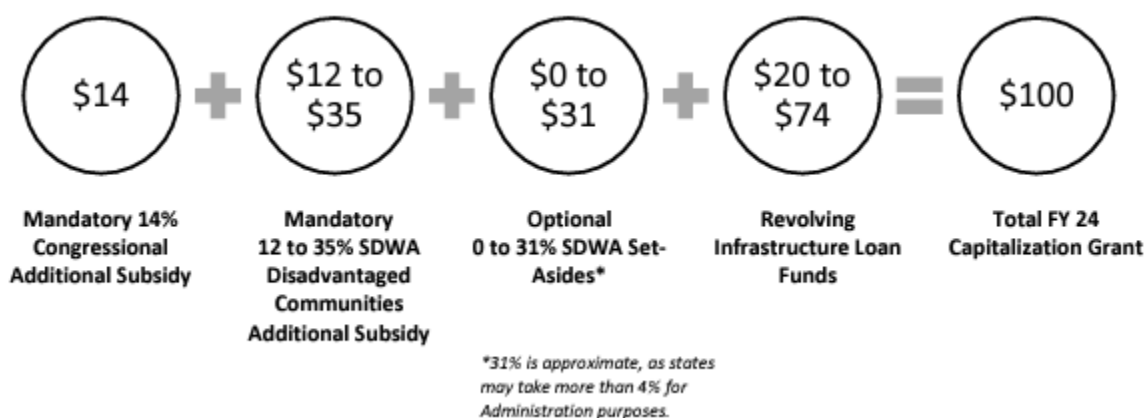
The [Drinking Water Handbook](#) (located on lefthand column of webpage) provides guidance for those interested in applying for and administering awards for infrastructure, SIPP, and DWSP projects. The Handbook serves as both an internal and external resource and is a critical element to ensuring that loan and grant funds are administered in an effective and efficient manner and that regulations and guidelines are administered correctly and uniformly. BIL funding details will be incorporated in future Handbook updates.

For more details on the Base DWSRF program, see the current Financing Details in Appendix B of the IUP or at Business Oregon’s SDWRLF and SIPP website (see bottom of Additional Resources).

B. Base Program Loan Principal Forgiveness Limitations

A forgivable loan award, also referred to as principal forgiveness, are loan awards that are 100% forgiven and not re-paid if a project is completed consistent with its contract terms. A forgivable loan is similar to a grant but is conditional. Forgivable loan awards in the SDWRLF program are limited based on annual availability identified in EPA’s Fiscal Year 2024 Allotments for the State Revolving Fund Provisions of the Bipartisan Infrastructure Law and Base Program Funding Memorandum. Business Oregon is tasked with ensuring the subsidy requirements of each DWSRF capitalization grant are met by managing forgivable loan amounts awarded to eligible projects. Business Oregon closely monitors available subsidy and loan principal forgiveness awards and shall make necessary adjustments to the annual financing details document or annual award limits when needed to ensure the program adheres to EPA subsidy requirements.

The EPA characterizes forgivable loan awards as “subsidy” and limits the amount that can be awarded from each grant. There have been no changes in the subsidy limitation requirements from FY-2023 to FY-2024. For the Base program funding, there are two subsidy authorities (Congressional and SDWA Disadvantaged Communities) allowed by states to be awarded to communities, as visually represented below:



States must use 14% of the funds made available in the Base DWSRF capitalization grant to provide subsidization to any eligible recipient, while a range of 12-35% must be provided

only to state-defined disadvantaged communities. For Oregon’s Base program amounts of mandatory subsidy for FY2024, it must award 14% (981,540) to any eligible project. The program must award 12% (841,320), up to 35% (\$2,453,850) in forgivable loan only to disadvantaged communities.

The long-term financial viability of the Loan Fund is balanced by maximizing repayment return to the Loan Fund without reducing demand for the funding by reducing incentives. Forgivable loan offerings are balanced with loan funding to maximize the interest in the Loan Fund and still assist financially distressed communities that need system improvements.

For BIL-GS, 49% of the capitalization grant must be made available provide subsidization to eligible recipients determined to be a disadvantaged community and will be described in additional detail in section VI.

C. Project Eligibility, Rating & Ranking Process

EPAs DWSRF Interim Final Rule 40 CFR Section 35.3555 (c)(1) suggests that the IUP must include a priority system for ranking individual projects for funding that is detailed and understandable. Oregon’s infrastructure, Drinking Water Source Protection, and Sustainable Infrastructure Planning Projects program rating criteria are robust and meet this requirement. More information related to OHA’s rating form and detailed criteria is available in **Appendix A**. This document outlines the specific rating criteria used to place projects on the PPL.

Before projects are placed on the Project Priority List (PPL), eligible water systems (i.e., community water systems and non-profit non-community water systems) must first submit an LOI. The LOI form is a document that provides information about the water system, its water quality problem, its finances, its readiness-to-proceed, and its project solution and estimated cost. This is adequate information for OHA to rate (i.e., score) and rank each project to create the PPL, as required by the amended 1996 SDWA. Oregon’s primary funding focus is on projects that address drinking water public health risks and compliance issues while assisting systems most in need on a per household basis using state affordability criteria.

Current infrastructure project rating criteria includes:

- Risks to Human Health & Health Protection.
- Compliance with Safe Drinking Water Act.
- Consolidation of Two or More Systems.
- Water System Size.
- Community Affordability.
 - *Disadvantaged Community status is also identified. See LOI Rating Guidance in Appendix A for more details.*

Starting after the January 15, 2024 LOI submission deadline, the [combined infrastructure PPL](#) changed to annual updates allowing Oregon to better manage the Loan Fund and assure ready-to-proceed projects continue through financing and project implementation as early as

possible. The annual LOI submission deadline for 2025 funding is February 15, 2025. For more information on the PPL and to see its current version, reference **Appendix A** of the IUP or visit OHA's [DWSRF PPL and Public Notices](#) webpage.

Additionally, to meet BIL requirements and enhance transparency, Oregon's DWSRF PPL was revised by adding more information about potential funding, how much subsidy may be available, which systems were identified as disadvantaged communities, and additional footnotes and details to further explain how each project ranked among its peers.

Most water systems not in full compliance with the Safe Drinking Water Act have some form of administrative enforcement order from OHA that defines the problem(s) to be resolved and includes a compliance schedule. If a water system has an enforcement order, then the proposed project must be able to return the water system to a full compliance status. Base DWSRF and BIL General Supplemental funds can be used to assist systems in reaching their compliance issues provided that the system has the technical and managerial capacity required to operate the system being funded.

Visit the Project Selection Methodology in the footnotes on the PPL for more details.

D. Project Invitation Criteria – Readiness to Proceed

When funding is available, Business Oregon contacts water systems on the PPL in the order they have been ranked to prioritize projects that have scored the highest in addressing health risks and compliance issues. Prior to an invitation to apply, Business Oregon will also work with the water systems to assess their readiness to proceed with the project. Readiness to proceed is based on a variety of factors, including but not limited to the water system's:

- Ability and willingness to take on the debt identified with the financing offered from the program,
- Assessment of user rates and willingness to raise rates as needed,
- Adequacy of project cost estimates,
- Project timelines and alignment with funding availability and timing,
- Need for other funding to fill budget gaps and timelines for other funding sources,
- Ability to provide feasibility documentation.

An important step during this pre-application stage is to ensure that the water system's decision-making body is informed of the project status and ready to act in a timely manner.

Prior to inviting the water system to apply, Business Oregon will discuss these readiness-to-proceed factors, supply potential loan terms and incentives, and clarify deadlines for the application process. Business Oregon will request confirmation from the water system that they are ready to proceed following the discussion of the project funding details. If the water system is unable to confirm they are ready to proceed, or if the water system requests to be passed on the list, the system will be removed from consideration for the current funding cycle and Business Oregon will contact the next ranked system on the PPL.

Business Oregon's Regional Project Managers and Regional Development Officers work closely with communities to consider all options with the community when determining a

project's readiness to proceed. Business Oregon makes every effort to move a project forward and, if applicable, connect a water system with low-cost or free technical assistance (TA) resources to foster needed project development.

Unfunded Projects may remain on the PPL for up to two years from the approval of the IUP of the awarded federal grant their projects were targeted for. Additional by-pass information can be provided on request.

Finally, to comply with provisions of the amended 1996 SDWA, Oregon will assure at least 15% of the Loan Fund will be used to assist small water supplies, those that serve 10,000 or fewer people. If it is not at the 15% mark, then "only" these small systems will be considered until this federal requirement is met. Historically, Oregon has followed this requirement.

E. Expedited Funding

The EPA allows states to expedite the application process for projects which require immediate attention to protect public health. These projects do not require ranking using the state's priority system or need to go through a public review process prior to receiving assistance. Prior to 2024, these projects were referred to as emergency projects. In 2025 and ongoing, these projects will be called "expedited projects".

Expedited DWSRF funding is available for those infrastructure projects that fit specific criteria that mainly relate to addressing a lack of potable drinking water (due to either quantity or quality) for an extended period. Additional forgivable loan or funding prioritization may occur based on the project being deemed an "expedited project". There currently is one expedited project declared on the 2024 PPL.

Projects considered to be expedited can be related to events resulting from natural disaster, extreme weather, and events that represent a threat to public health. A project may be funded under the designation "Expedited Project," if approved by the OHA-DWS administrator.

See the SRF LOI Rating Guidance in the **Appendix A** section of the IUP for project rating criteria details.

F. Equivalency

The funding available for projects under the umbrella of the SDWRLF program is comprised of annual federal grants, state matching funds provided by Oregon, repayment dollars from current and maturing loans, and interest earnings on the account. The EPA allows for states to consider only a subset of those funds – the amount equal to the federal grant – going out to recipient water systems as federal dollars. Projects funded with these federal dollars have certain additional federal requirements such as the Build America, Buy America (BABA) Act, EPA's Disadvantaged Business Enterprise (DBE) Program, and Single Audit Act and are called "equivalency projects." All other projects funded with the state match, repayment dollars, and interest are considered "non-equivalency" projects. Non-equivalency projects must still comply with all state and local requirements and many federal requirements but will not have to meet certain federal requirements such as BABA.

Business Oregon is required to select systems funded with the federal dollars and recognizes that equivalency projects may incur additional costs and administrative burdens. Examples of factors Business Oregon may consider while determining which projects are equivalency and which are non-equivalency are:

- Projects that must meet the additional federal requirements due to the nature of the project activities and/or the inclusion of other sources of federal funding.
 - For example, a project that is co-funded through one or more other federal programs such as EPA’s Water Infrastructure Finance and Innovation Act (WIFIA) program or the U.S. Department of Agriculture Rural Development Water and Waste Disposal funding, the project is likely already subject to the equivalency requirements.
- The technical, managerial, and financial capacity of the water system to manage the additional requirements.
 - Higher capacity communities may be more equipped to manage equivalency project than smaller, lower-capacity water systems.
- The overall project budget.
 - Business Oregon may try to target one or two large projects to meet the equivalency amount.

Business Oregon will communicate with water systems early in the process if they are an equivalency project. After the LOI submission and annual review date, Business Oregon will assess funding availability, water system readiness to proceed, and equivalency projects. When water systems are invited to submit full applications, they will be notified if they are an equivalency project so they can plan accordingly as they develop their application.

G. Federal Funding Accountability and Transparency Act (FFATA)

The Federal Funding Accountability and Transparency Act of 2006 (FFATA), ensures that the public can access information on entities and organizations receiving Federal funds. The FFATA Subaward Reporting System (FSRS) is the reporting tool Federal prime awardees (i.e., prime grants recipients) use to capture and report subaward and executive compensation data regarding their first-tier subawards to meet the FFATA reporting requirements. On March 23, 2011, the EPA released a memo explaining this federal requirement to states and the use of the FFATA Subaward Reporting System (FSRS) tool.

States have the option to apply a subset of the Federal Crosscutting Authorities and Federal requirements to all awarded projects or only the projects and Set-Asides determined to be equivalency projects. During SFY2023-24, Oregon’s DWSRF program began identifying equivalency projects and will report them as FFATA projects, equivalent to the annual federal award amount.

Although project adherence to Federal Crosscutting Authorities is not limited to FFATA projects, the chart below demonstrates the projects Oregon intends to identify for the purposes of FFATA.

Additionally, and in accordance with the EPA September 22, 2014, memo, “Application of Equivalency Under the FFATA,” these reporting requirements specific to the Set-Asides relate only to subaward contracted obligations at or above \$30,000 and that only those Set-Aside activities that meet or exceed this amount need to be reported into the FSRS database. Specific contract details can be found on the Set-Aside FFATA spreadsheet within the **Appendix A** section of the IUP.

2024 Base FFATA:		
Applicant	Applicant Number	Amount
City of Grants Pass	SD-22-338	\$ 4,837,590
Set-Asides	n/a	\$ 2,173,410
FFATA Reportable Total:		\$ 7,011,000
FFY-2024 (Base) Appropriation:		\$ 7,011,000
2024 BIL-Gen FFATA:		
Applicant	Applicant Number	Amount
City of Pendleton	SD-22-356	\$ 6,000,000
Row River Valley Water District	SD-24-423	\$ 6,000,000
City of Grants Pass	SD-22-338	\$ 6,000,000
City of Maupin	SD-24-421	\$ 5,250,000
Lakeside Water District	SD-24-418	\$ 4,064,250
Set-Asides	n/a	\$ 7,260,750
FFATA Reportable Total:		\$34,575,000
FFY-2023 (BIL-GEN) Appropriation:		\$34,575,000

***Set-Aside contracts (i.e., county partners and drinking water source protection grants) of \$30,000 or above will be entered into the FSRS database.*

H. Federal Requirements of the Fund

Funding recipients will be made aware of all federal programmatic requirements early on, prior to invitation. Templated, approved financing contract language and contract clauses are provided to funding recipients to assist with administering the project and will reflect those requirements. The funding recipient (water system) is responsible for ensuring these applicable clauses are included in applicable contracts between the water system and contractors with different curated language (applicable clauses) depending on whether the contract is for professional services (e.g., engineering) or construction activities.

Davis Bacon (DB) wage rate requirements apply to all construction, alteration and repair of treatment works carried out in whole or in part with assistance made available through the DWSRF. Templated, approved financing contract language and contract clauses are provided to funding recipients to assist with administering the project and will reflect those requirements. Recipients of DWSRF funds are briefed on their responsibility to ensure that all relevant DB regulations are adhered to. In addition, Business Oregon Regional Project Managers will periodically monitor certified payroll documents and other necessary and relevant documents for the adherence to DB regulations. Recipients of DWSRF funds are

encouraged to contract with third party individuals or organizations that have demonstrated expertise in the administration of DB rules and regulations. Additional Principal Forgiveness awards are available to any eligible recipient to choose to hire such expertise.

American Iron and Steel (AIS) Provisions require DWSRF assistance recipients to use iron and steel products that are produced in the United States. Language regarding the requirement will be included with all DWSRF contracts to assistance recipients. Monitoring of compliance requirements will occur at appropriate intervals to ensure that any issues are addressed with immediacy.

Build America, Buy America (BABA) requires all iron, steel, manufactured products, and construction materials used in a project financed with federal assistance to be produced in the United States. In Oregon’s DWSRF BABA applies to projects that meet all three of the following criteria. The project:

- Has an SDWRLF award date on or after May 14, 2022.
- Is an SDWRLF-identified equivalency project. Recipients will be notified as early in the process as possible if they are identified as an equivalency project and subject to BABA, Single Audit Act, and other equivalency requirements.
- Is **not** covered by a waiver.

Business Oregon seeks to apply BABA only to equivalency projects. Each project targeted to BIL funding & Base Funding will be assessed regarding whether BABA waivers are also applicable. Funding recipients are responsible for complying with BABA and for working with their suppliers and contractors to comply and secure appropriate documentation of compliance. A water system receiving an SDWRLF award must include these requirements in their contracts and ensure that contractors and sub-contractors procure compliant materials for SDWRLF-funded projects. The BABA contract requirements are required to “flow down” to all subcontractors.

VI. Bipartisan Infrastructure Law (BIL)

A. Overview

On November 15, 2021, the Infrastructure Investment and Jobs Act (H.R. 3684) commonly referred to as the [**Bipartisan Infrastructure Law \(BIL\)**](#) was signed into law. BIL is a federally funded infrastructure package covering multiple critical infrastructure sectors throughout the U.S., including drinking water. The law provides the EPA with grant funds that can be appropriated to states for investments in drinking water infrastructure over the next five federal fiscal years (2022 – 2026). States have until the end of the second federal fiscal year after appropriations announced to apply and be awarded funding. For example, the 2022 BIL grant appropriations were announced in the spring of 2022, but States have until September 30th, 2023, to be awarded.

BIL funding for drinking water infrastructure will be available to communities through the state’s existing DWSRF. BIL authorizes increases to Oregon’s existing Base

[DWSRF](#) infrastructure funding program and includes special appropriations that supplement DWSRF funding for identifying and replacing lead service lines and gooseneck connectors, and funding to address emerging contaminants (e.g., PFAS or other unregulated contaminants).

B. Summary of Oregon’s BIL Appropriations (2022-2026)

With the recent release of the 2019-20 Drinking Water Infrastructure Needs Survey and Assessment (DWINSA) results, Oregon will receive 1.50 percent of the annual national allotment, starting with 2023. See charts below for current and anticipated appropriations and subsidy totals. The state was successfully able to obtain the full FY 2022 and FY 2023 allotments for the General Supplemental and Emerging Contaminants Funding. The state waived applying for the FY 2022 Lead Service Line Funding and applied for a partial award for FY 2023 due to a low demonstration of need for those funds.

Oregon's BIL Appropriations (2022 - 2026)						
Fiscal Year	General Supplemental	Needs Survey Rate (%)	Lead Service Line Replacement	Needs Survey Rate (%)	Emerging Contaminants	Needs Survey Rate (%)
2022	\$ 23,673,000	1.32%	\$ 37,300,000	1.32%	\$ 9,940,000	1.32%
2023	\$ 31,672,000	1.50%	\$ 28,650,000	1.00%	\$ 11,493,000	1.50%
2024	\$ 34,575,000	1.50%	\$ 28,650,000	1.00%	\$ 11,493,000	1.50%
2025	\$ 34,575,000	1.50%	\$ 28,650,000	1.00%	\$ 11,493,000	1.50%
2026						
Total	\$ 159,070,000		\$ 151,900,000		\$ 55,912,000	

Oregon's BIL Subsidy Requirements (2022 - 2026)			
Fiscal Year	General Supplemental (49% of Appropriation)	Lead Service Line Replacement (49% of Appropriation)	Emerging Contaminants (100% of Appropriation)
2022	\$ 11,599,770	\$ 18,277,000	\$ 9,940,000
2023	\$ 15,519,280	\$ 14,038,500	\$ 11,493,000
2024	\$ 16,941,750	\$ 14,038,500	\$ 11,493,000
2025	\$ 16,941,750	\$ 14,038,500	\$ 11,493,000
2026			
Total	\$ 77,944,300	\$ 74,431,000	\$ 55,912,000

C. Subsidy Requirements for BIL

A key priority of BIL is to ensure that disadvantaged communities benefit equitably, therefore, federal funding requirements stipulate that a significant portion of funds be provided in the form of loan subsidy only to disadvantaged communities.

For both BIL General Supplemental and Lead Service Line Replacement funding, 49 percent of the annual appropriation must be provided in the form of subsidy only to disadvantaged communities.

BIL Emerging Contaminant funding must be provided as 100 percent subsidy and requires 25 percent of funding to be targeted to disadvantaged communities or eligible public water systems serving fewer than 25,000 people.

Oregon's DWSRF program has consistently demonstrated compliance with these subsidy requirements for BIL and currently has enough funding interest from disadvantaged communities in the funding to continue to meet these requirements for FY24.

Please see section **IV** for more information on disadvantaged definitions.

D. The 3 BIL Funding Opportunities for DWSRF Programs:

- 1. General Supplemental:** BIL General Supplemental funding will be implemented through Oregon's existing Base DWSRF program for providing low-cost loan financing for drinking water planning, design, and construction projects eligible through the DWSRF. Increased forgivable loan offerings, outside of the normal limitations of the Base DWSRF shall be made available to disadvantaged communities through the BIL as mandated by federal requirements.

Currently, Oregon DWSRF's intentions is to apply for the entire 2024 BIL General Supplemental allotment of \$34,575,000. Approximately 79 percent (i.e., \$27.31 million) of the allotment is devoted to the Loan Fund for infrastructure improvements. Additionally, the required 20 percent state match (i.e., \$6,915,000) will be utilized for funding infrastructure projects. The remaining amount will be devoted to program Set-Asides.

For 2024 BIL General Supplemental funding, Oregon has several water systems currently on the Health and Compliance PPL that it intends to offer an invitation to apply for this funding. Projects targeted to this BIL funding source shall represent a subset of communities on the existing PPL with highly ranked projects that address health and compliance that were determined to be disadvantaged to be able to offer forgivable loans to incentivize and make the funding more affordable. Projects addressing risk to health, compliance, or consolidation place higher on the PPL and are given priority for funding offers in a competitive application cycle.

Once 2024 BIL funding is secured by the state, Business Oregon will begin engaging

with communities to submit application, starting with the highest PPL rated and ranked projects for disadvantaged communities that had not already moved forward with the Base/BIL DWSRF program, or other financing programs. Federal requirements and associated increased costs will be discussed with each prospective funding applicant. BIL-GS funding limits have been previously set to \$6 million per project, to maximize the number of systems targeted with funding. Potential offerings shall be adjusted as cost estimates are updated and are subject to change.

OHA has identified the amount of subsidy available to 2024 BIL General Supplemental projects as well as the amount of Set-Aside funding that will be retained by OHA per standard procedure. Subtracting the carve out of forgivable loan funding to directly target Small, Underserved and Disadvantaged (SUDC) systems (detailed in Section IV), an equal percentage of approximately 48% forgivable loan to 52% loan is currently targeted for each FY24 BIL General Supplemental project. BIL requirements stipulate that states may not distribute the portion of the BIL that is allowable to be awarded as forgivable loan without also assigning the loan portion of the BIL award to eligible water systems. The state match that is included for project funding will be awarded as loan but shall be identified as non-equivalency and will be required to adhere to less federal requirements.

Related to readiness to proceed, the willingness to take on and ability to repay the loan will be discussed with the applicant. Projects that decide to not move forward with financing within a set time will be bypassed and the next rated and ranked projects will be considered. If no Health and Compliance projects move forward with BIL funding, the General Infrastructure List’s disadvantaged communities will then be contacted to apply for funding.

For specific details about each of the projects that may receive BIL General Supplemental funding, download the PPL on OHA’s [Project Priority Lists and Public Notices](#) webpage.

<u>2024 BIL General Supplemental - Oregon DWSRF</u>	
FFY-2024 appropriation	\$34,575,000
Set-Asides for Program Use	-\$7,260,750
BIL Project Loan Funds	\$27,314,250
State Match Funds	\$6,915,000
Total BIL-GS Funding Available	\$34,229,250
BIL Subsidy (Forgivable Loan)	\$16,941,750
BIL Loan	\$17,287,500

Projected Targets for 2024 BIL General Supplemental as of 9-6-24 Project Priority List

Water System Name	LOI #	Initial LOI Funding Request	Potential BIL Funding Amount	BIL Subsidy	BIL Loan
Future SUDC (DAC) System	N/A	N/A	500,000	500,000	0
Galice Subdivision (SUDC*)	SD-24-414	\$327,250	500,000	500,000	0
City of Pendleton	SD-22-356	\$23,000,000	6,000,000	2,878,503	3,121,497
Umpqua Ranch Co-op	SD-24-436	\$1,166,982	1,250,000	599,688	650,312
Row River Valley WD	SD-24-423	\$17,462,500	6,000,000	2,878,503	3,121,497
City of Coquille	SD-23-392	\$1,120,510	1,250,000	599,688	650,312
City of Grants Pass	SD-22-338	\$76,000,000	6,000,000	2,878,503	3,121,497
City of Maupin	SD-24-421	\$4,958,000	5,250,000	2,518,690	2,731,310
Lakeside WD	SD-24-418	\$5,943,287	6,000,000	2,878,503	3,121,497
City of Roseburg	SD-23-386	\$3,000,000	1,479,250	709,671	769,579
TOTALS		\$132,978,529	34,229,250	16,941,750	17,287,500

Note that **all** water systems on this list were determined to meet the state’s definition for disadvantaged community and are therefore eligible to receive subsidy under BIL-GS. This list is subject to change based on updates to the PPL as well as updated cost estimates.

* As described in earlier sections, the program plans to allocate \$1,000,000 in forgivable loan to address Small Underserved and Disadvantaged Communities (SUDC).

Short Description of Projects Intended to be Funded with 2024 BIL General Supplemental

Water System Name	Project Short Description
Future SUDC (DAC) System	The DWSRF program anticipates utilizing small awards of 100% forgivable loan funding from the BIL General Supplemental to address additional systems that have been identified through the SUDC program that submit an eligible project through the Letter of Interest process. The SUDC grant program aids underserved DAC communities, which means they are served by a public water system that violates or exceeds any Maximum Containment Level, treatment technique, or action level. A potential project targeted with BIL-GS funding would directly address this community's health and compliance issues, which causes them to be considered underserved. (See section IV for more details).
Galice Subdivision (SUDC)	Reconstruction and improvement of the water system to repair treatment and regain compliance.
City of Pendleton	Booster pump station construction/improvements, water main/transmission line replacements and extensions, update water system master plan, replace membranes at WTP that are near the end of their useful life, increase river intake pump station capacity from 10 MGD to 15 MGD, and other miscellaneous upgrades as described in the 2015 Water System Master Plan.
Umpqua Ranch Co-op	Improvement to the water distribution system, treatment pre-filter and water storage.
Row River Valley WD	Replacing the 13-mile long mainline.

City of Coquille	Improvement project to maintain the quality of the system, increase fire flow, reduce unaccounted water losses, extend the life of the existing tanks, and install needed telemetry for the entire system.
City of Grants Pass	Construct a new, seismically resilient, 22.5 million gallon per day water treatment plant
City of Maupin	Replace spring source booster station, add backup generator for booster station, new buried transmission line, replace reservoir tank floor, repair tank coating, and add in cathodic protection, distribution system piping will be replaced with larger diameter pipes, and add in telemetry and SCADA system for monitoring/process control.
Lakeside WD	Recoat their reservoirs that are years past the maintenance date. Update all components of the water treatment plant, including telemetry. Almost all components are either past their design life or not up to current code. Provide extra treatment capacity as during the summer the plant must work almost full time to keep up with demand.
City of Roseburg	Replacing 4,200 feet of the 20-inch transmission waterline with a 24-inch ductile iron pipe with cathodic corrosion protection.

- 2. Emerging Contaminants (EC):** BIL Emerging Contaminant funding targets projects or activities that otherwise would be eligible under the Base DWSRF funding program. To be eligible for BIL Emerging Contaminant funding, the primary purpose must be to address and/or mitigate people’s exposure to EC in drinking water with priorities on perfluoroalkyl and polyfluoroalkyl substances (PFAS).

According to the EPA, ECs are a chemical or material (e.g., pharmaceuticals, personal care products, or unregulated contaminants) that have the potential to threaten human health, wildlife, or the environment. EPA may regulate certain ECs in the future. According to [EPA's BIL Implementation Memo](#), projects that address and/or mitigate EC that are listed on any of EPA’s [Contaminant Candidate Lists \(CCL1 - CCL5\)](#) are recognized as eligible

As the primacy agency, OHA identifies water systems to be eligible for BIL-EC grant funding. In Oregon, the unregulated contaminants listed on EPA’s Contaminant Candidate Lists 1 through 5 consistently found at the entry point are PFAS and manganese. Since cyanotoxins are not regulated at the federal level, and can pose a significant public health risk, systems with cyanotoxin detections at the intake are being targeted as well for funding.

- **For PFAS**, any public water system with a detection is eligible for funding. This includes systems that sample voluntarily and submit data to OHA-DWS, systems that sampled as part of the 2021-22 OHA-DWS PFAS sampling project, and systems sampling under UCMR5. OHA-DWS is aware of 30 public water systems in Oregon with PFAS detections and has conducted direct outreach regarding the availability of emerging contaminant funding to the 27 public water systems that are SRF-eligible. Currently 19 of the 27 eligible public water systems are on the EC PPL and 10 public water systems are disadvantaged communities.

- **For Manganese**, systems with detections above the secondary MCLs are eligible. There are 11 public water systems with elevated manganese levels that have either been directly contacted by or have approached OHA-DWS about the emerging contaminant funding opportunity. Of those, currently 4 public water systems in Oregon have expressed interest in emerging contaminant funding to address manganese and are on the project priority list, and all 4 public water systems are disadvantaged communities.
- **For Cyanotoxins**, systems that have had a detection of total microcystins or cylindrospermopsin at the intake or entry point are eligible. OHA-DWS is aware of 20 public water systems in Oregon with PFAS detections and has conducted direct outreach regarding the availability of emerging contaminant funding to the 19 public water systems that are SRF-eligible. Of those 19 public water systems, seven have expressed interest in the funding and are currently on the BIL-EC and EC-SDC PPL, and 6 of the 7 PWSs are disadvantaged communities.

Of the BIL funding opportunities, EC is the most flexible with 100 percent of the funds to be awarded as forgivable loans (by law) and no State Match requirement. Twenty-five percent of EC funding must go to disadvantaged communities or eligible public water systems with fewer than 25,000 people.

Beginning with 2023, BIL-EC funding opportunities (2023-2026) were opened to all eligible public water systems that meet BIL-EC funding requirements and who submit an approved application, found on Business Oregon's [website](#). See [OHA's Project Priority Page](#) for the updated BIL-EC PPL.

Currently, Oregon's plans are to apply for the entire 2024 BIL-EC allotment of \$11,493,000 but have yet to determine which projects on the PPL are being targeted, what the budget will look like, and whether program Set-Asides will be requested. Oregon intends to apply for its 2024 BIL-EC funding in late 2024, and additional information will be available on a separate IUP.

3. Lead Service Line Replacement (LSLR): BIL Lead Service Line Replacement funding also targets projects or activities that otherwise would be eligible under the Base DWSRF funding program.

According to [EPA's BIL Implementation Memo](#), to be eligible for BIL LSLR funding, the project or activity must be a LSLR or associated activity directly connected to the identification, planning, design, and replacement of lead service lines. Funding assistance must be used for service line replacement from the public water main to the point it connects with premise plumbing - unless a portion has already been replaced.

Projects (e.g., lead or galvanized gooseneck removal) funded through the Loan Fund or activities (e.g., technical assistance for inventories) funded through the Set-Asides are best if reviewed and approved by EPA Region 10 prior to grant application submittal.

