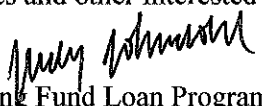


**Date:** December 30, 2009

**To:** All Oregon Public Agencies and other Interested Parties

**From:** Judy Johndohl, Manager   
Clean Water State Revolving Fund Loan Program

**Subject:** 2010 federal funding and Oregon's Clean Water State Revolving Fund Loan Program

The Department of Environmental Quality's (DEQ) Clean Water State Revolving Fund (CWSRF) Loan Program continues to provide low-interest loans to Oregon communities and other public agencies for various types of water quality improvement projects. DEQ has loaned more than \$750 million for projects throughout the state since the program was established in 1990. The following entities are considered public agencies eligible to receive loans through the CWSRF program: cities, counties, tribal governments, sewer and sanitary districts, various special districts, irrigation districts, soil and water conservation districts and intergovernmental entities created by units of local governments.

Congress continues to recognize the need for water quality improvement projects and has increased funding to state CWSRF loan programs for federal fiscal year 2010. Congress appropriated \$2.1 billion nationally in October for CWSRF programs, and this increased appropriation will provide Oregon with about \$23 million in federal funds for local loans. Congress is also currently considering a jobs creation bill which, if signed, is expected to provide another \$11 million for Oregon's CWSRF loan program. A portion of the 2010 appropriation and all funds from the proposed jobs creation bill will require the CWSRF program to provide a certain amount of additional subsidization to eligible recipients and to use 20 percent of the funds for green projects (green infrastructure, water or energy efficiency improvements or other environmentally innovative projects). The proposed jobs creation bill also requires an expedited use of those funds within eight months after the bill is enacted. All applicants who submitted an application for eligible projects do not need to resubmit an application to qualify for this additional funding.

The American Recovery and Reinvestment Act of 2009 created a great demand in Oregon for project funding from the CWSRF loan program. With increased federal funding for 2010, DEQ believes there will continue to be significant interest from applicants to apply for CWSRF loans. It is imperative for applicants to understand what documentation is needed and requirements that must be met to obtain a low-interest CWSRF loan when applying for funding. Even though required documentation (particularly the environmental review) can add time and expense to a project, we believe DEQ's below-market interest rates make pursuing funding through our program worthwhile for communities addressing water quality issues.

DEQ accepts and processes loan applications year-round. Applicants are encouraged to consult with their DEQ CWSRF regional Project Officer (listed on next page) when putting together an application. Funding of approved projects is dependent on the amount of funds available and a project's score when ranked against other projects.

#### **Eligible Projects**

- **Point Source** - These projects include wastewater system plans and studies, upgrades to existing wastewater treatment facilities or collection systems, new wastewater facilities, sewer replacement, combined sewer overflow correction and stormwater projects under certain circumstances.
- **Nonpoint Source** - Possible nonpoint source projects include, but are not limited to, irrigation system improvements, septic system repairs, conservation tillage, riparian habitat restoration, source water protection or storm water best management practices.

- **Estuary Management** - Estuary management projects within the Tillamook Bay Estuary and the Lower Columbia River Estuary include planning or implementing activities that benefit water quality.
- **Planning** – May include water quality monitoring, data collection and measurement, evaluation, analysis, security evaluations, report preparation, environmental review, public education and review process and any other reasonable activity leading to a written plan.

**Loan Rates and Terms**

Oregon law requires that CWSRF loans be offered at interest rates ranging from as low as zero percent and up to the current market rate. Current interest rates range from 1.1 percent to 2.9 percent depending on the term of the loan. Different interest rates and other financial terms apply to different types of loans and to loans of differing repayment periods. Rates are adjusted quarterly, based on the average Bond Buyer rates of the previous quarter, as published by the Federal Reserve. Once a loan is signed, the interest rate is fixed for the life of the loan. Below are the interest rates through the end of 2009 and we believe that interest rates will remain stable through the first quarter of 2010.

Loan Type	Repayment Term	Annual Interest Rate	Annual Fee
Planning	5 years	1.13%	No
Design/Construction	5 years	1.13%	Yes*
Design/Construction	10 years	2.49%	Yes*
Design/Construction	15 years	2.72%	Yes*
Design/Construction	20 years	2.95%	Yes*
Local Community Loan	10 years	2.27%	Yes*
Sponsorship Option	5-20 years	Minimum rate: as low as 1%	Yes*

\*There is an annual fee of 0.5% per year on the unpaid balance.

**Contact Information**

Oregon public agencies who have identified water quality improvement projects should contact their DEQ CWSRF regional Project Officer listed below to discuss CWSRF funding. Applications and additional documents are also available on DEQ’s CWSRF website at: <http://www.deq.state.or.us/wq/loans/loans.htm>

Clatsop, Columbia, Tillamook, Washington, Multnomah, and Clackamas counties	Yamhill, Lincoln, Polk, Marion, Linn, Benton, Lane, Douglas, Coos, Curry, Josephine and Jackson counties	Hood River, Wasco, Sherman, Gilliam, Morrow, Umatilla, Union, Wallowa, Jefferson, Wheeler, Grant, Baker, Deschutes, Crook, Klamath, Lake, Harney and Malheur counties
<p><b>Manette Simpson</b> 503-229-5219 FAX: 503-229-6957</p> <p>E-Mail: <a href="mailto:Simpson.manette@deq.state.or.us">Simpson.manette@deq.state.or.us</a></p>	<p><b>Jaime Isaza</b> 541-687-7341 FAX: 541-686-7551</p> <p>E-Mail: <a href="mailto:isaza.jaime@deq.state.or.us">isaza.jaime@deq.state.or.us</a></p> <p><b>Bob Haberman</b> 541-687-7359 FAX: 541-686-7551</p> <p>E-Mail: <a href="mailto:haberman.bob@deq.state.or.us">haberman.bob@deq.state.or.us</a></p>	<p><b>Shanna Olson</b> 541-278-8681 FAX: 541-278-0168</p> <p>E-Mail: <a href="mailto:olson.shanna@deq.state.or.us">olson.shanna@deq.state.or.us</a></p>