



O K L A H O M A
DEPARTMENT OF ENVIRONMENTAL QUALITY

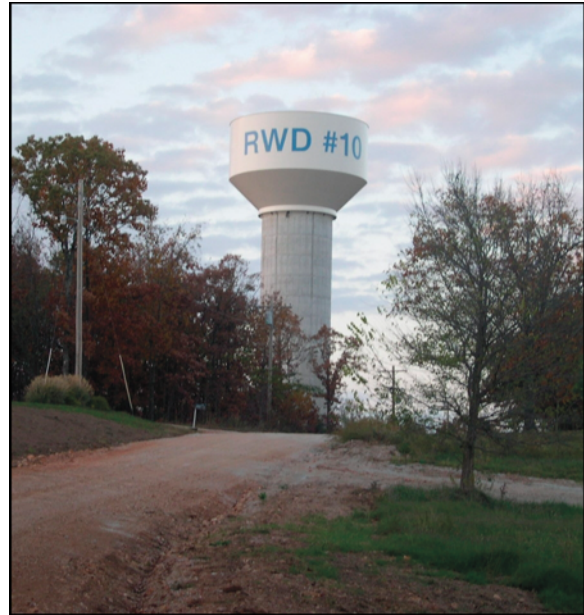
...for a clean, attractive, prosperous Oklahoma

OKLAHOMA

Department of Environmental Quality

Drinking Water State

Revolving Fund



State Fiscal Year 2005

Intended Use Plan For the 2005 Capitalization Grant

Effective 7-1-2004 Through 6-30-2005

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I. INTRODUCTION

The Safe Drinking Water Act (SDWA) Amendments of 1996 authorized a Drinking Water State Revolving Fund (DWSRF) program to assist public water systems in financing the cost of replacement and repair of drinking water infrastructure to achieve or maintain compliance with the SDWA requirements and to protect public health. The DWSRF program will help insure that drinking water supplies remain safe and affordable and that the systems that receive funding will be properly operated and maintained.

The SDWA places a strong emphasis on preventing contamination rather than reacting to problems. Central to this emphasis is the development of state prevention programs including source water protection, capacity development, and additional requirements for operator certification. To fund these activities, the SDWA allowed not only the creation of the loan fund but also four set-aside accounts to fund the following state activities:

ACTIVITIES FUNDED BY SDWA

1. Administration of DWSRF;
2. Small System Technical Assistance Program;
3. State Program Management; and
4. Local Assistance and other State Programs.

As required by the SDWA, the State of Oklahoma, through the Department of Environmental Quality (DEQ) is required to prepare this annual Intended Use Plan (IUP) in order to identify the set-aside programs and DWSRF loan projects that will utilize the funds available to the DWSRF. This IUP is prepared for State Fiscal Year 2005 (FY 05) (July 1, 2004 – June 30, 2005) and identifies those sources and uses of available program funds. For the purpose of the DWSRF and this IUP, the fiscal year identified is the State FY 05 ending June 30, 2005. The capitalization grants and state matching funds to fund these activities are from prior fiscal years and the Federal Fiscal Year 2005 (FFY 05) (October 1, 2004 – September 30, 2005) appropriation.

To ensure that the public has an opportunity to review DEQ's proposed plans for the DWSRF, a draft IUP will be made available before the IUP public meeting scheduled for May 24, 2004. To ensure that interested parties are made aware of the public meeting date, DEQ posted notice on the DEQ web-site and distributed announcements to a mailing list of public water systems, state and federal agencies, environmental organizations, public health officials, consulting engineers, financial consultants, and interested citizens. The public comment period will remain open until June 24, 2004.

As a result of federal appropriations to the State, the DEQ has received federal capitalization grants totaling \$98,474,100 from FY 97 through FY 04. DEQ will apply for approximately \$12,833,800¹ from the FFY 05 appropriation. This IUP considers the total of repayments and interest earnings, state match, capitalization grants less set-asides, and leveraged revenue bond funds, to be available for project loans and obligation to state match notes. These federal and state funds will be utilized by the DEQ in accordance with the purpose identified in this IUP. The state is required to provide 20% matching funds for each capitalization grant as the federal payments are received for DWSRF projects. Table I reports the sources of funds available to the DWSRF program and their intended uses.

Since it is possible that federal funds for loans from the 2005 capitalization grant and the state matching funds will not be available to obligate until FY 06, applications from projects on the fundable portion of the DWSRF Project Priority List will be processed in the order they are received. Funds that we expect to be available during FY 05 will be reserved for the highest priority systems on the fundable portion of the project priority list. Any projects that are not funded during FY 05 may be considered for funding during FY 06.

¹ Based on the updated state allotment published in the Federal Register on May 18, 2001 and an estimate of the President's proposed FY 05 budget.

TABLE I
Financial Status of DWSRF Program

ACCOUNT	TOTAL FUNDS (FY 1997-FY2004)	FEDERAL FUNDING (FFY 2005 Projection) ¹	STATE FUNDING (FY 2005 Projection) ²	REVENUE BOND ISSUE FUNDING (FY 2005 Projection)	REPAYMENTS AND EARNINGS (FY 2005 Projection)	TOTAL
DWSRF LOAN ACCOUNT						
<i>Revenue</i>						
Total Federal and State Funding	100,751,186.30	9,497,012.00	2,566,760.00			112,814,958.30
Other Funding Sources	115,327,403.16			100,000,000.00		215,327,403.16
Principal Repayments ³	3,934,974.09				1,750,747.00	5,685,721.09
Interim Loan Refinance	27,861,994.20				10,615,000.00	38,476,994.20
Interest Earnings on Loans	2,826,415.79				1,600,000.00	4,426,415.79
Interest Earnings on Account	594,526.33 ³				9,000.00	603,526.33
Interest Earnings on DW Bond Funds	3,400,000.00 ³				3,400,000.00	6,800,000.00
<i>Obligations</i>						
Obligations on Closed Construction Loans	(77,731,876.90)					(77,731,876.90)
Obligations on Approved Construction Loans	(71,645,089.35)					(71,645,089.35)
Obligations on Closed Refinance Loans	(7,355,557.24)					(7,355,557.24)
Obligations on Approved Refinance Loans	(4,033,839.81)					(4,033,839.81)
Deobligations	770,847.34					770,847.34
Anticipated Interim Loan Refinance					(4,246,000.00)	(4,246,000.00)
Leveraged Bond Reserve Fund Capitalization	(41,877,372.11)			(33,000,000.00)		(74,877,372.11)
<i>Expenses</i>						
Debt Service on Revenue Notes, Series 2001	(2,225,535.38)					(2,225,535.38)
Debt Service Series 2003 Revenue Bonds	(2,339,337.92)				(6,540,537.50)	(8,879,875.42)
Debt Service Series 2004 Revenue Bonds	0.00					0.00
DWSRF Loan Account Total	48,258,738.50	9,497,012.00	2,566,760.00	67,000,000.00	6,588,209.50	133,910,720.00
SET-ASIDE ACCOUNT (FY 2004 Only)						
Administration	513,352.00	513,352.00				1,026,704.00
Small System Technical Assistance	256,676.00	256,676.00				513,352.00
Program Management	1,283,380.00	1,283,380.00				2,566,760.00
Local Assistance/Other State Programs ⁴	1,283,380.00	1,283,380.00				2,566,760.00
Set-Aside Account Total	3,336,788.00	3,336,788.00				6,673,576.00
DWSRF ADMINISTRATION ACCOUNT						
<i>Revenue</i>						
Application Fee	18,450.00				4,000.00	22,450.00
Administration Fee on Loans (0.5%)	506,413.75				162,000.00	668,413.75
Interest Earnings on Account	7,653.18				780.00	8,433.18
<i>Expenses</i>						
Administrative Costs ⁵	(441,376.96)				(144,000.00)	(585,376.96)
DWSRF Administration Account Total	91,139.97				22,780.00	113,919.97