Currently, Oregon is in the process of determining whether to apply for the FFY2024 BIL-LSLR grant allotment having recently submitted a partial grant application for the FFY2023 grant funding. Because Oregon has had restrictions on use of lead in plumbing since 1985, only 5 LOIs have been submitted requesting the funds. Based on existing information, there are no known lead service lines under the jurisdiction of public water systems throughout Oregon. However, less is known about the private side of service lines – particularly in older homes. Oregon’s current efforts continue to be related to increasing technical assistance for contractors to assist small public water systems with their required inventories to meet the October 16, 2024, deadline. More details will be provided if future BIL-LSLR IUPs are developed.

As a continuation of [40 CFR Section 35.3520 \(b\)\(2\)\(ii\)](#) and further supported within EPA’s [DWSRF Eligibility Handbook](#), Table 3.2, Category: Transmission and Distribution, funding assistance is available in the Base DWSRF for complete service line replacements, regardless of pipe material or ownership of the property where the service line is located.

VII. The Set-Aside Activities:

A. Establishing Set-Aside Activities and Setting Funding Levels

The SDWA authorizes states to use a maximum of 31 percent of its annual grant allotments for Set-Aside activities. Set-Aside activities are available to administer both Base DWSRF and BIL General Supplemental Loan Funds and to assist water systems in meeting the requirements of the SDWA. Annually, OHA evaluates each of the four Set-Aside activities with a view toward protecting public health through prevention, while maximizing Loan Fund dollars for capital improvement projects and compliance purposes.

For Oregon’s 2024 Base DWSRF and BIL General Supplemental funding, OHA decided on basic and mandated programs in each of the four Set-Aside activities, however, according to EPA 40 CFR part 35.3540(d), states are authorized to access reserved (unused) Set-Aside funds from previous grant phases. EPA Region 10 Staff has authorized Oregon to request more than the 31 percent Set-Aside maximum when necessary. OHA will not be accessing any reserved Set-Aside funds for either 2024 grants. Set-Aside activities needed for SFY2025-2026 include:

- Administrative Expense (4.0% – for both Base and BIL General Supplemental)
- Technical Assistance (2.0% – for both Base and BIL General Supplemental)
 - Circuit Rider Assistance
 - Small Water System Operator Training Course
- State Program Management (10.0% for Base and 5.0% for BIL General Supplemental)
 - State & County Program Support

- Local Assistance and Other State Programs (Combined 15.0% for Base and 10.0% for BIL General Supplemental)
 - Implementation of Source Water Protection Program (10.0% for Base and 3.47% for BIL General Supplemental)
 - Water System Capacity Development Program (5.0% for Base and 1.66% for BIL General Supplemental)
 - Drinking Water Source Protection Fund/Grants (0.0% for Base and 4.87% for BIL General Supplemental)

B. Description of Oregon Health Authority's Set-Aside Activities

Work plan summaries for each of the Set-Aside Activities are outlined here. Specific detailed work plans are included in **Appendix D** and submitted as part of the Capitalization Grant applications. All the activities described are continuation activities from the previous grant years and may include additional updates for that Set-Aside. FTE totals for each Set-Aside include Base DWSRF and BIL-General Supplemental funding needs combined.

- 1. Administrative Expense:** OHA will use 4.00 FTE staff to prepare the annual EPA capitalization grant application, the IUP, the Project Priority List (PPL), assess environmental reviews and capacity of each loan recipient, along with conducting financial monitoring and control. Under its partnership contract, Business Oregon will utilize 5.80 FTE necessary to administer loans to water systems from the PPL. Therefore, a total of 9.80 FTE will be used to administer the overall DWSRF program.

The 2016 WIIN Act provisions provide states three allocation options for this Set-Aside. The Act's options include:

Equal to the sum of any state fees collected and the greatest of \$400,000; 1/5 of one percent of the current fund value; and an amount equal to 4 percent of all grants awarded to the fund under this section for the fiscal year.

This year, OHA will plan to utilize the 4 percent option for both Base DWSRF and BIL General Supplemental, totaling \$1,663,440 combined. For more Set-Aside information, please reference the **Appendix D** section of the IUP.

- 2. Small Systems Technical Assistance:** OHA continues providing technical assistance and related services to small water systems serving 10,000 or fewer people by contracting for these services. A total of 0.82 FTE will be associated to these Set-Aside activities.

Typically, a maximum of 2 percent of the annual grant allotments is allowed for this Set-Aside. For 2024, OHA is requesting 2 percent for both allotments, totaling \$831,720 combined. For more Set-Aside information, please reference the **Appendix D** section of the IUP.

3. State Program Management (SPM) – State and County Program Support:

These funds will continue OHA and contractual support of County drinking water programs and of the Oregon Department of Agriculture to augment the Public Water System Supervision (Primacy) program. These activities include sanitary surveys, the investigation and resolution of significant non-compliance concerns and adjacent activity. OHA will use 6.43 FTE to conduct direct services and to manage contracts.

Typically, a maximum of 10 percent of the annual grant allotments is allowed for this Set-Aside. For 2024, OHA is requesting 10 percent for the Base DWSRF and 5 percent for BIL General Supplemental allotments totaling \$2,429,850 combined. Oregon does not intend to utilize a portion of its historically unused (i.e., reserved) SPM Set-Aside authority. For more Set-Aside information, please reference the **Appendix D** section of the IUP.

4. Local Assistance & Other State Programs:

- **Implementation of Protection:** OHA continues to assist water systems to protect their respective sources of drinking water. OHA will continue this work using 3 FTE. Additionally, through contracting with the DEQ and others for technical services to place source water assessment information on an interactive online mapping site (e.g., GIS) and to provide training and technical support.

A maximum of 15 percent for all three local assistance activities combined of the annual allotments is allowed for this Set-Aside. For 2024, OHA plans to use 10 percent for Base DWSRF and 3.47 percent for BIL General Supplemental totaling \$1,901,100 combined for Implementation of Protection Set-Aside activities. For more Set-Aside information, please reference the **Appendix D** section of the IUP.

- **Capacity Development Program:** OHA works with water systems that have had histories of non-compliance to ensure that they have the technical, managerial, and financial capacities needed to return to compliance status using the strategy developed by OHA and approved by EPA. This work will be carried out by 3.80 FTE and will use 5.0 percent for Base DWSRF and 1.66 percent for BIL General Supplemental totaling \$926,095 combined for Capacity Development Set-Aside activities.

OHA has developed a comprehensive Asset Management Implementation Plan as part of its overall Capacity Development Strategy. Plan elements include education, training and technical assistance to water systems in an effort to encourage incorporation of [Asset Management](#) into routine operational programs. Water systems are encouraged to review the educational materials and resources provided on OHA's website under [Capacity Development](#) and take advantage of free trainings provided by partner organizations (e.g., RCAC, Environmental Finance Center, AWWA, etc.) which are listed on OHA's training opportunities webpage. These materials offer important insights on best management practices, how to save money while being organized, and how to forecast for

future infrastructure improvements. OHA’s Circuit Rider is also available to provide technical assistance in developing asset management plans. Activities encouraging asset management will be funded through the Local Assistance Set-Aside: Capacity Development Program. In addition to the activities described above, water systems are also encouraged to apply for the SIPP program (reference Section IV above), which includes creation of Asset Management Plans as one of the eligible funding activities. For more Set-Aside information, please reference the **Appendix D** section of the IUP.

- **Drinking Water Source Protection Fund/Grants (DWSP):** This Set-Aside activity assists water systems by protecting their source(s) of drinking water by typically providing an aggregate up to a total of \$200,000 in various loans/grants to undertake source water protection activities. There is no FTE assigned to this activity since it will be part of the Local Assistance Implementation of Protection Set-Aside FTE. These Set-Aside activities will use 0.0 percent for Base DWSRF and 4.87 percent for BIL General Supplemental totaling \$1,681,955 combined of the annual allotments for land acquisition planning projects (added in 2024) and to reimburse the “SWP Repayment Fund” account for recently funded source protection project activities and to cover numerous emerging DWSP needs. For more Set-Aside information, please reference the **Appendix D** section of the IUP.

The [Drinking Water Source Protection \(DWSP\)](#) grant program LOI is available separately in a fillable pdf format. Eligible DWSP project activities include: Implementation, enhanced delineation and assessments, planning, and security. For more details, visit the web link to learn more about this program and what it can offer eligible water systems with their efforts to protect their drinking water sources.

The level of Set-Aside funding on a year-to-year basis will continue in collaboration with partner agencies to assure that public water suppliers in Oregon are well trained and knowledgeable of the most current drinking water quality standards and techniques.

Additionally, Set-Aside transfers to the Loan Fund will be performed on an as needed basis to further expedite federal funding timeline requirements.

VIII. Intended Fund Uses and Financial Summary

A. Timely and Expeditious Use of Funds

According to SDWA Section 1452(f)(3)(A), EPA policy memos SRF 99-05, and SRF 99-09, Maximizing Water Quality and Public Health Benefits by Ensuring Expeditious and Timely Use of All State Revolving Fund Resources (January 31, 2024, and DWSRF regulations at 40 CFR 35.3550(I), the **timely and expeditious use of funding** refers to legal requirement within the program intended to ensure that the funds allocated to eligible projects are utilized efficiently and promptly to achieve the program's objectives.

The key aspects of timely and expeditious use of funding include:

Allocating and Disbursing Funds Promptly: States must prioritize projects and disburse the funds to eligible recipients without unnecessary delays to ensure that projects begin and are completed in a reasonable time frame.

Avoiding Fund Stagnation: Federal regulations require states to manage their revolving funds so that money continues to circulate in a way that supports future projects. Inaction or delays in utilizing these funds can limit the program's effectiveness.

Obligation Deadlines: States have specific deadlines to obligate and spend federal funds. For example, states must generally obligate at least 120% of their annual grant amount within a year and start using the funds within a specified period. This means that states must have projects ready to go to ensure funds are committed to borrowers without delays.

As of the most recent Annual Program Evaluation of the state’s DWSRF, EPA restated the statutory, regulatory, and policy requirement that States have one year from funds receipt to commit funds into signed final assistance (i.e., loan) agreements. This applies to all funds in an SRF program, including federal capitalization grants, State match, repayments, and interest earnings.

B. Action Plan & Strategies for the Timely and Expeditious Use of Funds

EPA Region 10 requested that the State provide a process to commit existing uncommitted funds and new funds they will be receiving within one year of receipt in their next IUP. The following strategies are actions the state has been performing and/or intends to perform to ensure the efficient allocation, obligation, and use of funds. Below are the key components of the effective action plan:

<p>Project Prioritization Framework & Pipeline Development</p>	<p>The state has updated its Letter of Interest form to streamline necessary project information obtained from water systems. The Letter of Interest is a way to initially connect with the DWSRF program and does not require extensive financial and technical information. The form has incorporated guidance on considerations for project readiness, such as water rate analysis and loan expectations discussions with the system’s decision-making authority. OHA and Business Oregon have amended and improved the expedited project evaluation process so that systems with urgent needs can engage with the program as applicable. The smallest water systems engaging with the program are offered support through the Circuit Rider Program and are connected with regional technical assistance based on their specific needs and challenges.</p>
<p>Active Fund Management</p>	<p>Before implementing BIL, the program would consider its repayment dollars as available to be utilized for additional water systems to apply for funding additional projects only after they were confirmed to be received by systems paying down their existing loans. In 2023 and 2024, Business Oregon worked closely with its fiscal department and utilized its data management system to</p>

	<p>project the amount of repayments anticipated to be revolved back into the program. Repayments on loans in Oregon's DWSRF are generally performed annually at the end of the calendar year. As of mid-2024, Business Oregon has accounted for its anticipated repayments to be paid before year-end and has tied 100% of those funds to water systems in obligations, amendments, or sub-program functions such as the SIPP program.</p> <p>In anticipation of incoming grant funding such as the Base Capitalization Grant and the BIL General Supplemental, Business Oregon has shifted to engaging with communities targeted for those funds far earlier than in previous years. For example, the Intended Use Plan for the 2023 BIL-General Supplemental public comment period closed on January 18th, 2024. Business Oregon held a BIL Implementation Planning Meeting on January 22nd to immediately begin outreach to garner an invitation to apply for those funds. As of that award by EPA to the state on September 3rd, 2024, seven out of the ten targets for those FY23 funds had already completed an application and capacity assessment and are in line for contract execution. The remaining three are identified as systems that will need additional attention to finalize a funding award, but the state is far ahead of the year deadline to complete. Business Oregon anticipates a similar early outreach process to secure obligations with the targeted water systems for additional grant years, including the focus of this IUP, the FY24 funding.</p> <p>Business Oregon would like to engage more closely with the region 10 EPA staff in 2024 in order to further improve fund implementation, and additionally consider integration of advanced cash flow practices such as projection of disbursements to make additional awards to appropriately utilize its existing fund balance.</p>
<p>Funded Project Monitoring</p>	<p>Business Oregon's Regional Project Management (RPM) Team has recently introduced an internal quarterly project status reporting process. This process is designed to track and monitor the "health" of a contracted project within the program. Each project will be internally scored based on five key factors:</p> <ol style="list-style-type: none"> 1. Project Scope: The project and community focus are still in line with the direction of the scope identified in our contract. The project is evaluated to determine whether there are anticipated amendments currently considered at the local level that would affect the timeline of the project moving forward or whether the contracted entity is not aligned with the goals of the original project. 2. Project Timeline: A timeline is provided and set for each project that moves forward, and each contract is issued a completion deadline of a set number of months (typically 24 for a planning or design project and 36 for construction).

	<p>3. External Communication: The contracted entity is evaluated for whether it is understaffed and whether communication with Business Oregon has been infrequent or intermittent.</p> <p>4. Budget: The project is evaluated if it is considered within, under, or anticipated to be over budget.</p> <p>5. Disbursements: The rate at which disbursements are made is evaluated and whether they are submitted with frequent errors.</p> <p>This project scoring process is a new implementation for the agency. Each water system shall be working through a unique project, with varying challenges that range from environmental to financial to regulatory. Business Oregon’s RPM is in close connection with its contracted entities and will closely monitor and discuss options for addressing those challenges to ensure project success or discuss alternatives.</p>
<p>Project Support and Guidance</p>	<p>Business Oregon frequently engages with systems on the Project Priority Lists, facilitating One-stop funders meetings and connecting them with Technical Assistance opportunities to anticipate project development challenges. As the state's economic development agency, Business Oregon can frequently identify additional funding opportunities to connect communities with grant or low-cost funding opportunities for planning or design. Business Oregon’s regional staff frequently guide communities through project development, and the DWSRF is seeking to build process improvements for identifying shovel-ready projects by utilizing our existing resources.</p> <p>Business Oregon is updating and improving its Safe Drinking Water Program Handbook which includes crucial guidance and rules for project implementation. The handbook update is anticipated to be posted prior to the end of 2024.</p> <p>Through the Set-Asides contracts have been established with OHA and drinking water Circuit Riders to provide short-term (typically 10 hours or less) on-site technical and engineering assistance for community water systems serving populations under 10,000, as well as nonprofit transient and non-transient water systems. For these systems, services are free.</p> <p>Beginning with the 2022-2027 Circuit Rider contract, Oregon will also utilize state general funds to provide technical assistance to water systems that are not eligible for traditional Circuit Rider assistance, excepting only federally owned water systems. As above, these services are intended to provide short term technical and engineering assistance (typically 10 hours or less) and are provided free of charge to systems serving populations under 10,000.</p>

Agency Engagement	<p>Business Oregon and OHA have been meeting monthly with the Region 10 Environmental Finance Center and EPA WaterTA staff, to discuss projects seeking DWSRF financial assistance and technical assistance. The connection between these agencies will improve the connection between communities in need and resources, further strengthening the project pipeline.</p> <p>Business Oregon meets monthly with its sister program, the Clean Water State Revolving Fund (CWSRF), implemented by the Oregon Department of Environmental Quality. The programs share successes and program processes, with the goal of further bolstering alignment with other state agencies to improve implementation and reduce differences/confusion, as many applicants frequently engage with several agencies for funding. Strategies for equivalency and the timely and expeditious use of funds are discussed, as the CWSRF has the same requirement in their program.</p>
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C. Sources and Uses Table

Oregon’s DWSRF Intended Use Plan’s Sources and Uses table and summaries demonstrates transparency and compliance with these statutes, regulations, and policies as set forth by the requirements noted above. As the table and summaries below illustrates, Oregon’s current and projected uses (demand) far outweighs our sources (supply). See table and summaries below for SFY2024 and 2025 details.

Sources and Uses for DWSRF Project Funds	7/1/22 through 6/30/23	7/1/23 through 6/30/24	7/1/24 through 6/30/25 (Projected Numbers)
Beginning of the Year Balances			
Beginning Cash Balance (Base and all BIL Sources)	\$140,709,503	\$115,677,106	\$112,216,167
Beginning Undrawn Federal Funds	\$0	\$26,198,622	\$42,999,648
Beginning State Match Balance	\$0	\$7,518	\$10,738
Subtotal Beginning Funds Available	\$140,709,503	\$141,883,246	\$155,226,553
Inflows of Cash			
Repayments from Active SRF Loans	\$8,747,744	\$8,482,673	\$9,031,968
Estimated Additional Repayments from New Loans	\$1,003,932	\$1,098,589	\$1,098,589
Interest Earnings on the Fund Balance	\$3,513,441	\$5,458,192	\$3,927,565
2022 Base Capitalization Grant	\$6,763,446		
2022 Base State Match	\$1,844,000		
2022 BIL General Supplemental	\$18,885,320		
2022 BIL GS State Match	\$2,367,300		
2022 BIL Emerging Contaminants		\$8,844,200	
2023 Base Capitalization Grant		\$5,125,320	
2023 Base State Match		\$1,485,600	

2023 BIL General Supplemental			\$26,588,080
2023 BIL-GS State Match			\$3,167,200
2023 BIL Emerging Contaminants		\$10,221,400	
2023 BIL Lead Service Line			\$788,601
2024 Base Capitalization Grant			\$4,837,590
2024 Base State Match			\$1,402,200
2024 BIL General Supplemental			\$27,314,250
2024 BIL-GS State Match			\$6,915,000
2024 BIL Emerging Contaminants			\$10,221,400
2024 BIL Lead Service Line			TBD
Subtotal of all inflows into the program	\$43,125,183	\$40,715,974	\$95,292,442
Outflows of Cash			
Actual Disbursements to Committed Projects	\$32,359,129	\$29,152,509	\$37,940,926
Active Contracts Remaining to Drawdown	\$83,783,524	\$89,461,791	\$108,402,648
Projected Disbursements (Contracts Pending)	\$43,750,422	\$40,077,764	\$36,035,152
Subtotal of all outflows for the program	\$159,893,075	\$158,692,064	\$182,378,726
Ending Cash Balance	\$23,941,611	\$23,907,157	\$68,140,270

D. Sources & Uses Table Detailed: SFY2024

The starting balance of the DWSRF loan fund on 7/1/23 was \$115.6 million. Federal funding from the 2022 BIL General Supplemental and Base Capitalization grant had yet to be fully drawn down. The required state match is disbursed first to projects in full, followed by Federal funding, and the last repayment money from loans is used to make disbursements on committed projects.

Sources:

- **Loan Repayments:** For SFY2024, the program's loan repayments totaled \$8.4 million. These funds continue the program's revolving nature by being used to issue new contracts with water systems.
- **Projected Additional Repayments:** Anticipating additional contracts to close over the fiscal year, the projected repayment dollars in FY2025 are \$9.0 million. This estimate could fluctuate as it may account for loans that will complete their repayment schedule and cease payments to the program.
- **Federal Awards:** Oregon's DWSRF program manages the large influx of federal funding from the BIL through its existing program but has been working to increase its contracting capacity and outreach. The FY23 BIL-GS grant was awarded by the EPA later than anticipated by the state, during the SFY25 fiscal year. It is undetermined whether the subsequent BIL grant awards will be awarded during SFY25, but they have been accounted for in the sources table, and thus, the program shows a large ending balance. In this Intended Use Plan, the program has detailed targets and a plan for outreach for projects in anticipation

the influx of FY24 BIL and Base funding coming to the state. In prior and subsequent IUPs for the Lead Service Line and Emerging Contaminants funding, the program shall provide specific details of the intended uses of those funds. The program is oversubscribed with requests, with the Project Priority List exceeding \$600 million requested, and thus, should experience minor issues with identifying systems to obligate the funding.

- **State Match:** Business Oregon provides state matches through its state-lottery-funded Special Public Works Fund Program. The state has been closely monitoring the increased demand for state matches following the shift to a 20% match from 10% following FY23 BIL-GS and anticipates that this requirement will be met.
- **Interest Earnings:** The loan fund account generates interest, which accounts for \$5,458,192 of the program's income. Interest funds are used to make additional project awards. The state anticipates that the interest rate on the account will be lower in SFY25 to meet adjustments made by the Federal Reserve.

Uses:

- **Set-aside Activities:** The program sets aside a maximum of 31% of grant awards for administrative expenses, technical assistance, local assistance, and more. Section VII explains more about the use of reserved Set-Aside funds, which are not detailed in the above uses table.
- **Actual Disbursements:** Total disbursements to complete active drinking water projects over the SFY24 were \$29.1 million.
- **Contracted Projects:** At the start of the SFY24, active projects under contract totaling \$89.4 million could draw down their project funding. Planning project contracts under the DWSRF from contract execution to project completion are set at 24 months to draw down funds. Construction project contracts are set at 36 months to draw down funds unless granted an extension.
- **Commitments Not Yet Executed:** At the start of SFY24, Projects totaling \$40 million were pending contract execution, but they are considered obligated within the program as the state anticipates those projects to move forward. A detailed list of executed contracts per SFY is available on Business Oregon's [SDWRLF webpage](#).

Conclusion:

Accounting for program income and outflow, the ending cash balance between meeting the funding needs captured in the program's committed funds and the pipeline was \$23.9 million at the SFY24 end. The program anticipates a larger amount of federal funding to be awarded to the state within the next SFY and is preemptively preparing and adjusting to those increased numbers by building a solid project pipeline and performing additional outreach to systems on the PPL. Potential viable projects on the PPL exceeding \$600 million have submitted an LOI requesting funding. Funding to meet all funding requests is unavailable, but the additional BIL funding has been supplementing drinking water infrastructure state-wide. Business Oregon is working closely with communities to assess shovel readiness, prioritizing projects that address health and compliance objectives, encouraging the phasing

of large projects, and providing access to alternative State funding opportunities to finance drinking water infrastructure. Targets for the BIL funding have been determined to ensure that once the funding is awarded, it is obligated and drawn promptly.

The presence of federal stimulus dollars (e.g., BIL, ARPA, and congressional earmarks) is driving higher-than-normal interest in the program due to the BIL General Supplemental (stimulus) funds and because of the stated DWSRF eligibility parallel and the stated earmark preference for projects on the DWSRF Intended Use Plan.

See **Appendix C** for complete table details.

E. State Matching Funds

Oregon's State Matching fund contributions are managed by Business Oregon. To meet the 2024 Base DWSRF and BIL General Supplemental funding provisions and in accordance with Section 1452(e) of SDWA, State DWSRF programs must deposit State funds into its Loan Fund in an amount equal to at least 20 percent (Base) and now 20 percent (BIL General Supplemental) of the total amount of the federal grant the State is applying for. The BIL funding opportunities for Emerging Contaminants and Lead Service Line Replacements do not have State Match or cost share requirements.

Oregon meets this federal provision by transferring State funds through Business Oregon's Special Public Works Fund (via Lottery Funds) into the DWSRF Loan Fund account that Business Oregon manages for drinking water projects. For 2024 Base DWSRF, 20 percent equates to \$1,402,200 and BIL General Supplemental, 20 percent equates to \$6,915,000.

And as noted above, to meet the federal proportionality requirements, Oregon always draws State funds for drinking water projects before federally awarded funds.

To augment the federal grants awarded, states are required to provide matching funds equal to 20 percent of the federal grant award. However, the once long-standing one-to-one State Program Management (SPM) Set-Aside match requirement for the DWSRF program was also recently removed by the 2016 WIIN Act revisions, Section 2103 SDWA Section 1452(g)(2).

SDWRLF EPA Capitalization Grant "BASE"				
20% Match required				
	Grant Year	Grant Amount	20% Match Requirement	Date Awarded
	2022	\$9,220,000	\$1,844,000	9/21/2022
	2023	\$7,428,000	\$1,485,600	5/1/2024
	2024	\$7,011,000	\$1,402,200	Anticipated 3/1/2025
Estimate	2025	\$7,011,000	\$1,402,200	Anticipated 3/1/2026
	2026	\$7,011,000	\$1,402,200	Anticipated 3/1/2027
	TOTALS	\$37,681,000	\$7,536,200	
BIL General Supplemental Funds				
Match req. is 10% for 2022-2023, then 20% for 2024-2026				
	Grant Year	Grant Amount	Match Requirement	Date Awarded
	2022	\$23,673,000	\$2,367,300	9/21/2022
	2023	\$31,672,000	\$3,167,200	9/3/2024
	2024	\$34,575,000	\$6,915,000	Anticipated 3/1/2025
Estimate	2025	\$34,575,000	\$6,915,000	3/1/2026
	2026	\$34,575,000	\$6,915,000	3/1/2027
	TOTALS	\$159,070,000	\$26,279,500	

F. Leveraging & The Oregon Bond Bank

Additionally, to the table and summaries above, Oregon has the option of packaging DWSRF projects with other state and federal infrastructure program funds, including bond funds from the Oregon Bond Bank if additional funds are needed to complete projects, saving scarce Loan Fund dollars for more projects.

The Oregon Bond Bank is a leveraging mechanism whereby the state sells revenue bonds and lends the proceeds to local governments for drinking water and other infrastructure projects. The state considers this a leveraging procedure, even though it does not fit EPA’s definition of “leveraging.”

G. Proportionality Ratio for Expending the Funds

The figures for 2024 above demonstrate a Cash Draw Rule (per 40 CFR part 35.3560) or proportionality ratio of new funds (minus Set-Asides) equaling, 77.53 (Base) percent and 79.80 (BIL-General Supplemental) percent federal funds and 22.47 (Base) percent and 20.20 (BIL-General Supplemental) percent State Match funds. These federal regulations require that cash disbursed to borrowers be drawn proportionately from the awarded federal grant funds and the State’s matching contributions. Oregon always meets this requirement by expending its required State Match funds prior to the newly awarded federal grant funds. However, when Oregon’s Base DWSRF deviates from its target percentages, it is likely due to its authorization to extract reserved (i.e., banked) Set-Aside funds, which reduce the available allotment for projects. OHA is not intending to draw reserved Set-Asides for either of these allotments. More information about the use of reserved Set-Aside funds will be explained in Section VII.

H. Cost Allocation Plan

Additionally, this grant year, OHA will continue to impose its cost allocation plan. The cost allocation factor will affect some direct costs (e.g., Set-Aside activities), but not the Loan Fund, nor the DWSP loans or grants in the Local Assistance Set-Aside. Our current cost allocation rate is 16.96 percent and is expected to be applied to \$1,097,453 of Base DWSRF Set-Asides, resulting in a cost of approximately \$186,128. The current 16.96 percent cost allocation rate also applies to \$3,245,335 of BIL-General Supplemental Set-Asides, resulting in a cost of approximately \$550,408.

OHA continues to undergo an in-depth cost rate review for future state fiscal years as explained in the current cost allocation letter dated, August 18, 2023. Cost allocation acts like indirect costs, as allowed under OMB 2 Code of Federal Regulations (CFR) Part 225 (formerly OMB Circular A-87).

I. Fund Linkage between DWSRF and CWSRF

In accordance with 40 Code of Regulations (CFR) part 35.3530(3)(iii)(c), a State may transfer an amount equal to 33 percent of an awarded capitalization grant between SRF programs. To date, Oregon has not transferred funds between the Drinking Water and the Clean Water State Revolving Fund programs, nor does it plan to this grant cycle.

IX. Public Reviews & Comments

❖ Process

The public has been invited to review and comment on Oregon’s proposed 2024 IUP of the Base DWSRF and BIL General Supplemental grant applications.

Due to lengthy federal grant application processing, Oregon’s DWSRF Program implements its IUP public review and comment period simultaneously to its submission of its grant applications. If comments are received during the open 30-day mandated public review and comment period and the Program determines that this IUP must be amended, OHA will notify EPA Region 10 office immediately, amend this IUP, and resubmit it for EPA review. Additionally, the amended IUP will also be published again for transparency purposes so the public can view the updates made.

For specific details on IUP public notices for comments and Program responses provided, visit [OHA's IUP webpage](#).

According to the SDWA’s Federal Register Interim Final Rule, Section “O. Meaningful Public Review of the IUP (40 CFR 35.3555 (b)),”

- *“This interim final rule does not include specific requirements as to what constitutes “meaningful public review” of the IUP. Due to the variation among States, no single approach will work under all conditions.”*

EPA interprets the above language to provide States the ability to determine what is appropriate for meeting this requirement provided an effort is made to provide the public an opportunity to make comments. The result is a more rapid process that also reduces program costs.

Below is a list of resources OHA uses when posting notices for public comments related to our annual IUP and PPL. List includes:

- DWSRF (Base) webpage, <http://healthoregon.org/srf>. Reference Project Priority Lists and Public Notices webpage.
- BIL webpage, <http://oregon.gov/bil>
- DWS main website front page, <http://healthoregon.org/dwp>
- [OHA's GovDelivery / Listserv](#) email messaging system to public water systems and other interested parties throughout Oregon.
- Publication of “Pipeline” Newsletter includes permanent information about policy, <http://public.health.oregon.gov/HealthyEnvironments/DrinkingWater/Operations/Pages/pipeline.aspx>
- Correspondence with State, Federal, and private partnerships.
- Public comment responses to IUPs are available on [OHA's IUP webpage](#) following the mandated 30-day publication and DWSRF Program staff have time to review comments received and prepared public responses.

Public Notice materials can be found in **Appendix E** of the IUP.

