

STATE OF OKLAHOMA
DEPARTMENT OF ENVIRONMENTAL QUALITY



DRAFT

DRINKING WATER STATE REVOLVING FUND
STATE FISCAL YEAR 2010
INTENDED USE PLAN FOR THE 2010 CAPITALIZATION GRANT

Effective 7-1-2009 through 6-30-2010

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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 ensure 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:

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 2010 (FY 10) 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 10, beginning July 1, 2009 and ending June 30, 2010. The capitalization grants and state matching funds to fund these activities are from prior fiscal years and the Federal Fiscal Year 2010 (FFY 10) appropriation. The FFY 10 begins October 1, 2009 and ends September 30, 2010.

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 to be held on June 22, 2009. To ensure that interested parties are made aware of the public meeting date, DEQ will post notice on the DEQ web-site and distribute 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 July 22, 2009.

As a result of federal appropriations to the State, the DEQ has received federal capitalization grants totaling \$164,154,000 from FY 97 through FY 09. DEQ will apply for approximately \$18,239,000¹ from the FFY 10 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 percent matching funds for each capitalization grant as the

federal payments are received for DWSRF projects. Table 1 reports the sources of funds available to the DWSRF program and their intended uses.

¹ *Based on the updated state allotment published in the Federal Register on May 28, 2009, and an estimate of the President's proposed FY 10 budget.*

Since it is possible that federal funds for loans from the 2010 capitalization grant and the state matching funds will not be available to obligate until FY 11, 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 10 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 10 may be considered for funding during FY 11.

**TABLE 1
Sources and Uses**

SOURCES OF FUNDS	
Beginning Balance (FY 2009 Carryover)	\$ (56,603,207.35)
<i>Fiscal Year 2010 (Projected)</i>	
Federal Grant FY 2010	\$ 18,239,000.00
State Match FY 2010	\$ 3,647,800.00
ARRA Funds	\$ 31,662,100.00
Federal Grant FY 2009	\$ 13,151,000.00
State Match FY 2009	\$ 2,630,200.00
Revenue Bond Issuance	\$ 722,000,000.00
Principal Repayments	\$ 9,649,239.81
Interest Earnings on Loans	\$ 5,261,376.21
Interest Earnings on Account	\$ 547,724.04
Interest Earnings on DW Bond Funds	\$ 3,912,982.08
Transfer funds from CWSRF	\$ 8,679,660.00
Sub Total	\$ 819,381,082.14
Total Sources of Funds	\$ 762,777,874.79
USES OF FUNDS	
<i>Expected DWSRF Loan Commitments for FY 2010</i>	
Small System Binding Commitments	\$ 101,283,020.00
Large System Binding Commitments	\$ 546,391,229.00
Sub Total	\$ 647,674,249.00
<i>DWSRF Set-Aside Programs for FY 2010</i>	
Administration	\$ 729,560.00
Small System Technical Assistance	\$ 364,780.00
Program Management	\$ 1,823,900.00
Program Management -Reclaimed Unspecified Funds (FFY1997-1998)	\$ 1,997,408.00
Local Assistance - Wellhead Protection	\$ 1,294,969.00
- Capacity Development	\$ 547,170.00
- Engineering, Planning and Design Grant	\$ 747,799.00
Sub Total	\$ 7,505,586.00
<i>Cash Loans</i>	
Reimburse Cash Loans	\$ 60,000,000.00
Sub Total	\$ 60,000,000.00
<i>Revenue Bond Issuance</i>	
Series 2003 Revenue Bond Debt Service (2010 projected)	\$ 10,210,110.00
Series 2004 Revenue Bond Debt Service (2010 projected)	\$ 6,945,685.00
Leveraged Bond Reserve Capitalization FY 2010	\$ 30,000,000.00
Sub Total	\$ 47,155,795.00
Total Uses of Funds	\$ 762,335,630.00
DWSRF Fund Balance	\$ 442,244.79

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 2010 capitalization grant for set-asides as follows: 4 percent for Administration; 2 percent for Small System Technical Assistance; 10 percent for Program Management; 15 percent for Local Assistance and other State Programs of which DEQ expects to use 7.1 percent for wellhead protection activities, 3 percent for capacity development, and 4.9 percent for the Engineering Planning and Design Grant Program. DEQ will provide work plans for each set-aside to EPA describing how the specified 2010 capitalization grant funds are to be expended during State FY 11.

DEQ has submitted work plans to EPA describing how the specified 2009 capitalization grant set-asides will be expended during FY 10. Table 2 shows DWSRF Set-aside activities for FY 10.

TABLE 2
DWSRF Set-aside Activities

Set-aside category	Total amount reserved from 2009 grant	Reclaimed credit from old grants	Cumulative amount specified in workplans
Admin.	\$ 526,040	\$ -	\$ 526,040
Tech. Asst.	\$ 263,020	\$ -	\$ 263,020
St. Prq. Mgt.	\$ 1,315,100	\$ 1,997,408	\$ 3,312,508
Local Assist.	\$ 1,972,650	n/a	\$ 1,972,650
Total	\$ 4,076,810	\$ 1,997,408	\$ 6,074,218

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

1. DWSRF Administration

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

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

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

As allowed by the SDWA, DEQ reserved and specified an amount equal to 4 percent of the 2009 capitalization grant for administrative support of the DWSRF. DEQ and OWRB will use an estimated amount of \$526,040 from set-aside funds for FY 10 DWSRF administration. This set-aside is to fund activities that implement, administer, and operate the DWSRF program during State FY 10.

In addition to set-aside funds, at the end of FY 10, it is projected that approximately \$1,975,336 is available in the DWSRF Administrative Fee Account, which is maintained outside of the DWSRF loan account. Table 5 shows accumulated amounts of available funds from FY 1997 through FY 2009 and the projected amount for FY 10. DEQ and OWRB can utilize these funds to administer the DWSRF program.

Funds available for administration of the DWSRF program during State FY 10 include the administrative set-aside funds (4 percent) from the 2009 capitalization grant and the funds available in the DWSRF Administrative Fee Account.

DEQ expects to reserve an amount equal to 4 percent of the FFY 2010 capitalization grant funds for administrative support of the DWSRF. During State FY 11 DEQ and OWRB will use an estimated amount of \$729,560 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 11.

Funds available for administration of the DWSRF program during State FY 10 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 other various contracts 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 10 include the 2 percent set-aside funds from the 2009 capitalization grant.

DEQ expects to reserve 2 percent of the FFY 2010 federal capitalization grant to fund small system technical assistance activities. Funds in the amount of approximately \$364,780 will be specified to conduct these activities during state FY 11.

3. State Program Management

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

DWSRF set-aside funds cannot be used to reduce the existing state funds supporting the program. EPA allows the use of the FY 93 PWS State overmatch and PWSS match for the PWSS program to be used to meet the 1:1 state match for the SPM set-aside. However, the rule requires that at least 50 percent of the funds for the match come from the current year. Therefore, the amount available for the match is \$3,660,620 from the current year plus an equal amount from FY 93 (if available) totaling \$7,321,240. The DEQ reserved 10 percent of the FFY 2009 Federal capitalization grant for the State Program Management set-aside in the amount of \$1,315,100. Since the DEQ only requested \$1,315,100, the match is easily met.

**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	\$ 859,000.00	\$ 1,054,041.00	\$ 135,000.00	\$ 827,700.00	\$ 2,875,741.00	\$ 2,048,041.00	\$ 275,900.00	\$ 1,772,141.00
FY 09	\$ 1,870,337.00	\$ 1,584,650.00	\$ 645,600.00	\$ 1,319,900.00	\$ 5,420,487.00	\$ 4,100,587.00	\$ 439,967.00	\$ 3,660,620.00

	FY 1993	FY 2009
PWSS grant	\$827,700	\$1,319,900
PWSS State Match	\$275,900	\$439,967
PWSS State Overmatch	\$1,772,141	\$3,660,620
Current Year SPM Set-aside		\$1,315,100
Current Year Credit	\$ 5,708,661	\$7,321,240

DEQ expects to reserve 10 percent of the FFY 2010 federal capitalization grant to fund State Program Management activities. Funds in the amount of approximately \$1,823,900 will be specified to conduct these activities during state FY 11.

DEQ will need additional funds for the FY 2010 and will reclaim unspecified funds needed for State Program Management responsibilities in the amount \$1,997,408 from FFY1997 and FFY1998.