Note 1: The Federal Fiscal Year 2005 Cap Grant amount will be based on the FFY 2005 Budget. The amount listed is an estimate based on the Federal Fiscal Year 2004 Budget and the allocation formula released in May of 2001.

Note 2: Includes projected state match requirement based on FY 2005 Cap Grant (See Note 1) less \$711,647.30 in overmatch provided in prior fiscal years.

Note 3: Estimated numbers through June 30, 2004.

Note 4: Wellhead Protection Set-Aside Program

Note 5: Costs include issuance of the Revenue Notes, Series 2001 and other administrative costs

II. LIST OF PROGRAMS

A. Set-aside Programs

Section 1452 (g) and Section 1452 (k) of the SDWA authorizes set-asides to enable states to implement the requirements of the SDWA. The set-asides are based on a percentage of the capitalization grant as specified in the SDWA. The DEQ will reserve the following amounts in the 2005 capitalization grant for set-asides as follows: 4% for Administration; 2% for Small System Technical Assistance; 10% for Program Management; and 10% for local

Assistance/Other State Programs. Table 2 describes DWSRF Set-aside activities. DEQ has submitted work plans to EPA describing how the specified 2004 capitalization grant set-asides will be expended during FY 05. DEQ will provide work plans for each set-aside to EPA describing how the specified 2005 capitalization grant funds are to be expended during State FY 06.

TABLE 2
DWSRF Set-aside Activities

Set-aside category	Total amount reserved from 2004 grant	Reclaimed credit from old grants	Cumulative amount specified in workplans	Amount of current grant reserved for future use	Total available credit ¹
Admin.	\$ 513,352	0	\$ 513,352	0	\$ 571,833
Tech. Asst.	\$ 256,676	0	\$ 256,676	0	\$ 288,307
St. Prg. Mgt.	\$ 1,283,380	0	\$ 1,283,380	0	\$ 1,440,661
Local Assist.	\$ 1,283,380	NA	\$ 1,283,380	0	\$ 2,160,710
Total	\$ 3,336,788	0	\$ 3,336,788	0	\$ 4,461,511

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

Note 1: Total available credit includes credit from previous grants and credit from the transfer of unexpended funds from the 1997-2003 grants.

DEQ and OWRB can utilize these funds to administer the DWSRF program.

The following describes the four set-asides.

I. DWSRF Administration

Section 1452(g) of the SDWA authorizes states to provide funding for the DWSRF Administration as a set-aside activity. The administration of the fund will be accomplished by DEQ personnel and through an interagency agreement with the Oklahoma Water Resources

Board (OWRB). Administrative tasks include portfolio management; debt issuance; DWSRF program costs; support services; and financial, management, and legal consulting fees.

Title 82 of Oklahoma Statutes, Section 1085.71 through 1085.84A establishes the DWSRF program duties of OWRB and DEQ. The interagency agreement between OWRB and DEQ specifies the responsibilities of each agency in regard to the following tasks: DWSRF capitalization grant application and management; annual joint report to the

Governor and Legislature; biennial report to EPA; preliminary loan applications; final loan applications; letters of binding commitment to loan applicants; bidding and contract documents; loan closings; change orders and other related construction documents; inspections of projects, books, and records; payments; loan terminations; and the return of funds.

As allowed by the SDWA, DEQ reserved and specified an amount equal to 4% of the 2004 capitalization grant for administrative support of the DWSRF. DEQ and OWRB will use an estimated amount of \$513,352 from set-aside funds for FY 05 DWSRF administration. This set-aside is to fund activities that implement, administer, and operate the DWSRF program during State FY 05.

In addition to set-aside funds, at the end of FY 05, it is projected that approximately \$114,000 is available in the DWSRF Administrative Fee Account, which is maintained outside of the DWSRF loan account. DEQ and OWRB can utilize these funds to administer the DWSRF program.

Funds available for administration of the DWSRF program during State FY 05 include the administrative set-aside funds (4%) from the 2004 capitalization grant and the funds available in the DWSRF Administrative Fee Account.

DEQ expects to reserve an amount equal to 4% of the 2005 capitalization grant funds for administrative support of the DWSRF. During State FY 06 DEQ and OWRB will use an estimated amount of \$513,352 from set-aside funds reserved for DWSRF administration. This set-aside will be used to fund activities that

implement, administer, and operate the DWSRF program during State FY 06.

Funds available for administration of the DWSRF program during State FY 06 include unexpended administrative set-aside funds from previous years and funds available in the DWSRF Administrative Account.

2. Small System Technical Assistance

Section 1452(g)(2)(D) of the SDWA authorizes states to provide funding for technical assistance to public water systems serving a population of 10,000 or fewer. The DEQ, through a contract with the Oklahoma Rural Water Association (ORWA) and Community Resource Group will accomplish this technical assistance.

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

Funds available for the Small System Technical Assistance Program during State FY 05 include the 2% set-aside funds from the 2004 capitalization grant.



DEQ expects to reserve 2% of the 2005 federal capitalization grant to fund small system technical assistance activities. Funds in the amount of approximately \$256,676 will be specified to conduct these activities during state FY 06.

