

Clean Water

State Revolving Fund

2016 Annual Report

ECONOMIC INVESTMENT



WASTEWATER PLANNING



WATER CONSERVATION



WATER QUALITY RESTORATION



EDUCATION & PARTNERSHIPS



FINANCIAL ASSISTANCE DIVISION
OKLAHOMA WATER RESOURCES BOARD

CONTENTS

Your Financial Assistance Division.....	5
From the Director	6
From the Chief.....	7
Introduction and Executive Summary.....	8
Project Activity	9
Lexington Public Works Authority	11
Tulsa Metropolitan Utilities Authority	12
Broken Arrow Municipal Authority	12
Tuttle Public Works Authority.....	14
Eufaula Public Utilities Authority	15
Perkins Public Works Authority	16
Broken Arrow Municipal Authority	17
Programmatic Headlines.....	18
2016 IUP Accomplishments.....	27
Goals and Accomplishments.....	28
Fund Financial Management	32
Program Initiatives and Rule Changes.....	37
The Future of Wastewater Infrastructure in Oklahoma	40
List of Acronyms	42

LIST OF FIGURES

1. Projected Statewide Wastewater Infrastructure Cost by Region (2010 Dollars) .8	
2. SFY 2016 CWSRF Funded Projects by Planning Region	9
3. Statewide Wastewater Infrastructure Cost Summary in Billions	40
4. Loan and Grant Recipient Status	41

LIST OF TABLES

1. Projects Identified for Receiving CWSRF Assistance within SFY 2016	10
2. Oklahoma CWSRF Sustainability	19
3. Programmatic Application Dates & Requirements.....	22
4. Green Project Reserve and Subsidization for SFY 2016	24
5. Environmental Determinations Issues within SFY 2016	25
6. Statement of Sources and Uses of Funds and Aging Summary	31
7. Loan Application Fees	33
8. Financial Indicators.....	34
9. Historical Funding Sources	35
10. Summary of Administrative Accounts.....	36
11. Actual Federal Disbursements	36
12. Projected Environmental Benefits for Projects Funded within SFY 2016.....	39

The OWRB Financial Assistance Division assists communities in their efforts to protect and conserve Oklahoma's water resources for current and future generations through cost effective financial products, technical assistance, and high quality customer service.



Joe Freeman, Chief
Lori Johnson, Assistant Chief

FINANCIAL ASSISTANCE STAFF



Back Row L to R: Matthew Sellers, Andrew Allen, Kar Tang, Tony Mensah, Jerri Hargis, Sara Senyondo, Charles de Coune, Steven Emmett, Vivek Rajaraman, Laura Oak, Kathy Koon, Jennifer Tomblin, Hernan Fernandez
Front Row L to R: Connie Guinn, Lindy Clay, Conner Sherrer, Kelly Jasper, Kelly Marsh, Joe Freeman, Lori Johnson, Paula Mills, Brenda Hansel, Tonya White, Claressa Bailey, Kate Burum



STATE OF OKLAHOMA
WATER RESOURCES BOARD
www.owrb.ok.gov



With the input of hundreds of Oklahomans over a five-year period, we're determined to not let Oklahoma's Comprehensive Water Plan (OCWP) sit on a shelf collecting dust, but instead use it as a valuable resource to drought-proof Oklahoma. With its eight Priority Recommendations and thirteen Supporting Initiatives, coupled with vast technical data to aid decision-making, the OCWP has become our primary guide for a brighter water future.

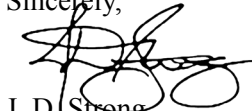
Even with scarce resources, we continue to invest in OCWP implementation. Key initiatives this year involving the State Revolving Fund (SRF) programs include continuing our successful collaboration with ODEQ and other experts to develop the regulatory framework necessary for new advances in water development in Oklahoma, including Aquifer Storage and Recovery (ASR) as well as Direct and Indirect Potable Reuse (DPR and IPR). These emerging techniques can greatly stretch the amount of water available to our citizens, yet currently are not contemplated in our regulatory system; hence, state environmental agencies are striving to get ahead of the curve and have systems in place that enhance our water supply portfolio, while at the same time protecting the health of our citizens and the waters of our state. Some of our cities and towns are already designing their next treatment plants with these technologies in mind. We hope that one day these technologies will be commonplace around our state and form the foundation for meeting Oklahoma's Water for 2060 goal of using no more freshwater in 2060 than we did in 2010.