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 10 are unexpended funds reserved from the previous capitalization grants and 15 percent of the 2009 capitalization grant.

DEQ will reserve and specify 15 percent of the FFY 2010 capitalization grant for the Local Assistance and other State Programs set-aside. DEQ expects to use 7.1 percent of these funds for local assistance and wellhead protection activities, 3 percent for capacity development, and 4.9 percent for the Engineering Planning and Design Grant Program during FY 11.

B. Drinking Water State Revolving Fund Projects

1. DWSRF Project Priority System

DEQ has established the Project Priority System, included as Appendix A, and prepared the comprehensive Project Priority List, included as Appendix B. 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 10 are placed on the FY 10 Funding List, included as Appendix B;
- 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 B, is developed from the projects of applicants that are bypassed and projects of applicants that do not rank high enough to receive funding. This contingency list includes projects which may receive loan funds should projects in the fundable portion not proceed on schedule.

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

The FY 10 Project Priority List (PPL) attached as Appendix B shows a total of ninety projects with their assigned priority points, project name, loan amount, population, project description, and anticipated binding commitment date.

4. SRF Available Fund

For FY 10 there is expected to be a total of \$648,113,902 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, FFY 2010 capitalization grant and state match, ARRA funds, transfer of funds from the Clean Water State

Revolving Fund (CWSRF), investment income, interest income, and revenue bond issue funds, as shown in Table 1.

C. American Recovery and Reinvestment Act (ARRA) of 2009

1. Introduction

The American Recovery and Reinvestment Act (ARRA) of 2009 was signed by President Obama on February 17, 2009. Oklahoma amended its FY 2009 IUP to include the ARRA and capitalization grant of \$31,481,000. The amendment and application were submitted to EPA on June 1, 2009.

2. DWSRF Program Goals

The State of Oklahoma is committed to using the capitalization grant for which it is applying to provide assistance to water systems for capital improvement projects which will proceed quickly to construction, creating jobs and furthering the public health protection objectives of the Safe Drinking Water Act. Oklahoma's goal is to enter into binding commitments for projects which will proceed to construction or award of construction contracts by February 17, 2010. Oklahoma's DWSRF Program intends to award all assistance available under this capitalization grant in full conformance with the deadlines established under the ARRA and the terms and conditions of the capitalization grant award.

Oklahoma recognizes that the goal of the ARRA is to expeditiously fund eligible projects that simultaneously will create jobs, promote economic recovery, and generate long-term benefits from infrastructure investment. In this grant, Oklahoma's DWSRF Program is being called upon to accomplish goals that may not previously have been priorities in its base SRF program. Some priorities and activities in the State's base program that may not practically be attainable within the timeframes associated with the ARRA will be pursued using funds made available through the base DWSRF program.

3. Sources and Uses of Funds

The State of Oklahoma is applying for a capitalization grant in the amount of \$31,481,000. This represents the amount that USEPA Region 6 informed Oklahoma is eligible to receive under the State's allocation from the supplemental appropriation enacted under the ARRA. Note that the ARRA has waived the State match that the State is normally required to provide in order to receive a capitalization grant.

Oklahoma intends to take a set-aside of 4% for DWSRF program administration. The following table summarizes the sources and uses of the capitalization grant for which the State is applying:

Table 4
Sources and Uses of ARRA Capitalization Grant

SOURCES	Amount
Capitalization Grant	\$31,481,000
USES	Amount
4% DWSRF Program Administration	\$ 1,259,240
Infrastructure Assistance Agreements	\$30,221,760

4. Tracking the ARRA Funds

The DEQ agrees to track and account for the ARRA funds so that they can be clearly identified separately and will be in compliance with the requirements to track data as stated in section 1512 of the ARRA.

The DEQ agrees to enter all projects funded by ARRA monies into the DWSRF Project Tracking system on an on-going basis.

5. Criteria and methods for Distribution of Funds

a. Loan Terms and Fees

Under the State of Oklahoma’s traditional DWSRF program, the repayment period for loans is 20 years except for loans to recipients who qualify as disadvantaged communities, for whom the repayment period is extended up to 30 years. The interest rate on all loans is 70% of Municipal Market Daily (MMD) AAA scale spot rates for each year through maturity plus 55 basis points, calculated 10 days before loan closing. The State also charges a 0.5% fee on assistance recipients to help support administration of the DWSRF program. No fees will be charged on ARRA funds.

b. Additional Subsidization

The ARRA requires that 50% of assistance be provided in the form of additional subsidies in the form of forgiveness of principal, negative interest loans, or grants, or any combination of these. Oklahoma will be giving the additional subsidization in the form of forgiveness of principal.

None of the ARRA funds will be used as loans. The Oklahoma DWSRF Program will use the full amount of the ARRA funds, less the 4% DWSRF Program Administration set-aside, as principal forgiveness to eligible communities. This will greatly exceed the minimum of 50% requirement.

Oklahoma’s DWSRF Program will offer a principal forgiveness/loan combination to communities ranked and “ready to proceed” on the Project

Priority List. As funding is available, a goal of 30 percent of a project's expenditures up to a maximum amount of two million dollars will be available in the form of principal forgiveness and 70 percent will be available in the form of low interest loan. The 30 percent principal forgiveness will come from the ARRA funds and the 70 percent loan will come from the base program. The \$2,000,000 maximum principal forgiveness amount is per system.

c. Green Infrastructure

The ARRA requires that, to the extent there are sufficient eligible project applications, not less than 20 percent of the funds provided for projects be used for water efficiency, energy efficiency, green infrastructure, or other environmentally innovative activities.

Oklahoma's required 20 percent to fund "green infrastructure" projects is in the amount of \$6,296,200. DEQ is requiring a business case for each green infrastructure project, whether it is a portion of a project or a whole project, to justify that it is a green project. The business cases will be submitted to EPA for review and approval. The files for such projects will contain documentation of the business case on which the project was judged to qualify, as described in Attachment 8 to the USEPA guidance for the ARRA.

i. Solicitation for Green Infrastructure Projects

The DEQ has solicited green infrastructure projects by the following methods:

1) Water Quality Division – Outreach across Oklahoma – “*What’s on the Horizon*” for 2009.

- January 16 – Lawton
- January 23 – McAlester
- January 30 – Tulsa
- February 6 – Oklahoma City
- February 13 – Woodward

The Water Quality Division held five meetings across the state in January and February 2009. Presentations were given on the DWSRF Program which included ARRA. As the ARRA was developing during this time, the presentation would include new information. It was at the McAlester Meeting that information regarding the requirement for green projects was included. Approximately 300 people attended these meetings. They were attended by mayors, chairmen, operators, council persons, financial consultants and consulting engineers.

2) The Oklahoma Water Resources Board, Oklahoma Department of Environmental Quality, and the USDA Rural Development created a brochure on the ARRA for water and wastewater projects. A copy of

this brochure is on the DEQ website at www.deq.state.ok.us. The brochure discusses the requirement for green projects. This brochure was given out on Water Day at the Capital. This brochure was provided to Oklahoma Legislatures and handed out at the Funding Agency Coordinating Team (FACT) Conference held on March 11, 2009.

- 3) The Funding Agency Coordinating Team (FACT) held a conference on March 11, 2009. The funding conference consisted of all the funding agencies in the state holding breakout sessions. The DEQ had two breakout sessions in which the same presentation was given on the DWSRF Loan Program which included ARRA. Presentations included information regarding the requirement for green projects. The conference had about 238 people attending. This conference was attended by mayors, chairmen, operators, council persons, financial consultants, bond counsels, attorneys, and consulting engineers.
- 4) A public hearing was held on March 25, 2009, at 1:30 p.m. to present Amendment #1 to the SFY 2009 IUP. The Amendment included language pertaining to the ARRA. Also included in the presentation was information regarding the requirement for green projects. Approximately 29 people attended the public hearing. This conference was attended by mayors, chairmen, operators, council persons, financial consultants, Oklahoma Rural Water Association, Oklahoma Municipal League, and consulting engineers.
- 5) Letters were sent to the chairman, mayor, or manager of each water system that has been placed on the Project Priority List to invite each system to a project meeting. The letter included information regarding the requirement for green projects and an attached copy of EPA's "Guidance on Green Projects." It was sent to 89 drinking water systems and 57 consulting engineers.
- 6) Project meetings were held on March 30th, April 14th, April 15th, April 17th, May 19th, and May 21st, 2009. A total of seventy-one water systems attended these meetings with 200 people attending. Persons attending were mayors, chairmen, operators, council persons, financial consultants, bond counsels, attorneys, and consulting engineers. These meetings were very specific to each system's project. We discussed project descriptions, schedules, status, and proposed loan amounts. Proposed green projects were discussed in detail including the need for business cases.

ii. Green Project Priority List (GPPL)

Proposed Green Infrastructure Projects are listed on Appendix C, the Green Project Priority List (GPPL), which is a subset of the PPL.