3. State Program Management

Section 1452(g)(2) of the SDWA, authorizes states to provide funding to finance State Program Management (SPM) requirements. These requirements are to provide technical assistance to small water systems, to provide technical assistance through source water protection programs, to develop and implement the Capacity Development Strategy, to provide Long Term I Enhanced Surface Water Treatment Rule assistance, and to provide Disinfectant/Disinfection By-products Rule assistance. DEQ personnel will accomplish these tasks.



Delaware County RWD #10- Workers are laying a new water line.

DWSRF set-aside funds cannot be used to reduce the existing state funds supporting the program. EPA allows the use of the FY 93 PWS State overmatch and PWSS match for the PWSS program to be used to meet the 1:1 state match

for the SPM set-aside. However, the rule requires that at least 50% of the funds for the match come from the current year. Therefore, the amount available for the match is \$2,382,030 from the current year plus an equal amount from FY 93 (if available) totaling \$4,764,060. Since the DEQ is only requesting \$1,283,380, the match is easily met.

Delaware County RWD #10-Pictured to the left is a close up of workers fusing a water line.

TABLE 3
Program Management State Match

FFY	State General Revenue	PWS Fees	Operator Certification	Federal Grant	Total PWSS Funds	Total State Match	25% State Match	Amount Overmatch
FY 93	\$859,000	\$1,054,041	\$135,000	\$827,700	\$2,875,741	\$2,048,041	\$275,900	\$1,772,141
FY 04	\$1,139,890	\$1,126,440	\$533,000	\$1,251,900	\$4,051,230	\$2,799,330	\$417,300	\$2,382,030

	FY 1993	FY 2004
PWSS grant	\$827,700	\$1,251,900
PWSS State Match	\$275,900	\$417,300
PWSS State Overmatch	\$1,772,141	\$2,382,030
Current Year SPM Set-aside		\$1,283,380
Current Year Credit	\$4,430,071	\$4,764,060
		\$1,283,380

DEQ will reserve 10% of the 2004 capitalization grant for the State Program Management Set-aside. DEQ may reclaim the unspecified funds from future capitalization grants if additional funds are needed for State Program Management responsibilities.

4. Local Assistance and other State Programs

Section 1452(k) of the SDWA authorizes states to provide funding for Local Assistance and other State Programs. The Local Assistance and other State Programs Set-aside funds will be used to establish and implement wellhead protection programs as allowed under Section 1452(k)(1)(D) of the SDWA.

The DEQ has completed over 1100 Source Water Assessment and Protection plans for drinking water suppliers in the State. The plans define the areas of concern around either drinking water wells and or surface water

sources, determine the potential sources of contamination within those areas, and complete a susceptibility analysis for each source and system. At this point, the DEQ plans on updating each report on an annual basis to ensure that the analyses remain as current as possible. Currently, DEQ field staff provides the interface with local teams to re-evaluate the reports and data on an annual basis. We have already completed our first update.

Funds available for the Local Assistance and other State Programs during FY 05 are unexpended funds reserved from the previous capitalization grants and 10% of the 2004 capitalization grant.

DEQ will reserve and specify 10% of the 2005 capitalization grant for the Local Assistance and other State Programs set-aside. DEQ expects to use these funds for wellhead protection activities during FY 06.

B. Drinking Water State Revolving Fund Projects

I. DWSRF Project Priority System

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

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

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

2. Allocation of Funds

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

- a. Projects of eligible applicants that request financial assistance are ranked according to the Project Priority System and placed on the Project Priority List;
- b. The financial assistance needed for each drinking water project that is ready to proceed is determined;

- c. Sources of unobligated funds available to the DWSRF that are necessary to provide the requested financial assistance are identified;
- d. The highest priority projects that will be ready to proceed during FY 05 are placed on the FY 05 Funding List, included as Appendix C;
- e. Bypass letters are issued to applicants which have projects not ready to proceed according to the Priority Ranking System procedures; and
- f. The consistency with the funds available and the financial assistance requested is determined.

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

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



Delaware County RWD #10- Project Sign

3. Status of Projects on the Fundable Portion of the Priority List

- a. **Duncan:** An engineering report and environmental information document are being prepared.
- b. **Bixby:** An engineering report and environmental information document are being prepared.
- c. **Pott. Co. Dev. Authority:** An engineering report and plans and specifications have been prepared and submitted to the DEQ.
- d. **Bryan Co. RWS & SWMD #2 (II):** An engineering report and environmental information document are being prepared.
- e. **Lawton WA:** An engineering report and environmental information document are being prepared.
- f. **Sallisaw MA (I):** An engineering report and environmental information document have been submitted to the DEQ. Plans and specifications are being prepared.
- g. **Rogers County Rural Water District #6:** An engineering report and environmental information document are being prepared.
- h. **Rogers County Rural Water District #4:** An engineering report and environmental information document are being prepared.
- i. **McCurtain County Rural Water District #6:** An engineering report and environmental information document are being prepared.
- j. **Grove MSA:** An engineering report and environmental information document are being prepared.
- k. **Sayre PWA:** An engineering report and environmental information document are being prepared.
- l. **Pittsburg Co RWD #1 - Longtown:** An engineering report and environmental information document are being prepared.
- m. **Edmond (II):** An engineering report and environmental information document are being prepared.
- n. **Vinita Utilities Authority:** An engineering report and environmental information document are being prepared.
- o. **Owasso PWA:** An engineering report, environmental information document, and plans and specifications have been submitted to the DEQ.
- p. **Frederick PWA:** An engineering report and environmental information document are being prepared.
- q. **Tuttle PWA:** An engineering report and environmental information document are being prepared.
- r. **Guthrie PWA:** An engineering report, environmental information document, and plans and specifications has been submitted to the DEQ.
- s. **Piedmont:** An engineering report and environmental information document are being prepared.
- t. **LeFlore County Rural Water District #9:** An engineering report and environmental information document are being prepared.
- u. **Skiatook PWA:** A revised engineering report and environmental information document are being prepared.
- v. **Kaw Municipal Trust Authority:** An engineering report and plans and specifications have been submitted to the DEQ and an environmental information document is being prepared.
- w. **Miami Special Utility Authority:** An engineering report and environmental information document are being prepared.

4. SRF Available Funds

For FY 05 there is expected to be a total of \$97,945,938.00 available to fund Project Priority List projects. Total funds used and budgeted for set-aside programs are shown in Table 2. The total funds available for the

DWSRF loan program are derived from past capitalization grants and state matching funds, 2005 capitalization grant and state match, investment income, interest income, and revenue bond issue funds, as shown in Table I.

