

NONPOINT SOURCE APPLICATION INSTRUCTIONS

These are the instructions for completing the **Nonpoint Source Application** to the Clean Water State Revolving Fund Loan program. The application is comprehensive in scope. It was intentionally designed to collect the level of information needed by DEQ to rank projects based on their environmental benefit to Oregon's water quality. The application contains thirty-six questions, contained in six sections:

1. Project Description
2. Water body
3. Water Quality/Public Health Benefits
4. Education, Involvement and Technology
5. Project Schedule and Budgeting
6. Supporting Documents and Certification

The application form should provide adequate space for detailed responses to most of the questions. When an additional document is requested, the application recommends those documents be submitted as a specific "attachment". If additional space is needed to respond to a question, feel free to submit that information, well labeled as a separate attachment.

It is expected that applicants will need clarification when responding to some of these questions. DEQ encourages applicants to work closely with their regional DEQ Project Officer in accurately completing this application. **In addition to the application form, applicants must also submit all of the applicable exhibits requested on the exhibits and requirements checklist** also available at <http://www.deq.state.or.us/wq/loans/docs/forms/npschklst.pdf>

If you do not know the name or phone number of your DEQ Project Officer or need other assistance, please contact Larry McAllister at (800) 452-4011, ext. 6412 or direct at 503 229-6412 or Kim Carlson at ext. 6312 or direct at 503 229-6312.

LINE INSTRUCTIONS

Section 1: Project Description

1. **PUBLIC AGENCY.** The complete legal name of the entity applying for the loan, the mailing address, phone numbers, fax number and email address.
2. **CONTACT PERSON.** The information for the staff person who will coordinate the project engineering, construction, and environmental compliance aspects for the applicant.

3. **PROJECT TYPE:** Check the box indicating the purpose of this loan. Loans may be for design, design and construction, or construction only.
4. **CWSRF LOAN REQUEST.** This is the amount the applicant is requesting from the CWSRF loan program. Loan proceeds are disbursed on a reimbursement basis. If the full loan amount is not needed, the loan will be amended (i.e., decreased) at the completion of the project. No interest or fees are charged for loan proceeds not disbursed.
5. **PROJECT DESCRIPTION.** Provide enough detail to ensure a clear understanding of the scope of the project.
6. **TOTAL ESTIMATED PROJECT COST.** This figure should represent the latest information on the estimated cost of the project. This is the cost that will be financed from all funding sources. It may include staff administration time if that cost is being financed. It may also include a reasonable additional amount for contingencies on large construction projects. Be sure to attach a copy of the estimate document.
7. **PROJECT CATEGORIES.** Identify the appropriate category for the project (or part of the project) being financed with CWSRF loan (These are EPA-defined categories and used for reporting purposes only).

Section 2: Water body

8. **What water body, if any, will the project impact?** Intention is to know what specific water body or area of groundwater will be impacted by this project. Providing lat. and long. Information for the point of contact is useful.
9. **Is water body impaired or limited by a pollutant addressed by this project?** Will this project address a pollutant that is impacting this water body? Explain how this project will reduce or eliminate that pollutant or pollutants.
10. **Will this project mitigate these water quality parameters?** These pollutants may be the same as those described in question 9, or different. Temperature is considered a pollutant when water temperature increases to the point where it impacts aquatic species. Dissolved oxygen is considered a pollutant when the level falls outside a range that benefits the ecological health of the water body. Contaminated sediments might include various oils and minerals or the amount of suspended sediment itself. Nutrients of concern include nitrogen, phosphorus, potassium etc. Please describe such mitigation on an attached sheet, labeled "Attachment B".
11. **Special Status water body.** Indicate which designation qualifies the water body and provide some detail of the location of the proposed project to one of these water bodies.

Section 3: Water Quality/Public Health Benefits

- 12. Documented problems being addressed by this project.** The documented problem may be either a water quality or a water related public health problem. Describe the water quality or public health problem being addressed by the proposed project. Indicate the source of the documentation of this problem. Describe in detail how the project will improve or eliminate the documented problem. Attach copies of the documentation if not already on file at DEQ.
- 13. Will this project address a documented problem associated with groundwater?** Similar to question #12. The documented problem may be either a water quality or a water related public health problem. Describe the water quality or public health problem being addressed by the proposed project. Indicate the source of the documentation of this problem. Describe in detail how the project will improve or eliminate the documented problem. Attach copies of the documentation if not already on file at DEQ.
- 14. Does the project resolve a noncompliance issue or enforcement action?** Indicate which enforcement/violation issue has occurred and will be addressed by this project. Attach copies to the application.
- 15. How does this project satisfy the identified enforcement action or resolve the noncompliance?** Specifically describe what action needs to be taken to resolve the indicated noncompliance and how this project will accomplish this.
- 16. Will this project ensure that an activity remains in compliance?** DEQ will recognize certain "proactive proposals". These are proposed projects that are implemented for a water quality activity, while that activity is still operating successfully within all regulations. To qualify the activity has to currently be in compliance. If this project qualifies, please explain what is motivating this project and how long this project should be expected to maintain that activities compliance.
- 17. Improving or maintaining aquatic habitat supporting threatened or endangered species.** Describe the threatened or endangered species. Describe the connection between this project and the local habitat of such a species. Explain how this project will benefit the habitat.
- 18. Does the project incorporate conservation?** Describe how this project promotes a reduction in water usage or need. Indicate the lifespan or duration of this conservation effort.
- 19. Does the project support implementation of a Total Maximum Daily Load Water Quality Implementation Plan or Groundwater Management Area Action Plan?** Describe which WQ plan or GW action plan that this project supports and describe how the project supports that plan. Explain the activities within this project that result in supporting such plans.