The DEQ will first award the ARRA funds to those projects prioritized and “shovel-ready” listed on the PPL. If the 20% green project requirement is not met by using this method, then projects that are prioritized and “shovel-ready” on the GPPL will be selected to fulfill the remaining amount needed.

The PPL and the GPPL show whether a project is green, the approximate amount of ARRA funds that would apply toward green, and then lists the project meeting objectives as follows: Green Infrastructure=G; Energy Efficiency=E; Water Efficiency=W; and, Other Innovative Activity=O.

6. Priority for Projects Ready to Proceed to Construction in 12 Months/Preference for Expeditious Activities.

The State of Oklahoma has a priority system for its DWSRF Program that ranks projects in accordance with criteria associated with public health, compliance and economic need. However, the ARRA requires that priority be given to projects that will be ready to proceed to actual construction within 12 months of the date of enactment. This deadline is February 17, 2010.

To implement this new priority, Oklahoma will review and will consult with potential assistance recipients with projects on its Project Priority List, to determine which projects are most likely to be able to proceed to actual construction within the next 12 months. Projects so determined will be given priority in receiving ARRA funding.

In addition, ARRA section 1603 requires that “recipients shall give preference to activities that can be started and completed expeditiously, including a goal of using at least 50 percent of the funds for activities that can be initiated no later than 120 days after...enactment” of the ARRA. The DEQ has set two target dates: April 24, 2009 is the target date to receive requests to be placed on the Project Priority List for ARRA grant funds and June 16th, 2009 is a 120 day target date to allow water systems to get “shovel-ready.” These target dates will allow all systems the same opportunity to get their projects ready to proceed. DEQ will make funding available to those projects that are ready to proceed by June 16, 2009, which is 120 days after enactment.

7. Avoidance of Reallotment/Relationship to Base Program

In order to meet the requirements and deadlines of the ARRA for the expeditious and timely commitment and expenditure of funds, the State of Oklahoma will regularly review the data reported to USEPA on the progress of assistance recipients under the statutory deadlines specified in this IUP to identify any issues with the timeliness of this progress. If such issues are identified, the State of Oklahoma intends to work with USEPA to resolve such issues as may place the State at risk of reallotment if not timely resolved. The State will include conditions in its binding commitments to ensure that assistance recipients make timely progress with respect to entering into contracts and/or construction. If a

recipient fails to maintain progress with these conditions, they will receive funding from other DWSRF monies so that ARRA funding can be provided for a project that is ready to proceed.

The State understands that the USEPA may deobligate grant funds from States that fail to meet requirements on use of funds. The State of Oklahoma intends to avoid deobligation. If the State is eligible for additional funds made available from other States that fail to meet deadlines, Oklahoma will provide USEPA with a list of projects from its priority list that are ready to proceed to construction, and will also provide a certification through an amendment to this IUP that all funds received for these projects will be under contract for construction within 120 days of reallocation.

D. Engineering, Planning and Design Grant Program

The DEQ recognizes that small systems (less than 10,000 in population) need assistance to fund the planning and design of drinking water projects by an engineer. A grant program has been developed to meet this need using funds from 1) Local Assistance and other State Program set-aside and 2) unclaimed unspecified funds from FFY 1997 and FFY 1998. This program will be effective July 1, 2010.

III. DWSRF GOAL STATEMENTS

A. Short-term Goals

1. Provide loans to the ninety (90) water systems listed on the Fundable Portion of the FY 10 Project Priority List. (Target Completion: June 2010)
2. Apply for 2010 capitalization grant. (Target Completion: April 2010)
3. Complete set-aside work plans specifying funds from the 2010 capitalization grant. (Target Completion: Within 90 days of grant award)
4. Use set-aside funds to update source water assessments. (Target Completion: June 2010)
5. Continue to refine the Capacity Development Program.
6. Use set-aside funds to implement Capacity Development Strategy. (Target Completion: June 2010)
7. Use set-aside funds to provide technical assistance to systems to comply with the Long Term 1 Enhanced Surface Water Treatment Rule and Disinfectant/Disinfection By-product rule. (Target Completion: June 2010)
8. Issue DWSRF Revenue Bonds in an estimated amount of \$722,000,000 to finance the additional demand for drinking water loan funds.

B. Long-term Goals

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

2. Maintain the fund in perpetuity. Perpetuity consists of maintaining the principal amounts of the state matching funds and capitalization grants, less set-asides, within the DWSRF.
3. 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.
4. Obtain maximum capitalization of the fund for the State in the shortest time possible.
5. Use set-aside funds along with DWSRF loans to maximize compliance and public health protection.
6. Promote technical, managerial, and financial capability of all public water supply systems.
7. Encourage the consolidation and/or regionalization of small public water systems that lack the capability to operate and maintain systems in a cost-effective manner.

C. Environmental Results under EPA Assistance Agreements

1. In accordance with “EPA’s Environmental Results under EPA Assistance Agreements, Order No. 5700.7”, which became effective on January 1, 2005, DEQ herein describes the outputs to be used as a measure to comply with the new requirements.
 - a. Output 1 – Provide loans to the ninety (90) water systems listed on the Fundable Portion of the SFY 2010 Project Priority List (PPL). See page 27, Appendix B, for a list of projects on the PPL.
 - b. Output 2 – Enter into binding commitments with forty-nine (49) small systems and forty-one (41) large systems during SFY 2010. See page 27, Appendix B, for a list of these systems and their population.

IV. FINANCING PLANS

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

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

The DEQ and OWRB provide one financing plan for both small and large systems, a long-term DWSRF loan. The long-term DWSRF loan is a 20-year loan (30-year loan for eligible disadvantaged communities) with a fixed interest rate used for the construction of drinking water infrastructure improvements. During the construction phase, interest and administration fee is paid semi-annually as funds are drawn. Once construction is completed principal, interest, and administration fee are paid semi-annually until loan is paid.

A. DWSRF Interest Rates

The DWSRF will provide long-term financing loans for both small and large public drinking water systems at an interest rate equal to 70% of Municipal Market Daily (MMD) AAA scale spot rates for each year through maturity plus 55 basis points, calculated ten days before loan closing, plus the administration fee.

B. Administration Fees

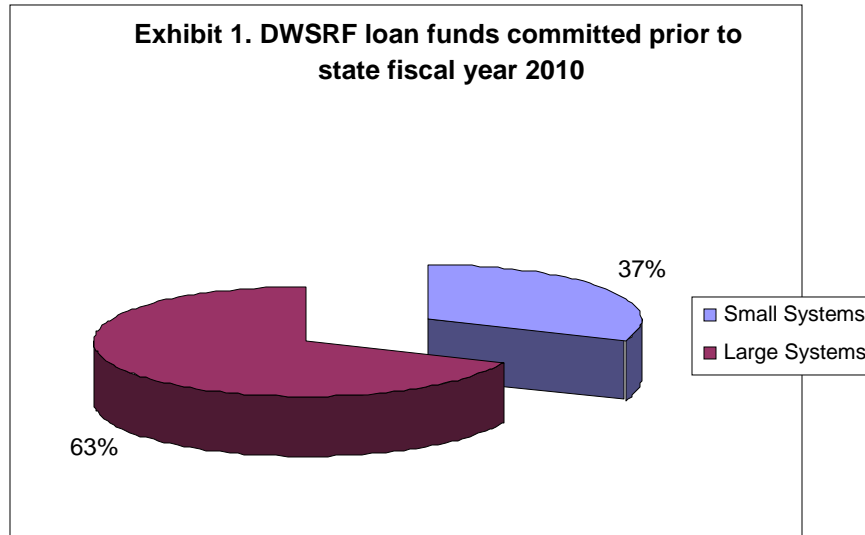
The OWRB charges an annual administration fee of 0.5 percent on the unpaid loan balance. Also, OWRB charges an administrative fee upon application filing. This fee is based on the size of the application. If the application is for \$249,000 or less the fee is \$100. If the application is for \$250,000 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 as shown in Table 4. 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 \$1,975,336 as of June 30, 2010.\