Regional Planning Groups are growing stronger around the state, collaborating through sharing infrastructure, resources, and conservation strategies so they can confidently confront the next droughts that come. OWRB participates in these groups and offers technical assistance, financial assistance, and other support.

Our experts continue to study major groundwater and surface water basins to better understand the quality and quantity of our water resources; the Enid Isolated Terrace and Rush Springs studies are almost complete. The new statewide Groundwater Monitoring and Assessment Program will soon complete its first five-year rotation sampling a network of approximately 750 wells scattered across Oklahoma's 21 major aquifers.

As it has done for more than 25 years, the State Revolving Fund Program will continue to work closely with state, federal, and local partners to identify common objectives and find innovative solutions to meet Oklahoma's water and wastewater infrastructure needs. With enthusiasm and confidence, we continue to strive for a more secure water future for all Oklahomans.

Sincerely,


J. D. Strong
Executive Director



STATE OF OKLAHOMA
WATER RESOURCES BOARD
www.owrb.ok.gov



The Financial Assistance Division of the Oklahoma Water Resources Board is dedicated to assisting communities and rural districts in maintaining adequate water and wastewater facilities. Since 1983, we have provided approximately 65% of all the financing for Oklahoma's water and wastewater infrastructure needs. To date, we have funded over \$3.4 billion in projects with our loan and grant programs which in turn lead to savings of over \$1 billion for Oklahoma communities and rural districts.

During SFY 2016, our focus was on providing technical assistance and outreach to communities. We were able to roll out the new template for the Fiscal Sustainability Plan and have finalized our online tool "OK Advantages Assessment & Scoring for Infrastructure Solutions" to help communities quantify the benefits of their wastewater investment. The OWRB and CWSRF Program also implemented a pilot mapping project in SFY 2016. Using GPS and GIS technologies to provide quality water and wastewater infrastructure data to small communities and rural districts, this project provides dependable web based viewers for those who struggle with out of date infrastructure maps.


The Division looks forward to meeting new challenges set forth by the state goals of the Water for 2060 Act and the new eligibilities that came out of the Water Resources Reform and Development Act (WRRDA) of 2014. We are pleased that we can play such a significant role in helping finance solutions identified in the Water for 2060 Advisory Council's final report recommendations for encouraging efficient water use across all of Oklahoma's major water use sectors. Given the excellent rapport that we share with so many communities and water users around our state, we are in a prime position to provide public education and outreach to encourage conservation, reuse, sustainability, planning, conservation pricing, consolidation, system cooperation, and so much more.

We strive to accomplish both sound financing and unparalleled environmental protection in all of our loans. The Financial Assistance Division is proud of our natural AAA ratings on all of our State Revolving Fund bond issues as well as our use of innovative means to meet Oklahoma's infrastructure needs.

Work completed through the Oklahoma Comprehensive Water Plan process documented a tremendous need of over \$44 billion through the year 2060 for wastewater investments in Oklahoma. It will take the efforts of all of us in the industry to meet this great challenge.

We look forward to continuing our role in helping Oklahoma build its future.