- 20. Persistent Bioaccumulative Toxics (PBTs).** Addressing these PBTs is a DEQ priority. On a separate attachment, list any PBTs impacting local water quality standards or a public health issue that will be mitigated by this project.
- 21. Impact on water quality if the project is not implemented at this time.** Please explain what impact can be expected on local water quality if this project is not funded at this time.
- 22. Impact on public health if the project is not implemented at this time.** What reason is there to think a public health problem might occur if this project is not implemented at this time. Please describe the potential health problem. How likely is such a problem?
- 23. Will there be an opportunity to implement this project in the future?** What factors, if any, make this project necessary to implement now? Describe any circumstances that may not allow this same project or a similar project in the future?

Section 4: Education, Involvement and Technology

- 24. Describe education/outreach aspects of project?** Does the project incorporate an educational component? What educational topic will be addressed? How will this occur? Who is the intended audience? How frequently will education or outreach be provided? How will DEQ know that this component will be implemented?
- 25. Promoting public understanding of the importance of maintaining water quality levels.** If education or outreach is incorporated in the project, does it address, encourage the public's understanding of water quality? Explain how that information will be provided to the public.
- 26. Innovative Technologies.** Describe what, if any, innovative technologies will be incorporated in this project. What makes them innovative?
- 27. Transferability of such innovative technologies.** List the circumstances or conditions that would make these technologies attractive solutions to water quality improvement needs in other communities. Are these technology's costs prohibitive? Do they address needs that are common in Oregon communities?
- 28. Other assistance.** Describe any other support (additional funding or other types of support) being provided by other organizations? Describe in as much detail as is known what the support will entail (dollar amounts, volunteer labor).
- 29. Monitoring and reporting.** If monitoring (and reporting of those findings) is incorporated in this project, describe what the monitoring will consist of, and how the resulting information will be beneficial to long term water quality improvement efforts by the applicant and other organizations.

30. Security measures. What security equipment, hardware are incorporated into this project? Explain the need and intention for these security measures?

Section 5: Project Schedule and Budgeting

31. Project Schedule. These dates should represent the most current information on the project schedule.

Estimated Design Start Date (for projects that include design): The estimated date the designer(s) will initiate the design.

Estimated construction start date (for projects that include construction): The estimated date that the construction will begin.

Estimated project completion date: The estimated date when the essential parts of the project will be completed. For a construction project, this will be the Initiation of Operations date. There may be additional costs after this date which will still be covered by the loan.

Estimated Initiation of Operations date (for projects that include construction): The date on which the project will be operationally complete and ready for the purposes for which it was built. There may be minor additional costs after this date which will still be covered by the loan

32. Project Costs and Funding.

These two tables are intended to show that sufficient funds will be available to cover all known project costs. Total Costs should equal Total Funding and be the same as the Total Estimated Project Cost in Question 6.

Table A. Project Budget. In the Total Project Budget column, list all of the budgeted project costs by general category. In the Loan Funded Costs column, identify which of these costs will be covered by the CWSRF loan proceeds. This budget is an estimate and is not binding. Funds will be available in whichever category is needed up to the full amount of the loan.

Table B. Funding Sources. Identify each of the funding sources with the dollar amount expected. If funding is tentative, add a note explaining the situation. If the CWSRF loan is a "back-up" funding source to cover a tentative funding source or possible cost overruns, add a note to explain this.

33. ESTIMATED CWSRF LOAN DISBURSEMENT SCHEDULE. Loan proceeds are disbursed when copies of the invoices or other documentation of costs are submitted. List the estimated amount of loan funds to be requested each three months. This can be based on a rough estimate of the project schedule and is not binding. The quarterly disbursement requests should add up to the CWSRF Loan Request amount in question 4.