◆ Intended Use Plan End

APPENDIX A: Required Documents

- Attorney General Certification
- 2024 Base DWSRF & BIL General Supplemental PPL
Located on OHA's [Intended Use Plan webpage](#)
- 2024 Sustainable Infrastructure Planning Projects (SIPP)
PPL
- 2024 Drinking Water Source Protection (DWSP) PPL
- SRF LOI Rating Guidance
- FFATA Set-Aside reporting spreadsheet



DEPARTMENT OF JUSTICE

Justice Building
1162 Court Street NE
Salem, Oregon 97301-4096
Telephone: (503) 378-6002

April 24, 2024

SENT VIA EMAIL: samina.t.panwhar@oha.oregon.gov

Samina Panwhar
Manager, OHA – Drinking Water Services
800 NE Oregon Street, Suite 640
Portland, OR 97232

RE: Attorney General Certification for 2024 DWSRF Capitalization Grant Application
DOJ File No.: 443709-GH0203-23

Dear Ms. Panwhar:

I, Ellen F. Rosenblum, as the Attorney General for the State of Oregon, hereby certify that for the purposes of the state's application for capitalization grants for its Drinking Water State Revolving Fund (DWSRF) program:

1. The authority establishing the DWSRF program and the powers it confers are consistent with Oregon law.
2. The State of Oregon may legally bind itself to the terms of the capitalization grant agreement.
3. The DWSRF program will be administered by an instrumentality of the State of Oregon that is authorized to: enter into capitalization grant agreements with the United States Environmental Protection Agency; accept capitalization grant awards made under 42 USC § 300j-12(a)(1)(A); and otherwise manage the Fund in accordance with the requirements and the objectives of the Safe Drinking Water Act and applicable federal rules.

Dated this 24th day of April, 2024.

LISA M. UDLAND
Deputy Attorney General
On behalf of
ELLEN F. ROSENBLUM
Attorney General
Pursuant to ORS 180.130

2024 - SUSTAINABLE INFRASTRUCTURE PLANNING PROJECTS (SIPP) Project Priority List (PPL) <i>projects recommended for funding</i>											Total Annual Funding Available		\$ 500,000	
											Funds Committed to SIPP Projects		\$ 299,658	
											Funds Committed to Seismic Projects		\$ 40,000	
											Total Remaining Funds Avail**		\$ 160,342	
Applicant	County	Applicant SD#	Project	Total Ranking Points	Rating Criteria Points					Disadvan. Comm. (Yes / No)	Amount Requested	Eligible Amount	Quarter Submitted (SFY)	Funding Recommended (Yes)
					System Size	No past sign. CIP	Infra. Project Potential	RTP (IFA provides)	Priority Deliverables					
Southview Improvement District	Lane	24-P45	Water Master Plan	90	30	20	20	20	0	Yes	\$ 20,000	\$ 20,000	2Q2024	Yes
City of Westfir	Lane	24-P49	Feasibility Study	80	30	0	20	20	10	Yes	\$ 20,000	\$ 20,000	2Q2024	Yes
City of Scotts Mills	Marion	24-P46	Water Master Plan	70	30	0	20	20	0	Yes	\$ 20,000	\$ 20,000	2Q2024	Yes
Mapleton Water District	Lane	24-P51	Water Master Plan	70	30	0	20	20	0	Yes	\$ 20,000	\$ 20,000	2Q2024	Yes
City of Boardman	Morrow	24-P47	Feasibility Study	50	0	0	20	20	10	Yes	\$ 20,000	\$ 20,000	2Q2024	Yes
City of Falls City	Polk	24-P48	Water Rate Analysis	50	0	10	20	20	0	Yes	\$ 20,000	\$ 20,000	2Q2024	Yes
Marcola Water District	Lane	24-P50	Water Rate Analysis	50	30	0	0	20	0	No	\$ 20,000	\$ 20,000	2Q2024	Yes
Elderberry Nahalem Water	Clatsop	24-P59	Feasibility Study	100	30	20	20	20	10	Yes	\$ 20,000	\$ 20,000	3Q2024	Yes
Sumner Water Co-Op	Coos	24-P60	Feasibility Study	100	30	20	20	20	10	No	\$ 19,918	\$ 19,918	3Q2024	Yes
Mt. Terrace MHP	Coos	24-P55	Feasibility Study	90	30	10	20	20	10	Yes	\$ 19,990	\$ 19,990	3Q2024	Yes
Neskowin Water District	Tillamook	24-P61	System Partnership Study	80	30	0	20	20	10	No	\$ 20,000	\$ 20,000	3Q2024	Yes
City of Grass Valley	Sherman	24-P54	Water Master Plan	70	30	0	20	20	0	Yes	\$ 20,000	\$ 20,000	3Q2024	Yes
Dexter Oaks Co-Op	Lane	24-P56	Feasibility Study	70	30	0	20	20	0	Yes	\$ 20,000	\$ 20,000	3Q2024	Yes
Nesika Beach Ophir WD	Curry	24-P58	Water Rate Analysis	60	0	20	20	20	0	No	\$ 19,750	\$ 19,750	3Q2024	Yes
City of Gold Hill	Jackson	24-P53	Water Rate Analysis	40	0	0	20	20	0	Yes	\$ 20,000	\$ 20,000	3Q2024	Yes
Totals											\$ 299,658	\$ 299,658		

Wait or reapply in '25

Applicant	County	Applicant SD#	Seismic Assessments / Plans (SRAMP) (OAR 333-061-0060(5)(a)/(j))	Meets ALL 5 Rating Criteria?	Amount Requested	Eligible Amount	Quarter Submitted (SFY)	Funding Recommended (Yes)
City of Estacada	Clackamas	SD-24-P44	Yes	Yes	\$ 20,000	\$ 20,000	2Q2024	Yes
City of Drain	Douglas	SD-24-P52	Yes	Yes	\$ 20,000	\$ 20,000	3Q2024	Yes
Totals					\$ 40,000	\$ 40,000		

***NOTES: Disadvantaged communities are prioritized for funding. If higher rated eligible disadvantaged communities are unable to proceed in the funding process, Business Oregon may utilize the "Bypass Rule" if the lower-tiered projects are ready to move forward. In addition, when projects end up with the same ratings, they are placed on the PPL on a first-come, first-serve basis with disadvantaged communities prioritized.

- Projects in the "Wait or reapply in '25" section of the PPL will only get SIPP funding if the projects recommended above do not proceed. Therefore, water systems have the option to wait, or reapply during the next State fiscal year when SIPP funding becomes available again. Projects are placed in this section only after all the allocated funds have been applied for.

- Total project ranking points are placed in order of the quarter they're submitted. This ensures the top ranked projects per quarter are being recommended on a first-come, first-serve basis.

- Water systems that have received SIPP funds in each of the last two years are not eligible for funds in the current year. Exceptions may be made on a case by case basis if funding allows. Additionally, eligible SIPP projects may only receive one (1) SIPP award for any single planning effort.

- Water systems must complete project within 2 years.

- Seismic projects are not rated, but placed on the the PPL on a first-come, first-serve basis while funds last. These projects are also separated from general SIPP projects due to having different eligibility criteria. Seismic SIPP projects receive priority funding.

Ineligible projects					Requested	Eligible
Cove Point Corporation	Klamath	SD-24-P57	Feasibility Study	Oregon Very Small (OVS) water systems are ineligible for DWSRF related funding	\$ 20,000	No
Totals					\$ 20,000	\$ -

SFY2024	Oregon's DRINKING WATER SOURCE PROTECTION FUND (DWSPF) PROJECT PRIORITY LIST (PPL) for the DWSPF and BIL Supplemental for Land Acquisition Planning	Total Amount to be Funded:	\$694,625	Total Amount to be Funded through DWSPF:	\$194,625
		Total Amount Requested for Eligible Projects:	\$799,625	Total Amount to be Funded through BIL Supplemental*:	\$500,000*

Revised Date: 07-16-2024

Project Removal Date: 2024 Grant Award Must Be Contracted with Business Oregon by 08-01-2025 Or Face Removal From PPL

Rank	Applicant LOI (SWP#) - (1) County	Short Project Description	Primary Project Focus				Rating Total	Disadvantaged Community Adjustment	DWSP LOI Project Rating				
			Focus (i.e., delineation, assessment, planning, implementation, security, and land acquisition planning) (2)	Amount Req.	Fundable Amount	Grant Award Year (3)			Area & Level of Sensitivity	Presence of High-Risk Sources of Contamination	Contaminant Detections at the Source	Proposed Reduction or Prevention Activities	Risk Reduction Potential
1	City of Lincoln City (Lincoln City Water District) SWP-24-002 Lincoln County	Schooner Creek Watershed: Forest Stewardship Plan and Critical Area Protection. Develop Forest Stewardship Plan for City-owned land in Schooner Cr watershed. Conduct outreach to private landowners to gauge willingness for property sale or conservation easement.	Land Acquisition Planning & Implementation.*	\$70,000	\$70,000*	2024	100	YES (+10 pts)	20	10	20	10	30
2	City of Newport SWP-24-005 Lincoln County	City of Newport Big Creek Watershed Forest Stewardship Plan. Develop Forest Stewardship Plan for City-owned property in Big Creek watershed.	Land Acquisition Planning & Enhanced Assessment.*	\$50,000	\$50,000*	2024	100	YES (+10 pts)	20	10	15	15	30
3	City of Depoe Bay SWP-24-014 Lincoln County	Land Conservation Planning in the North Depoe Bay & Rocky Creek Watersheds. Conduct critical area protection analysis for watershed(s) using tax lot data & hydrologic modeling, develop strategic plan for evaluating areas where purchasing land and/or easements would be effective, outreach to land owners, investigate partnerships, identify future funding sources.	Land Acquisition Planning & Enhanced Assessment.*	\$70,000	\$70,000*	2024	100	YES (+10 pts)	20	10	20	15	25
4	Rockaway Beach Water District SWP-24-013 Tillamook County	Forest Management Planning and Appraisal for the Jetty Creek Watershed. Develop Forest Management Plan for property within the watershed that is not owned by the water system and obtain an appraised value for unowned lands within the watershed.	Land Acquisition Planning & Source Protection Planning.*	\$75,000	\$70,000*	2024	95	YES (+10 pts)	20	10	20	10	25
5	City of Toledo (Toledo Water Utilities) SWP-24-007 Lincoln County	Mill Creek Forest Stewardship Plan and Siletz River Critical Area Protection. Update Forest Stewardship Plan for City-owned lands and conduct critical area protection analysis of Siletz watershed with intent to identify land acquisition and/or conservation easements.	Land Acquisition Planning, Enhanced Assessment, & Source Protection Planning.*	\$70,000	\$70,000*	2024	90	YES (+10 pts)	15	10	20	15	20
6	Neskowin Regional Water District SWP-24-012 Tillamook County	Neskowin Regional Water District's Acquisition Planning & Community Outreach. Forest Management & Land Conservation Planning in the Clear Lake Watershed. Hire contractor to complete timber cruise/appraisal of small wood lots within Drinking Water Source Area for potential purchase.	Land Acquisition Planning.*	\$70,000	\$70,000*	2024	90	NO	20	10	20	10	30
7	City of Sheridan & City of Willamina SWP-24-008 Yamhill County	Sheridan & Willamina - Source Water Assessment and Protection Planning. Development of a state approved Drinking Water Source Protection Plan.	Enhanced Assessment & Source Protection Planning.*	\$50,000	\$50,000*	2024	105	YES (+10 pts)	20	10	20	15	30
8	City of Boardman SWP-24-004 Morrow County	City of Boardman - Drinking Water Source Protection Plan. Development of a state certified Drinking Water Source Protection Plan.	Source Protection Planning.*	\$50,000	\$50,000*	2024	98	YES (+10 pts)	20	10	20	15	23
9	City of Yoncalla SWP-24-009 Douglas County	City of Yoncalla Source Water Security in Wilson & Adams Creek Watersheds. Installation of critical area fencing & security cameras to reduce human/wildlife access to sensitive area near surface water intake.	Security	\$50,000	\$50,000	2024	95	YES (+10 pts)	20	10	15	10	30
10	City of Oakland SWP-24-003 Douglas County	City of Oakland: Instream Monitoring for Source Water Protection and Early Response on Calapooya Creek. Purchase and install water quality monitoring equipment for baseline data collection & post-wildfire early warning system.	Enhanced Assessment, Water Quality Evaluation, & Security.	\$50,000	\$50,000	2024	95	YES (+10 pts)	20	10	15	15	25
11	City of Waldport SWP-24-006 Lincoln County	City of Waldport - Drinking Water Protection Plan. Development of a state approved Drinking Water Source Protection Plan.	Enhanced Assessment & Source Protection Planning.	\$44,625	\$44,625	2024	95	YES (+10 pts)	20	10	20	5	30
12	Medford Water Commission SWP-24-011 Jackson County	Spill Response Materials and Equipment Acquisition. Purchase of materials and equipment needed for implementation of spill response strategies and training within the Rogue Basin.	Implementation	\$50,000	\$50,000	2024	95	YES (+10 pts)	20	10	10	15	30

Total Requested: \$899,625 Total Fundable: \$694,625

Projects below funding line that met eligibility score:

Applicant	Applicant #	Ranking Points	Disadvantaged Community	Project Description	Amount Requested	Fundable Amount
North Clackamas Co. W. C.	SWP-24-001	73	NO	Add seismic resilience spill prevention component to existing Hazardous Material Spill Prevention Program within Clackamas Industrial Area.	\$50,000	\$50,000
Eugene Water & Electric Board	SWP-24-010	73	YES	Modernize stormwater infrastructure facilities directly above surface water intake to mitigate contaminants in urban stormwater runoff.	\$50,000	\$50,000
					\$100,000	\$100,000

COLUMN NOTES

- (1) LOI (SWP#) column is an Applicant number assigned to the system after they submit their Letter of Interest (LOI).
 - (2) Primary Project Focus column demonstrates the primary focus for what the DWSPF funds will be utilized for. In many cases, projects have more than one focus, but often they have one or two primary focuses for their project. This column displays that focus.
 - (3) Grant Award column shows the year in which the projects were awarded. Projects are removed from PPL when funds have been committed to the project from Business Oregon.
- Projects may also be removed from the PPL if more than a year has transpired and Business Oregon has not been able to commit funds to the project.
- * Denotes projects funded through BIL Supplemental funds.

Eligible DWSPF projects are placed on this PPL annually, but the PPL is updated internally each quarter to keep track of how much money is available for lending and to remove projects that have been awarded funds.

LOI Rating Guidance

Drinking Water State Revolving Fund

Background:

Before an eligible project can be placed on the Drinking Water State Revolving Fund (DWSRF) Project Priority List (PPL), the Applicant (i.e., eligible public water system) must fill out and submit their project details in a [Letter of Interest \(LOI\)](#). Oregon Health Authority-Drinking Water Services (OHA) will use this guidance document to review each eligible LOI for placement on the PPL. Following the 10-day mandated public notice period, OHA partners, Business Oregon, will utilize the PPL to invite listed eligible public water systems to apply for funding.

Beginning in 2024, Infrastructure Projects will only be processed, reviewed, rated, and ranked annually. Starting with a January 15, 2024 LOI submission deadline and then changing to February 15th starting in 2025. SIPP applications will continue to be processed and added to the PPL on a Semi-Annual Basis (SIPP application deadlines: February 15 and August 15).

This LOI Rating Form and Guidance for the DWSRF program is in conformance to federal regulations as outlined in EPA's [40 Code of Federal Register \(CFR\) §35.3555 - Intended Use Plan](#).

Additional program information can be found in the [Safe Drinking Water Handbook](#) – lefthand column under **Resources**.

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Section 1: Funding Program Descriptions

1) Water System Infrastructure Projects:

Eligible infrastructure projects are included in the following two (2) categories:

- a) **Health/Compliance/Consolidation:** This includes water system infrastructure projects that resolve current Health and/or Compliance issues, or address Technical, Managerial, or Financial problems through consolidation. Projects that qualify in this category receive priority funding and greater financial incentives. These projects are rated and ranked on the PPL based on the following five (5) rating criteria:

1. Risks to Human Health & Health Protection.
2. Compliance with Safe Drinking Water Act.
3. Consolidation of Two or More Systems.
4. Water System Size
5. Community Affordability

Disadvantaged Community Status is also identified.

- b) **General Infrastructure and Resiliency Projects:** This includes water system infrastructure projects that are non-health/compliance/consolidation based. These projects are rated and ranked on the PPL based on Community Affordability and Water System Size. Disadvantaged Status is also identified.

The following non-health-based projects are considered eligible under this category:

- New, repair or replacement of water sources, treatment, finished water reservoirs, pumping, and transmission/distribution mains - including associated appurtenances, land/easement acquisitions, and control buildings.
- Aquifer, Storage & Recovery projects.
- Instrumentation, telemetry, water meter, Automated Meter Reading/Automated Metering Infrastructure, backflow device and pressure reducing valve projects.
- Safety, Seismic and Security improvements.
- Projects which increase redundancy and reliability of critical assets.

Eligible projects are rated and ranked using the Infrastructure Project Rating Form and Project Rating Summary contained in Attachment 1.

Ineligible Water System Infrastructure Projects: The following projects are considered ineligible per 40 Federal Register Part 35.3520 (e&f):

- Projects needed primarily for fire protection.
- Projects needed primarily to serve future population growth. Projects must be sized only to accommodate a reasonable amount of population growth expected to occur over the useful life of the facility.

If a project consists solely of one of the above activities, the project is not rated, but rather is marked as an ineligible project on the Infrastructure Project Rating Summary contained in Attachment 1. If the ineligible activity is only a portion of the project, the eligible portion of the project is still rated, with the ineligible activity identified as not fundable in the Project Rating Summary.

Purchasing Water Rights - Class Deviation from 40 CFR §35.3520(e)(2) (EPA-HQ memo 11/26/19): Removes the prohibition of DWSRF funds for purchasing water rights. Language from memo states:

For the purposes of this class deviation, the purchase of ‘water rights’ is defined as the monetary value of the right to use water from a given source (e.g., a river, lake, aquifer) for the purposes of drinking water supply for an existing population.

Projects covered by this class deviation may be standalone assistance agreements (i.e., the assistance agreement is solely for water rights) or may be part of a larger public health project.

The principal purpose of this class deviation for water rights is to provide a safe drinking water supply and improve public health protection for drinking water systems’ existing populations. Moreover, the class deviation request is not designed to support population growth and thus is consistent with the Safe Drinking Water Act (SDWA).

A DWSRF project must meet the criteria below to be covered under this class deviation:

- *The project directly addresses a compelling, imminent public health threat;*
- *The project is a cost-effective alternative;*
- *DWSRF funding is a significant factor to ensure that the project will proceed;*
- *The financial terms of the DWSRF assistance agreement are equal to or less than the “design life” of the project (e.g., a 15-year loan for 15-year water rights purchase);*
- *The main project purpose cannot be to prepare for future growth.*

Rehabilitation of Dams and Reservoirs – Class Deviation from 40 CFR §35.3520(e)(1) and (3) (EPA-HQ memo 7/14/21): Removes the prohibition of DWSRF funds for rehabilitation of dams and reservoirs:

The principal purpose of this class exemption for the rehabilitation of dams and reservoirs is to provide a safe drinking water supply and improve public health protection for drinking water systems’ existing populations. To be consistent with the Safe Drinking Water Act (SDWA), this class exception does not support population growth.

For this class exception, the dam or reservoir’s primary purpose must be for drinking water supply and must be owned by the public water system. Some examples of dam/reservoir rehabilitation projects could include, but is not limited to, spillway reconstruction or repair, dam resurfacing or repair, repair or replacement of drainage systems, and sedimentation dredging.

A DWSRF project must meet the criteria below to be covered under this class deviation:

- *All the criteria outlined in the project-specific deviation request SOP will still apply.*
 - ✓ *The project directly addresses a compelling, imminent public health threat;*
 - ✓ *The project is a cost-effective alternative;*
 - ✓ *DWSRF funding is a significant factor to ensure that the project will proceed;*
 - ✓ *The financial terms of the DWSRF assistance agreement are equal to or less than the “design life” of the project.*
- *The primary purpose of the dam and reservoir must be for drinking water supply.*
 - ✓ *The resource can be used for recreation, but that may not be the primary benefit.*
- *If the dam is also used for power generation, this deviation would not include any rehabilitation and equipment affiliated with this purpose, unless the power generated is solely used to provide power to the public water system.*
- *The dam and reservoir are 100% owned by the public water system receiving the loan.*
- *The main project purpose cannot be to prepare for future growth.*

2) **Sustainable Infrastructure Planning Projects (SIPP):**

Projects include water system planning activities that promote sustainable water infrastructure. Projects receive 100% forgivable loan funding of \$20,000 to \$50,000 per project. Priority is given to systems that serve < 300 connections.

Applicants can apply for one of the following eligible planning projects:

1. **Feasibility Studies** (up to \$50,000) - Studies to evaluate infrastructure project feasibility. Studies may also include the evaluation of resiliency measures and continuity of operations, including identification of needed infrastructure improvements.
2. **Asset Management Plan** (up to \$20,000) - Plan for managing water system infrastructure assets.
3. **System Partnership Studies** (up to \$50,000) - Studies to evaluate potential for system consolidation/regionalization.
4. **Water Rate Studies** (up to \$20,000) - Studies of water system rate charges, structure, and adequacy.
5. **Leak Detection Studies** (up to \$20,000) - Studies to detect water system leakage and identify possible solutions.
6. **Security Risk and Vulnerability Studies** (up to \$20,000) - Studies or assessments to evaluate infrastructure and information security, including cybersecurity. Studies must assess risk and potential impacts and include identification of needed security improvements. Studies may also include identification of critical information technology assets, process controls, communications and personnel, and the development of security procedures and protocols.
7. **Water System Master Plan for systems with < 300 connections** (up to \$50,000) – Long-range plan to evaluate the needs of the water system and make recommendations for future improvements.

These projects are rated and ranked on the PPL based on the following five (5) rating criteria:

1. System Size
2. Capital Improvement History*
3. Infrastructure Project Potential
4. Readiness to Proceed
5. Priority Deliverable

*In assigning points under the *Capital Improvement History* rating criteria, “significant capital improvement project” includes new water source, treatment plant and storage projects that require plan review; and distribution system improvement projects impacting a significant portion (>20%) of the distribution system.

Eligible planning projects are rated and ranked using the SIPP Rating Summary contained in Attachment 2.

Ineligible Sustainable Infrastructure Planning Projects: Activities related to construction and/or engineering/design and activities related to ineligible project types listed in the Water System Infrastructure Projects section above. If the project includes an ineligible activity, the activity is identified as not fundable in the SIPP Rating Summary.

3) **Seismic Risk Assessment and Mitigation Plans:**

Applicants can submit an application for creation of a Seismic Risk Assessment and Mitigation Plan required by OHA as part of a full master plan submittal. Seismic requirements are outlined in [OAR 333-061-0060\(5\)\(a\)\(J\)](#).

This program is funded under a separate allotment of the Sustainable Infrastructure Planning Projects program. Projects receive 100% forgivable loan funding up to \$50,000. Eligibility is limited to systems that serve 300 to 3,300 connections.

Projects are ranked on the SIPP Project Priority List based on submittal date of a completed application. *No rating and ranking of projects by OHA staff are required.* Business Oregon will inform OHA when eligible Seismic projects have been submitted.

To be eligible for funding, the project proposal must meet each of the following criteria:

1. The water system must serve 300 to 3,300 connections.
2. The water system must be subject to the Seismic Risk Assessment and Mitigation Plan requirements for master plans under OAR 333-061-0060(5)(a)(J). This includes water systems fully or partially located in areas identified as VII to X, inclusive, for moderate to very heavy damage potential using the [Map](#) of Earthquake and Tsunami Damage Potential for a Simulated Magnitude 9 Cascadia Earthquake, Open File Report 0-13-06, Plate 7 published by the State of Oregon, Department of Geology and Mineral Industries (DOGAMI).
3. The seismic risk assessment must identify critical water facilities capable of supplying key community needs, including fire suppression, health and emergency response and community drinking water supply points.
4. The seismic risk assessment must identify and evaluate the likelihood and consequences of seismic failures for each critical water facility.
5. The mitigation plan must encompass up to a 50-year planning horizon and include recommendations to minimize water loss from each critical facility, capital improvements or recommendations for further study or analysis.

Ineligible Activities: Activities related to construction and/or engineering/design and activities related to ineligible project types listed in the Water System Infrastructure Projects section above.

Section 2: Rating, Ranking and the Project Priority List

- A. “Rater’s” Responsibility:** Before an eligible project can be placed on the Project Priority List (PPL), the project is rated using set criteria based on project details submitted in a Letter of Interest (LOI).

Once an LOI has officially been submitted and reviewed for eligibility, the DWSRF Program Coordinator distributes the LOI and rating materials to the Regional Tech Staff “Rater” who then reviews the project to determine an appropriate rating score. The Rater then completes all required rating materials (as outlined in the Attachments to this document) and forwards those materials to the Program Coordinator. All rating materials are maintained by the Program Coordinator.

The Program Coordinator forwards the completed ratings for all projects received in the rating period to Tech Staff for group consideration and comment. Tech Staff have the opportunity to collaborate in person (or by video call) to make final rating decisions for projects.

During the group rating meeting, the Rater describes the project and explains their rating, including pointing out ineligible activities if applicable. If there are no comments or if comments are addressed, the rating of that project is considered “final” and officially placed on the PPL. The Program Coordinator notifies Business Oregon of any ineligible activities found.

B. Project Priority List: For each capitalization grant year, OHA creates a Project Priority List which lists system projects in a rated and ranked order. The following process is used:

1. Once all project ratings are approved by Tech Staff, the projects are placed on the PPL. The newly rated projects are combined with existing eligible projects and placed in ranked order according to total score.
2. The Program Coordinator forwards the updated PPL to EPA Region 10 for their eligibility review and approval. Once approval has been given, the projects are incorporated into the semi-annual public notice process. These additional steps are mandatory due to the nature of having an “Open” LOI process that can be funded with State and Federal funds year-round.
3. Subject to the amount of funding available, those water systems ready-to-proceed on the PPL are invited to submit a final application to Business Oregon. This process is specifically for the use of the federally appropriated DWSRF funds only. State repayment and interest earned funds can be used to fund projects at any time throughout the year.
4. A project’s relative ranking and fundability may be in jeopardy if the water system has not submitted a final application to Business Oregon before the end of the two-year approval date of the Intended Use Plan (dates shown at the top of the *Combined* PPL). OHA informs Business Oregon prior to the expiration of each Intended Use Plan so projects have one last opportunity to proceed in the funding process.
5. Projects are removed from the PPL once they are either funded or once the Intended Use Plan’s two-year timeframe has expired. In this case, the water system may submit a new LOI for the project. Depending on new information or other factors, the project may be rated differently than before.

C. Combined Project Priority List: Starting in April 2013, OHA began accepting LOI’s anytime throughout the year for infrastructure related projects. The PPL is officially updated on a semi-annual basis (after the public notice period ends) and the most recent updated *Combined* PPL is submitted with the Intended Use Plan as part of each annual DWSRF grant application.

Instead of utilizing two PPLs (*Comprehensive* and *Fundable*), both serving different purposes, EPA Region 10 approved OHA’s request to reduce the mandated two PPLs down to one *Combined Project Priority List*. This *Combined* PPL serves the same purpose that the 2 separate PPLs served previously.

OHA believes the *Combined* PPL meets the project listing requirements as outlined in Section 3.1.4 of [EPA's DWSRF Program Operations Manual](#) and is allowable per 40 CFR §35.3555(c).

D. By-passing: If non-funded projects are removed from the PPL, after accounting for the difference between actual award amounts and requested amounts, a lower ranked water system may be invited to submit a final application for funds with Business Oregon through the by-pass process.

Water system projects may be removed from the PPL for the following reasons:

1. Funding has been received from another source, rendering a DWSRF award redundant.
2. Water system or project is determined to be no longer eligible for funding.
3. A water system lacks enough capacity and is judged not to be able to achieve enough capacity within a two-year period and the funding wouldn’t help the system achieve capacity.
4. A project cannot proceed within the two-year period due to other environmental issues.

E. Public Notice Policy

DWSRF Public Notice Policy <i>(revised 12-11-24)</i>	
Project Type:	Days Published*
Infrastructure (non-expedited loans)	10
Infrastructure (Expedited loans)	N/A**
DWSP (non-expedited grants and/or loans)	10
DWSP (Expedited grants only)	N/A**
DWSP (Expedited grants with loans)	grant: N/A** & loan: 10
SIPP (non-expedited forgivable loans)	10
SSEA (non-expedited forgivable loans)	10
* Days published is a requirement that must occur prior to the project moving forward in the funding process	
** Expedited projects <u>do not</u> require a public notice for comments as the benefit outweighs the risk to the public	

F. Sustainable Infrastructure Planning Projects (SIPP): Processing & Funding Timeline: OHA rates and ranks SIPP projects in conjunction with our infrastructure project rating. At this time SIPP LOIs are processed and added to the PPL on a Semi-Annual Basis (LOI deadlines: February 15 and August 15).

G. Expedited Projects: EPA allows states to expedite funding of projects which require immediate attention to protect public health. These projects do not have to be on the state’s Intended Use Plan, nor do they require ranking using the state's priority system or need to go through a public review process prior to receiving assistance. Project elements funded must be directly related to restoration of potable drinking water and all other unrelated infrastructure improvements must be submitted in a separate LOI to be rated and ranked under the normal LOI submission process.

A project may be expedited for placement on the PPL if the situation meets each of the characteristics listed below.

1. Situation represents a current threat to public health.
2. Situation entails an existing lack of available potable drinking water (either quantity or quality) over an extended period.
 - This funding source is not intended for situations of short-term nature where funding is needed to address an issue within 6 months. Timing and potential funding package is based on availability of loan funds. Situations that can be adequately addressed under a routine maintenance program do not qualify.
 - If the water system is currently supplying water but has a high potential to be out of potable water for an extended period, the water system must provide independent documentation that extended outages are expected. Recurring outages for an extended period may also qualify as determined by OHA-Drinking Water Services.
 - Projects to address future drought related impacts (further out than 1 year) must be submitted under the normal LOI submission process.

3. Situation has not arisen from deferred maintenance or negligence (for example preventable mechanical failure).
4. Approval by OHA-Drinking Water Services Administrator.

If a request for expedited project assistance is approved by the OHA-Drinking Water Services Administrator, the project will be on an expedited section of the PPL and receive priority funding consideration.

For Drinking Water Source Protection (DWSP) expedited projects, please visit the General Information link located at the bottom of the [DWSP webpage](#).

H. Removal from Project Priority List:

1. Business Oregon and OHA may remove a project from the PPL for the reasons indicated in Section D above, or if the following occurs:
 - (a.) SRF project funding has been committed, or
 - (b.) Business Oregon and OHA determine that the project scope, cost, schedule or other commitments have substantially changed, or
 - (c.) The two-year period from the IUP approval date for that LOI grant year has expired and the applicant has not moved the project forward to either one or more of the following phases:
 - The loan preparation phase; or
 - The applicant water system has not substantially completed final design; or
 - The applicant water system has not moved the project to the initial stages of construction; or
 - The applicant water system has not provided a written request to remain on the PPL due to unforeseen circumstances such as significant financial or operational changes. Such written request must be submitted to Business Oregon within 60 calendar days prior to the expiration date; or
 - Funding has been received from another source, rendering an DWSRF award redundant; or
 - The applicant water system requests removal from the listing.
2. Before a project is removed from the PPL, based on an informed determination of project eligibility, two-year readiness, substantial change or comparable matter, written notice may be given to the applicant for the project. The applicant will then have 30 days after provision of the notice to demonstrate the system/project's respective eligibility, feasibility, capacity, ability to precede, conformance with proposed project, *etc.*, to the satisfaction of Business Oregon and OHA.
3. Business Oregon and OHA will assist the applicant water system in its efforts to be ready for funding in the next fiscal year, as practicable.