Sincerely,


Joe Freeman, Chief
Financial Assistance Division

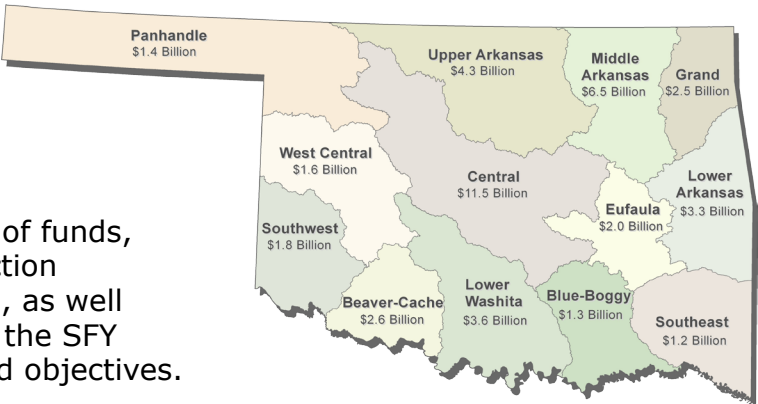
INTRODUCTION

The federal Clean Water Act (CWA) requires a report of the annual Clean Water State Revolving Fund (CWSRF) activities. The OWRB hereby submits the CWSRF Annual Report for State Fiscal Year (SFY) 2016, July 1, 2015 through June 30, 2016.

This report describes sources and uses of funds, environmental performance of construction activities, the OWRB’s financial position, as well as the manner in which the OWRB met the SFY 2016 Intended Use Plan (IUP) goals and objectives.

The OWRB has agreed to submit this report to the Environmental Protection Agency (EPA) within 90 days following the end of the fiscal year. In addition, Oklahoma Statutes require an annual report be submitted to the Governor and Legislature within 120 days of the end of the state fiscal year. This report is intended to fulfill both requirements.

Figure 1: Projected Statewide Wastewater Infrastructure Cost by Region (2010 Dollars)

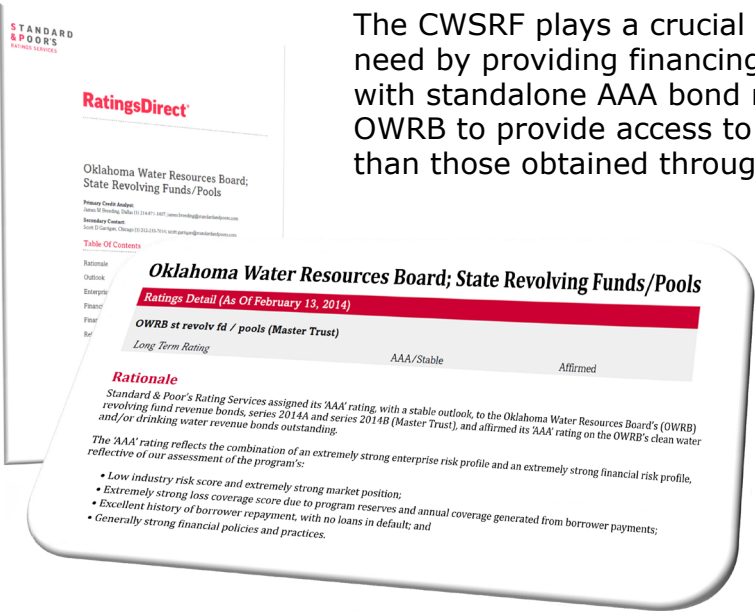


EXECUTIVE SUMMARY

Since 1990, the OWRB’s CWSRF Program has approved over \$1 billion in wastewater infrastructure projects throughout the state, historically providing over 65% of Oklahoma’s wastewater financing needs. Although enormous progress has been made in addressing Oklahoma’s wastewater infrastructure needs, much work is still required. Based on the 2012 Oklahoma Comprehensive Water Plan (OCWP), anticipated wastewater infrastructure needs through 2060 are more than \$44 billion (in 2010 dollars).

The CWSRF plays a crucial role in meeting this ever-growing need by providing financing at 40% below market interest rates with standalone AAA bond ratings. The AAA ratings allow the OWRB to provide access to significantly lower interest rates than those obtained through local debt issuance. Utilizing the CWSRF Program has saved Oklahomans an estimated \$397 million in principal and interest.

In SFY 2016, Oklahoma’s CWSRF committed approximately \$41.7 million in loans for projects listed on the SFY 2016 Project Priority List (PPL).