**TABLE 5
Drinking Water Treatment Loan Administration Fund**

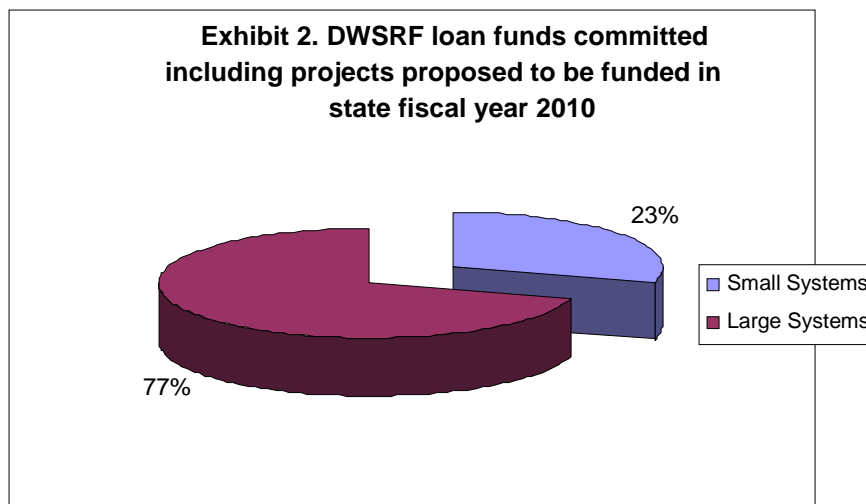
	FY1997-2009	FY 2010	Total
Revenue			
Application Fee	\$ 46,950	\$ 7,000	\$ 53,950
Administration Fee on Loans (0.5%)	\$ 3,262,946	\$ 730,665	\$ 3,993,611
Interest Earnings on Account	\$ 121,623	\$ 77,529	\$ 199,152
Subtotal	\$ 3,431,519	\$ 815,194	\$ 4,246,713
Expenses			
Administrative Costs	\$ (1,771,377)	\$ (500,000)	\$ (2,271,377)
Total	\$ 1,660,142	\$ 315,194	\$ 1,975,336

C. Binding Commitments

It is anticipated that the DEQ will enter into binding commitments with forty-nine (49) small systems and forty-one (41) large systems during FY 10. Prior to FY 10, 37 percent of Oklahoma’s DWSRF loans were made to small systems; therefore, DEQ exceeded the 15 percent requirement for DWSRF loan funds to small systems. This is presented in Exhibit 1.



Including FY 10, DEQ expects 23 percent of all DWSRF loan funds committed since inception of Oklahoma’s DWSRF program to be for small systems. This is presented in Exhibit 2.



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 PROJECT SELECTION AND DISTRIBUTION OF 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 A.
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 2010 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, trihalomethane and haloacetic acid, 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 31.0 percent of the FFY 2010 grant for set-asides was needed to fund the programs for FY 2011. DEQ will provide work plans for each set-aside to EPA describing how the specified FFY 2010 capitalization grant funds are to be expended during FY 2011.

B. Funds Available for DWSRF Projects

As shown in Table 1, a total of \$648,113,902 will potentially be available during FY 10 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. The Oklahoma Water Resources Board (OWRB) plans to issue bonds in the fall of 2009 to meet needed funding for DWSRF projects.

C. DWSRF Leveraged Bond Issue

Similar to previous years, 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 \$722,000,000 (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 FFY 2009 and 2010 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 the fall of 2009.

D. Description of Financial Status of DWSRF

During FY 2010, the funds expected to be available to the DWSRF include past capitalization grants and state matches, FFY 2010 capitalization grant and state match, transfer of funds from the CWSRF, investment income, interest earnings, loan repayments, and leveraged revenue bond funds. The financial status of the DWSRF is further detailed in Table 1.

E. Development of Payment Schedule

The total amount of loan funds and spending limits are identified in the grant payment schedule included as Appendix D. This chart shows the federal payment schedules for loan funds since the beginning of the program and the expected payment schedule for FFY 2010 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 FFY 2010 Capitalization Grant will be entirely utilized to meet the reserve fund requirement for the Series 2009 Bond Issue. It is also expected that the FFY 2010 State Match will be substantially expended prior to draw of the FFY 2010 Capitalization 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.

The DWSRF has historically used the Group of Projects Method or the All Projects Method, as described in EPA Publication 832-B98-003, "Guide to Using EPA's Automated Clearing House (ACH)." However, on future bond issues the DWSRF will designate at that time whether to utilize the Group of Projects method or the All Projects Method.

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 pursuant to the All Projects Method or Group of Projects Method as specified for a particular bond series, 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 DWSRF program provides 30-year loan terms that are only available to disadvantaged communities. A "disadvantaged community" means those communities with a median household income that is 85% of the national median household income according to the United States Census Bureau. Further, the DWSRF project priority system provides for priority points to be given to projects

That benefit disadvantaged communities. These two provisions are aimed at assisting systems most in need.

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 2010 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 2010] Drinking Water SRF program capitalization grant to the Clean Water SRF program or an equivalent amount from the Clean Water SRF program to the Drinking Water SRF program."

Prior to any actual transfer of funds, the Intended Use Plan and capitalization grant agreement will be amended; an Attorney General's opinion certifying that State law permits the State to transfer funds will be submitted; and transfers will be made by the Governor, in accordance with Section 302 of the Safe Drinking Water Act. Currently, the Safe Drinking Water Act requires states to request transfer authority on a year-to-year basis, limiting the ability to transfer funds in future years. Funds will not be transferred between programs during FY 2010 or in future years unless a permanent extension of transfer authority is granted.

VIII. PUBLIC REVIEW AND COMMENT

A public meeting will be conducted in compliance with the Oklahoma State Administrative Procedures Act and DWSRF regulations, on June 22, 2009. To ensure that interested parties were made aware of the public meeting date DEQ will post notice on the DEQ web-site and distribute announcements to a mailing list of public water systems, state and federal agencies, environmental organizations, public health officials, consulting engineers, financial consultants, and interested citizens. The agenda will be posted at the meeting site. A copy of this public notice is included as Appendix E. The public meeting was held to review this IUP, the Project Priority System, and the Funding and Contingency Project Priority List. A comment period will follow the public meeting until July 21, 2009.

IX. AMENDMENTS TO THE PLAN

Revisions to this plan determined to be insignificant and/or minor revisions required for administrative purposes, shall be made by the DEQ without notification to the public, and will be reported to EPA in the Annual Report. Any changes in the IUP shall be made in accordance with procedures provided in the DEQ DWSRF Regulations.

APPENDIX A 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

PART I: DWSRF PROJECT PRIORITY SYSTEM

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 Amendments of 1996. The ranking factors are listed in Part II of this Appendix.

C. **Management of the Project Priority List.**

1. **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 Contaminant Levels (Primary Standards).
2. **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.
3. **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 II RANKING SYSTEM

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 Contaminant 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 Amendments of 1996 requirements. Ranking factor nine addresses the affordability requirements of the Safe Drinking Water Act Amendments of 1996.

B. Factors Descriptions.

1. Violations of Maximum Contaminant Levels (Primary Standards) (A).

Maximum contaminant 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
Bromate	10
Cadmium	10
Chlorates	10
Chlorine Dioxide	10
Chromium	10
Copper >1.3	5
Fecal Coliform	20
Fluoride > 4	5
Gross Alpha Radioactivity	5
Gross Beta Radioactivity	5
Lead	30
Mercury	10

Nitrate	30
Pesticides and other SOCs	10
Radium	10
Selenium	5
Thallium	10
Total Coliform (Significant Non-complier)	10
Total Haloacetic Acids	30
Total Organic Carbon	10
Total Trihalomethanes	30
Turbidity (Significant Non-complier)	10
Uranium	10
Volatile Organic Contaminants	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	60
Shortage during high use (seasonal)	60

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
Demand exceeds design capacity	30
Groundwater under the influence of surface water	120
Improper well construction	30
Inadequate chemical feed	25
Inadequate disinfection	30
Inadequate distribution (area not served)	25
Inadequate distribution (deterioration)	25
Inadequate distribution (low pressure)	25
Inadequate filtration (surface)	30
Inadequate intake structure	25
Inadequate laboratory equipment	20
Inadequate mixing	25
Inadequate settling	25
Inadequate storage	25
Inadequate water treatment wastewater disposal	10
Lack of generator	120

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 agricultural chemicals	5
Subject to industrial spills	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 data base.