Attachment 1

INFRASTRUCTURE PROJECT RATING SUMMARY

Drinking Water State Revolving Fund

APPLICANT:

PWSID#:

COUNTY:

LOI #: SD- -

PROJECT TITLE:

Letter of Interest (LOI) Evaluation Criteria

ELIGIBLE PUBLIC WATER SYSTEMS

- Community Water System – (Public or Private Ownership)
- Non-Profit Non-Community Water System – (Public or Private Ownership)
- INELIGIBLE

ELIGIBLE ACTIVITIES – (see LOI for specifics)

- Planning & Engineering Source Construction (wells, well head pumps & intakes)
- Watershed Improvements Treatment Storage / Reservoir / ASR
- Transmission / Distribution Pump Stations Land or Easement Acquisition
- Restructuring / Consolidation Water Rights Rehabilitation of Dams & Reservoirs
- Other:

***Water Rights and Rehab of Dams & Reservoirs is only eligible via class deviations*

Did this project receive any Health, Compliance, or Consolidation points? Yes No

INELIGIBLE ACTIVITIES

- Primarily for Fire Protection Primarily for growth Other:

Determined by the DWSRF Program Coordinator:

Does the water system qualify for Disadvantaged Community Status? Yes No

Exclusions? Is the System Suspended/Debarred? – See SAM.gov using Login.gov Yes No

Rating Point Summary		
Entered on Project Priority List		
		Points Possible
		Actual Points
1	Risks to Human Health & Health Protection	40
2	Compliance with Safe Drinking Water Act	30
3	Consolidation of Two or More Systems	20
4	Water System Size	5
5	Community Affordability	25
TOTAL		120

RATED BY:

DATE:

Part 1 of 2.

Part 2 of 2 - INFRASTRUCTURE PROJECT RATING

PROJECT SUMMARY

To be presented at rating meeting. Also used as the project description on the PPL.

1. **Problem:** *What are the issues?*
2. **Project:** *What is the project?*
3. **Rating Description:**
 - **Risk to Human Health** – *Identify points assigned, project element receiving points, and reason.*
 - **Compliance with SDWA** – *Identify points assigned, project element receiving points, and reason.*
 - **Consolidation** – *Identify points assigned, project element receiving points, and reason.*
4. **Any Additional Information from LOI Rating Form that is Pertinent to the Applicant’s Rating?**
5. **Any Ineligible Activities Identified?**

PROJECT RATING

Rating points are assigned to each eligible project LOI based on the five (5) rating criteria listed below. Disadvantaged Community Status is also identified.

1. **Risks to Human Health & Health Protection:** Points are assigned to projects that propose to eliminate risks to human health from contaminants in drinking water.

Make one assignment of points for the “Risks to Human Health” category per project, selecting the highest that’s applicable. Maximum 40 points.

(40 pts)

- (a.) **Acute risks:** *E. coli*, or Nitrate/Nitrite contamination above the Maximum Contaminant Level (MCL) or confirmed source contamination, inadequate treatment technique or facilities which result in Surface Water Treatment Rule violations, cyanotoxins above Oregon’s Health Advisory Level (HAL), or the presence of pathogenic organisms at levels that presents a significant risk of waterborne disease.

(30 pts)

- (b.) **Chronic risks:** lead, inorganic, synthetic or volatile organic chemical contamination including disinfection by-products, or radionuclides above the MCL, Action Level (AL), or HAL.

- (c.) **Risk levels less than those considered to be Acute or Chronic risks:**

(20 pts)

1. Chemicals or radionuclide that exceeds 50 percent of the MCL, AL, or HAL multiple investigations due to persistent total coliform, or inadequate filtration such that effluent turbidity spikes (less than MCL) occur.

(15 pts)

2. Groundwater contamination at or above the MCL that is within 1,000 feet up-gradient from a PWS well or spring or is within the two-year time of travel to a PWS well or spring or is within 2,500 feet up-gradient from a PWS surface water intake.

(15 pts)

3. Priority significant deficiencies or issues that are a risk to human health (identified by DWS or partner staff and documented in writing) and will be resolved by the project.

(15 pts) (5 pts)

4. Distribution or storage conditions which may result in drinking water contamination violations, such as an inability to maintain a minimum pressure of 20 psi (pounds per square inch) at all service connections at all times (OAR 333-061-0025(7)), or leaking pipe due to age or having out-lived its useful life. (15 points – *if technical documentation such as: Water Loss Study or detailed in a Master Plan; or OHA documented contact reports*) (5 points – *if anecdotal information is provided*)

(10 pts)

5. Emergency related risks caused by a natural disaster which could lead to contamination or damage to the water system. (10 points – *only if known or documented*) (e.g., *earthquake resilience would not receive points here, but is eligible for funding as a General Infrastructure and Resiliency project*)

(5 pts)

6. Prevention of future or potential microbial issues or installation of other chemical treatments that are beneficial to public health (e.g., residual maintenance, fluoridation, or harmful algal blooms).

(5 pts)

7. Security related issues that create a potential health risk as described in a vulnerability assessment.

(0 pts)

8. This project does not propose to reduce risks to human health from contaminants in drinking water.

2. **Compliance with Safe Drinking Water Act:** Points are assigned to projects that achieves, maintains or improves a water systems ability to comply with federal and state drinking water regulations.

Make one assignment of points for the “Compliance with SDWA” category per project, selecting the highest that’s applicable. Maximum 30 points.

(30 pts)

- (a.) System is not in compliance with existing health-based Oregon Administrative Rules (OARs) and project will return the system to compliance (e.g., MCL or treatment technique violations).

(20 pts)

- (b.) Project will allow system to comply with a future deadline in a drinking water law or Oregon Administrative Rule (OAR) (e.g., meeting a revised MCL or a new treatment requirement by a specific deadline).

(10 pts)

- (c.) Project will address existing and documented water quality or distribution pressure issue(s) that would likely lead to non-compliance (e.g., nitrate or finished water turbidity close to MCL, < 20 psi).

(0 pts)

- (d.) System has no state or federal compliance issues.

3. **Consolidation of Two or More Systems:** Points are assigned for any project that includes consolidation of separate existing water systems.

Per 40 Federal Register Part 35.3520(b)(2)(v), an eligible project can be those needing to consolidate where a supply has become contaminated or a system is unable to maintain compliance for technical, managerial, or financial reasons. Consolidation (or partnership) of ownership and/or management is defined as: *Changes in ownership and/or management functions of two or more systems intended to address technical, managerial, or financial capacity.*

Make one assignment of points for the “Consolidation (or partnership)” category per project, selecting the highest that’s applicable. Maximum 20 points.

(20 pts)

- (a.) A consolidation (or partnership) involving a physical connection of two or more systems where a single system remains.

(10 pts)

- (b.) New consolidation (or partnership) of ownership and/or management involving the purchase of water from another system that meets drinking water standards and requirements.

(5 pts)

- (c.) New consolidation (or partnership) of ownership and/or management with no physical connection of two or more systems.

(0 pts)

- (d.) N/A (e.g., purchasing intertie connection only with no consolidation of ownership and/or management and does not address drinking water standards and requirements).

4. **Water System Size:** Points are assigned based on population.

Make one assignment of points for the “Water System Size” category per project. Maximum 5 points.

- (a.) (5 pts) Water systems serving <500 people
(b.) (3 pts) Water systems serving 500 to 3,300 people
(c.) (1 pt) Water systems serving 3,301 to 9,999 people

5. **Community Affordability:** To increase equitable access to funding, points are assigned based on the following socioeconomic factors.

This section rated by the DWSRF Program Coordinator. Maximum total combined 25 points.

(a.) Community MHI is less than the current State MHI (as determined by the most recent data release of the American Community Survey in effect when projects are rated for consideration).

- (15 pts) <60% of State MHI
 (10 pts) 60-69% of State MHI
 (5 pts) 70-79% of State MHI
 (3 pts) 80-99% of State MHI

(b.) (5 pts) Community’s poverty rate is greater than the State poverty rate.

(c.) (5 pts) Community’s unemployment rate is greater than the State unemployment rate.

6. **Disadvantaged Community Status:** The Disadvantaged Community status of the service area of the public water system is identified and considered for additional subsidy if the project is funded.

This section is not part of the project scoring system and is determined by the DWSRF Program Coordinator.

- Not a Disadvantaged Community. Service area MHI is \geq to State MHI
 Disadvantaged Community. Service area MHI is < State MHI; and, as applicable,
 Severely Disadvantaged Community. Total score from Section 5 above is 15 points or more.

Attachment 2

**SUSTAINABLE INFRASTRUCTURE PLANNING PROJECTS
RATING SUMMARY**

Drinking Water State Revolving Fund

APPLICANT:

PWSID#:

COUNTY:

LOI #: SD- -

PROJECT TITLE:

Letter of Interest (LOI) Evaluation Criteria

ELIGIBLE PUBLIC WATER SYSTEMS

- Community Water System – (Public or Private Ownership)
- Non-Profit Non-Community Water System – (Public or Private Ownership)
- INELIGIBLE

ELIGIBLE ACTIVITIES – (see LOI for specifics)

- Feasibility Studies Asset Management Plan System Partnership Studies
- Water Rate Analysis Leak Detection Studies Security Risk & Vulnerability
- Water Master Plan (< 300 connections only)

INELIGIBLE ACTIVITIES

- Construction or any other ground disturbing activities (e.g., potholing). If so, describe:
- Engineering or Design. If so, describe:
- Other (e.g. plan primarily relates to fire protection or growth) If so, describe:

Determined by the DWSRF Program Coordinator:

Does the water system qualify for Disadvantaged Community Status? Yes No

Exclusions? Is the System Suspended/Debarred? – See [SAM.gov using Login.gov](http://SAM.gov) Yes No

Evaluation Criteria:

Criteria	Value	Score	Description
System Size	30		30 points will be given to systems with < 300 connections.
Capital Improvement History <i>(see LOI – Section VII Water System Operations, “A” on page 6)</i>	20		For systems that have not done any significant capital improvement projects in: 20 years or more = 10 Points 40 years or more = 20 Points
Infrastructure Project Potential <i>(see LOI – Section VII “B” on page 6)</i>	20		To receive points there must be a reasonable expectation that the activities funded will result in a future infrastructure project.
Readiness to Proceed <i>(Business OR. to rate)</i>	20		To receive points the project activities must be ready to begin within 90 days of funding award notification.
Priority Deliverable	10		Feasibility studies, asset management plans, and system partnership studies will be given 10 points.
Total	100		

RATED BY:

DATE:

SFY-2025 DWSRF FFATA Reportable *Set-Aside* Contracts ≥\$30,000 ONLY

Contracts		Contract # (if avail.)	Fiscal Yr. - not to exceed Contract Amount	FSRS Req?	Reason if not Req?
Circuit Rider (Civil West)		174190-1	\$ 975,000	No	Vendor Contracts are N/A
Counties* 7 of 26 contracts (Annual)	Clackamas	TBD	\$ 60,416	Yes	
	Deschutes	TBD	\$ 36,693	Yes	
	Jackson	TBD	\$ 43,290	Yes	
	Josephine	TBD	\$ 33,038	Yes	
	Lane	TBD	\$ 51,410	Yes	
	Linn	TBD	\$ 37,636	Yes	
	Marion	TBD	\$ 44,710	Yes	
Dept. of Agriculture		181025	\$ 27,657	No	Federal entities are N/A
OAWU (\$5,965/class)		183302	\$ 660,000	No	Vendor Contracts are N/A
Needs Survey (HBH)		TBD	\$ 233,558	No	Vendor Contracts are N/A
DWSP (Grants)	<i>Business Oregon to Manage (grants ≥\$30,000)</i>			Yes	
Only County Set-Aside FFATA TOTALS:			\$ 307,193		

PHD-PE50 Disclaimer:

All FSRS reported *Set-Aside* contracts shown above are to be associated to CFDA: 66.468 and FAIN: FS-02J58701 ('23 Base) & 4D-02J27501 ('22 BIL-GS) .

FFATA reporting threshold from March 1, 2011 through September 30, 2015 was \$25,000. Since October 1, 2015, the threshold became \$30,000 (Per OMB Guidance issued on 08/27/10; Prime Grant Recipient FFATA reporting threshold, is at \$30,000).

APPENDIX B: Supporting Documents

- SDWRLF Financing Details
- Grant Allotment Use Summary – Base DWSRF 2024
- Grant Allotment Use Summary – BIL General Supplemental 2024
- Cost Allocation & Other Payroll Expense Letters (3)



Safe Drinking Water Revolving Loan Fund Financing Details

Updated 12/1/2023

I. Purpose and Background

The purpose of this document is to provide information on Safe Drinking Water Revolving Loan Fund (SDWRLF) financing terms and policies.

The SDWRLF is a federal funding program through the Environmental Protection Agency (EPA) that provides below market interest rates and forgivable loan awards for drinking water infrastructure projects. The SDWRLF is the loan fund of Oregon's Drinking Water State Revolving Fund (DWSRF). The loan fund is administered by Business Oregon's Infrastructure Finance Authority (IFA). Oregon Health Authority (OHA) has a role of prioritizing project proposals for funding and applies annually to EPA for DWSRF capitalization grants.

[Please refer to the Drinking Water Handbook, found on the SDWRLF webpage, for more program details.](#)

II. Loan Limits and Project Prioritization

To access SDWRLF funding, eligible water systems must first submit a Letter of Interest (LOI). After each review deadline, LOIs are rated and ranked by OHA. All eligible projects are combined to form the Project Priority List (PPL). Those infrastructure projects that have been deemed by OHA to address a risk to human health and ensure compliance with the Safe Drinking Water Act receive the highest rating scores and are placed on the "Health/Compliance/Consolidation Projects" PPL. Non-health and compliance eligible projects are rated or ranked based on water system size and community affordability and are then placed on the "General Infrastructure & Resiliency Projects" PPL. [The most up-to-date Project Priority Lists can be found on Oregon Health Authorities website.](#)

These PPLs are used by Business Oregon to prioritize the invitation of funding applications for those water systems ready to proceed. The projects ranked highest on the health and compliance PPL receive first funding priority with consideration given to readiness to proceed. Available funding, as it is administered by Business Oregon, may be limited for projects on the "General Infrastructure & Resiliency Projects" PPL. When program funds are sufficient any eligible project on OHA's PPLs may proceed in the funding process regardless of rating or ranking, although currently there is a competitive amount of interest in the program limiting funding availability.

While there is no statutory maximum limit on the size of a funding award, the priority of the SDWRLF is to fund public health and compliance related drinking water infrastructure needs across the state. Based on fund availability and program demand, Business Oregon may offer a lower amount of assistance than requested. In those cases when a lower funding award is offered, Business Oregon staff may facilitate exploration of other state and federal funding opportunities. Awards of \$3 million and above, or awards with increased forgivable loans are subject to review by the [IFA Board](#).

[For more information contact a Business Oregon Regional Development Officer \(RDO\).](#)

III. Disadvantaged Communities

Business Oregon is required to track and report to EPA any subsidy (forgivable loan) provided to disadvantaged communities. If a community is determined to be disadvantaged, additional forgivable loan and reduced interest rate may be available pending assessment of water rates through the rate impact review process (see next section).

Section 1452(d)(3) of the Safe Drinking Water Act states that the term “disadvantaged community” means the service area of a public water system that meets the affordability criteria established by the state. The following criteria is currently used by the DWSRF to determine disadvantaged community status:

MHI Below the state average: A disadvantaged community is a public water system that has a service area with a Median Household Income (MHI) below the state average. The MHI is based on the 5-Year American Community Survey (ACS) figure for the city or other more appropriate census statistical unit (e.g., census tract and/or block group) that is representative of the water system’s users.

IV. Rate Impact Review

Business Oregon calculates the anticipated impact on the communities’ water user rates to cover the debt service of the project to determine whether rates will exceed what is considered affordable. This is performed by multiplying the water system’s service area MHI by 1.25% and dividing it by 12 (months). This “**threshold rate**” is compared to the current and anticipated monthly residential water charge per equivalent dwelling unit (EDU) during a Business Oregon financial review. To ensure consistency, Business Oregon uses an EDU or a standard unit of water demand equal to one single family residence which consumes 7,500 gallons of water per month.

Business Oregon targets forgivable loans and reduced interest rates to those communities least able to afford the improvements. Water rates that are forecasted to exceed the threshold rate to afford the project’s debt service may be eligible to receive additional forgivable loan or reduced interest rates to assist with affordability.

V. Interest Rates

The SDWRLF is primarily a loan program but offers lower than market interest rates to assist with public health improvements in drinking water infrastructure. For any water system, a below market interest rate starting from eighty percent (80%) of the current direct rate is set when a complete funding application is received by Business Oregon.

A disadvantaged community, depending on community MHI and monthly user rates through the rate impact review, may be eligible for an interest rate subsidized to as low as 1%. See the affordability assistance section below for more information.

VI. Loan Term Length

A loan term length of up to 30 years may be awarded but shall not exceed the expected useful life of the improvements funded in the project. The term of a loan for a planning or design-only project shall not exceed ten years. Loan repayment must begin within one year of project completion.

VII. Loan Fee

An origination fee is included as a part of the loan principal for borrowers determined to be non-disadvantaged communities. The loan fee will be set as 1.5% of the SDW award. The loan fee is financed as part of the funding award and the transfer of fee monies occurs during the first disbursement of project funds. To make the impact of the loan fee neutral to borrowers, the loan interest rate is reduced to offset the cost of the fee over the loan term length. The fee is non-refundable even if not all project funds are utilized.

VIII. Forgivable Loan Overview

A forgivable loan award, also known as principal forgiveness, are loan awards that are forgiven if a project is completed consistent with contract terms. A forgivable loan is like a grant with conditions. EPA characterizes forgivable loan awards as “subsidy” and limits the amount that can be awarded each year. Forgivable loan awards are subject to annual availability based on federal subsidy limitations identified in annual program capitalization grants to the State.

Forgivable loan awards are potentially available for all SDWRLF funded projects. Increased amounts may be provided to eligible water systems to assist with water rate affordability and to incentivize health or compliance projects. Projects for disadvantaged communities with high water rates are eligible for increased forgivable loan awards. There are forgivable loan awards available to all projects to hire professionals for labor standards compliance and to assist with meeting federal requirements of the project.

IX. Forgivable Loan Categories

The forgivable loan categories and amounts are subject to change based on annual availability and federal subsidy limitations. Forgivable loan categories may be capped at either a maximum dollar amount or maximum percentage of the project’s total cost, whichever is lower. Any applicable forgivable loan categories may be applied to the project and can be combined, see next section for more details.

Forgivable Loan Category	Max \$ Per Category		Max % of Total Project Cost
All Projects Serving a Population of less than 10,000	\$100,000	Or	10%
All Health, Compliance Consolidation Ranked Projects	\$150,000	Or	25%

Additional forgivable loan for Disadvantaged Communities after including categories above:			
Forgivable Loan Category	Max \$ Per Project		Max % of Total Project Cost
Affordability Assistance (81-99% of statewide average MHI)	Up to \$500,000*	Or	Up to 50%*
Affordability Assistance (80% or less of statewide average MHI)	Up to \$650,000*	Or	Up to 50%*

* In combination with any other applicable Forgivable Loan Category, and not considering the special subsidized budget line items, the maximum amount of forgivable loan per any funding award is \$500,000 total for those water systems with an MHI of 81-99% of the statewide average, and \$650,000 total for those water systems with an MHI of 80% or less of the statewide average.

<u>Special Subsidized Budget Line Items</u>		
Labor Standards Compliance Assistance	\$15,000*	
Federal Requirements Assistance	\$15,000*	
*These budget line items are subtracted from total project cost for the purposes of forgivable loan category calculations.		

X. Forgivable Loan Category Detail

The standard approach by which forgivable loans are awarded to projects is outlined in the various forgivable loan categories.

Projects Serving a Population of Under 10,000: Any project may be awarded a forgivable loan of up to 10% of the total award, not to exceed \$100,000 if the population of the community is below 10,000.

Health and Compliance Projects: Any project placed on OHA’s Health/Compliance/Consolidation project priority list may be awarded a forgivable loan of up to 25% of the total award, not to exceed \$150,000.

More information regarding project rating and ranking may be found on [OHA's webpage](#).

Affordability Assistance for Disadvantaged Communities: The affordability assistance category is available only to disadvantaged communities that are faced with high water rates as determined by Business Oregon rate impact review.

The eligibility for affordability assistance will first be assessed after applying a subsidized interest rate to as low as 1%. Reduced interest rates shall not result in user rates projected to be below the threshold rate. If after applying a fully subsidized interest rate to the loan, water user rates are anticipated to exceed the threshold rate, the additional affordability assistance forgivable loan may be applied to the project total.

Disadvantaged water systems with a service area MHI between 81-99%: In combination with any other forgivable loan categories described above, affordability assistance may bring the total forgivable loan for the project to \$500,000 or 50% of project cost (whichever is less).

Disadvantaged water systems with a service area MHI of 80% or less of the statewide average MHI: In combination with any other forgivable loan categories described above, affordability assistance may bring the total forgivable loan for the project to \$650,000 or 50% of project cost (whichever is less).

Special Subsidized Budget Line Items: Labor Standards Compliance and Federal Requirements Assistance special budget line items are provided to help SDWRLF recipients adhere to funding requirements. Third Party Professionals hired for this role may act as a liaison between the funding recipient and the Business Oregon Regional Project Manager. Generally, a contractor other than the engineer of record is hired for this role. These special forgivable loan allocations are captured in the SDWRLF funding contract as special budget line items. More detail about what is allowed under these forgivable loan budget line items is as follows:

- a. **Labor Standards Compliance:** The Davis-Bacon Act, as amended, and its related acts, refer to the requirement to pay the prevailing wage rate for work on projects that receive federal funding. Eligible costs associated with adhering to Davis-Bacon Labor Standards Compliance for construction projects may be awarded forgivable loan for up to 100% of actual costs, not to exceed \$15,000.
- b. **Federal Requirements Assistance:** Eligible costs for administration of applicable federal provisions may be awarded principal forgiveness for up to 100% of actual costs, not to exceed \$15,000. Activities eligible for this budget line items are as follows:
 - American Iron and Steel tracking and compliance.
 - Build America-Buy America tracking and compliance.
 - Procurement and contracting.
 - Compliance with EPA's Disadvantaged Business Enterprise Program including documenting the required Six Good Faith Efforts.
 - Other costs associated with federal requirement compliance as approved by Business Oregon.

XI. Amendments to Increase Existing Award

In the case of a request to increase funding award for an existing project through a contract amendment, the following policies exist:

- a. **Fund Availability.** An amendment for increased award will only be provided if there are adequate SDWRLF funds to accommodate the request and if the borrower is able to meet financial criteria upon agency review. In the case of inadequate SDWRLF funds to accommodate the request Business Oregon staff may facilitate exploration of other state and federal funding opportunities to address the unmet funding need.
- b. **Interest Rate.** The interest rate for the increased funding amount shall be the same rate applied to the original loan award.

- c. **Forgivable Loan.** Additional forgivable loan may be considered for an amendment to increase award. The forgivable loan caps and categories in place at the time of amendment will be used to determine additional forgivable loan award and the forgivable loan award may not exceed 50% of increased award amount.
- d. **Loan Fee.** For those projects subject to the loan fee an increased award amount will also increase the loan fee budget line item.
- e. **IFA Board:** Depending on the amount of additional funds requested, approval by the IFA Board may be required prior to increased funding award.

XII. Policies Regarding Deviation from Standard Subsidy Approach

Forgivable loan awards typically conform to the categories described in this document. Deviations (increases or reductions) to the forgivable loan categories may be made based on the following factors and in consultation with OHA:

- i. Restructuring, consolidation, or regionalization potential
- ii. Affordability issues with financing the project
- iii. Public health risk
- iv. Projects that address a Governor declared emergency
- v. Projects that are identified as an environmental justice project, emergency project, or otherwise characterized on OHA's Project Priority List as an urgent priority.
- vi. Water system purchases (purchase price may not be subsidized)
- vii. The project is funded with the BIL General Supplemental Grant, BIL Emerging Contaminants Funding, or BIL Lead Service Line Funding (see following section)
- viii. Business Oregon may limit the amount of forgivable loan a single entity may receive through multiple SDWRLF funding awards. Unless otherwise allowed by Business Oregon, an entity may not be awarded a subsequent forgivable loan award until two years has elapsed from date of SDWRLF contract execution.
 - This policy does not preclude an entity from receiving a SDWRLF loan or impact subsidized interest rate.
 - Amendments to existing awards (XI, c) are not subject to this policy.
 - Exception may be made based on factors including i.- v. of this section or based on Business Oregon need to remain in compliance with EPA requirements for awarding subsidy.
 - This policy does not apply to technical assistance forgivable loan awarded through the Sustainable Infrastructure Planning Projects program funded through SDWRLF.

XIII. Bipartisan Infrastructure Law Funding

On November 15, 2021, the [Infrastructure Investment and Jobs Act \(H.R. 3684\)](#), commonly referred to as the **Bipartisan Infrastructure Law (BIL)** was signed into law. BIL is a federally funded infrastructure package covering multiple critical infrastructure sectors throughout the U.S., including drinking water. The law provides the US Environmental Protection Agency (EPA) with grant funds that can be appropriated to states for investments in drinking water infrastructure over five years (2022 – 2026). BIL authorizes increases to Oregon’s existing base DWSRF program and includes appropriations for Supplemental DWSRF funding for infrastructure improvements, funding for identifying and replacing lead service lines and gooseneck connectors, and funding to address emerging contaminants (e.g., PFAS or other unregulated contaminants).

Annually once BIL funding is secured by the state, Business Oregon will engage with communities to submit application, starting with the highest PPL rated and ranked projects for communities that have not already moved forward with the base/BIL DWSRF program. Projects addressing risk to health, compliance, or consolidation place higher on the PPL and are given priority for funding offers in a competitive application cycle.

Subsidy for disadvantaged communities is also a characteristic of the Bipartisan Infrastructure Law funding that will be administered under the DWSRF. A key priority of the [Bipartisan Infrastructure Law \(BIL\)](#) is to ensure that disadvantaged communities benefit equitably from this historic investment in water infrastructure. Therefore, federal funding requirements stipulate that a significant portion of funds be provided in the form of loan subsidy to only disadvantaged communities.

BIL General Supplemental Grant funded projects will be eligible to receive forgivable loan awards not subject to the limitations described in the categories detailed above for the Base DWSRF program. To determine the interest rate on a BIL funded SDW loan, Business Oregon will perform a rate impact review as described in earlier sections. Reduced interest rates shall not result in user rates projected to be below the threshold rate.

The Intended Use Plans (IUP) for each of the BIL funding programs will be located on the [Intended Use Plan \(IUP\)](#) web page. An IUP describes how Oregon intends to use these funds and is the primary narrative for each grant application.

**The 2024 State of Oregon's (Base) DWSRF Program
EPA Grant Allotment Use Summary**

GRANT APPLICATION TOTALS			
(1.) FFY-2024 appropriation (\$7,011,000); (2.) State Match total (\$1,402,200)			
Combined total (\$8,413,200)			
Program use of Grant Funding	Federal Funds	Percent of Grant*	State Match Funds (total must equal 20% appropriation)
Project Loans for Water Systems; (AC:0254) <div style="text-align: right; color: green; font-weight: bold;">EPA Site Project Code: DA</div> CARVE-OUTS for: <ul style="list-style-type: none"> • "Green Project Reserve" (GPR) projects ***No longer a mandatory requirement - Optional*** • Sustainable Infrastructure Planning Program (SIPP) • Small System Equipment Assistance (SSEA) <i>(temporarily postponed)</i> • "Principle Forgiveness" (additional subsidy) projects requires: \$981,540 (14% min) of FFY2024 allotment. Extra required 12% - 35% to be used for disadvantaged. 	\$4,837,590	69.00%	\$1,402,200
Set-Aside Activities: (maximum = 31%) 1 - Administrative Exp. (Business OR. & OHA) (1/5% of 1% of fund value, 4%, or 400K - per WIIN) (up to 4%) (AC: 0250) EPA Site Project Code: DD	\$280,440	4.00%	\$0
2 - Small System Technical Assistance (CR) (up to 2%) (AC:0251) EPA Site Project Code: DE	\$140,220	2.00%	\$0
3 - State Program Management (County and DOA support for sanitary surveys, non-compliance resolution & other water system support activity, Staffing) (up to 10%) (AC:0253) EPA Site Project Code: DF	\$701,100	10.00%	\$0
4 - Local Assistance & Other State Programs (up to 15%) <div style="text-align: right; color: green; font-weight: bold;">EPA Site Project Code: DGD</div> <ul style="list-style-type: none"> • IMPLEMENTATION OF PROTECTION = \$701,100 allocated (10%) for 2024 (DEQ, Tech Asst, GIS, Training & Support, Staffing) (AC:0252) <li style="margin-top: 10px;"><div style="text-align: right; color: green; font-weight: bold;">EPA Site Project Code: DGC</div> • WATER SYSTEM CAPACITY DEVELOP = \$350,550 allocated (5%) for 2024 (Technical, Managerial, Financial skill building assistance to Water System Operators; Staffing) (AC:0255) <li style="margin-top: 10px;"><div style="text-align: right; color: green; font-weight: bold;">EPA Site Project Code: DGB</div> • DRINKING WATER SOURCE PROTECTION = \$0 allocated (0%) for 2024 (Loans & grants for Source Protection Projects paid out of the DWSP Fund) (AC:0256) 	\$1,051,650	15.00%	\$0
TOTAL USE OF GRANT FUNDS	\$7,011,000	100.00%	\$1,402,200

Disclaimer ≥15% of the SDWRLF monies, "must" be awarded to Small Public Water Systems (10,000 or fewer people) each year.

If it's not at the 15% mark, then "only" these small systems will be considered until this federal requirement is met.

On December 2016, the Water Infrastructure Improvement for the Nation (WIIN) Act was developed and included key provisions.