5. Forecasted Use of Overage

The amount of funds carried over from FY 2005 is \$35,964,782.00. The "Delphi" method has been used as a forecasting tool, where loan prospects are assigned a probability of actually becoming loan commitments in FY 2006. The probability is multiplied by the projected loan

amount to arrive at a net amount. The DEQ's DWSRF "Project Priority System," Appendix B, requires that Sallisaw MA (II), Bethany (II), and Ardmore PWA be funded next. Therefore, the anticipated overage will be applied as follows:

<u>PROJECT</u>	<u>LOAN AMOUNT</u>	<u>PROBABILITY</u>	<u>NET AMOUNT</u>
Sallisaw MA (II)	\$20,000,000.00	100.00%	20,000,000.00
Bethany (II)	\$2,100,000.00	100.00%	\$2,100,000.00
Ardmore PWA	\$23,600,000.00	58.75%	<u>\$13,864,782.00</u>
			\$35,964,782.00

III. DWSRF GOAL STATEMENTS

A. Short-term Goals

1. Provide loans to the twenty-three (23) water systems listed on the Fundable Portion of the FY 05 Project Priority List. (Target Completion: June 2005)
2. Apply for 2005 capitalization grant. (Target Completion: April 2005)
3. Complete set-aside work plans specifying funds from the 2005 capitalization grant. (Target Completion: Within 90 days of grant award)
4. Use set-aside funds to complete source water assessments and delineations. (Target Completion: June 2005)
5. Continue to refine the Capacity Development Program.
6. Use set-aside funds to implement Capacity Development Strategy. (Target Completion: June 2005)
7. Use set-aside funds to provide technical assistance to systems to comply with the Long Term I Enhanced Surface Water Treatment Rule and Disinfectant/Disinfection By-product rule. (Target Completion: June 2005)

Assist the State in meeting the total drinking water funding needs by blending DWSRF capitalization grant and state match funds with leveraged DWSRF bond proceeds to provide long-term low-interest drinking water financing. Obtain maximum capitalization of the fund for the State in the shortest time possible. Use set-aside funds along with DWSRF loans to maximize compliance and public health protection. Promote technical, managerial, and financial capability of all public water supply systems. Encourage the consolidation and/or regionalization of small public water systems that lack the capability to operate and maintain systems in a cost-effective manner.

B. Long-term Goals

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

Maintain the fund in perpetuity. Perpetuity consists of maintaining the principal amounts of the state matching funds and capitalization grants, less set-asides, within the DWSRF.



Delaware CO RWD #10- A water line going across a bridge crossing on Grand Lake.

IV. FINANCING PLANS

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

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

A. DWSRF Interest Rates

Beginning with loans closed subsequent to the October 2003 Revenue Bond Issuance, the DWSRF will provide long-term financing loans only for both small and large public drinking water systems at an interest rate equal to 70% of average interest rate on the Revenue Bonds, plus the administration fee. The Series 2003 bonds had an average interest rate of 4.3% resulting in a loan interest rate of 3.0%. Loans funded from the 2003 revenue bonds had an interest rate of 3.0%, plus the 0.5% administration fee. Loans to be funded by the 2004 revenue bonds will have an interest rate equal to 70% of the average interest rate on

Revenue Bonds, plus the administration fee. The DWSRF funds will no longer be used to provide interim construction loan financing until further notice.

The previous financing strategy of 60% of market interest rates (variable or fixed) for small communities and interim construction financing for large communities will continue to apply to any loans closed prior to the October 2003 Revenue Bond Issuance. Additionally, 0% interest DWSRF refinancing loans (blended with OWRB FAP Bond Issue loans) will still be provided to interim construction loan recipients upon project completion. These interim loan recipients include Altus and Edmond.

B. Administration Fees

The OWRB charges an annual administration fee of 0.5% on the unpaid loan balance. Also, OWRB charges an administrative fee upon application filing. This fee is based on the size of the application. If the application is for \$249,000 or less the fee is \$100. If the application is for \$250,000 to \$999,000 the fee is \$250. If the application is for \$1,000,000 or more the fee is \$500. Administrative fees collected are deposited into the Drinking Water Treatment Loan Administration Fund. This fund is a statutory account outside the DWSRF and fees deposited into this fund will be used to offset the future DWSRF administrative expenses of DEQ and OWRB. It is projected that the Drinking Water Treatment Loan Administrative Fund will contain approximately \$114,000 as of June 30, 2005.

C. Binding Commitments

It is anticipated that the DEQ will enter into binding commitments with fifteen (15) small systems and eight (8) large systems during FY 05. Prior to FY 05, 22% of Oklahoma's DWSRF loans were made to small systems; therefore, DEQ exceeded the 15% requirement for DWSRF loan funds to small systems. This is presented in Exhibit I.



Delaware County RWD #10 - Monthly construction and inspection meeting.

Including FY 05, DEQ expects 27% of all DWSRF loan funds committed since inception of Oklahoma's DWSRF program to be for small systems. This is presented in Exhibit 2.

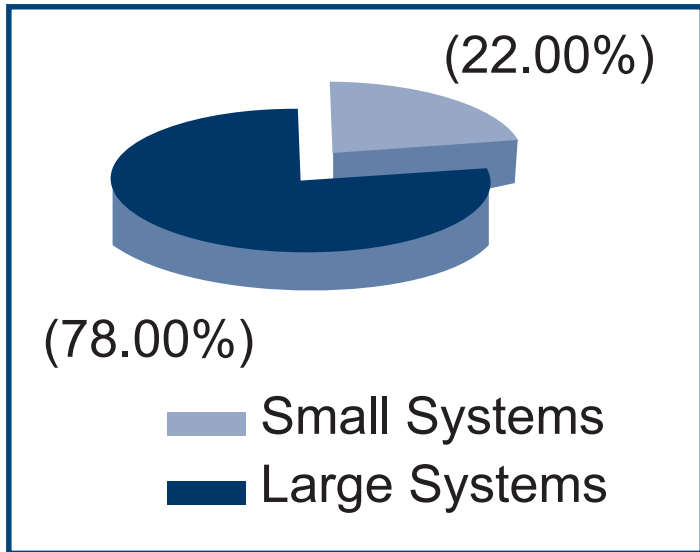


Exhibit 1. DWSRF loan funds committed prior to state fiscal year 2005.