Contaminant	Severity
Chloride	3
Color	3
Corrosivity	3
Foaming Agents	3
Iron	20
Manganese	20
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 engineering report.
7. **Compliance Orders (G).** Projects that will result in the compliance with a formal enforcement action will receive one hundred fifty (150) 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 one hundred (100) points 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 \$28,400	60
between \$28,400 and \$33,400	40
greater than 33,400	

EXHIBIT B
FY 2010 Project Priority List
ARRA and Fundable List

6/16/2009

PRIORITY POINTS	SYSTEM	LOAN AMOUNT	CUMULATIVE AMOUNT	POPULATION	PROJECT DESCRIPTION	PROPOSED ARRA FUNDS (30% Principal Forgiveness with \$2M Cap)*	PROPOSED DWSRF LEVERAGED FUNDS**	Anticipated Binding Commitment Date	Anticipated Construction Date
955	Henryetta MA	\$ 9,500,000.00	\$ 9,500,000.00	8,248	Improvements to the distribution system, rehabilitation of the existing water treatment plant, and a new intake structure and raw water line.	\$ 2,000,000.00	\$ 7,500,000.00	7/14/2009	9/1/2009
820	Frederick PWA	\$ 4,100,000.00	\$ 13,600,000.00	4,915	Replace obsolete and worn out equipment and meet new surface water treatment standards.	\$ 1,230,000.00	\$ 2,870,000.00	8/11/2009	10/1/2009
765	Healdton MA	\$ 1,075,000.00	\$ 14,675,000.00	2,786	Acquisition and installation of water meters, replacement of water lines, drilling of test wells, and construction of two new ground water wells.	\$ 322,500.00	\$ 752,500.00	8/11/2009	10/1/2009
695	Duncan PUA (IV)	\$ 12,700,000.00	\$ 27,375,000.00	29,700	Upgrade various water pump stations and replacement of meters/installation of AMR system.	\$ 2,000,000.00	\$ 10,700,000.00	8/11/2009	10/1/2009
580	Logan Co. RWD #2	\$ 750,000.00	\$ 28,125,000.00	1,285	Construct new water wells, additional water storage, and water distribution improvements.	\$ 225,000.00	\$ 525,000.00	8/11/2009	10/1/2009
565	Bryan Co. RWD & SWMD #2 (III)	\$ 355,000.00	\$ 28,480,000.00	8,656	Install an emergency generator at the water plant; a portable generator at the booster station; and two (2) 50 horsepower clear well pumps, and add perimeter fencing around the WTP and backwash lagoons.	\$ 106,500.00	\$ 248,500.00	7/14/2009	9/1/2009
550	Perry MW	\$ 580,000.00	\$ 29,060,000.00	6,430	Make modifications/upgrades to the Water Treatment Plant.	\$ 174,000.00	\$ 406,000.00	11/1/2009	2/1/2010
533	Goldsby WA (I)	\$ 1,153,323.00	\$ 30,213,323.00	1,300	Construct approximately 14,500 l.f. of 12" water line in order to purchase water from the City of Norman.	\$ 345,996.90	\$ 807,326.10	11/1/2009	2/1/2010
490	Sapulpa MA	\$ 3,434,316.00	\$ 33,647,639.00	35,352	Construct a new 2MG water storage tank, and associated water line work, and add 1 (one) emergency generator.	\$ 1,030,294.80	\$ 2,404,021.20	10/1/2009	12/1/2009
480	Osage Co. RWD #21	\$ 1,366,000.00	\$ 35,013,639.00	1,575	Construction of a new well field, main supply line to proposed water treatment plant, and additional storage for the system at the plant site.	\$ 409,800.00	\$ 956,200.00	11/1/2009	2/1/2010
465	Adair MA	\$ 900,000.00	\$ 35,913,639.00	704	Construct a 12" water line to connect to another water district.	\$ 270,000.00	\$ 630,000.00	11/1/2009	2/1/2010

EXHIBIT B
FY 2010 Project Priority List
ARRA and Fundable List

6/16/2009

465	Stillwater UA (II)	\$ 11,520,000.00	\$ 47,433,639.00	40,800	Rehabilitation of deteriorated water distribution lines at various locations; rehabilitation of the 0.5MG Range Road elevated storage tank; purchase and install Automated Meter Reading (AMR) equipment; replace four sets of deteriorated pumps and motors at two booster pump stations (two sets at each station); upgrade the discharge header piping at the high service pump station at the WTP; and purchase a mobile generator to provide backup emergency power to any of the booster pump stations.	\$ 2,000,000.00	\$ 9,520,000.00	8/11/2009	10/1/2009
458	Vinita PWA (II)	\$ 4,300,000.00	\$ 51,733,639.00	11,163	Add ozone for pretreatment and primary disinfection, construct a new clearwell, and add an on-site standby power generator.	\$ 1,290,000.00	\$ 3,010,000.00	12/1/2009	2/1/2010
458	McAlester PWA	\$ 3,886,800.00	\$ 55,620,439.00	24,236	Replace filter media and underdrain for three filters, upgrade filter process control, and rehabilitation of the concrete clearwell, surge tank installation, administration building roof repair, administration building foundation repair, lake McAlester raw water intake modifications, Lake McAlester raw water pump station variable speed drives, and city water meter	\$ 1,166,040.00	\$ 2,720,760.00	12/1/2009	2/1/2010
425	Okmulgee PWA (I)	\$ 8,000,000.00	\$ 63,620,439.00	20,200	Modification of our existing WTP clearwells, new disinfection application points and feed equipment, additional disinfection contact volume, and residual handling improvements.	\$ 2,000,000.00	\$ 6,000,000.00	12/1/2009	2/1/2010
423	Wewoka PWA	\$ 635,000.00	\$ 64,255,439.00	4,257	Replace filter media, valves in the settling basins, and valves throughout the water system; install a generator at the WTP; replace approximately 1,000 feet of 10" water main distribution lines and an outdated back-up	\$ 190,500.00	\$ 444,500.00	12/1/2009	2/1/2010
420	Longtown RW & SD #1	\$ 1,000,000.00	\$ 65,255,439.00	4,707	Improvements to water storage facilities to improve water circulation to assist with DBP's.	\$ 300,000.00	\$ 700,000.00	12/1/2009	2/1/2010
410	Bixby PWA (II)	\$ 7,700,000.00	\$ 72,955,439.00	20,475	Water plant upgrade & replacement of water main from WTP to 171st St.			7/1/2009	9/1/2009
410	Norman UA (I)	\$ 14,000,000.00	\$ 86,955,439.00	91,526	Phase I includes the installation of a new clarifier, new electrical building, new emergency generator, filter media replacement, new chemical feed systems, new SCADA and process control equipment, and all necessary yard piping.	\$ 2,000,000.00	\$ 12,000,000.00	7/14/2009	9/1/2009
405	Carmen PWA	\$ 250,000.00	\$ 87,205,439.00	411	Construct a nitrate reduction system. For SFY 2010.		\$ 175,000.00	12/1/2009	2/1/2010
						75000			