34. LOAN STRUCTURE: Check the box of the preferred loan structure. The most common is the Revenue-Secured Direct Loan with a 105% rate coverage and a 100% loan reserve. Read the description below to see if this is your preference. If not, continue reading the other options to find the appropriate structure.

REVENUE SECURED DIRECT LOAN. Most CWSRF loans are direct loans secured by an existing “revenue stream”. If that is your preference, check the box next to “Revenue-Secured Direct Loan” and fill in the Debt Service Coverage Factor and Loan Reserve Percentage, as described below. Most borrowers choose the 105% coverage and the 100% loan reserve requirement. This pair requires the least increase in sewer rates but the largest amount to be set aside in a restricted loan reserve account. After reading the description below, if this is your choice, fill in “105%” and “100%” in the blanks below revenue-secured loan. Otherwise, select a pair appropriate to your situation. (For a proposed loan repayment schedule on your project, call Rick Watters at (503) 229-6814.)

PAIRED COVERAGE FACTORS AND RESERVE REQUIREMENTS	
COVERAGE FACTOR (Net Sewer Revenues before Debt Service as a % of Annual Debt Service Payment)	LOAN RESERVE REQUIREMENT (% of ½ of average annual debt service)
105%	100%
115%	75%
125%	50%
135%	25%

The selection of the Coverage Factor will affect the borrower's sewer system rates, since rates must be maintained which generate sufficient revenue to:

- pay for operation and maintenance of the system, debt service on prior loans and bonds, and reserves for replacement of the facilities being financed; and
- leave a balance at least equal to the Coverage Factor multiplied by the CWSRF loan repayment due that year.

The Loan Reserve Requirement determines the amount that the borrower must retain in a restricted reserve account. Funding of the reserve account must equal the Loan Reserve Requirement multiplied by one-half the average annual CWSRF loan repayment.

The Loan Reserve may be funded with CWSRF loan proceeds if funding the reserve imposes an undue financial hardship on the borrower. In this case, the loan reserve amount would be added to the loan-funded project costs to determine the loan amount. Advise your Project Officer if you would like to pursue this option.

If the borrower has or incurs other sewer system debt obligations which, in the judgment of the DEQ, have inadequate reserves or may adversely affect the ability of the borrower to repay the loan as scheduled, the DEQ may require the Borrower to provide additional coverage and reserves on the non-CWSRF debt.

There are several other types of loan structures available other than the revenue-secured direct loan, as described below.

GENERAL OBLIGATION (G.O.) BONDS. The borrower may sell general obligation bonds to the DEQ. In order to do this, the local jurisdiction must have voter approval before DEQ can sign a loan agreement. Indicate the election date of voter approval (or when an election is scheduled). If voter approval has not yet been received, discuss funding plans with the DEQ project officer or the Headquarters staff.

RATED REVENUE BONDS. The borrower may sell rated (investment grade) revenue bonds or other debt obligations to the DEQ if the repayment stream is **not** subject to appropriation through the budget process.

ALTERNATIVE LOAN. If a General Obligation Bond, Rated Revenue Bond, or Revenue Secured Loan would be unduly burdensome, the borrower may propose an alternative financing plan which has a credit quality substantially equal to, or better than, the credit quality of a revenue-secured loan. An example of this structure is a loan secured by sewer assessments.

DISCRETIONARY LOAN. A borrower with a population of less than 5,000 which, in the judgment of the DEQ, cannot practicably comply with the requirements of the types of loans described above is eligible for a Discretionary Loan. The security structure of this loan would be based upon the financial situation of the borrower. Due to the fact that Discretionary Loans are higher risk, they are limited in amount and are available only for projects which address significant water quality problems.

35. SERVICE AREA DATA. Provide the population and number of equivalent dwelling units for the area being served by this project.

36. SYSTEMS COSTS, REVENUES, AND RATES. Provide information on the estimated impact of this project on the user system rates if applicable. Before Project Expense includes all operations and maintenance expense currently charged to the system. If the total System Revenues do not exceed the System Expense, provide an explanation of the situation and identify what other revenue sources pay the difference.

Projected After Project Completion Expense includes all projected operations and maintenance of the new or improved system, debt service payments, plus funding for a reserve for replacement of the newly constructed system assuming a twenty-year life.

Section 6: Supportive Documents and Certification

EXHIBITS. Submit this application with the applicable exhibits listed on the checklist. Talk with your DEQ Project Officer about which exhibits are applicable. If an exhibit has already been submitted to DEQ through another DEQ program, discuss this with the DEQ Project Officer so that a copy of the exhibit can be obtained.

AUTHORIZATION. The person authorized to sign for the borrower certifies the borrower's intended compliance with the stated requirements by signing and dating the application.

SEND APPLICATION AND EXHIBITS TO YOUR DEQ PROJECT OFFICER at the appropriate DEQ office listed.