PROJECT ACTIVITY

Capital financing through the CWSRF Program enables Oklahoma’s wastewater systems to meet treatment standards for wastewater. These discharges into the State’s rivers and lakes are in accordance with the National Pollutant Discharge Elimination System (NPDES), administered by the Oklahoma Department of Environmental Quality (ODEQ). For SFY 2016, the OWRB conducted seven (7) environmental reviews and appropriate determinations were executed and distributed using the EPA-approved State Environmental Review Process (SERP) prior to providing assistance.

The SFY 2016 projects allowed borrowers to cost-effectively:

- Increase water efficiency within the system;
- Rehabilitate aging treatment plants and collection lines;
- Expand capacity to meet anticipated population and economic growth opportunities throughout the projects’ design life;
- Attain compliance with State effluent discharge requirements to protect Oklahoma’s water resources; and
- Aim to improve the quality of priority rivers and lakes identified as threatened or impaired by reducing pollutant loading.

Seven (7) Oklahoma entities received binding commitments (Table 1) totaling approximately \$41.7 million for the following activities during SFY 2016:

- Construction of new treatment and collection systems;
- Engineering and design;
- Rehabilitation of existing facilities; and
- Water efficiency and conservation projects.

Figure 2: SFY 2016 CWSRF Funded Projects by Planning Region



In SFY 2016, Tuttle Public Works Authority (PWA), Eufaula PWA, Broken Arrow Municipal Authority (MA), and Perkins PWA addressed the EPA’s Green Project Reserve (GPR) initiative via the incorporation of water-efficient devices. These four loans received additional subsidy in the form of “Principal Forgiveness” totaling \$1 million to assist in meeting water efficiency goals. In total, systems approved by the OWRB for funding are expected to save more than an estimated \$9.8 million in principal and interest for their essential wastewater infrastructure and water conservation projects over the life of the loans.

The following pages highlight the loans which were funded by the CWSRF Program in SFY 2016. For each loan, details including the project description, binding commitment amount, assistance provided, GPR amount as well as the status of construction as of June 30, 2016.