One of these key provisions includes, Subtitle A (§2103) for "Safe Drinking Water" which states:

SDWA §1452(g)(2) Set-aside language is revised to remove the overmatch for the 10% set-aside and change the 4% administrative

set-aside to be "equal to the sum of any state fees collected and the greatest of \$400,000, 1/5% of the current fund value (2023 Total Net Position = \$330,366,751), and an amount equal to 4% of all grants awarded to the fund under this section for the fiscal year." These funds will also be subtracted from the Loan Fund to balance the increased Set-aside amount when applicable.

On October 2018, the America's Water Infrastructure Act (AWIA) provided provisions to the existing SDWA §2015 (c) for "Assistance for Disadvantaged

Communities." The Section requires states to use at least 12% (from 6% to 12% per BIL Imp Memo), but no more than 35% of the capitalization grant amount for additional subsidy for state-defined Disadvantaged Communities. DWSRFs must provide 14% of its capitalization grant amount for additional subsidy for any DWSRF eligible recipient.

Although authorized to request reserved set-asides under EPA's DWSRF Interim Final Rule, 40 CFR, Section 35.3540 (d), **Oregon will not be exercising this option with our 2024 (base) DWSRF grant request.**

**The 2024 State of Oregon's (BIL General Supplemental) DWSRF Program
EPA Grant Allotment Use Summary**

GRANT APPLICATION TOTALS			
(1.) FFY-2024 appropriation (\$34,575,000); (2.) State Match total (\$6,915,000)			
Combined total (\$41,490,000)			
Program use of Grant Funding	Federal Funds	Percent of Grant*	State Match Funds (total must equal 20% appropriation)
Project Loans for Water Systems: (AC:0254) EPA Site Project Code: DA CARVE-OUTS for: <ul style="list-style-type: none"> • "Green Project Reserve" (GPR) projects ***No longer a mandatory requirement - Optional*** • <u>Sustainable Infrastructure Planning Program (SIPP)</u> • <u>Small System Equipment Assistance (SSEA)</u> (temporarily postponed) • "Principle Forgiveness" (additional subsidy) projects requires: \$16,941,750 (49%) of FFY2024 allotment to be used for disadvantaged communities only. 	\$27,314,250	79.00%	\$6,915,000
Set-Aside Activities: (maximum = 31%) 1 - Administrative Exp. (Business OR. & OHA) (1/5% of 1% of fund value, 4%, or 400K - per WIIN) (up to 4%) (AC: 0250) EPA Site Project Code: DD	\$1,383,000	4.00%	\$0
2 - Small System Technical Assistance (CR) (up to 2%) (AC:0251) EPA Site Project Code: DE	\$691,500	2.00%	\$0
3 - State Program Management (County and DOA support for sanitary surveys, non-compliance resolution & other water system support activity, Staffing) (up to 10%) (AC:0253) EPA Site Project Code: DF	\$1,728,750	5.00%	\$0
4 - Local Assistance & Other State Programs (up to 15%) EPA Site Project Code: DGD <ul style="list-style-type: none"> • IMPLEMENTATION OF PROTECTION = \$1,200,000 allocated (3.47%) for 2024 (DEQ, Tech Asst, GIS, Training & Support, Staffing) (AC:0252) EPA Site Project Code: DGC • WATER SYSTEM CAPACITY DEVELOP = \$575,545 allocated (1.66%) for 2024 (Technical, Managerial, Financial skill building assistance to Water System Operators; Staffing) (AC:0255) EPA Site Project Code: DGB • DRINKING WATER SOURCE PROTECTION = \$1,681,955 allocated (4.87%) for 2024 (Loans & grants for Source Protection Projects paid out of the DWSP Fund) (AC:0256) 	\$3,457,500	10.00%	\$0
TOTAL USE OF GRANT FUNDS	\$34,575,000	100.00%	\$6,915,000

Disclaimer ≥15% of the SDWRLF monies, "must" be awarded to Small Public Water Systems (10,000 or fewer people) each year. If it's not at the 15% mark, then "only" these small systems will be considered until this federal requirement is met.

On December 2016, the Water Infrastructure Improvement for the Nation (WIIN) Act was developed and included key provisions. One of these key provisions includes, Subtitle A (§2103) for "Safe Drinking Water" which states:
 SDWA §1452(g)(2) Set-aside language is revised to remove the overmatch for the 10% set-aside and change the 4% administrative set-aside to be "equal to the sum of any state fees collected and the greatest of \$400,000, 1/5% of the current fund value (2023 Total Net Position = \$330,366,751), and an amount equal to 4% of all grants awarded to the fund under this section for the fiscal year." These funds will also be subtracted from the Loan Fund to balance the increased Set-aside amount when applicable.

On October 2018, the America's Water Infrastructure Act (AWIA) provided provisions to the existing SDWA §2015 (c) for "Assistance for Disadvantaged Communities." The Section requires states to use at least 12% (from 6% to 12% per BIL Imp Memo), but no more than 35% of the capitalization grant amount for additional subsidy for state-defined Disadvantaged Communities. DWSRFs must provide 14% of its capitalization grant amount for additional subsidy for any DWSRF eligible recipient.

Although authorized to request reserved set-asides under EPA's DWSRF Interim Final Rule, 40 CFR, Section 35.3540 (d), **Oregon will not be exercising this option with our 2024 (BIL-Gen Sup) DWSRF grant request.**



OREGON STATE PUBLIC HEALTH DIVISION
Office of the State Public Health Director

Tina Kotek, Governor

Oregon
Health
Authority

800 NE Oregon Street, Suite 930
Portland, OR, 97232
Phone: 971-673-1229
Fax: 971-673-1299

Memorandum

To: All Oregon Public Health Division Grantors

From: Nadia Davidson, Director of Finance

Date: July 1, 2024

Subject: Oregon Public Health Division Indirect Cost Allocation Rate

The Oregon Health Authority, Public Health Division operates under a federally approved cost allocation plan in lieu of an indirect rate agreement for administrative overhead costs. This agency-level cost allocation plan is approved by the Department of Health and Human Services, Cost Allocation Services (DHHS-CAS).

For the period of July 1, 2024 through June 30, 2025, the assumed rate of indirect cost allocation for Public Health programs is 16.96% of direct personal services and services and supplies. This is the indirect percentage built into grant proposals for this period.

The Oregon Health Authority, Public Health Division is in the process of compiling a proposal to DHHS-CAS regarding a formal indirect cost rate agreement. If a rate is approved during the period, the indirect cost allocation percentage may change to reflect the new rate.

Very truly yours,

Nadia Davidson, MPH, MSF
Director of Finance
Oregon Health Authority, Public Health Division

July 19, 2023

To: Any Concerned Parties

RE: Updated Oregon Health Authority Other Payroll Expenses 2023-25 Estimate

The current estimated Other Payroll Expense (OPE) rate for the 2023-25 biennium (from July 1, 2023 through June 30, 2025) for the Oregon Health Authority (OHA), Public Health Division (PHD) is 54.70%. OPE factors are prescribed and updated periodically by Oregon's Department of Administrative Services and are costs in addition to salary for State of Oregon employees. The current estimated OPE rate is based on a combination of actual average salaries and OPE for all positions within PHD and known OPE changes occurring this biennium.

Actual OPE rates vary based upon the salary of the individual. Therefore, the rate is a blended estimate of actual OPE costs and the fixed rates (e.g., flex or health benefits) that do not change based upon the salary of the individual. Other costs like PERS benefits vary based upon salary. Below is the OPE detail.

Variable OPE Costs:

- Public Employees Retirement System (PERS): 17.92% of salary
- PERS Pension Bonds (POB): 6.70% of salary
- Social Security and Medicare: 7.65% of salary
- Paid Family Medical Leave 0.40% of salary

Fixed OPE Costs:

- Employee Relations Board (ERB): \$2.19 per month
- Worker's Compensation: \$1.91 per month
- Flex Benefits (Health Insurance): \$1,650 per month

Sincerely,



Nadia Davidson, MPH, MS
Director of Finance
OHA-Public Health Division



DEPARTMENT OF HEALTH & HUMAN SERVICES

Program Support Center
Financial Management Portfolio
Cost Allocation Services

90 7th Street, Suite 4-600
San Francisco, CA 94103-6705
PHONE: (415) 437-7820
EMAIL: CAS-SF@psc.hhs.gov

August 18, 2023

Shawn Jacobsen, Controller
DHS/OHA Shared Services
Office of Financial Services
500 Summer St. NE, E-31
Salem, OR 97301

Dear Ms. Jacobsen:

This letter provides approval of the Oregon Health Authority Cost Allocation Plan (Plan) which was submitted by letter dated January 11, 2022. This Plan, which was submitted in accordance with 45 CFR 95, Subpart E, is effective July 1, 2021.

Acceptance of the actual costs in accordance with the approved Plan is subject to the following conditions:

1. The information contained in the Plan and provided by the State in connection with our review of the Plan is complete and accurate in all material respects.
2. The actual costs claimed by the State are allowable under prevailing cost principles, program regulations and law.
3. The claims conform with the administrative and statutory limitations against which they are made.

This approval relates only to the methods of identifying and allocating costs to programs, and nothing contained herein should be construed as approving activities not otherwise authorized by approved program plans or Federal legislation and regulations.

Implementation of the approved cost allocation plan may subsequently be reviewed by authorized Federal staff. The disclosure of inequities during reviews may require changes to the Plan.

If you have any questions concerning the contents of this letter, please contact Karen Wong of my staff at 415-437-7835. Please submit your next proposed Plan amendment electronically via email to CAS-SF@psc.hhs.gov.

Sincerely,

Arif M. Karim -S Digitally signed by Arif M. Karim -S
Date: 2023.08.21 17:36:13 -05'00'

Arif Karim, Director
Cost Allocation Services

cc: Terrence Perry, CDC
Elizabeth Naftchi, HRSA

Todd McMillion, CMS
Jack Goldberg, SAMHSA

Gary Tremblay, FNS

APPENDIX C: Timely & Expeditious Use of Funds

- Sources & Uses Table

Timely & Expeditious Use of Funds – Sources & Uses Table

Sources and Uses for DWSRF Project Funds	7/1/22 through 6/30/23	7/1/23 through 6/30/24	7/1/24 through 6/30/25 (Projected Numbers)
Beginning of the Year Balances			
Beginning Cash Balance (Base and all BIL Sources)	\$140,709,503	\$115,677,106	\$112,216,167
Beginning Undrawn Federal Funds	\$0	\$26,198,622	\$42,999,648
Beginning State Match Balance	\$0	\$7,518	\$10,738
Subtotal Beginning Funds Available	\$140,709,503	\$141,883,246	\$155,226,553
Inflow of Cash			
Repayments from Active SRF Loans	\$8,747,744	\$8,482,673	\$9,031,968
Estimated Additional Repayments from New Loans	\$1,003,932	\$1,098,589	\$1,098,589
Interest Earnings on the Fund Balance	\$3,513,441	\$5,458,192	\$3,927,565
2022 Base Capitalization Grant	\$6,763,446		
2022 Base State Match	\$1,844,000		
2022 BIL General Supplemental	\$18,885,320		
2022 BIL GS State Match	\$2,367,300		
2022 BIL Emerging Contaminants		\$8,844,200	
2023 Base Capitalization Grant		\$5,125,320	
2023 Base State Match		\$1,485,600	
2023 BIL General Supplemental			\$26,588,080
2023 BIL-GS State Match			\$3,167,200
2023 BIL Emerging Contaminants		\$10,221,400	
2023 BIL Lead Service Line			\$788,601
2024 Base Capitalization Grant			\$4,837,590
2024 Base State Match			\$1,402,200
2024 BIL General Supplemental			\$27,314,250
2024 BIL-GS State Match			\$6,915,000
2024 BIL Emerging Contaminants			\$10,221,400
2024 BIL Lead Service Line			TBD
Subtotal of all inflow into the program	\$43,125,183	\$40,715,974	\$95,292,442
Outflow of Cash			
Actual Disbursements to Committed Projects	\$32,359,129	\$29,152,509	\$37,940,926
Active Contracts Remaining to Drawdown	\$83,783,524	\$89,461,791	\$108,402,648
Projected Disbursements (Contracts Pending)	\$43,750,422	\$40,077,764	\$36,035,152
Subtotal of all outflow for the program	\$159,893,075	\$158,692,064	\$182,378,726
Ending Cash Balance	\$23,941,611	\$23,907,157	\$68,140,270

Sources & Uses Table Detailed: SFY2024

The starting balance of the DWSRF loan fund on 7/1/23 was \$115.6 million. Federal funding from the 2022 BIL General Supplemental and Base Capitalization grant had yet to be fully drawn down. The required state match is disbursed first to projects in full, followed by Federal funding, and the last repayment money from loans is used to make disbursements on committed projects.

For more details about actual and projected sources and uses, see Section VIII of the Intended Use Plan.

APPENDIX D: Set-Aside Work Plans

- Administrative Expense
- Small System Technical Assistance
- State Program Management
- Local Assistance & Other State Programs:
 - i. Implementation of Protection
 - ii. Capacity Development
 - iii. Drinking Water Source Protection

**2024 Work Plan – DWSRF (Base and BIL General Supplemental)
Oregon Health Authority, Public Health Division
Administrative Expense – Loan Fund & Set-Aside**

General

This is a continuation effort to administer and operate the Loan Fund and Set-Asides, which is carried out jointly under the new Inter-Agency Agreement (IAA) between the Oregon Health Authority (OHA) and Business Oregon.

BIL General Supplemental funding increases Oregon’s “Base” DWSRF program’s project funding capabilities and its ability to administer its Set-Asides more effectively to further support drinking water systems statewide.

Funding

Funding for this Set-Aside includes **\$280,440** or 4% of EPA’s FFY-2024 Base DWSRF allotment and **\$1,383,000** or 4% of EPA’s FFY-2024 BIL General Supplemental allotment, totaling \$1,663,440 combined. This funding level supports 9.80 FTE between OHA (4.00) and Business Oregon (5.80).

These Set-Aside funds will be targeted for use during SFYs-2025 and 2026 (i.e., July 1 – June 30).

Goals and Objectives

The goal is to provide the administrative framework necessary for eligible public water suppliers to access loan funds for planning, engineering design, and construction projects needed to meet current or future drinking water quality standards and to further public health provisions of the amended 1996 Safe Drinking Water Act. Specific objectives include, but are not limited to:

- < Apply for and administer the annual capitalization grant from US-EPA
- < Manage infrastructure and planning project reviews, ratings, and rankings quarterly
- < Process loan applications and execute loan agreements
- < Monitor progress of planning, design, and construction projects
- < Manage contracts for assistance to water suppliers
- < Process project payments
- < Receive and process loan repayments
- < Report on program progress and results
- < Assess and implement new priorities and changes to the program to better serve Oregonians
- < Coordinate with Business Oregon Regional Staff in conducting timely capacity assessments and environmental reviews
- < Coordinate Drinking Water Source Protection (DWSP) grant processing
- < Manage Set-Aside funds and programs

Implementation Responsibility

OHA is the lead agency, responsible for the annual EPA capitalization grant application process, the rating and ranking of eligible drinking water projects, establishing program priorities, managing service contracts for assistance to water suppliers, and oversight of the Loan Fund operation and results. Business Oregon operates and administers the Loan Fund project financing for the individual water system projects.

Evaluation of Results

The primary results of work under the Administrative Expense Set-Aside are the financing and completion of drinking water system projects. The number of projects initiated, in progress, and completed will be reported annually along with an overall evaluation. Additional Administrative Expense Set-Aside efforts will continue to be used for the overall oversight of the program and to administer and manage the annual grant application processes.

**2024 Work Plan – DWSRF (Base and BIL General Supplemental)
Oregon Health Authority, Public Health Division
Small Water System Technical Assistance**

General

This is continuation of effort.

Through Oregon's Drinking Water State Revolving Fund (DWSRF), contracts have been established with drinking water Circuit Riders to provide short-term (typically 10 hours or less) on-site technical and engineering assistance for community water systems serving populations under 10,000, as well as nonprofit transient and non-transient water systems. For these systems, services are free.

Beginning with the 2022-2027 Circuit Rider contract, Oregon will also utilize state general funds to provide technical assistance to water systems that are not eligible for traditional circuit rider assistance, excepting only federally owned water systems. As above, these services are intended to provide short term technical and engineering assistance (typically 10 hours or less) and are provided free of charge.

Program activities include:

On-Site Technical Assistance – The contractor receives requests for assistance directly from the water system, or requests initiated from state and county staff. Contractors perform quick response, one-on-one technical assistance that aids in solving short-term operational problems, assists with compliance-related issues, and provides technical, managerial, and planning information to system operators and administrators. Services are generally restricted to 10 hours or less per system without prior approval from OHA management.

SRF Program Assistance – The contractor also provides assistance to systems seeking SRF financing needing a pre-engineering design report to initiate the loan process or just to get help completing the SRF loan application form itself.

Crypto and MPA Sampling – EPA allows for the payment of the costs of LT2 monitoring for Crypto through the SDWRLF Set-Asides. Surface water systems exceeding the E. coli triggers are referred to the Technical Assistance Circuit Rider for assistance in determining the Bin Class under LT2. A part of this determination is Crypto sampling. Similarly, Ground water systems identified as being at risk for GWUDI (Ground Water Under Direct Influence) are targeted for MPA sampling. A referral to the circuit rider for assistance in determining GWUDI can be made by state staff, which entails sampling by the circuit rider for determination of GWUDI / non-GWUDI status.

NEW - Project Management - Contractor shall assist water systems identified by OHA by providing project management duties for approved service actions. This service shall consist of, but is not limited to, an initial on-site evaluation and assessment of project scope and time requirements for the system, which will be presented to OHA in a written report. This review and report activity shall not exceed 10 hours without prior written approval. If the submitted

proposal receives approval, the Contractor shall assume the role of project manager for the life of the approved service. OHA will authorize such service in 20-hour increments.

NEW – Asset Management - Contractor shall provide on-site technical assistance to water systems evaluating or implementing an asset management strategy or program. OHA will authorize such services in 15-hour increments.

Small Water System Operator Training - Oregon also provides training and assistance to small water systems in their efforts to comply with small water system operator certification requirements. Oregon contracts with an outside training provider to provide monthly training classes for small water systems. This free class covers the basics of water system operation and maintenance, water testing and other regulations, waterborne disease, water treatment for small systems, and record keeping. Small water system operators are required to attend one of these training classes (or an equivalent on-line version) every three years to maintain eligibility for DRC duties and responsibilities.

Funding

Funding for the Technical Assistance set-aside includes **\$140,220** or 2% of EPA’s FFY-2024 Base DWSRF allotment and **\$691,500** or 2% of EPA’s FFY-2024 BIL General Supplemental allotment, totaling \$831,720 combined. Funding will support Oregon’s circuit rider program and 0.82 FTE.

These set-aside funds will be targeted for use during SFY-2025 and 2026 (i.e., July 1 – June 30).

Implementation Schedule

Circuit rider services are delivered statewide on as needed basis. Small water system training classes are typically delivered 20 times per year, with 16 in-person training classes held throughout the state, and also via a quarterly webinar-based class.

Implementation Responsibility

Service contracts are offered through an open competitive Request for Proposal (RFP). A Department (OHA) committee selects the most qualified contractor candidates, and they will enter into a standard contract generally for a period of two years, but which can be extended or amended up to a maximum of five years with the agreement of all parties. The Department will provide contract oversight and assure contracts are current and meet state contract requirements.

Evaluation of Results

The Department evaluates contractors periodically by reviewing contact reports of technical assistance provided, and satisfaction surveys of the water systems receiving technical assistance and training. Long-term evaluation is based on compliance status trends (such as the Oregon Benchmarks) of the water systems being served.

For more circuit rider information, visit

<http://public.health.oregon.gov/HealthyEnvironments/DrinkingWater/Operations/Pages/circuitrider.aspx>

For more information about our small water system requirements, visit

<https://www.oregon.gov/oha/ph/healthyenvironments/drinkingwater/operatorcertification/smallwatersystems/pages/index.aspx>

**2024 Work Plan – DWSRF (Base and BIL General Supplemental)
Oregon Health Authority, Public Health Division
State Program Management- State & Partner Support**

General

This is a continuation of effort.

Funds from this set-aside augment the Public Water Supply Supervision grant (PWSS). The PWSS grant work plan defines the roles, responsibilities, objectives, performance measures, annual work plan, and a compliance assurance agreement.

The Oregon Health Authority and USEPA annually negotiate the PWSS.

Funding

Funding for the State Program Management (SPM) set-aside includes **\$701,100** or 10% of EPA’s FFY-2024 Base DWSRF allotment and **\$1,728,750** or 5% of EPA’s FFY-2024 BIL General Supplemental allotment, totaling \$2,429,850 combined. Because Oregon has authority up to 10% for the SPM set-aside and is only targeting 5% of the FFY-2024 BIL General Supplemental funds, Oregon’s DWSRF program is “banking” (i.e., reserving) 5% of FFY-2024 BIL General Supplemental authority for future set-aside use.

Additionally, the one-to-one overmatch requirement was removed as set forth by the December 2016 Water Infrastructure Improvements for the Nation (WIIN) Act, Subtitle A, §2103 SDWA §1452 (g)(2).

These funds will support 6.43 FTE to help the PWSS program conducting sanitary surveys, responding to water quality alerts, follow-up on priority non-compliant water systems, administer contracts, and provide clerical support.

These set-aside funds will be targeted for use during SFY-2025 and 2026 (i.e., July 1 – June 30).

Implementation Responsibility

The Oregon Health Authority provides the leadership for the Oregon Drinking Water Services. The Oregon Drinking Water Services provides core drinking water services as well as supports contractors on technical issues and provides training to assure that our contractors are properly trained and capable of providing the contracted services.

Core services and contracted work involves conducting sanitary surveys, investigations of water quality alerts, resolution of priority non-compliant water systems, and conducting needed follow-ups to these activities. Various other related tasks for small drinking water systems are also performed with contracted work.

Evaluation of Results

The overall effort is evaluated based on overall compliance figures (Oregon Annual Compliance Report, and Oregon Benchmarks) and the change in the number of water systems that are Priority Non-compliers. The Oregon Health Authority displays these measures on-line. The Oregon Health Authority

conducts formal audits of contracts every three years.

**2024 Work Plan – DWSRF (Base and BIL General Supplemental)
Oregon Health Authority, Public Health Division
Local Assistance – Implementation of Protection**

General

This is a continuation of effort.

Funds from this set-aside are used by the Oregon Health Authority (OHA) and the Oregon Department of Environmental Quality (DEQ) to: provide assistance to water systems developing local drinking water protection strategies using Source Water Assessment data; integrate drinking water protection and associated Clean Water Act activities; and conduct/modify Source Water Assessments. The Local Assistance – Implementation of Protection work plan defines roles, responsibilities, objectives, goals, performance measures, and deliverables.

Funding

Funding for this set-aside includes **\$701,100** or 10% of EPA’s FFY-2024 Base DWSRF allotment and **\$1,200,000** or 3.47% of EPA’s FFY-2024 BIL General Supplemental allotment, totaling \$1,901,100 combined. This funding level supports 3 FTE to cover costs associated to internal staff and its Inter-Agency Agreement (IAA) with Oregon’s DEQ.

These set-aside funds will be targeted for use during SFY-2025 and 2026 (i.e., July 1 – June 30).

Implementation Responsibility

The OHA Drinking Water Services and Oregon DEQ have formed a partnership through a continuing Inter-Agency Agreement to split the responsibilities associated with the Implementation of Protection set-aside.

The OHA Drinking Water Services is responsible for: conducting new and updating older Source Water Assessments for groundwater sources; utilizing Assessment results to identify groundwater sources that need to conduct monthly source water monitoring due to viral contamination susceptibility; provide source water protection outreach, technical assistance, and training to groundwater dependent community and non-transient non-community public water systems; coordinating activities with DEQ and other appropriate agencies; and delivers to EPA annual reports, work plans, and other critical data.

The Oregon DEQ is responsible for: conducting new and updating older Source Water Assessments for surface water sources; development, maintenance and update of critical Source Water Assessment geographic data, implementation activities/results, outreach/technical assistance/training materials; coordinating the use of Safe Drinking Water Act and Clean Water Act protection tools within drinking water source areas utilizing contacts with local groups, local officials, and other state and federal agencies; integrating source water protection into community emergency preparedness/planning and into Oregon DEQ regulatory activities; and identifying, designing, and conducting critical water quality monitoring plans for highly sensitive drinking water sources.

Evaluation of Results

The overall effort is evaluated annually by the number of community water systems that achieve substantial implementation of protection strategies and the state-wide percentage of population served by community water systems that have achieved substantial implementation. These numbers are reported annually to EPA accompanied by a narrative that documents additional Implementation of Protection activities that are not adequately captured in the numbers. Additional activities documented in the narrative include:

- Source Water Assessment Data Availability and Use
- Assisting Individual Public Water Systems
- Funding for Oregon Public Water Systems
- State-wide and Regional Projects
- Coordination with State and Federal Agencies
- Coordination with Rural Nonprofit Organizations
- Information Sharing
- Implementation Results

2024 Work Plan – DWSRF (Base and BIL General Supplemental)
Oregon Health Authority
Local Assistance – Water System Capacity Program

General

This is a continuation of an EPA-mandated activity.

The Oregon Capacity Development Strategy is designed to provide assistance to public water systems to improve technical, managerial, and financial capabilities and is implemented through four program elements: Capacity Assessment, Information Services, Training, and Outreach.

Capacity Assessment: Drinking Water Services (DWS) staff will work with water systems to identify deficiencies in technical, managerial, and financial capabilities using the capacity assessment tool in the following categories: New public water systems and Drinking Water State Revolving Loan Fund applicants.

New public water systems - Assessments will be conducted during the initial plan review and approval process of new public water systems. Areas of evaluation: plan review, construction, master plan/feasibility study, operator certification, managerial processes, ownership, water management and conservation, rate structure, and financial planning. Corrective action will be required for identified deficiencies.

Drinking Water State Revolving Fund applicants - All applicants will receive a full capacity assessment prior to release of any funds. DWS conducts a technical and managerial assessment, with the financial assessment conducted in partnership with Business Oregon. Identified deficiencies will be made a condition of the loan.

Information and Communication Services: DWS will issue a quarterly newsletter called The Pipeline which provides information regarding upcoming rules, deadlines, and operation/maintenance type issues. DWS will also utilize its website to provide water system-related information, including public access to the State Safe Drinking Water Information System (SDWIS) database. DWS will conduct special mailings including electronic mail delivery as needed to inform drinking water systems about emergencies, new rules, upcoming regulatory deadlines and upcoming monitoring requirements.

Training Program: Training opportunities are available on all levels for certified operators. DWS will continue its contract with a 3rd party training provider to provide a monthly basic training course for small water systems at no cost to the water system. DWS has initiated the contract with a third party, certified education facility, to create an exam for the Small Water System Training Course. Training materials will continue to be identified, developed, and made available as appropriate.

To help water systems maintain compliance with operator certification requirements, DWS staff will continue to work to increase water system capacity by providing a variety of services, including operator certification, support of professional growth through training development, and review and approval of Continuing Education Units (CEUs) for operators.

DWS will continue to support and update its Training Opportunities webpage, providing listings of free classes and webinars hosted by other training providers.

Capacity Development Outreach Program:

Technical Service Providers:

To further assist water systems with identified problems and to develop capacity, the Technical Assistance Set-Aside will continue to be used to contract with outside technical service providers. The contractors perform one-on-one technical, managerial, and financial capacity assistance in the field to individual water systems, providing quick response services.

Capacity Building by DWS Staff:

Integration of capacity building outreach into day-to-day drinking water program activities is key in successful resolution of identified capacity related deficiencies. Field staff will continue to conduct capacity assessments, will be familiar with available technical assistance resources, and will provide direct assistance to water systems. In addition to capacity assessments, capacity building will be incorporated into Oregon's sanitary survey activities, water treatment plant visits, water quality investigations and associated technical consultation and outreach. A wide variety of tools and resources will be used by staff to help systems address identified capacity deficiencies, including direct technical assistance in person or over the phone, providing handouts, factsheets and training guides, referral to resources on the DWS website, and referral for assistance to funding partners and outside technical assistance/training providers. Water systems identified as being in violation, or those with water quality test results indicating a potential public health concern, will be contacted directly by staff and technical assistance provided. Water systems needing help building capacity in emergency response will be provided resources and technical assistance to better prepare for continued operation.

Area Wide Optimization Program:

Oregon's Area Wide Optimization Program (AWOP) works toward increasing operator technical capacity at surface water plants, while also promoting managerial capacity. DWS staff will continue to work with EPA and other Region X states in this effort and will continue to participate in quarterly AWOP Planning Meetings. Current activities include: 1-day training classes for surface water plant operators (Surface Water Essentials; Conventional & Direct Filtration; and Slow Sand Filtration classes), implementation of Oregon's Comprehensive Performance Evaluation (CPE) process for identified system issues, and implementation of AWOP "strike team" tools to assist systems with immediate needs as they arise.

Source Water Assessment Program:

Funded under a separate set-aside of the DWSRF, source water protection efforts are focused on all Oregon water systems. DWS shares implementation responsibility with the Oregon Department of Environmental Quality. Since the majority of public water systems in Oregon have now received a source water assessment; our emphasis focuses on providing technical assistance to community water systems that ultimately result in voluntary implementation of source water protection strategies in response to local source water characteristics and vulnerabilities.

Funding

Funding for this set-aside includes **\$350,550** or 5.0% of EPA’s FFY-2024 Base DWSRF allotment and **\$575,545** or 1.66% of EPA’s FFY-2024 BIL General Supplemental allotment, totaling \$926,095 combined. This funding level supports 3.80 FTE in the DWS of the Oregon Health Authority, contracts, and related operating costs.

These set-aside funds will be targeted for use during SFY-2025 and 2026 (i.e., July 1 – June 30).

Implementation Schedule

DWS is responsible for the development and implementation of the Water System Capacity Program, including AWOP and SWAP. Continuation of existing activities, as well as development and implementation of new and/or revised activities, will be completed as overall time, resources, and priorities allow.

Evaluation of Results

Successful capacity development efforts should result in improved water system capacity, allowing water systems to qualify for DWSRF financing, and improved water quality and operational compliance.

The overall effort is evaluated using results of capacity assessments reports, AWOP status component and performance information, and changes in the violation system score list. DWS will also evaluate through follow-up contacts, assessments, and comments from water system operators and managers.

**2024 Work Plan – DWSRF (Base and BIL General Supplemental)
Oregon Health Authority, Public Health Division
Local Assistance – Drinking Water Source Protection Fund (DWSP)**

General

This is a continuation of effort.

Funds from this set-aside are used to provide protection incentives through technical assistance, grants, and low interest loans that enable Public and Privately-owned Community and Nonprofit Non-Community water systems that have a Source Water Assessment Report to develop and implement drinking water protection activities that achieve substantial implementation.