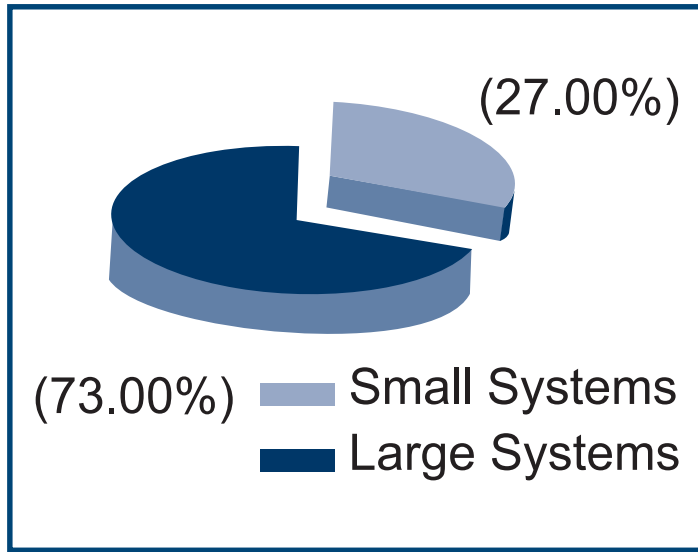


Exhibit 2. DWSRF loan funds committed including projects proposed to be funded in FY 05.

V. ASSURANCES AND SPECIFIC PROPOSALS

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

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

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

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

VI. CRITERIA FOR DWSRF PROJECT SELECTION AND METHOD OF DISTRIBUTION OF DWSRF FUNDS

A. Distribution of Monies

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

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

All funds in the DWSRF will be used to provide direct construction loans, long-term small community loans, or to refinance existing debt obligations of eligible applicants, when such debt obligations were incurred, and the

construction commenced after July 1, 1993, and all program requirements have been met.

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

Set-aside funds are used for the administration of the DWSRF program, to provide small system technical assistance, to manage the State program, to provide local assistance and fund other State programs for water systems. These activities have a direct impact on solving existing problems and preventing future problems. By implementing these programs, the costly need for infrastructure may be reduced. An example is the Small System Technical Assistance Program that provides a water system with training and assistance to operate a plant more efficiently. This will enable the water system to make operational changes to meet the new, more stringent levels for turbidity, THMs and HAA5s, rather than spending funds on costly construction for upgrades that may be unnecessary.

Though using set-asides may take away from the amount of grant funds to be used for loans, the long term plan is to concomitantly implement the set-aside programs with the loan program to provide the best overall assistance to water systems.

The DEQ decides each year on which programs are needed and prepares a budget for each of the programs. Based on the budgets and past history of the program, DEQ determined that

funds ... will be used to provide direct construction loans, long-term small community loans, or to refinance existing debt...

26% of the FY 2005 grant for set-asides was needed to fund the programs for FY 2006. DEQ will provide work plans for each set-aside to EPA describing how the specified 2005 capitalization grant funds are to be expended during FY 2006.

B. Funds Available for DWSRF Projects

As shown in Table I, a total of \$97,945,938.00 will potentially be available during FY 05 for project loans. There is a great need for funding drinking water infrastructure and the current demand for funds by projects that are ready to proceed will justify leveraging of funds.

C. DWSRF Leveraged Bond Issue

Similar to FY 2004, substantial demand for drinking water funds exceeds capitalization grants and state match amounts. The DEQ and the OWRB are proposing to issue DWSRF Revenue Bonds in an estimated amount of \$100 million (subject to change) to finance the additional demand. The Revenue Bonds will be sized based on the amount of identified need, and a portion of the proceeds may include funds for the purpose of providing the state matching funds for the FY 2005 and FY 2006 capitalization grants. The Revenue Bonds may be issued in a single series, or multiple, smaller series as funds are required for eligible project costs. The first series of Revenue Bonds are projected for issuance in September 2004.

D. Description of Financial Status of DWSRF

During FY 2005, the funds expected to be available to the DWSRF include past capitalization grants and state matches, FY 2005 capitalization grant and state match, investment income, interest earnings, loan repayments, and leveraged revenue bond funds. The financial status of the DWSRF is further detailed in Table I.

E. Development of Payment Schedule

The total amount of loan funds and spending limits are identified in the grant payment schedule included as Appendix D. This chart shows the federal payment schedules for loan funds since the beginning of the program and the expected payment schedule for 2005 capitalization grants. These amounts are summarized by quarter and the totals are shown.

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

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

To the extent Capitalization Grant funds are to be disbursed to loan recipients for direct project costs, those funds will be drawn from the EPA's Automated Clearing House (ACH) utilizing a grant specific ratio. A proportionate amount of state match will be expended concurrently or prior to the draw upon Capitalization Grant funds.

To the extent Capitalization Grant funds are to be disbursed to fund the reserve fund requirement of any DWSRF bond issues, those funds will be drawn upon and transferred to the reserve fund only at such times as equivalent eligible expenditures have been incurred by loan recipients. Funds will be drawn no faster than a grant specific ratio where a proportionate amount of state match funds have been expended concurrently or prior to the draw upon Capitalization Grant funds. It is expected that the 2005 Cap Grant will be entirely utilized to meet the reserve fund requirement for the Series 2004 Bond Issue. It is also expected that the 2005 State Match will be substantially expended prior to draw of the 2005 Cap Grant funds. Therefore, at such time as a loan recipient expends leveraged bond proceeds for eligible project costs, an equal amount of capitalization grant funds will be drawn into the bond issue reserve fund, until such time as the reserve requirement is satisfied.

Use of the Group of Projects Method or the All Projects Method, as described in EPA Publication 832-B98-003, "Guide to Using

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

EPA's Automated Clearing House (ACH) for the DWSRF Program" will significantly frustrate Oklahoma's leveraged DWSRF program because the proportionality calculations do not accurately reflect the presence of non-DWSRF assets pledged to the DWSRF reserve or the expenditure of state matching funds (from bond issue proceeds) for direct loan project costs rather than assigning the state match to the reserve fund, and therefore result in an underfunded reserve requirement. Additionally, based on the cash flow structure of the Oklahoma leveraged programs, use of either of the two methods reduces the rate at which capitalization grant funds are deposited in the reserve, which in turn requires a significant

increase in the reserve fund sizing to adequately cash flow the bond issue. This increased reserve fund sizing would result in a corresponding decrease in the amount of projects that can be funded through the DWSRF program by reducing the leveraging capacity of the program.

F. Development of the DWSRF Payment Schedule

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

VII. SAFE DRINKING WATER ACT AMENDMENT OPTIONS

A. Privately Owned Drinking Water Systems

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

B. Disadvantaged Communities

The SDWA provides for an option to states to provide low interest, zero percent interest, and loan forgiveness programs to disadvantaged communities. In order to meet the program goals of maintaining the fiscal integrity of the DWSRF, assuring a continuous enhancement of the loan fund for future generations, and maintaining the fund in perpetuity, the state has determined not to provide a program for disadvantaged communities. There are

other funding sources including state grant programs that provide funding of projects in small disadvantaged communities. The DWSRF project priority system provides for priority points to be given to projects that benefit disadvantaged communities.