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400	Coweta PWA (II)	\$ 7,500,000.00	\$ 94,705,439.00	7,139	Water treatment facility upgrades to include ozone disinfection, a standby generator, SCADA system, and various waterlines.	\$ 2,000,000.00	\$ 5,500,000.00	12/1/2009	2/1/2010
385	Davis MA	\$ 6,000,000.00	\$ 100,705,439.00	3,010	Construct a new water treatment plant.	\$ 1,800,000.00	\$ 4,200,000.00	12/1/2009	2/1/2010
380	Bristow MA	\$ 5,000,000.00	\$ 105,705,439.00	3,899	Drill two (2) new water wells, lay approximately 1 1/8 mile of 12" w.l., lay approximately 27 miles of 8" w.l., lay approximately 36 miles of 6" w.l. and install one main line gate valve per mile and air relief valves, and fire hydrants where needed.	\$ 1,500,000.00	\$ 3,500,000.00	12/1/2009	2/1/2010
380	Tahlequah PWA	\$ 18,000,000.00	\$ 123,705,439.00	18,431	Construct a new water treatment plant, and 53,000 L.F. of 20" treated water transmission line.	\$ 2,000,000.00	\$ 16,000,000.00	9/1/2009	11/1/2009
365	McCurtain Co. RWD #8	\$ 8,975,638.00	\$ 132,681,077.00	5,037	Construct a new water treatment plant, modifications to an existing pump station, and a new water transmission line.	\$ 2,692,691.40	\$ 6,282,946.60	7/14/2009	6/1/2009
340	Wagoner PWA	\$ 1,000,000.00	\$ 133,681,077.00	8,699	Replacement of aging lines downtown and on Oklahoma 51 highway west in the southeast portion of town, and in the northeast part of town, and add a portable generator.	\$ 300,000.00	\$ 700,000.00	8/11/2009	10/1/2009
328	Shawnee MA (I)	\$ 13,500,000.00	\$ 147,181,077.00	32,168	Replacement of a 75 year old raw water transmission line between Shawnee Twin Lake #1 and the City's WTP.	\$ 2,000,000.00	\$ 11,500,000.00	9/1/2009	11/1/2009
323	Goldsby WA (II)	\$ 1,191,189.00	\$ 148,372,266.00	1,300	Construct approximately 13,000 l.f. of 12" water line in order to connect our west water tower to our treatment plant facilities, and construct a new 27' x 120' standpipe.	\$ 357,356.70	\$ 833,832.30	9/1/2009	11/1/2009
310	Washington Co. RWD #3	\$ 12,059,000.00	\$ 160,431,266.00	14,137	Expansion of the District's North Water Treatment Plant to a new design capacity of 10 MGD.	\$ 436,080.20	\$ 11,622,919.80	7/14/2009	9/1/2009
SUBTOTAL FOR PROPOSED ARRA PROJECTS						\$ 30,221,760.00	\$ 122,509,506.00		
305	Beaver PWA	\$ 368,119.00	\$ 160,799,385.00	1,570	Install a new booster pump station.			9/1/2009	11/1/2009
300	Duke MA	\$ 200,000.00	\$ 160,999,385.00	318	Construction of wells and storage facilities.			9/1/2009	11/1/2009
285	Okmulgee PWA (II)	\$ 2,000,000.00	\$ 162,999,385.00	20,200	Distribution system improvements including reduction of dead-ends, additional elevated storage, and potential in-system disinfection stations.			9/1/2009	11/1/2009
275	Ardmore PWA (III)	\$ 2,000,000.00	\$ 164,999,385.00	25,205	Construction of a water line reinforcement structure.			6/1/2009	
270	Enid MA (I)	\$ 8,257,294.00	\$ 173,256,679.00	48,984	Replace approximately 20,000 water meters citywide with an Automated Meter Reading (AMR) system, and generator.			8/11/2009	10/1/2009

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265	Hughes Co. RWD #5	\$ 525,000.00	\$ 173,781,679.00	1,447	Drill a new well and construct 5.5 miles of new water lines.	9/1/2009	11/1/2009
255	Lincoln Co. RW & SD #4	\$ 900,000.00	\$ 174,681,679.00	2,250	Construction of a Water Treatment Plant, and a new storage tank.	9/1/2009	11/1/2009
255	Claremore PWA (I)	\$ 16,000,000.00	\$ 190,681,679.00	20,043	Water treatment plant expansion to 4.0 MGD with a new intake structure and high service pumping improvements.	9/1/2009	11/1/2009
250	Canadian Co. RWD #1	\$ 2,000,000.00	\$ 192,681,679.00	650	Construction of a water treatment facility including possible improvements to the water transmission, distribution, storage, and pumping systems.	9/1/2009	11/1/2009
225	Mayes Co. RWD #3	\$ 976,000.00	\$ 193,657,679.00	1,817	Upgrade the treatment plant to increase the capacity from 400,000 to 700,000 gallons per day; all media in four filters will be replaced and the sedimentation weirs will be upgraded with tube settlers; construct a 50' x 70' building to replace the existing building which is beyond repair; all valves will be automated and an air scrubber system will be installed.	9/1/2009	11/1/2009
213	Commerce DA	\$ 119,701.00	\$ 193,777,380.00	2,645	Install 2,600' of new water line on Main Street, and purchase a power generator for the system.	9/1/2009	11/1/2009
195	Guymon UA (II)	\$ 3,619,559.00	\$ 197,396,939.00	12,100	Construction of two (2) water wells, retrofitting an existing water well, and approximately 13,500 l.f. of 12" transmission main, and updating the water system to accommodate Advanced Meter Reading (AMR) components.	8/11/2009	10/1/2009
195	Miami Special UA (II)	\$100,000,000.00	\$ 297,396,939.00	14,137	Replacement of water lines - city wide.	9/1/2009	11/1/2009
195	Miami Special UA (III)	\$ 600,000.00	\$ 297,996,939.00	14,137	Neosho River Waterline Crossing.	9/1/2009	11/1/2009
195	Woodward Co. RWD #2	\$ 700,000.00	\$ 298,696,939.00	940	Drill a new well, install approximately 6.7 miles of new 6" waterline and upgrading approximately 1 mile of 4" to 6" waterline.	9/1/2009	11/1/2009
190	El Reno MA (III)	\$ 5,654,860.00	\$ 304,351,799.00	19,682	Various water line projects, and a Clearwell (East) renovation and piping improvements, and upgrading the water system to accommodate Advanced Meter Reading (AMR) components.	9/1/2009	11/1/2009
185	Geary UA	\$ 2,236,602.00	\$ 306,588,401.00	1,258	Construct a 12" water distribution line.	9/1/2009	11/1/2009
180	Enid MA (II)	\$ 5,820,000.00	\$ 312,408,401.00	48,984	Construct a 1MG elevated water tank and a 750,000G elevated water tank.	10/1/2009	2/1/2010

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175	Guthrie PWA (III)	\$ 3,800,000.00	\$ 316,208,401.00	9,925	Water distribution line improvements consisting of the replacement of certain critical mains within the city, and installation of automated water meters and an AMR system.	9/1/2009	11/1/2009
175	Claremore PWA (II)	\$ 10,000,000.00	\$ 326,208,401.00	20,043	Construct a new 1.0 MG elevated storage tower and related transmission line upgrades.	9/1/2009	11/1/2009
170	Elk City PWA	\$ 9,500,000.00	\$ 335,708,401.00	10,510	Improvements to the City's well field, and construction of a major water transmission line.	8/11/2009	10/1/2009
170	Waurika Lake MCD	\$ 1,663,000.00	\$ 337,371,401.00	122,609	Replace eight (8) system automatic check valves and actuators at the main lake pump house; replace the system control system with a modern SCADA system; replace eight (8) system automatic "stop" valves; replace twelve (12) surge valves; install isolation valves for each pump house (4) and isolation system for the Comanche take-off.	9/1/2009	11/1/2009
168	Shawnee MA (II)	\$ 450,000.00	\$ 337,821,401.00	32,168	Replacement of all valves necessary for the control of water supply from the Shawnee Twin lakes.	9/1/2009	11/1/2009
166	Sand Springs MA	\$ 7,000,000.00	\$ 344,821,401.00	20,910	A system-wide replacement of approximately 12,000 water meters coupled with the implementation of an automatic meter reading/advanced metering infrastructure (AMR/AMI) system.	8/11/2009	10/1/2009
165	Lawton WA (III)	\$ 6,210,000.00	\$ 351,031,401.00	114,387	Replace by paralleling existing undersized 2-inch, 4-inch, and 6-inch waterlines with 8-inch waterlines to improve the water distribution grid and system reliability to better serve the community. Phase I includes approximately 20,000 l.f., Phase II includes approximately 13,000 l.f., and Phase III includes approximately 14,000 l.f.	8/11/2009	10/1/2009
165	Central Oklahoma Master Conservancy District (COMCD)	\$ 2,306,000.00	\$ 353,337,401.00	168,592	Replacing electrical power, pumps and motors with higher efficiency technology.	7/14/2009	9/1/2009
148	Bartlesville MA (IV)	\$ 9,870,000.00	\$ 363,207,401.00	43,371	Demolish two (2) existing water storage tanks & construct a new 4 MG mound water storage tank; construct 4,550 feet of 36" water line; new 1 MG elevated water storage tank & 20" supply line; renovation of Indiana pump station; Standby power for three (3) booster pump stations; and demolition of old water treatment plant & cleaning of old residuals lagoons.	7/14/2009	9/1/2009
145	Creek Co. RWD #4	\$ 500,000.00	\$ 363,707,401.00	1,000	Water line replacement, isolation valves and demolition and removal of a dilapidated standpipe.	9/1/2009	11/1/2009