A water system achieves substantial implementation when Oregon agencies determine that strategic protection actions have been taken to appropriately reduce the risk of potential contamination within their source water area, based on the state/local identified significant threats and sensitivity of the source water or source area. The source water area is the delineated surface area that overlies the critical portion of the watershed or aquifer that provides water to a Public Water System.

The Oregon Health Authority and USEPA annually negotiate the Local Assistance – Drinking Water Source Protection Fund Work Plan.

Funding

Historically, the allocation for this set-aside is typically \$200,000. FFY-2024 funding for this set-aside only includes **\$1,681,955** or 4.87% for BIL General Supplemental allotment to meet current and forecasted source water protection project needs, including land acquisitions and/or pilot projects to better protect water system sources statewide. Base DWSRF did not allocate funding for FFY-2024 for the DWSP program.

There is no FTE assigned to this set-aside (i.e., activities are covered through the Implementation of Protection set-aside).

Beginning with our FFY-2020 DWSRF allotment, Oregon began applying for DWSP set-aside funds (not to exceed \$200,000 – unless management approval) based on the amount of “SWP Repayment Funds” that were expended (as determined by Business Oregon) during the current State fiscal year to reimburse the “SWP Repayment Fund.” An operational agreement (i.e., policy) has been established for these specific reimbursement activities and will be utilized moving forward.

Three types of DWSP funding include:

1. Low interest loans up to a maximum of \$100,000.
2. Grant funds up to \$50,000 per water system. Regional/Joint protection projects are eligible to receive up to \$50,000 for each water system that is directly involved in the project.
3. Grant funds up to \$70,000 per water system for land acquisition planning for future purchase of critical lands within the water system source water area.

These set-aside funds will be targeted for use during SFY-2025 and 2026 (i.e., July 1 – June 30).

Implementation Responsibility

The Oregon Health Authority (OHA), Oregon Department of Environmental Quality (DEQ) and Business Oregon have formed a partnership to disperse loan and grant monies from the Drinking Water Protection Fund.

The OHA is responsible for requesting applications from eligible drinking water systems. OHA reviews and evaluates proposed projects to protect groundwater sources. The DEQ reviews and evaluates proposed projects to protect surface water sources. Proposed projects for eligible water systems are scored on a scale of 0 to 100. For those projects considered eligible for funding, additional consideration is given to disadvantaged communities as defined by OHA-DWS. After the initial scoring is complete, eligible projects from disadvantaged communities receive an additional 10 points. Projects are then ranked for funding based on total points (project ranking points + disadvantaged community status points).

Each scored project is placed on a numerically ranked Drinking Water Protection Project Priority List. OHA notifies the project contacts and Business Oregon of the final evaluation results. Water systems with projects selected for funding are contacted by Business Oregon to determine their readiness to proceed. Once the selected project is ready to proceed, the funding process is initiated with the assistance of Business Oregon's Regional Staff.

Evaluation of Eligible Projects

To ensure that money from the Drinking Water Protection Fund is used to fund projects that will achieve substantial implementation, eligible projects are limited to those activities that lead to risk reduction within the identified source water area or would contribute to a reduction in contaminant concentration within the drinking water source. Therefore, categories for eligible projects have been limited to the following:

Enhanced Delineation – Completion or update of source area delineations using new or additional site-specific information.

Enhanced Assessment Inventory – Improvement of existing potential contaminant source inventories including an expansion or update of the land use practices within the source area.

Enhanced Assessment Evaluation – Establishment of a water quality monitoring project to evaluate existing and potential threats to water quality.

Source Protection Planning – Identification and development of appropriate protection measures, including source water protection plans, educational projects, implementation of Best Management Practices, drinking water source protection ordinances, land acquisition planning, and restoration and conservation plans.

Implementation – Purchase of goods or services that offset the cost of implementing drinking water protection strategies such as waste reduction programs, drug take-back projects, sign installation,

secondary containment, land purchases, and reforestation of sensitive areas within the drinking water source area.

Security – Implementation of security measures that reduce the risk of contamination to the drinking water source area or intake/well/spring. Security efforts must focus on highly sensitive portions of the drinking water source area not just equipment or facilities.

APPENDIX E: Public Notices

- Intended Use Plan (IUP) Public Notice Letter
- PPL Public Notice Letters

January 13, 2025

Public Review and Comment Period

Legal notice of public review and comment period concerning the proposed 2024 Intended Use Plan (IUP) attached below for Oregon's Base Drinking Water State Revolving Fund (DWSRF) and the Bipartisan Infrastructure Law (BIL) General Supplemental program. The BIL General Supplemental increases funding to Oregon's existing DWSRF program.

One of Oregon Health Authority (OHA) Drinking Water Services (DWS) responsibilities as a state agency managing the DWSRF program as set forth under Section 1452 (40 CFR 35.555 (b)) of the amended 1996 Safe Drinking Water Act (SDWA) is to provide the public the opportunity to comment on the proposed IUP as part of the grant application process to the U.S. Environmental Protection Agency (EPA). This IUP explains how OHA-DWS prioritizes low-interest loan assistance to eligible community and non-profit non-community public water systems and the funding of Set-Aside activities. It also is a key aspect of how we will procure the funding resources that the EPA has appropriated Oregon for the Federal fiscal year 2024 grant phase.

The public comment period for the IUP will be from Monday, January 13 through Thursday, February 13, 2025. If you would like to make a comment, please email your comments to DWS.SRF@odhsoha.oregon.gov by no later than 5pm on Thursday, February 13th to be considered. If you have questions, you may also email or call me at (503) 956-8287.

Thank you.

Adam DeSemple

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PUBLIC HEALTH DIVISION
Center for Health Protection, Drinking Water Services

Tina Kotek, Governor

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Authority

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March 12, 2024

Legal Notice

Legal notice of public review and comment period concerning proposed changes to the combined Project Priority List (PPL) for Oregon's Drinking Water State Revolving Fund (DWSRF) for the end of the third quarter of state fiscal year 2024. This updated 2024 PPL includes eligible drinking water infrastructure projects that will be considered for both "base" DWSRF and new [Bipartisan Infrastructure Law \(BIL\)](#) General Supplemental funding. Newly added projects are highlighted in yellow.

One of Oregon Health Authority (OHA) Drinking Water Services (DWS) responsibilities as a state agency managing the DWSRF/BIL program as set forth under Section 1452 (40 CFR 35.555 (b)) of the amended 1996 Safe Drinking Water Act (SDWA) is to provide the public the opportunity to comment on changes to the Intended Use Plan (IUP) as a part of the grant application process to the U.S. Environmental Protection Agency (EPA). The PPL is important to how the DWSRF/BIL program implements the IUP. Projects have been rated (i.e., scored) by OHA staff for strict compliance, health risk, consolidation, and affordability criteria to determine ranking and placement on the PPL. Before projects can be funded, we are obligated to provide the public the opportunity to review and comment on proposed changes to the PPL.

The public review and comment period for proposed changes to the PPL will be from Monday, March 18 through Thursday, March 28, 2024. If you would like to make a comment, please email your comments to DWS.SRF@odhsoha.oregon.gov by no later than 5pm on Thursday, March 28th to be considered. If you have questions, you may also email or call me at (503) 956-8287.

Thank you.

Adam DeSemple

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November 21, 2023

Legal Notice

Legal notice of public review and comment period concerning proposed changes to the combined Project Priority List (PPL) for Oregon's Drinking Water State Revolving Fund (DWSRF) for the end of the first quarter of state fiscal year 2024. This updated 2024 PPL includes eligible drinking water infrastructure projects that will be considered for both "base" DWSRF and new [Bipartisan Infrastructure Law \(BIL\)](#) General Supplemental funding. Newly added projects are highlighted in yellow.

One of Oregon Health Authority (OHA) Drinking Water Services (DWS) responsibilities as a state agency managing the DWSRF/BIL program as set forth under Section 1452 (40 CFR 35.555 (b)) of the amended 1996 Safe Drinking Water Act (SDWA) is to provide the public the opportunity to comment on changes to the Intended Use Plan (IUP) as a part of the grant application process to the U.S. Environmental Protection Agency (EPA). The PPL is important to how the DWSRF/BIL program implements the IUP. Projects have been rated (i.e., scored) by OHA staff for strict compliance, health risk, consolidation, and affordability criteria to determine ranking and placement on the PPL. Before projects can be funded, we are obligated to provide the public the opportunity to review and comment on proposed changes to the PPL.

The public review and comment period for proposed changes to the PPL will be from Monday, November 27 through Wednesday, December 6, 2023. If you would like to make a comment, please email your comments to DWS.SRF@odhsoha.oregon.gov by no later than 5pm on Wednesday, December 6th to be considered. If you have questions, you may also email or call me at (503) 956-8287.

Thank you.

Adam DeSemple

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April 24, 2024

Legal Notice

Legal notice of public review and comment period concerning proposed changes to the combined Project Priority List (PPL) for Oregon's Drinking Water State Revolving Fund (DWSRF) for the end of Quarter 3, state fiscal year 2024. This portion of the combined PPL is specific to the [Sustainable Infrastructure Planning Projects \(SIPP\)](#) program.

One of Oregon Health Authority (OHA) Drinking Water Services (DWS) responsibilities as a state agency managing the DWSRF program as set forth under Section 1452 (40 CFR 35.555 (b)) of the amended 1996 Safe Drinking Water Act (SDWA) is to provide the public the opportunity to comment on changes to the Intended Use Plan (IUP) as a part of the grant application process to the U.S. Environmental Protection Agency (EPA). The PPL is important to how the DWSRF program implements the IUP. SIPP projects are related to stand-alone drinking water system planning activities that promote sustainable water infrastructure. Engineering and construction activities are ineligible. The projects are rated (i.e., scored) to determine ranking and placement on the PPL. Funding for ready-to-proceed eligible projects will be in the form of 100% forgivable loan up to \$20,000.

The public review and comment period for proposed changes to the PPL will be from Monday, April 29 through Wednesday, May 8, 2024. If you would like to make a comment, please email your comments to DWS.SRF@odhsoha.oregon.gov by no later than 5pm on Wednesday, May 8th to be considered. If you have questions, you may also email or call me at (503) 956-8287.

Thank you.

Adam DeSemple

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November 6, 2023

Legal Notice

Legal notice of public review and comment period concerning proposed changes to the combined Project Priority List (PPL) for Oregon's Drinking Water State Revolving Fund (DWSRF) for the end of Quarter 1, state fiscal year 2024. This portion of the combined PPL is specific to the [Sustainable Infrastructure Planning Projects \(SIPP\)](#) program.

One of Oregon Health Authority (OHA) Drinking Water Services (DWS) responsibilities as a state agency managing the DWSRF program as set forth under Section 1452 (40 CFR 35.555 (b)) of the amended 1996 Safe Drinking Water Act (SDWA) is to provide the public the opportunity to comment on changes to the Intended Use Plan (IUP) as a part of the grant application process to the U.S. Environmental Protection Agency (EPA). The PPL is important to how the DWSRF program implements the IUP. SIPP projects are related to stand-alone drinking water system planning activities that promote sustainable water infrastructure. Engineering and construction activities are ineligible. The projects are rated (i.e., scored) to determine ranking and placement on the PPL. Funding for ready-to-proceed eligible projects will be in the form of 100% forgivable loan up to \$20,000.

The public review and comment period for proposed changes to the PPL will be from Tuesday, November 7 through Friday, November 17, 2023. If you would like to make a comment, please email your comments to DWS.SRF@odhsoha.oregon.gov by no later than 5pm on Friday, November 17th to be considered. If you have questions, you may also email or call me at (503) 956-8287.

Thank you.

Adam DeSemple

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APPENDIX F: Agreements

- Interagency Agreement (with Business Oregon)
- Interagency Agreement (with DEQ)
- Operating Agreement (with EPA)

INTERAGENCY AGREEMENT

This Agreement is between the **Oregon Health Authority** (“OHA”) and the **Oregon Infrastructure Finance Authority of the Oregon Business Development Department** (“IFA”), both individually without distinction as “Party” and collectively as the “Parties.”

SECTION 1: AUTHORITY

This Agreement is entered into pursuant to the authority granted by ORS 190.110 and 283.110, allowing state agencies to enter into agreements with other state agencies to cooperate in performing duties, exercising powers or administering policies or programs.

SECTION 2: PURPOSE

- 2.1** Congress enacted the Safe Drinking Water Act Amendments of 1996, Public Law 104-182 (“Act”) to include authorization for capitalization grants to states to implement a Drinking Water State Revolving Fund (DWSRF) program and required program activities, and the US Environmental Protection Agency (“USEPA”) adopted rules that define further the DWSRF program. The Act was amended in 2018 by the Water Infrastructure Investments for the Nation Act (WIIN Act), authorizing EPA to implement a grants program to support the needs of public water systems in underserved communities that are also considered small or disadvantaged communities. Congress appropriated funds to support the grants program in 2019.
- 2.2** On November 15, 2021, the Infrastructure Investment and Jobs Act (H.R. 3684), commonly referred to as the Bipartisan Infrastructure Law (BIL) was signed into law. The law provides the US Environmental Protection Agency (EPA) with grant funds that can be appropriated to states for investments in drinking water infrastructure over five years (2022 – 2026). BIL funding is provided to Oregon in three distinct annual allocations BIL General Supplemental (BIL-GS), BIL Emerging Contaminants (BIL-EC), and BIL Lead Service Line Replacement (BIL-LSL).
- 2.3** BIL also allocated additional funding to address emerging contaminants through EPA’s Emerging Contaminants in Small or Disadvantaged Communities (EC-SDC) Grant program.
- 2.4** The Oregon Legislature has periodically authorized the issuance of lottery supported infrastructure bonds sufficient to provide proceeds to the IFA for the matching funds required from Oregon to receive federal “capitalization grants” under the Act.
- 2.5** The Oregon Health Authority, Public Health Division, Drinking Water Services (“OHA”) has the statutory responsibility for administration and enforcement of federal and state drinking water standards and rules in Oregon. OHA establishes public health priorities for public water systems and provides technical assistance and outreach utilizing fund set-asides.
- 2.6** The Oregon Infrastructure Finance Authority (“IFA”) administers the Safe Drinking Water Revolving Loan Fund (the “Fund”)(ORS 285A.213), and administers financing programs which are available to assist Oregon communities with their drinking water infrastructure projects and drinking water source protection projects. The Fund is comprised of DWSRF capitalization grant funds, state matching funds, loan principal and interest repayments, and capitalization grants under the Bipartisan Infrastructure Law General Supplemental appropriations (2022-2026)

- 2.7 The purpose of this agreement is to ensure interagency coordination and effective implementation of the DWSRF program and the WIIN Act grants program.

SECTION 3: EFFECTIVE DATE AND DURATION

This Agreement shall begin on **July 1, 2023** and shall terminate on **June 30, 2025**, unless terminated earlier in accordance with Section 7.

SECTION 4: AUTHORIZED REPRESENTATIVES

4.1 OHA's AUTHORIZED REPRESENTATIVE IS:

Anthony J. Fields
800 NE Oregon Street, Suite 640
Portland, OR 97232-2162
Office: (971) 673-2269
Fax: (971) 673-0694
Email: anthony.j.fields@oha.oregon.gov

4.2 IFA's AUTHORIZED REPRESENTATIVE IS:

Jon Unger
775 Summer Street NE, Suite 200
Salem, OR 97301
Office: (503) 507-7107
Fax: (503) 581-5115
Email: jon.unger@biz.oregon.gov

- 4.3 A party may designate a new authorized representative by written notice to the other party.

SECTION 5: RESPONSIBILITIES OF EACH PARTY

The parties agree to continue their responsibilities to meet the requirements of the Act and program as follows:

5.1 Grant Application; Budgets

OHA and IFA will coordinate on preparation of the annual Intended Use Plan (IUP) as defined in the Act. OHA will obtain public comment and otherwise be responsible for the IUP.

OHA will coordinate with IFA on preparation of the DWSRF Capitalization Grant, BIL-GS, BIL-EC, BIL-LSL, and EC-SDC grants including the percent of federal allocation set-aside for administration and the allocation of the administrative set-aside between OHA and IFA. OHA will annually prepare the requests and apply for the federal grant.

OHA and IFA will consult when preparing their respective state annual and biennial budgets to implement the DWSRF program. This includes agreeing on the amount of total transfers between OHA and IFA for annual project and administrative costs.

OHA and IFA will coordinate at fiscal year-end closing concerning transfers.

5.2 State Matching Funds

Upon notification of each capitalization grant, the IFA will deposit state monies into the Fund equal to 20 percent of the DWSRF capitalization grant or the percentage otherwise required by EPA. The match is required to be made on or before the time that EPA funds are drawn. Deposit of matching funds for Bipartisan Infrastructure Law General Supplemental appropriations will be dependent on IFA fund availability and legislative action.

5.3 Payments for Awarded Projects

All EPA funds will be received by OHA. OHA will maintain separate and identifiable accounts for the portion of the capitalization grant to be used for base program requests, disbursement requests received by IFA and for all set-aside activities and will transfer funds to IFA as requests are approved.

When it receives a disbursement request from a loan recipient based on obligated or incurred costs for a “base program” project, IFA has primary responsibility for determining allocation between the Fund and federal reimbursement. IFA will forward all such requests for federal reimbursement, and all requests related to “set-aside” projects and activities, to OHA.

5.4 Set Asides

OHA is responsible for managing set-aside activities and expenses under DWSRF annual federal capitalization grants, BIL-GS grants, BIL-EC grants, and BIL-LSL grants for:

- 5.4.1** Administrative expenses – not to exceed 4 percent of the cumulative allotment. IFA will bill OHA no more frequently than monthly for IFA’s administrative expenses.
- 5.4.2** Technical Assistance to Small Systems – not to exceed 2 percent of the cumulative allotment.
- 5.4.3** State Program Management – not to exceed 10 percent of the cumulative allotment.
- 5.4.4** Local Assistance and Other State Programs – not to exceed 15 percent of the capitalization grant and no more than 10 percent is used on any one of the defined activities.

OHA will inform IFA of the available fund balances for the administrative expenses set-aside category on a quarterly basis.

5.5 Federal Eligibility Costs

OHA is responsible for determining the eligibility of all OHA and IFA administrative expenses. The State will follow the principles and standards of 2 C.F.R. Part 225 (formerly OMB Circular A-87) for determining costs for Federal awards.

5.6 Cash Management

OHA will process all requests for federal reimbursement through the Automated Clearing House (ACH) or the Automated Standard Application for Payments (ASAP) system.

5.7 Period of Availability of Federal Funds

OHA is responsible to follow all federal requirements related to timing of capitalization grant payments and state obligation of funds (E.g., Grant payments from a capitalization grant shall begin no earlier than the quarter in which the grant is awarded, and generally end no later than eight quarters after the grant is awarded.

The State must obligate funds for eligible projects within one year of accepting a payment. Funds are disbursed for set-aside activities in accordance with costs being incurred under approved workplans. Cumulative binding commitments must be made in an amount equal to the amount of each grant payment plus the required State match that is deposited into the DWSRF within one year after the receipt of each grant payment (a binding commitment is a legal obligation by the State to a local recipient that defines the terms for assistance under the DWSRF program).

5.8 Federal Reporting

OHA is responsible for preparing and submitting Federal Financial Report (FFR) SF-425 to report expenditures under federal awards, as well as, when applicable, cash status. OHA will also obtain and report necessary subaward information as required by the Federal Funding Accountability and Transparency Act.

OHA will complete reports regarding set-aside activities and expenses as required by USEPA, including but not limited to reporting in the State Revolving Fund (SRF) Drinking Water Data System.

IFA will complete reports regarding projects using the Fund as required by USEPA, including but not limited to reporting in the SRF Drinking Water Data System.

5.9 Program Income

IFA may charge a fee on loans to non-disadvantaged communities. Such fees may be collected in an IFA account outside the Fund and used to supplement IFA administrative expenses. IFA is responsible for coordinating with OHA for the purpose of USEPA reporting of fee account details. Use of fee revenue must comply with allowed uses as prescribed by EPA.

5.10 Solicitation of Letters of Interest

IFA, in conjunction with OHA, is responsible for establishing and maintaining a system to allow submission of LOIs by potential funding recipients for infrastructure and BIL-EC projects. IFA will ensure OHA access of all relevant information.

5.11 Rating and Ranking of Projects

OHA is responsible for determining project priority and rating criteria, reviewing “Letters of Interest” from water systems, and using those criteria, will assign points to water system projects and develop a project priority list.

5.12 Disadvantaged Community Determination

As rating and ranking is conducted, OHA is responsible for identifying whether a water system is classified as a “disadvantaged community” consistent with Section 1452(d)(2) of the Safe Drinking Water Act. Any proposed changes to the definition of “disadvantaged community” will be collaboratively developed by IFA and OHA and will be subject to a public comment process.

5.13 Managerial and Technical Capacity Review

OHA will assess the managerial and technical capacity of applicants to maintain compliance with the Act and forward the assessment results to the IFA.

5.14 Financial Review

IFA will assess the financial capacity of applicants to complete the project, operate and maintain the system, and repay a loan.

5.15 Water System Eligibility and Allowable Activities

OHA has initial, and primary overall responsibility for determining applicant and activity eligibility under the Act and applicable IFA and OHA Oregon Administrative Rules, including prohibitions on contracting with or making subawards to parties that are suspended or debarred or whose principals are suspended or debarred. IFA receives and is responsible for

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reviewing loan and grant applications, which may contain more detailed information, and will remain in contact with system owners to monitor and assist with their projects. Once an application is received, IFA will implement the secondary responsibility to ensure all lower-tier activities and expenditures are eligible.

5.16 Technical Review Requirements

When required, OHA will provide technical review of engineering reports, master plans, and construction plans and specifications for projects funded by this program.

5.17 Environmental Review Requirements

OHA will maintain Oregon Administrative Rules, policies, and procedures, and be responsible for the review process of environmental impacts created by the construction of drinking water facilities funded wholly or in part by the DWSRF program, and all set-aside activities that impact the quality of human environment receiving assistance from the DWSRF program.

5.18 Communicating Federal Labor Standards Requirements to Loan Recipients

IFA will notify Recipients about the federal (and state) Labor Standards applicable to them and all contractors on their project, including prevailing wage (David-Bacon) requirements, through financing contract language, and through instructions and sample contract language and forms for use in construction contracts. IFA will forward Disadvantaged Business Enterprises activity reports to OHA, who will forward to the USEPA.

5.19 Federal Procurement Standards

As allowed by the Act, the State and subrecipients shall use state policies and procedures (that meet federal standards) for all procurements, whether with federal or state funds. IFA shall ensure that all contracts with subrecipients, and all contracts and subcontracts issued on behalf of subrecipients, specify relevant state procurement policies and procedures and include any clauses required by the Act and their implementing regulations and related executive orders.

5.20 Safe Drinking Water Revolving Loan Fund

The IFA will administer, manage, and operate the Fund. The IFA will ensure that the accounting, audit, and fiscal procedures for the Fund conform to applicable government standards, including those set forth in the capitalization grant award.

5.21 Project Financing and Project Administration

The IFA will administer the loan program for all projects funded through the Fund including, but not limited to, infrastructure projects and Sustainable Infrastructure Planning Projects. Duties and responsibilities include:

- 5.21.1** Develop and maintain, in consultation with OHA, administrative rules and state program guidelines for the Fund and program, including for source water protection projects and for other Fund assistance.
- 5.21.2** Receive electronic or hard copy letters of interest for funding assistance and ensure OHA has access for project evaluation.
- 5.21.3** Notify water systems of their LOI status on the ranked project priority list.
- 5.21.4** Determine the amount and type of financing to be awarded to applicants and verify that moneys in the Fund necessary to complete the project will be available.
- 5.21.5** Ensure that the State meets EPA grant requirements related to additional subsidy, as outlined in annual grant agreements.

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- 5.21.6** Conduct a financial review of applicants for the following fiscal attributes; adequate water rate structure, billing procedure, or alternate financial plan, to assure that funds are collected and available to repay loans from the Fund. Require recipients to adequately plan for the anticipated operation, maintenance, and replacement costs of the water system.
- 5.21.7** Coordinate with other federal, state, or private financing assistance providers on projects with multiple financing partners.
- 5.21.8** Establish standards for disbursement of funds and closeout of projects including, but not limited to, monitoring of all projects, and final inspections of construction projects; and provide fiscal tracking and loan payment systems that comply with federal standards.
- 5.21.9** Enter into contracts with recipients for financing the projects.
- 5.21.10** Take steps to ensure that recipients implement “good faith efforts” in soliciting and procuring Disadvantaged Business Enterprises, as required by the USEPA. Report to OHA the level of activity by Minority-owned and Women-owned Business Enterprises for each Fund recipient.
- 5.21.11** Complete reports as required by the USEPA, including but not limited to reporting in the SRF Drinking Water Data System.

5.22 Other Joint Responsibilities

The IFA and OHA agree to work together and cooperate in efforts necessary for efficient and effective administration, management and operation of the program and Fund, including, but not limited to rule revisions, gathering and reporting of information and preparing quarterly activity updates and annual summary reports of accomplishments, annual USEPA meetings, staff training, public information and workshops, and other activities that are needed to carry out the program and comply with federal and state laws and regulations applicable to the program.

5.23 Claims

The parties understand that each is insured with respect to tort liability by the State of Oregon Insurance Fund, established by ORS Chapter 278, and is subject to the Oregon Tort Claims Act. The parties agree that any tort liability claim, suit or loss resulting from or arising out of the party’s activities may be allocated by the Risk Management Division of the Department of Administrative Services for purposes of their respective loss experience and subsequent allocation of self-insurance assessments under ORS 278.435. Each party agrees to notify the Risk Management Division and the other party in the event it receives notice or knowledge of any such claims.

5.24 Records Maintenance Access

Each party will maintain all fiscal records relating to this Agreement in accordance with generally accepted accounting principles. In addition, each party will maintain other records pertinent to this Agreement to clearly document its performance. Each party acknowledges and agrees that the other party, and the federal government and their duly authorized representatives will have access to all such records and to perform examinations and audits and make excerpts and copies. Each party will retain and keep accessible all such records according to applicable state record retention schedules.

5.25 Drinking Water Source Protection Project Grants

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IFA will develop and maintain, in consultation with OHA, administrative rules and state program guidelines for source water protection projects. OHA will consult with IFA during preparation of the annual DWSRF capitalization grant to determine an amount to allocate toward drinking water source protection grants. In addition, prior to soliciting applications for new grant projects, OHA will consult with IFA on the amount to allocate toward grant projects in a given annual solicitation cycle. OHA, working with DEQ Source Water Protection staff partners, will review and rank applications and recommend projects for funding. OHA will establish and maintain a system to allow submission of LOIs by potential funding recipients for drinking water source protection projects. IFA will develop funding agreements with project recipients and administer the agreements. OHA will monitor project progress and status and coordinate with IFA regarding the need for time extensions or termination of projects that fail to progress in a timely manner.

5.26 WIIN Act Small, Disadvantaged Communities Grants

OHA will coordinate with IFA on preparation of WIIN Act Small, Disadvantaged Communities grant applications. OHA will identify and prioritize prospective grant projects, submit grant applications to EPA and administer grant awards. IFA will assist in identifying sources of grant match, administer grant project contracts, and coordinate with OHA on federal reporting. Prior to communicating with eligible water systems and applying to EPA for funding, OHA and IFA will establish mutually agreed upon written policies and procedures.

SECTION 6: COMPENSATION AND PAYMENT TERMS

OHA shall reimburse IFA up to but not in excess of **\$ 42,833,000.00** for all expenses reasonably and necessarily incurred in performing the services and delivering the goods required under this Agreement. Payment shall be made monthly for services provided and goods delivered to OHA's satisfaction during the prior month, after submission of a satisfactory invoice.

The annual DWSRF Capitalization Grant, CFDA Number: **66.468**, and the WIIN Act Small, Disadvantaged Community grant, CFDA Number: **66.442**, repayment funds, and DWSRF fees are the sources of revenue used to support activities described in this agreement. DWSRF Capitalization Grant, BIL-GS, BIL-EC, and BIL-LSL administrative set-asides will be used to fund IFA administrative costs. DWSRF loan fee revenue may also be used for EPA eligible administrative expenses incurred by the IFA as described in section 5.8 of this Agreement.

OHA and IFA will consult when preparing their respective annual and biennial budgets to implement this Agreement. **Budgets will remain within and depend upon the annual federal allotment of Oregon's DWSRF Capitalization Grant, BIL-GS Grant, BIL-EC Grant, BIL-LSL Grant and repayment funds, which will vary from year to year, and Congressional appropriations for WIIN Act Small, Disadvantaged grants.** The parties will coordinate on preparation of annual state budgets, potential revisions as necessary due to federal budget adjustments, Annual and Biennial Reports to EPA, and will assist each other in budget presentations and evaluations/audits as appropriate.

SECTION 7: TERMINATION

- 7.1 This Agreement may be terminated at any time by mutual written agreement of the Parties.
- 7.2 A Party may terminate this Agreement upon 180 days written notice to the other Party.
- 7.3 A Party may terminate this Agreement, in whole or in part, immediately upon written notice to the other Party, or at such later date as the terminating Party may specify in such notice, upon the occurrence of any of the following events:

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- 7.3.1** A party fails to receive funding, appropriations, limitations, allotments, or other expenditure authority at levels sufficient in the terminating Party's reasonable administrative discretion, to perform its duties under this Agreement;
- 7.3.2** Federal or state laws, rules, regulations or guidelines are modified or interpreted in such a way that the terminating Party's performance under this Agreement is prohibited or the terminating Party is prohibited from paying for such performance from the planned funding source;
- 7.3.3** The other Party materially breaches a covenant, warranty or obligation under this Agreement, or fails to perform its duties within the time specified in this Agreement or any extension of that time, or so fails to pursue its duties as to endanger that Party's performance under this Agreement in accordance with its terms, and such breach or failure is not cured within 20 days after delivery of the terminating Party's notice to the other Party of such breach or failure, or within such longer period of cure as the terminating Party may specify in such notice.

SECTION 8: AMENDMENTS

The terms of this Agreement may not be waived, altered, modified, supplemented or otherwise amended, in any manner whatsoever, except by written mutual agreement of the Parties.

SECTION 9: NOTICE

Except as otherwise expressly provided in this Agreement, any notices to be given relating to this Agreement shall be given in writing by email, personal delivery, facsimile, or mailing the same, postage prepaid, to a Party's Authorized Representative at the address, number or email address set forth in this Agreement, or to such other addresses or numbers as a Party may indicate pursuant to this Section 9.