C. Transfer of Funds

Under the SDWA, the state is allowed to transfer and/or cross-collateralize fund assets of the DWSRF program and the Clean Water State Revolving Fund (CWSRF) program. During FY 2005 Oklahoma may take advantage of funding flexibility between the Clean Water and Drinking Water SRF programs, provided by the Environmental Protection Agency, in order to assure adequate capacity to meet all funding demands. In accordance with the Safe Drinking Water Act-SRF funds transfer provisions (Section 302), the State hereby reserves the authority "to transfer an amount up to 33 percent of the [FY 2005] Drinking Water SRF program capitalization grant to the Clean Water SRF program or an equivalent amount from the Clean Water SRF program to the Drinking Water SRF program."

Prior to any actual transfer of funds, the Intended Use Plan and capitalization grant agreement will be amended; an Attorney General's opinion certifying that State law permits the State to transfer funds will be

... the definition of eligible entity is limited to mean "any city, town, county or the State of Oklahoma, and any rural sewer district, public trust, master conservancy district, and other political subdivision."

submitted; and transfers will be made by the Governor, in accordance with Section 302 of the Safe Drinking Water Act. Currently, the Safe Drinking Water Act requires states to request transfer authority on a year-to-year basis, limiting the ability to transfer funds in future years. Funds will not be transferred between programs during FY 2005 or in future years unless a permanent extension of transfer authority is granted.

VIII. PUBLIC REVIEW AND COMMENT

A public meeting, conducted in compliance with the Oklahoma State Administrative procedures Act and DWSRF regulations was held on May 24, 2004. To ensure that interested parties were made aware of the public meeting date, DEQ posted a notice on the DEQ web-site and distributed announcements to a mailing list of public water systems, state and federal agencies, environmental organizations, public health officials, consulting engineers, financial consultants, and interested citizens. The agenda was posted at the meeting site. A copy of the public notice is included as Appendix E. The public meeting was scheduled to review the IUP, the Project Priority System, and the Funding and Contingency Project Priority List. A comment period followed the public meeting and remained open until June 24, 2004. No adverse comments were received.

IX. AMENDMENTS TO THE PLAN

Revisions to this plan determined to be insignificant and/or minor revisions required for administrative purposes, shall be made by the DEQ without notification to the public, and



Delaware County RWD #10- Drilling Well #2

will be reported to EPA in the Annual Report. Any changes in the IUP shall be made in accordance with procedures provided in the DEQ DWSRF Regulations.

APPENDIX A
SOURCES AND USES OF FUNDS

SOURCES OF FUNDS

Fiscal Years 1997-2004

Federal Grants	98,474,100.00
State Match	20,406,467.30
Revenue Bond Issuance	115,327,403.16
Principal Repayments	3,934,974.09
Interim Loan Refinance	27,861,994.20
Interest Earnings on Loans	2,826,415.79
Interest Earnings on Account	594,526.33
Interest Earnings on DW Bond Funds	3,400,000.00
Sub Total	\$272,825,880.87

Fiscal Year 2005 (Projected)

Federal Grant	12,833,800.00
State Match	2,566,760.00
Revenue Bond Issuance	100,000,000.00
Principal Repayments	1,750,747.00
Interim Loan Refinance	10,615,000.00
Interest Earnings on Loans	1,600,000.00
Interest Earnings on Account	9,000.00
Interest Earnings on DW Bond Funds	3,400,000.00
Sub Total	\$132,775,307.00
Total Sources of Funds	\$405,601,187.87

USES OF FUNDS

DWSRF Loan Commitments prior to FY 2005 (net of deobligations)

Small System Binding Commitments	33,030,282.84
Large System Binding Commitments	115,575,836.07
Large System Refinancing Loans	11,389,397.05
Expected DWSRF Loan Commitments for FY 2005	
Small System Binding Commitments	32,211,500.00
Large System Binding Commitments	65,734,438.00
Large System Refinancing Loans	4,246,000.00
Sub Total	\$262,187,453.96

State Match Note Debt Service

Debt Service on Series 2001 Notes (FY 2002-2004)	2,225,535.38
Sub Total	\$2,225,535.38

DWSRF Set-Aside Programs

Set-Asides FY 1997-2004 (net of transfers to Loan Account)	18,129,381.00
FY 2005 Administration	513,352.00
FY 2005 Small System Technical Assistance	256,676.00
FY 2005 Program Management	1,283,380.00
FY 2005 Local Assistance - Wellhead Protection	1,283,380.00
Sub Total	\$21,466,169.00

Revenue Bond Issuance

Series 2003 Revenue Bond Issue Reserve Fund Capitalization	41,877,372.11
Series 2003 Revenue Bond Debt Service (FY 2004)	2,339,337.92
Series 2003 Revenue Bond Debt Service (FY 2005)	6,540,537.50
Series 2004 Revenue Bond Issue Reserve Fund Capitalization	33,000,000.00
Sub Total	\$83,757,247.53
Total Uses of Funds	\$369,636,405.87
DWSRF Fund Balance	\$35,964,782.00

APPENDIX B

PROJECT PRIORITY SYSTEM

OKLAHOMA DEPARTMENT OF ENVIRONMENTAL QUALITY DRINKING WATER STATE REVOLVING FUND

Statutory References: OAC 252:633-1-5, OAC 252:633-3-4 and OAC 252:633 Appendix A

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

Part I: Definitions:

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

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

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

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

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

Part II: DWSRF Project Priority System

A. Preparation.

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

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

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

B. Public participation.

DEQ shall insure that there is adequate public participation on the DWSRF Project Priority System and the Project Priority List. A public meeting shall be held to discuss the DWSRF IUP, which includes the Project Priority List and any revisions that were made to the DWSRF Project Priority System. These public participation procedures shall follow the Oklahoma Administrative Procedures Act. The notice of public meeting shall precede the public meeting by 30 days and shall be published in a statewide publication. At this time, DEQ shall circulate

information about the IUP and the Project Priority List including a description of each proposed project. Attendees of the public meeting will be allowed to express their views concerning the Project Priority List and system. A 30 day public comment period shall follow each meeting.