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145	Cherokee Co. RWD #11	\$ 1,748,300.00	\$ 365,455,701.00	3,088	Raw water intake system improvements, and construct 29,934 l.f. of water line.	9/1/2009	11/1/2009
145	Ponca City UA (II)	\$ 11,000,000.00	\$ 376,455,701.00	29,273	Plant modifications and distribution improvements.	8/11/2009	10/1/2009
130	Sallisaw MA	\$ 6,500,000.00	\$ 382,955,701.00	9,951	Construction of a new 24" raw water transmission line and a 1MG clearwell.	9/1/2009	11/1/2009
125	Yukon MA	\$ 2,000,000.00	\$ 384,955,701.00	22,498	Construct a new 1 MG water tower.	9/1/2009	11/1/2009
125	Oklahoma City Water UT	\$ 61,110,000.00	\$ 446,065,701.00	621,590	Project #2 (WT-0045) - New 12 MG Clearwell at Hefner WTP; Project # 5 (WC-0501) - 3 mile 48" water transmission main along SE 164th from Telephone Road to Pennsylvania; Project #6 (WC-0502) - 6 mile 48" water transmission main from SW 164th & Pennsylvania to SW 104th & Portland; Project #7 (WC-0490) - 1 mile 48" water transmission main from Hefner WTP to east of Hefner Pkwy; and 2 miles 42" water transmission main from Hefner Pkwy to Western along Hefner Road; Project #8 (WC-0520) - replacement of 60" PCCP along Douglas Ave. between SW 74th and SW 36th (12,000 ft.); Project #9 (WC-0337) - replace 6" water mains from NW 71 to NW 72, Hammond to N. MacArthur (Warr Acres) 4,600 ft.; and along NW 38th between Pennsylvania Ave. & Youngs Blvd. 2,600 ft.; Project #11 (WC-0420) Phase III - 8" water main replacement near NW 58th-NW 60th St. from MacArthur to Redmond; Project #12 (WC-0451) - 6" and 12" water main replacement from Pennsylvania to Haverhill Place between Lanesboro Drive and Plymouth Drive in the Village (11,900 ft.); Project #13 (WC-0588) - 12" water main replacement along NW 50th from Miller Place to Pennsylvania (3,900 ft.).	9/1/2009	12/1/2009
125	Oklahoma City Water UT	\$ 7,950,000.00	\$ 454,015,701.00	621,590	Project #3 (WT-0081) - Draper WTP high service pump station surge protection improvements; Project #10 (WC-0589) - replace 6" & 8" water mains along NW 84th from Western to Waverly; Agnew to Villa between SW 51st to SW 55th (7,300 ft.); and Project #14 (WC-0540) - 6" water main replacement from NW 34th to NW 35th between Dewey and Robinson (2,750 ft.).	8/11/2009	10/1/2009

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120	Broken Arrow MA (II)	\$ 55,000,000.00	\$ 509,015,701.00	81,730	Construction of a phased upgrade and expansion of the Verdigris River Water Treatment Plant to provide 30 MGD of treated water.	4/1/2010	7/1/2010
120	Rogers Co. RWD #2	\$ 750,000.00	\$ 509,765,701.00	2,750	Install a two-mile long twelve (12") main distribution water line through the district.	11/1/2009	1/1/2010
120	Rogers Co. RWD #7	\$ 750,000.00	\$ 510,515,701.00	2,800	Installation of approximately 7,500' of 12" water line, and 1,500 AMR water meters.	8/11/2009	10/1/2009
110	Quinlan Community RWD #1	\$275,000.00	\$ 510,790,701.00	185	Install approximately 31,790 l.f. of 6" PVC pipe, and 14,575 l.f. of 4" PVC pipe.	11/1/2009	1/1/2010
110	Harrah PWA	\$ 526,947.00	\$ 511,317,648.00	5,148	Construct a water line loop to the 29th Street system.	11/1/2009	1/1/2010
108	Newcastle PWA	\$ 2,500,000.00	\$ 513,817,648.00	8,931	Construct a water line extension at State Highway 62 and Fox Lane to connect to Oklahoma City water.	7/14/2009	9/1/2009
100	Morrison PWA	\$ 1,293,175.00	\$ 515,110,823.00	950	Construction for replacement of main line water distribution, valves, fire hydrants, and additional storage for the system.	11/1/2009	1/1/2010
100	Midwest City UA	\$ 2,998,400.00	\$ 518,109,223.00	56,785	Construct a secondary filtration system with GAC filter media.	11/1/2009	1/1/2010
95	Cyril MA	\$ 293,120.00	\$ 518,402,343.00	1,168	Water system improvements that include leak detection, placement of additional main line block valves, replacement of fire hydrants, and water line replacement.	11/1/2009	1/1/2010
90	Logan Co. RWD #1	\$ 3,100,000.00	\$ 521,502,343.00	3,500	Construct distribution lines for water purchasing, water storage and pumping.	11/1/2009	1/1/2010
88	Nowata MA	\$ 1,500,000.00	\$ 523,002,343.00	5,566	Construct a .5 MG elevated storage tank.	11/1/2009	1/1/2010
83	Ponca City UA (III)	\$ 2,842,000.00	\$ 525,844,343.00	29,273	Rehabilitation of the Lake Ponca raw water transmission main, construct two (2) new 800 gallon per minute water wells, and replacement of the water plant lime softening system.	8/11/2009	8/1/2009
78	Vinita PWA (III)	\$ 5,317,000.00	\$ 531,161,343.00	11,163	Construct a water treatment facility which will include concrete rapid mix and flocculation basins, updated chemical feed equipment, microfiltration membranes, and a new clearwell.	8/1/2009	10/1/2009
75	Muskogee Co. RWD #7	\$ 300,000.00	\$ 531,461,343.00	1,710	Rehabilitation of the distribution system by replacing 4" pipe with 8" pipe (approx. 14,000 feet); replacing 2" pipe with 4" pipe (approx. 5,000 feet); and closing a loop between 2 dead end lines with 4" pipe (approx. 1/4 mile).	11/1/2009	1/1/2010
75	Creek Co. RWD #2	\$ 250,000.00	\$ 531,711,343.00	11,400	Installation of 7,500 l.f. of 6" waterline.	11/1/2009	1/1/2010

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74	Pauls Valley MA	\$ 2,810,000.00	\$ 534,521,343.00	6,756	Increase binding commitment amount for construction of a new water treatment plant; pump station renovations; construct a new 300,000 gallon elevated storage tank; new raw water and waste disposal lines; and new water lines. Original binding commitment amount was \$7,515,000, and the total new binding commitment amount will be \$10,325,000.	8/12/2008	4/1/2009
70	Stroud UA	\$ 715,000.00	\$ 535,236,343.00	2,811	Upgrading the water system to accommodate Advanced Meter Reading (AMR) components.	11/1/2009	1/1/2010
70	Stillwater UA (III)	\$ 81,200,000.00	\$ 616,436,343.00	40,800	Construction of a new 25 mgd pump station, and 37 miles of new 36-inch pipeline, which parallels the existing 36-inch line from Kaw Lake to Stillwater WaterTreatment Plant.	12/1/2009	1/1/2010
70	Broken Arrow MA (III)	\$ 7,503,000.00	\$ 623,939,343.00	81,730	Construct a connection from the Broken Arrow water system to the City of Coweta water system; construct extensions to the water conveyance system for the Olive to Tucson loop and 9th to Florence to Elm loop.	11/1/2009	1/1/2010
68	Clinton PWA (II)	\$ 1,500,000.00	\$ 625,439,343.00	10,485	Upgrading the water system to accommodate Advanced Meter Reading (AMR) components.	11/1/2009	1/1/2010
65	Ponca City UA (I)	\$ 10,000,000.00	\$ 635,439,343.00	29,273	Construction of raw water line and pump station.	1/1/2010	3/1/2010
60	Pawnee Co. RWD #6	\$ 686,845.00	\$ 636,126,188.00	100	Construction of a new water district.	11/1/2009	1/1/2010
60	Hobart PWA	\$ 223,300.00	\$ 636,349,488.00	4,297	Install 9,200 feet of 8-inch water lines to insure proper pressure and install 6 fire hydrants along the water	11/1/2009	1/1/2010
60	Tulsa Metropolitan UA	\$ 6,670,000.00	\$ 643,019,488.00	504,613	Project #1 (TMWA 04-57 C1) - Installation of 2,542 ft. of 6-inch DIP and 12,696 ft. of 6-inch PVC; Project #2 (TMWA 04-57 C2) - 27,000 ft. of 6-inch waterline throughout city; Project #3 (TMWA 04-57 C4) - 10,200 ft. of 6-inch waterline and 1,000 ft. of 8-inch waterline throughout city; Project #4 (TMWA 07-28) - 9,000 ft. of 6-inch waterline in vicinity of N. Madison Ave. to N. Peoria and E. Latimer St. to E. Archer St.	7/14/2009	9/1/2009
50	Bixby PWA	\$ 3,000,000.00	\$ 646,019,488.00	20,475	Construct 2.3 miles of water main, including an Arkansas River crossing, west of Mingo Road.	7/14/2009	9/1/2009
25	Cashion PWA	\$ 404,761.00	\$ 646,424,249.00	635	Construct a water storage tank and pump station.	11/1/2009	1/1/2010
10	Tuttle PWA (II)	\$ 1,250,000.00	\$ 647,674,249.00	4,294	Upgrading the water system to accommodate Advanced Meter Reading (AMR) components.	11/1/2009	1/1/2010
TOTALS		\$647,674,249.00	\$ 647,674,249.00			\$ 30,221,760.00	\$ 119,509,506.00