SECTION 10: SURVIVAL

All rights and obligations shall cease upon termination of this Agreement, except for those rights and obligations that by their nature or express terms survive termination of this Agreement. Termination shall not prejudice any rights or obligations accrued to the Parties prior to termination.

SECTION 11: SEVERABILITY

The Parties agree that if any term or provision of this Agreement is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and provisions shall not be affected, and the rights and obligations of the Parties shall be construed and enforced as if the Agreement did not contain the particular term or provision held to be invalid.

SECTION 12: COUNTERPARTS

This Agreement may be executed in several counterparts, all of which when taken together shall constitute one agreement, notwithstanding that all Parties are not signatories to the same counterpart. Each copy of the Agreement so executed shall constitute an original.

SECTION 13: LIABILITY AND INSURANCE

- 13.1** The Parties understand that each is insured with respect to tort liability by the State of Oregon Insurance Fund, a statutory system of self-insurance established by ORS Chapter 278, and subject to the Oregon Tort Claims Act (ORS 30.260 to 30.300). Each Party agrees to accept that

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coverage as adequate insurance of the other Party with respect to personal injury and property damage.

- 13.2** The Parties agree that any tort liability claim, suit, or loss resulting from or arising out of the Parties' performance of, or activities under, this Agreement shall be allocated, as between the Parties, in accordance with law by Risk Management of the Department of Administrative Services for purposes of the Parties' respective loss experiences and subsequent allocation of self-insurance assessments under ORS 278.435. Each Party to the Agreement agrees to notify Risk Management and the other Party in the event it receives notice or knowledge of any claims arising out of the Parties' performance of, or activities under, this Agreement.

SECTION 14: DAS REPORTING REQUIREMENT

The Parties agree that OHA shall be the Reporting Party for purposes of ORS 190.115, Summaries of Agreements of State Agencies. OHA shall submit a summary of this Agreement to the Oregon Department of Administrative Services through the state electronic procurement system OregonBuys, within the 30-day period immediately following the Effective Date of the Agreement.

SECTION 15: RECORDS

The Parties shall create and maintain records documenting their performance under this Agreement. The Oregon Secretary of State's Office, the federal government, the other Party, and their duly authorized representatives shall have access to the books, documents, papers, and records of a Party that are directly related to this Agreement for the purposes of making audit, examination, excerpts, and transcripts for a period of six years after termination of this Agreement.

SECTION 16: COMPLIANCE WITH LAW

In connection with their activities under this Agreement, the Parties shall comply with all applicable federal, state and local laws and regulations.

SECTION 17: NO THIRD PARTY BENEFICIARIES

OHA and DEQ are the only Parties to this Agreement and are the only Parties entitled to enforce its terms. Nothing in this Agreement gives, is intended to give, or shall be construed to give or provide any benefit or right, whether directly, indirectly or otherwise, to third persons unless such third persons are individually identified by name herein and expressly described as intended beneficiaries of the terms of this Agreement.

SECTION 18: FORCE MAJEURE

Neither Party is responsible for any failure to perform or any delay in performance of any obligation under this Agreement caused by fire, riot, acts of God, terrorism, war, or any other cause which is beyond that Party's reasonable control.

SECTION 19: MERGER, WAIVER and MODIFICATION

This Agreement and all exhibits and attachments, if any, constitute the entire agreement between the Parties on the subject matter hereof. There are no understandings, agreements, or representations, oral or written, not specified herein regarding this Agreement. No waiver, consent, modification or change of terms of this Agreement shall bind either Party unless in writing and signed by both Parties. Such waiver, consent, modification or change, if made, shall be effective only in the specific instance and for the specific purpose given.

SECTION 20: SUBCONTRACTS AND ASSIGNMENT

- 20.1** Neither Party may enter into any subcontracts for the performance of any of its obligations under this Agreement, without the prior written consent of the other Party.
- 20.2** Neither Party may assign, delegate or transfer any of its rights or obligations under this Agreement, without the prior written consent of the other Party.

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IN WITNESS WHEREOF, the Parties have executed this Agreement by their duly authorized representatives as of the dates set forth below.

STATE OF OREGON acting by and through its Business Oregon/Infrastructure Finance Authority:

By: Chris Cummings
Digitally signed by Chris Cummings
Date: 2023.07.31 12:40:43 -07'00'

Date

Chris Cummings
Printed Name

Deputy Director
Title

STATE OF OREGON acting by and through its Oregon Health Authority, Center for Health Protection:

By: 

08/10/2023
Date

~~Andre Course MPH, JD~~ Nadia Davidson, CFO/Director of Finance
Printed Name

Administrator
Title

INTERAGENCY AGREEMENT

This Agreement is between the Oregon Health Authority (“OHA”) and the Oregon Department of Environmental Quality (“DEQ”), both individually without distinction as “Party” and collectively as the “Parties.”

Recitals

WHEREAS, Congress enacted the Safe Drinking Water Act Amendments of 1996, Public Law 104-182 (the “Act”), which included authorization for capitalization grants to States to implement a Drinking Water State Revolving Fund program and provision for States to set-aside up to 31% for specific program purposes.

WHEREAS, the Act allows Primacy States to set-aside up to 15% of their capitalization grant funds for the development and implementation of local drinking water protection initiatives and other State programs, including a Source Water Protection program.

WHEREAS, the American Water Infrastructure Act of 2018 Section 2013 requires community water systems serving populations greater than 3,300 to develop or update a Risk and Resilience Assessment and Emergency Response Plan (ERP). The ERP update must incorporate the findings of the Risk and Resilience Assessment. Information generated from a Risk and Resilience Assessments and related Emergency Response Plans can be used to update source water assessments and to inform selection and implementation of source water protection measures.

WHEREAS, in order to reduce the risks from regulated and unregulated contaminants, the Oregon Department of Environmental Quality (DEQ) has delegated authority to carry out existing Clean Water Act provisions in the drinking water source areas including a statutory duty to “protect, maintain and improve the quality of the waters of the state for public water supplies...” (ORS468B.015(2)).

WHEREAS, local communities need assistance developing strategies for drinking water protection and need assistance implementing these strategies.

WHEREAS, the Oregon Health Authority (OHA), as the State Primacy Agency, under the Act and DEQ wish to cooperate and coordinate activities to help communities protect drinking water source areas, improve resiliency and prepare for emergencies that may threaten drinking water or drinking water source areas.

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties hereto agree as follows.

SECTION 1: AUTHORITY

This Agreement is entered into pursuant to the authority granted by ORS 190.110 and 283.110, allowing state agencies to enter into agreements with other state agencies to cooperate in performing duties, exercising powers or administering policies or programs.

SECTION 2: PURPOSE

- 2.1** To promote and support drinking water protection in Oregon by providing technical assistance to public water systems and communities in the state and sharing information about funding opportunities.
- 2.2** To assist public water systems and communities in building resiliency toward threats to drinking water sources from emerging contaminants, wildfires, and other natural disasters.
- 2.3** To coordinate and collaborate with other agencies and entities so that resources can be leveraged and managed to enhance drinking water protection.

SECTION 3: EFFECTIVE DATE AND DURATION

This Agreement shall begin on **July 1, 2023**, and shall terminate on **June 30, 2025**, unless terminated earlier in accordance with Section 7.

SECTION 4: AUTHORIZED REPRESENTATIVES

4.1 OHA's AUTHORIZED REPRESENTATIVE IS:

Anthony J. Fields
800 NE Oregon Street, Suite 640
Portland, OR 97232-2162
Office: (503) 752-8229
Email: Anthony.j.fields@oha.oregon.gov

4.2 DEQ's AUTHORIZED REPRESENTATIVE IS:

Julie Harvey
700 NE Multnomah Street, Suite 600
Portland, OR 97232
Office: (503) 229-5664
Email: julie.harvey@state.or.us

- 4.3** A party may designate a new authorized representative by written notice to the other party.

SECTION 5: RESPONSIBILITIES OF EACH PARTY

5.1 OHA RESPONSIBILITIES

The Oregon Health Authority (OHA) has been granted primacy by EPA under the Act and has sole responsibility for administration and enforcement of federal and state drinking water standards and rules in Oregon. Therefore, OHA will:

Drinking Water Protection Program

OHA #179426-0

DEQ # R013-23

5.1.1 General Program Support

- a. Annually apply to EPA for and administer the Drinking Water State Revolving Loan Fund Capitalization Grant. Through interagency transfer payment, OHA will reimburse DEQ for costs associated with carrying out their responsibilities per this Agreement.
- b. Develop, in consultation with DEQ, an annual implementation work plan that establishes the priorities and specific tasks that OHA and DEQ staff intend to complete for the project year.
- c. Serve as the lead agency in coordinating and submitting the data for the annual and other progress reports to EPA on Source Water Protection goals/measures for implementation.
- d. Disseminate information to water systems regarding the Drinking Water State Revolving Loan Fund and other drinking water protection loan/grant funding and also score groundwater system applications.
- e. Coordinate and participate with DEQ in statewide training opportunities to promote drinking water source protection and resiliency planning. Develop education and outreach materials, fact sheets as needed. Periodically maintain and update the program webpage.

5.1.2 Technical Assistance to Public Water Systems

- a. Work directly with Community Public Water Systems to identify and encourage drinking water protection projects that will qualify as Substantial implementation.
- b. Conduct source water assessment related activities of delineation, inventory and susceptibility analysis for state-regulated schools.
- c. Conduct outreach regarding drinking water source protection, focusing on community water systems, and drawing the relation between drinking water protection, resiliency and public health.
- d. Work to develop drinking water protection and emergency preparedness strategies in regional settings, involving several public water systems in a single effort.
- e. Provide technical assistance to individual groundwater-based public water systems that are pursuing the development of drinking water protection plans or protection strategies.

5.1.3 Source Water Assessments

- a. Conduct drinking water source area delineations for groundwater-based public water systems that have been added or significantly modified using standard agency procedures.
- b. Coordinate Source Water Assessment updates with DEQ and other appropriate agencies.

Drinking Water Protection Program

OHA #179426-0

DEQ # R013-23

5.1.4 Coordination with Partners

- a. Communicate key information from source water assessments and other watershed analysis to state, federal and local nonprofit partners to guide priority actions and advance protection.

5.2 DEQ RESPONSIBILITIES

Responsibilities of the Department of Environmental Quality (DEQ): DEQ has delegated statutory responsibilities to implement the Clean Water Act and is the designated lead agency for wellhead protection in Oregon. The DEQ will therefore:

5.2.1 General Program Support

- a. Provide data and input to OHA for submitting the Annual Capitalization Grant applications to EPA. Coordinate with OHA on any modifications needed to improve operations or staff positions to achieve the program objectives. Assist OHA in developing an annual implementation workplan.
- b. Provide monthly invoices that include a report on the status of tasks included in the workplan and summary of activities accomplished by DEQ staff funded to implement drinking water protection. The monthly list of tasks and status should be organized under these 5 categories: 1) General program support, 2) Source Water Assessments, 3) Technical assistance to Public Water Systems, 4) Resiliency Planning, Preparedness and Response, 5) Coordination with state and federal agencies.
- c. Assist OHA in developing the EPA annual report and submitting new data for the annual and other progress reports to EPA on Source Water Protection goals/measures for implementation.
- d. Coordinate and participate with OHA in statewide training opportunities to promote drinking water source protection. Develop education and outreach materials as needed. Maintain and update the program web page.
- e. Disseminate information to water systems regarding the Drinking Water State Revolving Grants and other drinking water protection funding, score surface water system applications in coordination with OHA.
- f. Leverage the Clean Water Act and other programs and authorities to protect water supplies. Coordinate and assist with implementation of the Clean Water Act tools and programs within the drinking water source areas.
- g. Update and maintain existing Geographic Information System (GIS) data for the assessment and drinking water protection activities.
- h. Make data layers available to state partners and distribute the statewide GIS coverage layer(s) that includes all delineated drinking water source areas, surface water sensitive areas, and identified potential contaminant sources. Distribute GIS data for intakes, wells and springs only in accordance with OHA's security policy.

5.2.2 Technical Assistance to Public Water Systems

- a. Work directly with Community Public Water Systems to identify and encourage drinking water protection projects that will qualify as Substantial implementation.
- b. Provide technical assistance to local partners (including watershed councils, Soil and Water Conservation Districts and land trusts) and individual surface water-based public water systems that are pursuing the development of drinking water protection strategies.
- c. Partner with communities and other watershed and ground water stakeholders to implement priority actions; provide technical assistance to communities who are implementing drinking water protection strategies. Develop regional partnerships where feasible.
- d. Conduct community outreach programs for drinking water protection; provide resources and assistance to local communities in efforts to foster citizen involvement in drinking water protection.

5.2.3 Source Water Assessments

- a. Conduct Source Water Assessment for surface water-based public water systems that have been added since June 1999 using updated procedures.
- b. Support OHA in finalizing updated groundwater source water assessments by preparing source area delineations using OHA methodology, generating summary tables of regulatory database results, and preparing maps to show land use and potential risks.

5.2.4 Resiliency Planning, Preparedness and Response

- a. Provide technical assistance when evaluating susceptibility to cyanotoxins and other toxics. Develop and coordinate with OHA on any new monitoring and prioritization.
- b. Provide technical assistance as needed to OHA on source water risk from emerging contaminants, including but not limited to PFAS contaminants.
- c. Coordinate and partner with OHA Emergency Preparedness and Planning program and communities to conduct local and state all-hazards planning. Assist and provide technical assistance to improving resiliency and ability to respond to emergencies and natural disasters that may impact watersheds supplying intakes.
- d. Communicate key information from source water assessments to stakeholders to guide priority actions and advance protection. Assist with integration of source water assessment and planning work with resiliency assessment and planning.
- e. Communicate data from water quality monitoring with public water system operators, community officials, other agencies.

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- f. Implement water quality monitoring plans, as needed and with OHA input, for high-risk source waters supplying both surface water and groundwater.
- g. Encourage consideration of source water protection needs into local land acquisition and management strategies; provide information to communities on opportunities for grants and funds for property acquisition or development of conservation easements within their source area.

5.2.5 Coordination with Partners

- a. Serve as the lead agency in coordinating drinking water source protection activities with other state and federal agencies in Oregon (e.g., ODA, ODF, WRD, ODFW, DLCD, NRCS, USFS, and BLM).
- b. Communicate key information from source water assessments, water quality monitoring and other watershed analysis to state and federal partners to guide priority actions and advance protection.
- c. Coordinate with the federal/state Drinking Water Providers Partnership to ensure grant projects are protective of state drinking water resources and raise awareness of State Revolving Grants.
- d. Assist NRCS with identifying Source Water Protection Readiness and Implementation Projects. Assist local partners as they prepare watershed assessments and outreach strategies to address agricultural-related impacts to source water quality under the NRCS SWP program.

5.3 JOINT RESPONSIBILITIES

OHA and DEQ agree to work together and cooperate in efforts as necessary for efficient and effective administration, management and operation of the Program, including, but not limited to:

- a. Joint review of relevant proposed rule revisions;
- b. Reporting of information and preparing quarterly activity updates and annual summary reports of accomplishments;
- c. Attendance and participation at annual EPA meetings, staff training, public information and workshops, and other activities that are needed to carry out the Program;
- d. Ensuring compliance with federal and state laws and regulations applicable to the Program, including but not limited to EPA programmatic and grant requirements; and
- e. Tracking and reporting program progress and performance measures that include evaluation of the specific reports/materials prepared for individual public water systems and actions taken as a result of the technical assistance provided by OHA and DEQ for drinking water protection and surveys of user satisfaction with services and products made available.

SECTION 6: COMPENSATION AND PAYMENT TERMS

The Act allows states to use up to ten percent of the annual Capitalization Grant allotment to delineate and assess source water protection areas and to assist communities to develop and implement local drinking water protection programs. These funds, from the Local Assistance and Other State

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Programs set aside, shall be allocated between the Parties of this Agreement to accomplish tasks listed in Agreement, Section 5. CFDA Number: **66.468**

The budget for the period of this Agreement is **\$1,932,171.00**. OHA will reimburse DEQ for actual costs of work authorized by this Agreement. Actual costs include but are not limited to salary, other payroll expenses, indirect cost, overhead and other related direct costs.

OHA will make payment within thirty (30) days of receipt of invoices from DEQ. Invoices will be sent to OHA Accounting Contact: Samina Panwhar, 800 NE Oregon, Suite 611, Portland, OR 97232.

OHA and DEQ will consult when preparing their respective annual and biennial budgets to implement this Agreement. Budgets to implement this Agreement will come from the Local Assistance and Other State Programs set aside of Oregon's Drinking Water State Revolving Fund Capitalization Grant, which will not exceed ten percent of the annual allotment. **Budgets will remain within and depend upon the annual federal allotment of Oregon's Drinking Water State Revolving Fund Capitalization Grant, which will vary from year to year.** The Parties will coordinate on preparation of annual state budgets, potential revisions as necessary due to federal budget adjustments, Annual and Biennial Reports to EPA, and will assist each other in budget presentations and evaluations/audits as appropriate.

SECTION 7: TERMINATION

- 7.1 This Agreement may be terminated at any time by mutual written agreement of the Parties.
- 7.2 A Party may terminate this Agreement upon 30 days written notice to the other Party.
- 7.3 A Party may terminate this Agreement immediately upon written notice to the other Party, or at such later date as the terminating Party may specify in such notice, upon the occurrence of any of the following events:
 - 7.3.1 The terminating party fails to receive funding, appropriations, limitations, allotments, or other expenditure authority at levels sufficient in the terminating Party's reasonable administrative discretion, to perform its duties under this Agreement;
 - 7.3.2 Federal or state laws, rules, regulations or guidelines are modified or interpreted in such a way that the terminating Party's performance under this Agreement is prohibited or the terminating Party is prohibited from paying for such performance from the planned funding source;
 - 7.3.3 The other Party materially breaches a covenant, warranty or obligation under this Agreement, or fails to perform its duties within the time specified in this Agreement or any extension of that time, or so fails to pursue its duties as to endanger that Party's performance under this Agreement in accordance with its terms, and such breach or failure is not cured within 20 days after delivery of the terminating Party's notice to the other Party of such breach or failure, or within such longer period of cure as the terminating Party may specify in such notice.

SECTION 8: AMENDMENTS

The terms of this Agreement may not be waived, altered, modified, supplemented or otherwise amended, in any manner whatsoever, except by written mutual agreement of the Parties.

SECTION 9: NOTICE

Except as otherwise expressly provided in this Agreement, any notices to be given relating to this Agreement shall be given in writing by email, personal delivery, facsimile, or mailing the same, postage prepaid, to a Party's Authorized Representative at the address, number or email address set forth in this Agreement, or to such other addresses or numbers as a Party may indicate pursuant to this Section 9.

SECTION 10: SURVIVAL

All rights and obligations shall cease upon termination of this Agreement, except for those rights and obligations that by their nature or express terms survive termination of this Agreement. Termination shall not prejudice any rights or obligations accrued to the Parties prior to termination.

SECTION 11: SEVERABILITY

The Parties agree that if any term or provision of this Agreement is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and provisions shall not be affected, and the rights and obligations of the Parties shall be construed and enforced as if the Agreement did not contain the particular term or provision held to be invalid.

SECTION 12: COUNTERPARTS

This Agreement may be executed in several counterparts, all of which when taken together shall constitute one agreement, notwithstanding that all Parties are not signatories to the same counterpart. Each copy of the Agreement so executed shall constitute an original.

SECTION 13: LIABILITY AND INSURANCE

- 13.1** The Parties understand that each is insured with respect to tort liability by the State of Oregon Insurance Fund, a statutory system of self-insurance established by ORS Chapter 278, and subject to the Oregon Tort Claims Act (ORS 30.260 to 30.300). Each Party agrees to accept that coverage as adequate insurance of the other Party with respect to personal injury and property damage.
- 13.2** The Parties agree that any tort liability claim, suit, or loss resulting from or arising out of the Parties' performance of, or activities under, this Agreement shall be allocated, as between the Parties, in accordance with law by Risk Management of the Department of Administrative Services for purposes of the Parties' respective loss experiences and subsequent allocation of self-insurance assessments under ORS 278.435. Each Party to the Agreement agrees to notify Risk Management and the other Party in the event it receives notice or knowledge of any claims arising out of the Parties' performance of, or activities under, this Agreement.

SECTION 14: DAS REPORTING REQUIREMENT

OHA shall be the Reporting Party for purposes of ORS 190.115, Summaries of Agreements of State Agencies. FIRST AGENCY shall submit a summary of this Agreement to the Oregon Department of Administrative Services through [OregonBuys](#) within the 30-day period immediately following the Effective Date of the Agreement.

SECTION 15: RECORDS

The Parties shall create and maintain records documenting their performance under this Agreement. The Oregon Secretary of State's Office, the federal government, the other Party, and their duly authorized representatives shall have access to the books, documents, papers, and records of a Party that are directly related to this Agreement for the purposes of making audit, examination, excerpts, and transcripts for a period of six years after termination of this Agreement.

SECTION 16: COMPLIANCE WITH LAW

In connection with their activities under this Agreement, the Parties shall comply with all applicable federal, state and local laws and regulations.

SECTION 17: NO THIRD PARTY BENEFICIARIES

OHA and DEQ are the only Parties to this Agreement and are the only Parties entitled to enforce its terms. Nothing in this Agreement gives, is intended to give, or shall be construed to give or provide any benefit or right, whether directly, indirectly or otherwise, to third persons unless such third persons are individually identified by name herein and expressly described as intended beneficiaries of the terms of this Agreement.

SECTION 18: FORCE MAJEURE

Neither Party is responsible for any failure to perform or any delay in performance of any obligation under this Agreement caused by fire, riot, acts of God, terrorism, war, or any other cause which is beyond that Party's reasonable control.

SECTION 19: MERGER, WAIVER and MODIFICATION

This Agreement and all exhibits and attachments, if any, constitute the entire agreement between the Parties on the subject matter hereof. There are no understandings, agreements, or representations, oral or written, not specified herein regarding this Agreement. No waiver, consent, modification or change of terms of this Agreement shall bind either Party unless in writing and signed by both Parties. Such waiver, consent, modification or change, if made, shall be effective only in the specific instance and for the specific purpose given.

SECTION 20: SUBCONTRACTS AND ASSIGNMENT

- 20.1** Neither Party may enter into any subcontracts for the performance of any of its obligations under this Agreement, without the prior written consent of the other Party.
- 20.2** Neither Party may assign, delegate or transfer any of its rights or obligations under this Agreement, without the prior written consent of the other Party.

SECTION 21: ADDITIONAL PROVISIONS

RESERVED.

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IN WITNESS WHEREOF, the Parties have executed this Agreement by their duly authorized representatives as of the dates set forth below.

STATE OF OREGON acting by and through its Oregon Department of Environmental Quality:



Leah Feldon, Director


06/15/2023

Date

STATE OF OREGON acting by and through its Oregon Health Authority, Center for Health Protection:

Samina Panwhar, Manager
Drinking Water Services

Date



Andre Ourso, MPH, JD, Administrator
Center for Health Protection

6/21/2023

Date



**OPERATING AGREEMENT:
Drinking Water State Revolving Fund
(DWSRF)**

Implementation & Management of the Program



**Between the
Oregon Health Authority – Drinking Water Services
State of Oregon
And
U.S. Environmental Protection Agency**

OHA Agreement #167726

2021-2026

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Attachment 3 State Environmental Review Process (SERP) – <i>available online or upon request</i>	
Attachment 4 State Regulations – <i>available online or upon request</i>	

ACRONYMS

• ARRA	-	American Recovery and Reinvestment Act
• AWIA	-	America’s Water Infrastructure Act
• CWSRF	-	Clean Water State Revolving Fund
• DEQ	-	Department of Environmental Quality
• DWS	-	Drinking Water Services
• DWSRF	-	Drinking Water State Revolving Fund
• EPA	-	Environmental Protection Agency
• EPA-ACH	-	Automated Clearinghouse
• ER	-	Environmental Review
• ERP	-	Enforcement Response Policy
• ETT	-	Enforcement Targeting Tool
• FFATA	-	Federal Funding Accountability and Transparency Act
• FFY	-	Federal Fiscal Year
• FSRS	-	FFATA Subaward Reporting System
• GAAP	-	Generally Accepted Accounting Principles
• GASB	-	Government Accounting Standards Board
• IAA	-	Inter Agency Agreement
• IFA	-	Infrastructure Finance Authority
• IUP	-	Intended Use Plan
• MOU	-	Memorandum of Understanding
• NIMS	-	National Information Management System
• OA	-	Operating Agreement
• OFS	-	Office of Financial Services
• OHA	-	Oregon Health Authority
• OIG	-	Office of Inspector General
• OBDD	-	Oregon Business Development Department
• ORS	-	Oregon Revised Statutes
• PBR	-	Public Benefits and Reporting
• PPL	-	Project Priority List
• RA	-	Regional Administration
• SDWA	-	Safe Drinking Water Act
• SDWRLF	-	Safe Drinking Water Revolving Loan Fund
• SERP	-	State Environmental Review Process
• SFY	-	State Fiscal Year
• SPM	-	State Program Management
• WIIN	-	Water Infrastructure Improvements for the Nation Act

I. INTRODUCTION

A. Background & Objective of the DWSRF

The Safe Drinking Water Act (SDWA) Amendments of 1996 (Public Law 104-182) has authorized the creation of a Drinking Water State Revolving Fund (DWSRF) program to assist eligible public water systems to finance the costs of infrastructure needed to achieve or to maintain compliance with SDWA requirements and to protect public health. Section 1452 has authorized the Administrator of the U.S. Environmental Protection Agency (EPA) to award capitalization grants to States, which in turn can provide low cost loans and other types of financial assistance to these systems.

The SDWA Amendments of 1996 also established a strong new emphasis on preventing contamination problems through source water protection and enhanced water systems management. Central to this emphasis is the development of State prevention programs, including source water protection, capacity development, and operator certification. States have the option to use a portion of their capitalization grants to fund these eligible activities as allowed in the federal statute. The success of these activities will act to safeguard the DWSRF funds that are provided to these eligible systems for improving compliance and public health issues.

It is the intent of the DWSRF program to help provide additional assurance that our Nation's drinking water remain safe and affordable, that drinking water systems which receive funding will be properly operated and maintained, and that effectively managed and permanent institutions will exist in each State to provide financial support for eligible public water systems and drinking water related needs for years to come. Congress has placed particular emphasis on assisting smaller drinking water systems, and those serving less affluent populations, by providing greater funding flexibility for these systems under the DWSRF to ensure that systems have adequate technical, managerial, and financial resources to maintain compliance and provide safe drinking water.

Under the SDWA, a State may administer its DWSRF in combination with other State loan funds, including the Clean Water State Revolving Fund (CWSRF). A State may also transfer up to one third of the amount of its DWSRF capitalization grant to its CWSRF or an equivalent amount from its CWSRF capitalization grant to its DWSRF.

These two provisions linking the DWSRF and the CWSRF signal Congressional intent to implement and manage both programs in a similar manner. EPA also intends to administer the two programs in a consistent manner, and to apply the principles developed for the existing CWSRF to the DWSRF program to the fullest extent possible.

Like the CWSRF, the DWSRF is fundamentally a State program. Each State will have considerable flexibility to determine the design of its program and to direct funding toward its most pressing compliance and public health protection needs. Historically, only minimal Federal requirements have been imposed. However, since the 2009 American Recovery and Reinvestment Act (ARRA), Federal requirements (e.g., America's Water Infrastructure Act (AWIA) and the Water Infrastructure Improvements for the Nation Act (WIIN)) have evolved which add additional procedures and oversight requirements at both the Federal and State levels.

The SDWA Amendments of 1996 authorized \$559 million for Federal Fiscal Year (FFY) 1994, and \$1 billion per FFY from 1995 through 2003 for such grants. Funds available to States from FFY1998 appropriations and beyond are to be allotted according to a formula that reflects the proportional share of each State's needs identified in the 1995 Needs Survey conducted pursuant to Section 1452(h). EPA will conduct a Needs Survey periodically (i.e., every 4 years). The minimum proportionate share by the formula is one percent of the funds available for allotment to the States. To date, Oregon's share has ranged anywhere from one percent (1%) to as much as 1.76% (i.e., 2002 – 2020 State allotments).

B. Purpose, Format & Structure of the Operating Agreement for Oregon

This amended DWSRF Operating Agreement (OA) continues the contractual relationship between EPA and the Oregon Health Authority (OHA) and this amended OA replaces and supersedes the prior Operating Agreement: Drinking Water State Revolving Fund between EPA and OHA.

The purpose of this amended OA is to redefine and further integrate rules, regulations, guidelines, policies, procedures, and activities to be followed by EPA and the State in administering the DWSRF prescribed by Section 1452 of the 1996 SDWA amendments that are not expected to change annually. In addition, the amended OA is to demonstrate the areas where updates have been made to either or both agencies and how if any of these updates will impact the DWSRF program.

In summary, this OA specifically lists the parties to the Agreement; outlines and defines the roles and responsibilities of all the parties involved; documents the necessary assurances; explains the financial administration framework; discusses reporting and review requirements of the DWSRF program; and explains how the program will be carried out.

This OA will continue from year to year and will be incorporated by reference into the annual DWSRF capitalization grant agreement. Information that changes from year to year shall be in Oregon's annual capitalization grant agreement and in the Intended Use Plan (IUP).

OHA agrees that any modifications to this agreement that may be required by EPA regulations, policies, or program guidance, will be made and implemented where applicable on such schedule as negotiated with EPA.

This amended OA addresses many of the State requirements for the capitalization grant agreement for the DWSRF program as outlined in the Table 1 of the “Final Guidelines for Implementation of the DWSRF Program (Fed Reg Vol. 63, No. 214).”

C. Timing & Application Review

Upon implementation of this OA, EPA agrees to review the capitalization grant application and take appropriate action within 60 days of receipt of a completed application (Application for Federal Assistance with supporting document and certifications and any modifications to the OA, the annual IUP, and proposed payment schedule) in the Regional Office. EPA shall either approve the application and award the capitalization grant or shall notify OHA in writing of issues requiring resolution. OHA and EPA agree to negotiate promptly, cooperatively, and in good faith to clarify or resolve questions which may arise during review of the application. OHA agrees to act upon the capitalization grant offer within 21 calendar days of approval.

II. IMPLEMENTATION

A. Parties to the Agreement

The parties to this OA are the U.S. EPA Region 10 and OHA. OHA as the primary enforcement agency for the SDWA is designated by the State of Oregon as the lead agency, which in addition to developing the Intended Use Plan (IUP), performing technical project reviews, and monitoring program results, is responsible for coordinating the total management of the DWSRF program and is the primary contact for the EPA on DWSRF issues. OHA, as the designated instrumentality of the State of Oregon, is empowered to enter into capitalization grant agreements with the Regional Administrator (RA), to accept capitalization grant awards, and to otherwise manage the fund in accordance with the requirements and objectives of the SDWA.