- C. Project Priority List.** A Project Priority List shall become effective and supersede all previous lists upon completion of the public participation process and resolution of comments. A Project Priority List, as updated during the funding year, shall remain effective until such time as it is superseded by a new list.
- D. Additional allotments.** After determining the fundable portion of the Project Priority List, DEQ may determine that it is necessary or desirable to obligate available funds and the funding point may be extended to include the next highest ranked project(s) on the contingency section of the Project Priority List in priority order. Any sum made available to the DWSRF by reallocation or the release of funds that were previously obligated shall follow these procedures.
- E. Project removal.** DEQ may remove a project from the Project Priority List when the project has been funded, the project is found to be ineligible, it is indicated that the applicant does not intend to continue in the DWSRF, or DEQ has determined that the applicant does not have financial capability to construct the project. The applicant whose project is affected shall be given a written notice that the project is to be removed from the list.
- F. Amount of financial assistance.** The amount of financial assistance shall be the sum of the total eligible costs related to construction. The amount is contingent upon the availability of funds for this purpose.
- G. Addition of new projects to the Project Priority List.** To be included on the Project Priority List, the applicant must submit a request to DEQ, including project description, estimated assistance to be requested and a schedule for the proposed project for such placement. The request must specify that the applicant intends to apply for financial assistance from the DWSRF. DEQ will evaluate the request for eligibility and if it is determined that this request could result in a project that meets DWSRF requirements, the potential project will be ranked and added to the Project Priority List.

Part III: Management of the Project Priority List.

- A. Projects included.** The comprehensive Project Priority List shall consist of all eligible projects requesting placement on the Project Priority List. Projects which meet all requirements for funding shall be placed on a Fundable List and included in the current Intended Use Plan (IUP). Projects which rank below the available funding level shall be considered the contingency section of the Fundable List. Projects in this part of the list may receive loans due to bypass provision or due to additional funds becoming available.
- B. Project ranking.** The ranking factors are based on the relative impact of the project in achieving the objectives of the Safe Drinking Water Act of 1996. The ranking factors are listed in Part III of these procedures.
- C. Tie breaking procedure.** A tie breaking procedure shall be used when two or more projects have equal points under the Project Priority System and are in competition for funds. Tied

projects will be ranked with the first project which has the greatest value for the ranking factor for Violations of Maximum Allowable Levels (Primary Standards).

D. Project bypass. A project on the fundable portion of the Project Priority List may be bypassed for one year if it is not on schedule as indicated in the IUP or the project's specific consent/administrative order. The applicant whose project is affected shall be given a written notice that the project is to be bypassed. Bypassed projects may be reinstated on the funded portion of the list if sufficient funds are available, and the applicant completes the necessary tasks to proceed. Funds which become available due to the utilization of these bypass procedures will be applied to the next ranked project on the project priority list.

E Project Priority List update. The priority list shall be periodically reviewed by the DEQ Water Quality Division Director and changes (i.e., loan award dates, estimated construction assistance amounts, project bypass, addition of new projects, etc.) will be made as necessary.

Part IV: Ranking System

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

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

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

where the factors are defined as:

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

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

B. Factors Descriptions.

I. Violations of Maximum Allowable Levels (Primary Standards). Maximum allowable levels are established for those parameters which may be detrimental to public health. Severity point values will be the sum of points for the violations of a contaminant during a 24 month period, from the date of the request. Contaminants reported quarterly, such as nitrate, may include up to eight violations during this 24 month period. Those contaminants reported monthly, such as fecal coliform, may include up to twenty-four violations during this 24

month period. Violations of standards of contaminants based on a running annual average, such as total trihalomethanes, will be based on a 12 month reporting period and will include only severity value. Violations of more than one contaminant are additive. These violations are documented by inclusion in the Safe Drinking Water Information System (SDWIS). These values may be increased quarterly in the event that there are repeated violations.

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

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

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

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

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

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

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

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

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

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

6. Consolidation (F). Projects which result in the consolidation, interconnection, or improvement of services for two or more water systems shall add twenty (20) for consolidation, ten (10) for interconnection, and ten (10) for improvement of services such as back-up or emergency supply. Projects may meet more than one of these conditions. The points awarded for this category are documented in the scope of the project submitted by the system.

7. Compliance Orders (G). Projects that will result in the compliance with a formal enforcement action will receive fifty (50) points.

8. Source water protection (H). Water supply systems which have implemented source water protection programs such as watershed protection programs or wellhead protection programs will add ten (10) to their total.

9. Affordability (I). This element is to assist systems most in need, on a per household basis. The points awarded for this category are documented by the latest census information.