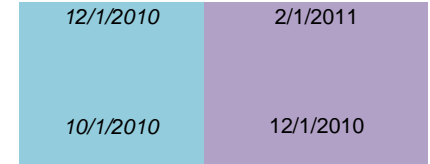
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2011

410	Norman UA	\$ 17,000,000.00	\$ 17,000,000.00	91,526	Phase II will include a new disinfection process/taste and odor removal system (Ozone or UV/PAC), an on-site chlorine generation system and all necessary yard piping.
193	Collinsville MA	\$ 2,300,000.00	\$ 19,300,000.00	4,740	Upgrade the existing Water Treatment Plant by adding a new treatment train.
Total 2011		\$ 19,300,000.00	\$ 19,300,000.00		



2012

No systems at this time.

2013

178	Grove MSA	\$ 7,500,000.00	\$ 7,500,000.00	11,732	Expansion of existing water treatment plant.
Total 2013		\$ 7,500,000.00	\$ 7,500,000.00		



Targeted Subject To Bypass Procedures

*As funding is available, it is proposed that 30% of a project's expenditures up to two million dollars will be available in the form of principal forgiveness through ARRA funding and 70% will be in the form of loans from base program. Approximately \$30,221,760 of ARRA funds have been earmarked for principal forgiveness.

**A bond issue will be targeted in the Fall of 2009 to address the funding needs beyond what is currently available under the leveraged program.

APPENDIX C
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PRIORITY POINTS	¹ GREEN	SYSTEM	GREEN PROJECT AMOUNT	ARRA GRANT AMOUNT GREEN PROJECTS 30% or 2M	CUMULATIVE AMOUNT GREEN PROJECTS	LOAN AMOUNT	POPULATION	PROJECT DESCRIPTION
765	G, E, W	Healdton MA	\$ 668,672.00	\$ 200,601.60	\$ 200,601.60	\$ 1,075,000.00	2,786	Acquisition and installation of water meters, <u>replacement of water lines</u> , drilling of test wells, and construction of two new ground water wells.
695	G, E, W	Duncan PUA (IV)	\$ 12,700,000.00	\$ 2,000,000.00	\$ 2,200,601.60	\$ 12,700,000.00	29,700	<u>Upgrade various water pump stations and replacement of meters/installation of AMR system.</u>
465	G, E, W	Stillwater UA (II)	\$ 9,100,000.00	\$ 2,000,000.00	\$ 4,200,601.60	\$ 11,520,000.00	40,800	Rehabilitation of deteriorated water distribution lines at various locations; rehabilitation of the 0.5MG Range Road elevated storage tank; <u>purchase and install Automated Meter Reading (AMR) equipment; replace four sets of deteriorated pumps and motors at two booster pump stations (two sets at each station); upgrade the discharge header piping at the high service pump station at the WTP;</u> and purchase a mobile generator to provide backup emergency power to any of the booster Phase I includes the installation of a new clarifier, new electrical building, new emergency generator, filter media replacement, <u>new chemical feed systems (lime feed system and CO₂ System)</u> , new SCADA and process control equipment, and all necessary yard piping.
410	G, E	Norman UA (I)	\$ 1,311,000.00	\$ 2,000,000.00	\$ 6,200,601.60	\$ 11,000,000.00	91,526	<u>Replace approximately 20,000 water meters citywide with an Automated Meter Reading (AMR) system,</u> and generator.
270	G, E, W	Enid MA (I)	\$ 8,153,797.00	\$ 2,000,000.00	\$ 8,200,601.60	\$ 8,257,294.00	48,984	Construction of two (2) water wells, retrofitting an existing water well, and approximately 13,500 l.f. of 12" transmission main, and updating the water system to accommodate <u>Advanced Meter Reading (AMR)</u>
195	G, E, W	Guymon UA (II)	\$ 1,704,555.00	\$ 511,366.50	\$ 8,711,968.10	\$ 3,619,559.00	12,100	<u>Water distribution line improvements consisting of the replacement of certain critical mains within the city, and installation of automated water meters and an AMR system.</u>
175	G, E, W	Guthrie PWA (III)		\$ -	\$ 8,711,968.10	\$ 3,800,000.00	9,925	<u>A system-wide replacement of approximately 12,000 water meters coupled with the implementation of an automatic meter reading/advanced metering infrastructure (AMR/AMI) system.</u>
166	G, E, W	Sand Springs MA	\$ 7,000,000.00	\$ 2,000,000.00	\$ 10,711,968.10	\$ 7,000,000.00	20,910	Installation of approximately 7,500' of 12" water line, and <u>1,500 AMR water meters.</u>
120	G, E, W	Rogers Co. RWD #7	\$ 750,000.00	\$ 225,000.00	\$ 10,936,968.10	\$ 750,000.00	2,800	

APPENDIX C

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83	G, E	Ponca City UA (III)	\$ 1,000,000.00	\$ 300,000.00	\$ 11,236,968.10	\$ 2,842,000.00	29,273	Rehabilitation of the Lake Ponca raw water transmission main, construct two (2) new 800 gallon per minute water wells, and replacement of the water plant <u>lime softening system</u> .
70	G, E, W	Stroud UA	\$ 715,000.00	\$ 214,500.00	\$ 11,451,468.10	\$ 715,000.00	2,811	<u>Upgrading the water system to accommodate Advanced Meter Reading (AMR) components.</u>
68	G, E, W	Clinton PWA (II)	\$ 1,500,000.00	\$ 450,000.00	\$ 11,901,468.10	\$ 1,500,000.00	10,485	<u>Upgrading the water system to accommodate Advanced Meter Reading (AMR) components.</u>
10	G, E, W	Tuttle PWA (II)	\$ 1,250,000.00	\$ 375,000.00	\$ 12,276,468.10	\$ 1,250,000.00	4,294	<u>Upgrading the water system to accommodate Advanced Meter Reading (AMR) components.</u>

**APPENDIX D
FEDERAL PAYMENT SCHEDULE**

	Cumulative Payments	FY 2009				FY 2010			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1997-2008 Grants	\$ 135,420,255								
2009 Grant	\$ 7,076,782				\$ 7,076,782				
2010 Grant	\$ 12,584,909					\$ 12,584,909			
Total Grants	\$ 155,081,946								

APPENDIX E



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

707 North Robinson, P.O. Box 1677, Oklahoma City, Oklahoma 73101-1677

News Release

For Immediate Release: May 22, 2009

Contact: Skylar McElhaney, (405) 702-7167

DEQ SCHEDULES PUBLIC MEETING ON THE DRINKING WATER STATE REVOLVING FUND SFY 2010 INTENDED USE PLAN (IUP)

The Water Quality Division of the Department of Environmental Quality (DEQ) will hold a public meeting on Monday, June 22, 2009, 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 2010 IUP, the Priority Ranking System, and the Project Priority List (PPL) for the Drinking Water State Revolving Fund. The IUP 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/WQDnew/dwsrf/. 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 Section, Department of Environmental Quality, P.O. Box 1677, Oklahoma City, OK 73101-1677. A copy of the draft plan may be reviewed on the eighth floor of the DEQ offices, at 707 N. Robinson, Oklahoma City, Oklahoma. The comment period will remain open until July 22, 2009.

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