OHA had a Memorandum of Understanding (MOU) with Oregon Business Development Department (OBDD) to manage a separate DWSRF account to make loans and other forms of financial assistance to eligible public water systems. This separate account is the Safe Drinking Water Revolving Loan Fund (SDWRLF) which is capitalized through Oregon’s annual DWSRF capitalization grant awards. The SDWRLF includes Federal grants, State match, loan repayments, and interest earned funds. OBDD (also known as Infrastructure Finance Authority or IFA) acts as the financing project managers for the DWSRF program.

The MOU was replaced with an Inter-Agency Agreement (IAA) between OHA and OBDD (i.e., IFA) effective February 1, 2016.

B. Summary of State and EPA Roles and Responsibilities

1. The State of Oregon has enacted enabling DWSRF legislation. **Attachment #1 is a copy of that legislation.**
2. As the lead agency, OHA will maintain a competent organization and a staff skill mix to assure that projects meet acceptable technical, managerial and financial requirements as established or referenced in this OA, and that the DWSRF will be operated continuously and effectively. Staffing plans of all State agencies involved will be submitted as part of the annual capitalization grant application and/or referenced within the program's annual report.
3. Oregon has a State Environmental Review Process (SERP). OHA will apply the SERP described in Section 5.1 of Oregon's current Program Guidelines and Handbook for SDWRLF financing. The SERP handbook can be accessed on the DWS website at http://public.health.oregon.gov/HealthyEnvironments/DrinkingWater/SRF/Documents/se_rphand.pdf. Oregon will use its State Fiscal Year (SFY), July 1 through June 30 to manage the DWSRF activities.
4. EPA agrees to provide funding through the award of a capitalization grant to OHA, upon joint acceptance of this OA and approval of a completed application agreement in accordance with 40 CFR Part E, Section 1452, and as the Federal funds are available for this purpose.
5. EPA will provide Federal grant funds to the DWSRF in accordance with the jointly developed payment schedule as a condition of the capitalization grant.
6. EPA may provide technical assistance to OHA as needed and will be available to assist OHA in developing and conducting in-servicing training programs and will provide advice and consultation.
7. OHA, upon receiving its capitalization grant, agrees to manage the DWSRF program in accordance with this OA, the terms of the grant agreement, the SDWA as amended, 40 CFR Part E Section 1452, and applicable regulations.
8. EPA will allow OHA as much discretion and flexibility in implementing and managing a DWSRF program as is permissible under the SDWA, the regulations and EPA policy/guidance.
9. EPA will oversee the State's DWSRF program to assure compliance with the SDWA, regulations and EPA policy/guidance. Generally, specific projects for

which the State has provided financial assistance will not be reviewed, except during an annual review. If evidence of non-compliance with the applicable requirements exists, EPA may conduct specific project reviews.

If the annual review or audit reveals that the State has not complied with its capitalization grant agreement or other requirements under Section 1452, EPA will notify the State of such non-compliance and prescribe the necessary corrective action. Failure to satisfy the terms of the capitalization grant agreement, including unmet assurances or invalid certifications, is grounds for a finding of non-compliance.

C. State Assurances and Certifications

The State is responsible for providing assurances in the capitalization grant agreement on how it will comply with those assurances or elements of the DWSRF program, as well as other requirements for all DWSRF funding to comply with applicable Federal requirements. In some cases, the State must simply agree or provide certification in the grant application that it will comply with the specifications. In other cases, additional documentation on the procedures by which the State plans to ensure compliance with the specifications must be furnished. This OA documents the State's agreement to many of these requirements. The following addresses the way the State will meet many of these assurances and requirements:

1. State Instrumentality and Authority

The State of Oregon has established a DWSRF created by legislation enacted by the Oregon Legislature. A copy of Oregon's enabling legislation is included in this OA in Attachment #1. This legislation grants OBDD the authority to adopt procedures, rules, and regulations, and establishes that agency as the instrumentality of Oregon to manage and operate the SDWRLF (i.e., Loan Fund) account. The State Attorney General certifies legislation grants powers and authorities necessary to implement and administer the SDWRLF account consistent with the SDWA, as amended.

If more than one State Agency is involved in the DWSRF program, the State will describe the roles and responsibilities of each agency in the grant application. OHA will submit or provide access to a copy of the IAA that describe the roles and responsibilities between state agencies as part of its grant application. The State agrees that the agency that is awarded the capitalization grant must retain ultimate responsibility for properly executing the grant agreement under federal grant regulations (40 CFR 31.3).

2. Establishment of SDWRLF and Non-Project DWSRF Accounts

OHA certifies that the SDWRLF account is a separate account, dedicated solely to providing loans and other forms of assistance for the construction of Section 1452 public water supply systems.

OHA agrees to deposit the capitalization grant in the SDWRLF account except for those portions of the grant that OHA intends to use for non-project (e.g., Set-Asides) authorized under the SDWA (Section 1452 (a)(1)(B)). The State will maintain identifiable and separate accounts for the portions of the capitalization grant to be used for non-project activities. OHA will maintain any paperwork provided by EPA that documents any transfer of funds from the non-project account to the SDWRLF and include this information in its annual report.

3. Payment Schedule

OHA will include in its annual DWSRF grant application a proposed payment schedule.

OHA agrees to accept grant payments in accordance with the negotiated payment schedule.

4. State Matching Funds

Except for payments made from the Federal Fiscal Year (FFY) 1998 appropriations, OHA agrees that State monies in an amount equaling 20 percent of the amount of each grant awarded will be deposited in to Oregon's SDWRLF on or before the date on which the State receives each payment from the grant award or the State will utilize other measures for depositing the State match allowable under Section 1452 of the SDWA. Each annual DWSRF grant application will include details on the source of State matching funds.

State Program Management (SPM) Set-Aside (i.e., 1452(g)(2)) activities no longer require the dollar for dollar (i.e., 1:1 ratio) State match requirement according to the passing of the 2016 WIIN Act.

5. Entering into Binding Commitments with Assistance Recipients

OHA through its IAA with OBDD agrees to enter into binding commitments (financing contracts) with assistance recipients within one year of receiving a capitalization grant payment. Binding commitments (financing contracts) will be in place according to the time frames established by the OBDD and the assistance recipient(s).

6. Expeditious and Timely Expenditures

OHA through its IAA with OBDD agrees to expend all funds in an expeditious and timely manner.

7. Enforceable Requirements of the Act

OHA agrees that all funds available for loans in the SDWRLF account are a result of a capitalization grant (DWSRF grant funds, State match, repayments and interest earned) will be used for projects on the Project Priority List (PPL).

8. Applicable State Laws and Procedures

OHA agrees to commit or expend each quarterly grant payment in accordance with all applicable Federal and State laws, statutes, policies and procedures.

9. State Accounting and Auditing Procedures

OHA has established fiscal controls and accounting procedures sufficient to assure sound accounting procedures promulgated by the Government Accounting Standards Board (GASB). The State of Oregon agrees to follow current procedures in accordance with the general accepted government auditing standards issued by the Comptroller General of the United States.

10. SDWRLF Assistance Recipient Accounting and Audit Procedures

OHA agrees that it will require SDWRLF assistance recipients to maintain project accounts in accordance with “generally accepted government accounting principles.” This requirement has been implemented and will continue to be implemented through an existing condition in the financial assistance agreement.

OBDD continues to implement financial oversight of all funded projects. See their contract language excerpt below:

a) Financial Records

The Recipient shall keep accurate books and records for the revenues and funds that are the source of repayment of the Loan, separate and distinct from its other books and records, and maintain them according to generally accepted accounting principles established by the Government Accounting Standards Board in effect at the time. The Recipient shall have these records audited annually by an independent certified public accountant, which may be part of the annual audit of all records of Recipient.

b) Inspections; Information

The Recipient shall permit the OBDD and any party designated by OBDD, the Oregon Secretary of State's Office, the federal government and their duly authorized representatives: (i) to inspect, at any reasonable time, the property, if any, constituting the Project; and (ii) at any reasonable time, to inspect and make copies of any accounts, books and records, including, without limitation, its records regarding receipts, disbursements, contracts, investments and any other related matters, and financial statements or other documents related to its financial standing. The Recipient shall supply any related reports and information as OBDD may reasonably require. In addition, Recipient shall, upon request, provide OBDD with copies of loan documents or other financing documents and any official statements or other forms of offering prospectus relating to any other bonds, notes or other indebtedness of Recipient that are issued after the date of this Contract.

c) Records Maintenance

The Recipient shall retain and keep accessible all books, documents, papers, and records that are directly related to this Contract, the Project or the Financing Proceeds for a minimum of six years, or such longer period as may be required by other provisions of this Contract or applicable law, following the Project Closeout Deadline. If there are unresolved issues at the end of such period, Recipient shall retain the books, documents, papers and records until the issues are resolved.

11. Biennial Report and Annual Audit

OHA agrees to submit an Annual Report to the EPA on the use of funds and how the State has met the goals and objectives for the previous state fiscal year as identified in the IUP for the previous year. The scope of the report covers the SDWRLF and all other non-Fund activities undertaken by the State using funds in the DWSRF program. The contents of the report will conform to what is outlined in Section VI.A., of the "Final Guidelines for Implementation of the DWSRF Program (Fed Reg Vol. 63, No. 214)." The State of Oregon may have an independent audit by the State's Auditor (Secretary of State, Audits Division), of the program as part of the State's Statewide Single Audit (OMB A-133).

12. Environmental Review (ER)

OHA agrees that binding commitments on DWSRF projects will require that the recipient completes the necessary environmental review process and the review is approved by OHA.

OHA has an approved SERP for the DWSRF Program. The SERP documentation, in accordance with Section IV.B., of the “Final Guidelines for Implementation of the DWSRF Program (Fed Reg Vol. 63, No. 214),” is available upon request. The OHA is the State Agency primarily responsible for conducting the appropriate environmental reviews.

13. Intended Use Plan (IUP)

OHA agrees to prepare an annual IUP and to provide for public review and comment on the IUP. OHA agrees to include the annual IUP with the annual application for the DWSRF capitalization grant. This IUP shall include a list of projects proposed for assistance, long-term and short-term goals of the DWSRF program, information on DWSRF activities to be supported, criteria and methods for distributing DWSRF funds, and assurances and specific proposals. The State will provide the IUP and attach information in accordance with Section 1452 and in a format mutually agreeable to OHA and EPA’s Regional Administrator. OHA agrees to expend all DWSRF program funds in accordance with the IUP.

14. Repayment to the Fund

OHA agrees that all principal and interest payments on loans and returns on invested project SDWRLF funds will be credited directly to the SDWRLF account.

15. State Technical Capability

OHA agrees to provide documentation demonstrating that it has adequate personnel and resources to establish, operate and manage the DWSRF program as part of the annual capitalization grant application package.

16. Compliance with Applicable Federal Cross-Cutting Authorities

OHA agrees that as a condition of receiving project funds, recipients must comply with applicable federal cross-cutting authorities in existence at the time that a loan recipient receives a binding commitment from the SDWRLF. OHA agrees to inform EPA when consultation or coordination is necessary to resolve issues regarding compliance with those requirements.

The crosscutters will apply to an amount of funds equaling at least the amount of the Federal grant. OHA through its IAA with OBDD will determine which “equivalency” projects will be subject to federal crosscutters. OHA agrees that it will remain ultimately responsible for ensuring that assistance recipients comply with all applicable crosscutters. OHA acknowledges that applicable laws may change with time.

17. Procedures to Assure Borrowers have Dedicated Source of Repayment

Under the new IAA, OHA agrees to ensure that OBDD will make determinations whether an applicant has the ability to repay a loan according to its terms and conditions, prior to making that loan. OHA will also ensure that OBDD will develop criteria to evaluate an applicant's financial ability to repay the loan, in addition to being able to pay for operation and maintenance costs, and other necessary expenses.

18. Capacity Development Authority

OHA has legal authority to ensure that all new community water systems and new non-transient, non-community water systems commencing operation after October 1, 1999, demonstrate technical, managerial, and financial capacity in accordance with Section 1420 of the SDWA. EPA has the legal authority to withhold DWSRF funds under Section 1452 (a)(1)(G)(i) if the State has not established a Capacity Development Program.

19. Operator Certification

OHA administers an Operator Certification Program for operators of community water supply systems and non-transient, non-community water supply systems in accordance to Section 1419 of the SDWA. EPA has the legal authority to withhold DWSRF funds under Section 1452 (a)(1)(G)(ii) if the State does not have an Operator Certification Program in accordance with Section 1419.

20. Review of Technical, Financial, and Managerial Capacity of Assistance Recipients

OHA has implemented a method to review and evaluate the technical, financial, and managerial capacity of assistance recipients. OHA may revise this methodology from time to time as experience is gained.

In addition, on March 30, 2012, the States received a memorandum "Implementation of Capacity Development and DWSRF Programs to Reflect the New Enforcement Policy (ERP) and Enforcement Targeting Tool (ETT)" from the EPA with new mandated requirements to be implemented in to State's existing Capacity Development Programs. OHA has incorporated these requirements into its Capacity Development and DWSRF programs.

21. System to Minimize Risk of Waste, Fraud, Abuse and Corrective Action

OHA agrees to devise and institute measures which will alert its staff to project deficiencies as they emerge, and which will set forth state actions to correct such

deficiencies as quickly as possible so as to preclude the need for corrective action by the EPA. If the recipient of financial assistance from the State's SDWRLF funds exhibits evidence of waste, fraud or abuse, the State will impose sanctions on the recipient. Section VI.B.3 of the "Final Guidelines for Implementation of the DWSRF Program (Fed Reg Vol. 63, No. 214)" outlines procedures and potential actions to be taken by EPA and OHA in the event non-compliance is determined.

In addition, annually the EPA distributes "Final SRF Procedures" which outlines DWSRF Program requirements following the FFY appropriation announcements.

22. Development and Submittal of a Project Priority Ranking System

OHA and OBDD have a Project Priority Ranking System to determine the annual Project Priority List (PPL) required as part of the IUP, and after public review and comment, it will be submitted as part of the capitalization grant application. This system describes by-pass procedures which clearly identify the conditions that allow a project to be by-passed and the way OHA and OBDD will identify which projects by-passed will receive the funds.

D. Financial Administration of the Fund

1. Assistance Provided by the DWSRF and the SDWRLF Account

OHA certifies that only the types of assistance authorized under Section 1452 of the SDWA and the current "Program Guidelines and Handbook" will be awarded. The type of assistance for each DWSRF project shall be identified in the IUP and/or the Annual Report.

a) Direct Loans

OHA shall require loans for projects to be made only if all principal and interest payments on loans are credited directly to the SDWRLF. The annual repayment of principal and payment of interest will begin no later than one year after project completion. Most loans will fully amortize not later than 30 years after project completion. Each loan recipient will establish one or more dedicated source of revenue repayment for the loan. Where construction of a project will be phased or segmented, loan repayment requirements apply to the completion of individual phases or segments.

b) Refinancing

The SDWRLF may buy or refinance local debt obligations at or below market rates where the initial debt was incurred and construction initiated after July 1, 1993.

c) Guarantee or Purchase Insurance

The DWSRF may guarantee local debt obligations where such action would improve credit market access or reduce interest rates. The DWSRF may also purchase or provide bond insurance to guarantee debt service payment.

d) Guarantees DWSRF Debt Obligations

The DWSRF may be used as security or as a source of revenue for the payment of principal and interest on revenue or general obligation bonds issued by the State provided the net proceeds of the sale of such bonds are deposited in the DWSRF.

e) Earn Interest on Fund Accounts

The SDWRLF may earn interest on SDWRLF project accounts.

f) Administrative

OHA may use up to, but no more than four percent (4%), of the capitalization grant for costs of administering the DWSRF program. A separate account must be established for the use of the 4% Administrative Expense Set-Aside. Allowable administrative costs include: All costs incurred for management of the DWSRF program and for management of projects receiving financial assistance from the SDWRLF account. Reasonable costs unique to the DWSRF, such as costs of servicing loans and issuing debt, DWSRF program start-up costs, financial management, and legal consulting fees, and reimbursement costs for support services from other state agencies are also allowable. Expenses incurred issuing bonds guaranteed by the DWSRF, including costs of ensuring the issue, may be absorbed by the proceeds of the bonds and need not be charged against the 4% administrative costs ceiling. The net proceeds of those issued must be deposited in the SDWRLF.

g) Leveraging

The SDWRLF account may be used for leveraging. At such time as the leveraging of funds is determined to be appropriate, a proposed leveraging plan will be submitted to EPA for review and approval.

2. Process

a) Binding Commitments

OHA through its IAA with OBDD agrees to enter into binding agreements with assistance recipients under the DWSRF program. Binding commitments must be made in an amount equal to each quarterly grant payment and proportional state match, within one year after receipt of each grant payment. Projected schedules for commitment of SDWRLF funds to specific projects shall be provided in the annual IUP.

b) Payments

i. State Match

OHA agrees that state monies in an amount equal to at least twenty percent (20%) of each capitalization grant award will be deposited into the SDWRLF. The money may be made available from any or all of the following sources: State appropriations, state issued General Obligation bonds, revenues from state taxes or assessments and funds maintained in other state accounts. The source of the state match will be specified in the grant application and/or the Annual Report.

The 20% state match will be deposited in the SDWRLF account on or before the date such payments are provided under the Automated Clearinghouse (EPA-ACH) Payment System.

ii. EPA-ACH Payment System

OHA agrees to use the EPA-ACH Payment System and will follow EPA-ACH Payment System procedures indicated in the EPA-ACH Payment System Recipients' Manual, http://www.epa.gov/ocfo/finservices/recipient_manual.pdf.

EPA will authorize payments from ACH as provided for in the payment schedule as shown in the assistance agreement. Once a payment has been made by increasing the amount of funds available for cash draw in the ACH Payment System, EPA will not reduce that amount. OHA agrees to keep DWSRF cash draws separate from those of any other programs. OHA agrees to follow those EPA-ACH Payment System procedures specific to the DWSRF program listed in Exhibit J of the EPA-ACH Payment System Recipients' Manual.

iii. Payment Timing

The schedule of payments is based on the projected schedule for binding commitments included in the State's annual IUP and/or Annual Report.

iv. Separate Account

The SDWRLF Project Account is a separate account within the State's DWSRF program dedicated solely to providing loans to eligible public water systems.

c) Cash Draws

i. Rules of Cash Draw

Cash draws from the EPA-ACH Payment System are limited by the payment schedule shown in the assistance agreement and the rules of the cash draw. Money will be transferred to the DWSRF from the U.S. Department of Treasury in accordance with established EPA-ACH Payment System procedures. OHA agrees to make cash draws in accordance with the Payment Schedule as illustrated and submitted in its annual DWSRF grant application.

Loans

OHA may draw cash from the DWSRF-ACH when the SDWRLF receives a request from a loan recipient, based on incurred costs, including pre-construction and construction costs.

Refinancing and Purchase of Local Debt

For completed construction, cash draws will be made at a rate no greater than equal amounts over the maximum number of quarters that capitalization grant payments are made, and up to the portion of the DWSRF-ACH committed to the refinancing or purchase of the local debt. Cash draws for incurred building costs will generally be treated as refinanced costs. For projects or portions of projects that have not been constructed, cash may be drawn based on incurred construction costs according to the rule for loans.

For Bond Insurance

Cash draws will be made as premiums are due.

For Guarantees

In the event of an imminent default in debt service payments on a guaranteed or secured debt, OHA can draw cash immediately up to the total amount of the DWSRF-ACH that is dedicated to guarantee or security.

For Leveraging

If used, cash draws will be made in accordance with State leveraging plan submitted to the EPA for review and approval.

d) Disbursements

i. Process

OHA agrees to disburse funds from the DWSRF project account (i.e., SDWRLF) and Set-Aside accounts as costs are incurred.

ii. Construction Progress

OHA through its IAA with OBDD agrees to ensure that periodic inspections are conducted to review construction progress in order to coordinate outlay requests. Construction inspections and outlay procedures will be documented by the State.

e) Transfer of Funds to/from Clean Water SRF

A State may transfer up to a third of the amount of its DWSRF capitalization grant to its CWSRF or an equivalent amount from its CWSRF capitalization grant to its DWSRF (Title III, Section 302 of the SDWA Amendments of 1996). The State agrees to identify, document, and justify whatever transfers take place by submitting a plan for EPA review and approval.

E. Program Administration

1. Staffing and Management

OHA agrees to maintain the staff and other necessary resources to effectively administer the DWSRF program.

2. Accounting and Audit Procedures

OHA agrees to use an accounting system which meets applicable Federal regulations and policies regarding grants to States. The accounting system will

properly identify and relate State costs to the operation of the DWSRF program. To ensure that the accounting system properly reflects the full range of cost reporting needs of the program and provides for an audit trail with clearly definable bench marks, an auditor from EPA's Office of Inspector General (OIG), or a senior accountant from the financial management office of the Region may review and concur in the system's framework and operation.

OHA may have independent reviews of the DWSRF and the operation of the DWSRF. Such reviews will follow procedures in accordance with general accepted government auditing standards issued by the Comptroller of the United States. The engagement report will be submitted to the Regional Administrator, with a copy sent to EPA's OIG.

EPA agrees to notify OHA within 90 calendar days as to the technical adequacy of any audit report and its findings.

3. Fund Perpetuity

OHA agrees to consider the long-term health and viability of the fund when selecting its mix of project categories for SDWRLF funding. Each year, OHA and OBDD through the IAA will assess the financial health of the SDWRLF by examining fund balances, sources of funds, and repayment stream and revise procedures as necessary to promote fund perpetuity.

4. Fund Maintenance

OHA agrees to maintain the investment of cash in the same manner as it maintains other cash reserves.

F. Project Management and Review Procedures

Project management and DWSRF management regulations and procedures (including project review procedures) are to be followed by OHA in administering projects under the DWSRF program as set forth in Oregon's current "Program Guidelines and Handbook" and applicable administrative rules and statutes. OHA through its IAA with OBDD agree to review projects in accordance with those criteria and to document thoroughly the project file confirming that review.

G. Development of the Intended Use Plan (IUP)

Each year, an IUP will be developed and presented for public review and comment prior to submission to the EPA. To determine which projects should be funded, the most up-to-date PPL as developed under the established priority system will be reviewed.

Allocation of SDWRLF funds among these projects is a three-step process. The type of financial assistance needed for each community is determined, the source and limits of all that fiscal year's funds are identified, and the SDWRLF funds are allocated among the projects, consistent with the amount available and the financial assistance needed. Refer to the IUP for charts, figures, and any programmatic updates for the current year.

The required items of the IUP are described in detail in Section I.B., of the "Final Guidelines for Implementation of the DWSRF Program (Fed Reg Vol. 63, No. 214)." The IUP is the central component of the capitalization grant application (Section 1452 (b)), which describes how the State intends to use available funds for the year to meet the objectives of the 1996 SDWA amendments.

OHA will provide IUP information in a format and a manner that is consistent with the needs of the EPA Regional Office. OHA will prepare an IUP as long as the DWSRF program remains in operation, not just in those years in which the State submits an application for a Federal capitalization grant.

The IUP will include, but not be limited to the following:

1. List of projects, including description and size of community
2. Description of the criteria and method for the distribution funds
3. Description of financial status of the DWSRF
4. Description of the future years of the Program
5. Description of the amount transferred between the DWSRF and CWSRF
6. Description of the non-SDWRLF project activities, and percentage of funds that will be funded from the DWSRF capitalization grant, including DWSRF Set-Asides.
7. Description of how a State will define a "disadvantaged" system and the amount of SDWRLF funds that will be used for this type of loan assistance.
8. Documentation, certification and agreement to Assurances and proposals in the areas including, but not limited to: Environmental Review; Federal Crosscutters; Binding Commitments; and Timely expenditures.

As part of the IUP, OHA agrees to identify what portion of the capitalization grant will be used for Set-Aside activities. OHA agrees to establish separate Set-Aside

account(s) in order to accept these targeted funds. OHA also agrees to provide the same level of detail for projects funded through the Set-Aside accounts as is required for the SDWRLF itself.

III. REPORTING AND REVIEW

A. Biennial Report / Annual Report

OHA agrees to complete and submit an Annual Report to meet the Biennial/Annual reporting requirement (Section 1452 (g)(4)). The Report details information on how the State has met the goals and objectives of the previous state fiscal year as stated in the IUP and grant agreement. The contents and required elements of the Annual Report will conform in accordance with Section VI.A.1 of the “Final Guidelines for Implementation of the DWSRF Program (Fed Reg Vol. 63, No. 214).” The Annual Report is required for the life of the DWSRF program. Report submittal date will be included in the grant agreement. At a minimum, this report shall provide information as specified in the “EPA Federal Register’s Interim Final Rule (40 CFR Part 35).” It shall identify loan recipients, loan amounts, loan terms, project categories, progress of activities funded with Set-Aside dollars, and other details as negotiated between OHA, OBDD and EPA with emphasis on how it has met the goals set forth in the IUP and the financial health of the DWSRF program.

B. Annual Audit

The State of Oregon may conduct and submit an annual financial review in order to assure adequate financial management of the program in accordance with Section VI.A.2 of the “Final Guidelines for Implementation of the DWSRF Program (Fed Reg Vol. 63, No. 214).”

C. Annual Review

OHA and EPA will jointly plan the annual review process. An effective review requires the help and support of OBDD, DEQ, and the Office of Financial Services (OFS). However, EPA is responsible for determining whether federal requirements are adhered to and for assessing progress toward national goals and objectives. The Regional Administrator (RA) will complete the annual review according to the schedule established in the grant agreement.

In addition to the Annual Report, the IUP, and any financial reviews or audits, OHA agrees that other records the RA and EPA may reasonably require will be made available to use in conducting the annual review of the DWSRF program.

D. Sanctions and Compliance

1. Corrective Actions

If EPA determines that the State has not complied with the terms of the capitalization grant, this OA, or the IUP, the RA will notify OHA of the non-compliance and of the corrective action necessary. OHA will take corrective action or submit a plan to the EPA within 60 days that will lead to compliance.

If within 60 days of receipt of the non-compliance notice, OHA fails to take the necessary actions to obtain the results required by EPA, or provide an acceptable plan to achieve the results required, EPA may withhold future EPA-ACH System payments to the DWSRF until the State has taken acceptable actions. Once OHA has taken corrective action satisfactory to EPA, any withheld payments will be released and scheduled payments continued.

If OHA fails to take the necessary corrective action deemed adequate by EPA within twelve months of receipt of the original notice, any withheld payments shall be de-obligated and re-allotted to other States.

If EPA determines that capitalization grant funds were subject to waste, fraud or abuse, the capitalization grant may be recovered under procedures outlined in 40 CFR Part 31.

2. Disputes

The “disputes” provisions of 40 CFR Part 31, Subpart F shall be used for disputes involving EPA disapproval of an application or a capitalization grant, as well as disputes arising under a capitalization grant, including suspension or termination of assistance.

E. National Reporting Needs

Annually, OHA will provide the EPA with a specified set of project-level data in its PPL, IUP, Annual Report, and other information negotiated between the EPA and OHA.

F. Records and Data Management

1. Files

Under the IAA with OHA, OBDD will receive and review project documents from assistance applicants. These documents, together with OHA and OBDD review memos and the summary checklists, will be filed in official project files

maintained by OHA. OBDD will maintain the official financial review files and the project loan agreements. The project files shall be made available to the EPA for review based on reasonable notice by the EPA. It is expected that the files would be reviewed on a sample basis in conjunction with on-site visits scheduled as part of the Annual Review or otherwise to monitor OHA's management of the DWSRF funds.

2. Records Retention

OHA through its IAA with OBDD will retain project files in accordance with 40 CFR Part 31. The State will arrange for the storage of certain records for a period if the repayment period on any DWSRF assistance, and otherwise in accordance with State law. All records will be retained by the State for the period agreed upon for repayment, plus three (3) years following completion of repayment.

3. Access to Records

Access to all records in the possession of OHA will be in accordance with State laws governing access to information. Access to all records in the possession of the EPA will be in accordance with the U.S. Freedom of Information Act, P.L. 93-502.

Information related to the capitalization grant agreement and supporting documents located in the EPA Regional Office is available from EPA in accordance to the U.S. Freedom of Information Act.

4. National Information Management System (NIMS)

A National Information Management System (NIMS) was developed by EPA in conjunction with the States for compiling a comprehensive and consistent set of data quantifying DWSRF activities. OHA agrees to enter relevant DWSRF information into the system when required to or as needed.

EPA will have access to information in the system as needed but will not be able to modify State entered data. EPA will utilize this information to assess the Program on a national basis and to monitor OHA progress annually. The Regional Offices will use the information to assist in conducting annual reviews.

a) Public Benefits and Reporting (PBR)

EPA has developed the Public Benefits and Reporting (PBR) tool for project tracking. OHA agrees to enter relevant DWSRF information in to the PBR system, including adding new projects in the month following execution of an assistance agreement.

b) Federal Funding Accountability and Transparency Act (FFATA)

OHA also agrees to enter relevant Federal Funding Accountability and Transparency Act (FFATA) information into the FFATA Subaward Reporting System (FSRS) as required.

IV. REVISING THE OPERATING AGREEMENT (OA)

A. Amendments

This OA may be amended at any time by mutual agreement between the authorized signatories in writing. Revisions will be particularly considered following reviews of the Annual Report and/or Audit.

B. Designated Officials

All revisions regarding modifications to any attachment or procedures shall be through the designated officials indicated below.

Items significantly altering the OA and which effect program changes, may be implemented through the agreement of the designated officials named here or their successors:

1. For OHA: Andre Ourso, JD
Administrator, Center for Health Protection
Oregon Health Authority
2. For EPA: Chris Hladick
Administrator, Region 10
U.S. Environmental Protection Agency

Items not altering the OA, but involve changing implementation or review procedures, may be implemented through the agreement of the designated officials named here or their successors:

1. For OHA: André Ourso, JD, MPH
Administrator, Center for Health Protection
OREGON HEALTH AUTHORITY
2. For EPA: Karen Burgess, PE
Chief, Groundwater & Drinking Water Sections
Region 10
U.S. Environmental Protection Agency

V. EXECUTION

A. Authority

The authority for this OA is found in the Oregon Revised Statutes (ORS) Chapter 448.

40 CFR Part E is the federal regulatory authority for the DWSRF program. Should any conflicts result between the federal regulations and the OA, the federal regulations will take precedence.

B. Effective Date and Signatures

This OA will be effective commencing on _____
Date

Administrator, Region 10
U.S. Environmental Protection Agency

Administrator
Oregon Health Authority

Oregon Department of Justice
Approved via email by:
Erin Williams, AAG DATE