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

APPENDIX C
FY 2005 ILUP PROJECT PRIORITY LIST

PRIORITY POINTS Funding List	SYSTEM	LOAN AMOUNT	CUMULATIVE AMOUNT	POPULATION	PROJECT DESCRIPTION	ANTICIPATED BINDING COMMITMENT DATE
158	Duncan PUA	\$ 10,000,000.00	\$ 10,000,000.00	29,700	Water treatment plant modifications to meet new rules for turbidity and TTHM's.	1/1/2005
148	Bixby PWA	\$ 4,000,000.00	\$ 14,000,000.00	15,061	Water plant upgrade & replacement of water main from WTP to 171 st St.	12/1/2004
128	Pott. Co. Dev. Authority	\$ 310,000.00	\$ 14,310,000.00	1,250	New standpipe at a higher elevation to improve water pressure.	10/1/2004
123	Bryan Co. RWS & SWMD #2 (II)	\$ 1,250,000.00	\$ 15,560,000.00	7,086	Complete filter rehabilitation at the Treatment Plant, building a new clearwell, construction of a new 2 cell lagoon, construction of a new 12" pump line and maintenance to the existing Whisenhunt Water Tower, installing a new pump station and installing an alternate pump route to Silo, which will resolve a low pressure problem.	10/1/2004
94	Lawton WA	\$ 22,000,000.00	\$ 37,560,000.00	114,387	New water treatment plant, new transmission lines and other related infrastructure and appurtenances.	12/1/2004
86	Sallisaw MA (I)	\$ 5,000,000.00	\$ 42,560,000.00	9,951	Phase I is the rehabilitation of the Intake Structure and construction of raw water pump station, and Phase II includes improvements & upgrading of the water treatment facility.	7/1/2004
82	Rogers Co. RWD #6	\$ 500,000.00	\$ 43,060,000.00	1,000	Construction of 2 booster pump stations, line replacements, and remodel the existing office to make it ADA compliant.	9/1/2004
74	Rogers Co. RWD #4	\$ 1,700,000.00	\$ 44,760,000.00	5,606	Upgrade water treatment plant.	9/1/2004
71	McCurfain Co. RWD #6	\$ 5,265,000.00	\$ 50,025,000.00	800	New water system consisting of a 1 mg storage tank, three (3) pump stations, and 889,350' of w.l.	9/1/2004
67	Grove MSA	\$ 3,000,000.00	\$ 53,025,000.00	11,732	Expansion of existing water plant and construct a new water tower.	9/1/2004
64	Sayre PWA	\$ 1,400,000.00	\$ 54,425,000.00	4,114	Construction of water lines and water storage tank.	12/1/2004
58	Pittsburg Co RWD #1-Longtown	\$ 700,000.00	\$ 55,125,000.00	4,445	Construct two (2) clarifiers, addition of another filter, and a sludge drying bed.	10/1/2004
56	Edmond PWA (II)	\$ 19,000,000.00	\$ 74,125,000.00	69,113	Water transmission and distribution lines, booster pump stations and storage tank.	9/1/2004
48	Vinita UA	\$ 1,100,000.00	\$ 75,225,000.00	11,163	New valves on 12, 24, and 30 inch raw & treated water lines; Eastern State Hospital 12 inch water line replacement; Install 12 and 30 inch flow meters @ WTP; Foreman Street Water Tower rehabilitation.	9/1/2004
44	Owasso PWA	\$ 4,834,438.00	\$ 80,059,438.00	18,502	Construction of water lines.	12/1/2004
44	Frederick PWA	\$ 4,100,000.00	\$ 84,159,438.00	4,915	Replace obsolete and worn out equipment and meet new surface water treatment standards.	12/1/2004
30	Tuttle PWA	\$ 1,300,000.00	\$ 85,459,438.00	4,284	Construct a Reverse Osmosis Water Treatment Plant.	9/1/2004
29	Guthrie PWA	\$ 2,500,000.00	\$ 87,959,438.00	9,925	Replace 4 inch water line with 12 & 16 inch water line to correct pressure problems near school, and construct a booster pump station and construct a water line to Langston University.	8/1/2004
29	Piedmont MA	\$ 2,400,000.00	\$ 90,359,438.00	3,705	Construct six (6) miles of 16" water line, a new booster pump station, and a 350,000 gallon elevated storage tank.	12/1/2004
26	LeFlore Co. RWD #9	\$ 296,500.00	\$ 90,655,938.00	600	Construction of a standpipe storage tank and add'l supply lines.	8/1/2004
26	Skiatook PWA	\$ 4,890,000.00	\$ 95,545,938.00	8,896	Water treatment plant upgrade, new water trunk line, and new water storage tank.	9/1/2004
18	Kaw Municipal Trust Authority	\$ 600,000.00	\$ 96,145,938.00	587	Water well, well house, raw water distribution line, and water treatment plant.	5/1/2005
16	Miami Special Utility Authority	\$ 1,800,000.00	\$ 97,945,938.00	14,137	Construct new water well and new 400,000 gallon elevated storage tank.	9/1/2004
2006						
86	Sallisaw MA (II)	\$ 20,000,000.00	\$ 9,951	9,951	Development of an additional water supply source.	7/1/2005
30	Bethany PWA (II)	\$ 2,100,000.00	\$ 20,514	20,514	Water wells and raw water transmission.	6/1/2006
	Ardmore PWA	\$ 23,600,000.00	\$ 24,291	24,291	Additional treatment capacity, and to provide for treatment redundancy.	1/1/2006
2007						
55	Ponca City UA (I)	\$ 6,000,000.00	\$ 29,273	29,273	Construction of raw water line and pump station.	7/1/2007
34	Ponca City UA (II)	\$ 11,000,000.00	\$ 29,273	29,273	Plant modifications and distribution improvements.	7/1/2007
2008						
14	Guthrie PWA (II)	\$ 2,853,962.00	\$ 9,925	9,925	Water distribution system improvements.	7/1/2008

APPENDIX D FEDERAL PAYMENT SCHEDULE

	Actual Payments												Projected Payments				
	FY 2003				FY 2004				FY 2005				Q1	Q2	Q3	Q4	
	TOTAL	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
97 GRANT	12,117,711																
97 TRANSFER ²	1,640,798						8,217										
98 GRANT	7,054,698																
98 TRANSFER ²	1,571,737						1,060,527										
99 GRANT	7,394,040																
99 TRANSFER ²	2,259,358						1,723,558										
00 GRANT	9,355,080																
00 TRANSFER ²	1,781,920																
01 GRANT	8,935,747																
02 GRANT	9,210,410					9,210,410.00											
03 GRANT	9,526,208				9,526,208.00												
04 GRANT	9,497,012												9,497,012				
05 Grant	9,497,012																9,497,012
CUM. PAYMENTS	89,841,731	49,318,787	49,318,787	49,318,787	58,844,995	68,055,405	68,055,405	70,847,707	80,344,719	80,344,519	80,344,519	80,344,519	80,344,519	80,344,519	80,344,519	80,344,519	89,841,731

Note 1 : Fiscal years are federal fiscal years.

Note 2: Transfer funds are unexpended set-aside funds.

APPENDIX E

DEQ SCHEDULES PUBLIC MEETING ON DRINKING WATER STATE REVOLVING FUND

The Water Quality Division of the Department of Environmental Quality (DEQ) will hold a public meeting on Monday, May 24, 2004, at 1:30 p.m. in the DEQ Office Building, Multi-Purpose Room, at 707 N. Robinson, Oklahoma City. This meeting will be held to answer questions and receive public input on the SFY 2005 Intended Use Plan, the Priority Ranking System, and the Project Priority List for the Drinking Water State Revolving Fund. The Intended Use Plan outlines uses for federal funds allocated to Oklahoma and lists the projects as ranked for funding by the Priority Ranking System.

The Drinking Water State Revolving Fund was made possible by the passage of the Safe Drinking Water Act Amendments of 1996. The act authorized funds to be used by states to establish a revolving loan fund to address drinking water infrastructure needs and correct other water system deficiencies that might result in violations of drinking water standards. Federal law requires the public be given the opportunity to comment on the proposed plan.

A copy of the draft plan will be available on the DEQ website at: www.deq.state.ok.us. A copy may also be obtained by contacting Vicki Reed by phone at (405) 702-8100, or by E-mail at Vicki.Reed@deq.state.ok.us, or by mail at Water Quality Division, DWSRF and Construction Permit Section, Department of Environmental Quality, P.O. Box 1677, Oklahoma City, Oklahoma 73101-1677. A copy of the draft plan may be reviewed on the eighth floor at the DEQ offices, 707 N. Robinson, Oklahoma City, OK 73101-1677.

For more information on this public meeting call Vicki Reed or Patty Thompson at (405) 702-8100.