Table 1: Projects Identified for Receiving CWSRF Assistance within SFY 2016

Part 1: Section 212 Publicly Owned Treatment Works									
Borrower	Project Number	Assistance Provided Reportable to NIMS 2016	Binding Commitment Reportable to Annual Report 2016	Binding Commitment Date	Type	Loan Closing Date	% Interest Rate on Loan***	Estimated Savings	Loan Mature Date
Lexington Public Works Authority*	ORF-15-0005-CW	\$3,091,500.00	\$3,091,500.00	10/20/2015	L	11/24/2015	2.64	\$1,624,000	3/15/2046
Tulsa Metropolitan Utilities Authority*	ORF-16-0001-CW	\$28,330,000.00	\$28,330,000.00	10/20/2015	L	11/19/2015	2.46	\$6,650,000	9/15/2037
Tuttle Public Works Authority**	ORF-16-0008-CW	\$329,500.00	\$329,500.00	11/17/2015	L	12/1/2015	1.61	\$165,000	3/15/2021
Eufaula Public Works Authority**	ORF-16-0009-CW	\$675,000.00	\$675,000.00	11/17/2015	L	12/9/2015	2.14	\$485,000	9/15/2030
Broken Arrow Municipal Authority**	ORF-16-0006-CW	\$2,045,000.00	\$2,045,000.00	8/18/2015	L	9/4/2015	1.57	\$563,000	3/15/2021
Perkins Public Works Authority**	ORF-16-0004-CW	\$545,000.00	\$615,000.00	7/21/2015	L	9/9/2015	1.60	\$343,000	3/15/2021
Broken Arrow Municipal Authority	ORF-16-0005-CW	N/A	\$6,700,000.00	6/21/2016	L	N/A	N/A	N/A	N/A
Pawnee Public Works Authority	ORF-10-0003-CW	(52,816.78)	N/A	4/12/2011	L	5/4/2011	3.34	N/A	2/15/2042
Hennessey Utilities Authority	ORF-13-0009-CW	(62,128.76)	N/A	9/18/2012	L	12/7/2012	2.04	N/A	9/15/2033
Ardmore Public Works Authority	ORF-13-0004-CW	(1,511,103.33)	N/A	11/14/2012	L	11/20/2012	2.20	N/A	3/15/2035
Locust Grove Public Works Authority	ORF-14-0010-CW	(1,012,249.03)	N/A	10/23/2013	L	10/23/2013	3.01	N/A	9/15/2036
Oklahoma City Water Utilities Trust	ORF-15-0011-CW	(188,765.12)	N/A	5/19/2015	L	6/30/2015	2.71	N/A	3/15/2046
PART 1 TOTAL		\$32,188,936.98	\$41,786,000.00					\$9,830,000.00	
Part 2: Section 319 Nonpoint Source Management Programs									
Borrower	Project Number	Assistance Provided Reportable to NIMS 2016	Binding Commitment Reportable to Annual Report 2016	Binding Commitment Date	Type	Loan Closing Date	% Interest Rate on Loan***	Estimated Savings*	Loan Mature Date
None	N/A	\$0.00	\$0.00	N/A	N/A	N/A	N/A	\$0.00	N/A
PART 2 TOTAL		\$0.00	\$0.00					\$0.00	
Part 3: Section 320 National Estuary Program									
Borrower	Project Number	Assistance Provided Reportable to NIMS 2016	Binding Commitment Reportable to Annual Report 2016	Binding Commitment Date	Type	Loan Closing Date	% Interest Rate on Loan***	Estimated Savings*	Loan Mature Date
None	N/A	\$0.00	\$0.00	N/A	N/A	N/A	N/A	\$0.00	N/A
PART 3 TOTAL		\$0.00	\$0.00					\$0.00	
Part 4: Section 603(d)(7) Program Administration Counted Toward Binding Commitments									
Borrower	Project Number	Assistance Provided Reportable to NIMS 2016	Binding Commitment Reportable to Annual Report 2016	Binding Commitment Date	Type	Loan Closing Date	% Interest Rate on Loan***	Estimated Savings*	Loan Mature Date
None	N/A	\$0.00	\$0.00	N/A	N/A	N/A	N/A	\$0.00	N/A
PART 4 TOTAL		\$0.00	\$0.00					\$0.00	
GRAND TOTAL (CWSRF PROJECTS) ¹		\$32,188,936.98	\$41,786,000.00					\$9,830,000.00	
GRAND TOTAL (ALL PROJECTS)		\$32,188,936.98	\$41,786,000.00					\$9,830,000.00	

¹ The sum of the totals of Parts 1, 2, 3, and 4
E=Equivalency; L=Direct Loans; R=Refinance; (Incr)=Increase in Binding Commitment amount; (Dec)=Decrease in Binding Commitment amount
* Total estimated savings calculated includes interest saved on the Promissory Note amount using the CWSRF Program vs self or private financing; rounded to the nearest thousand
** Total estimated savings calculated includes principal forgiveness plus interest saved on the Promissory Note amount.
*** Interest Rate includes 0.5% administrative fee

Lexington Public Works Authority

The Lexington Public Works Authority (authority) currently serves a population of approximately 2,150 residents. Lexington is located in southern Cleveland County along the Canadian River and was named after Lexington, Kentucky. In order to help further Lexington’s continued growth and provide economic opportunities, the authority has determined its need to invest in the building of a new wastewater treatment facility to provide a safe and reliable treatment source for wastewater.

The existing extended aeration activated sludge wastewater treatment plant (WWTP) was having difficulty meeting fecal coliform and total residual chlorine limits. To meet these limits the authority could install a disinfection system and, if necessary, a dechlorination system. The authority decided to construct a new sequencing batch reactor and to rehabilitate and repurpose the existing aeration basin and emergency holding pond into a sludge dewatering unit and a two-cell flow equalization basin. These upgrades will bring the WWTP into compliance with the conditions of the Oklahoma Pollutant Discharge Elimination System Permit consistently and provide increased water quality benefits for the community and businesses in and near Lexington.

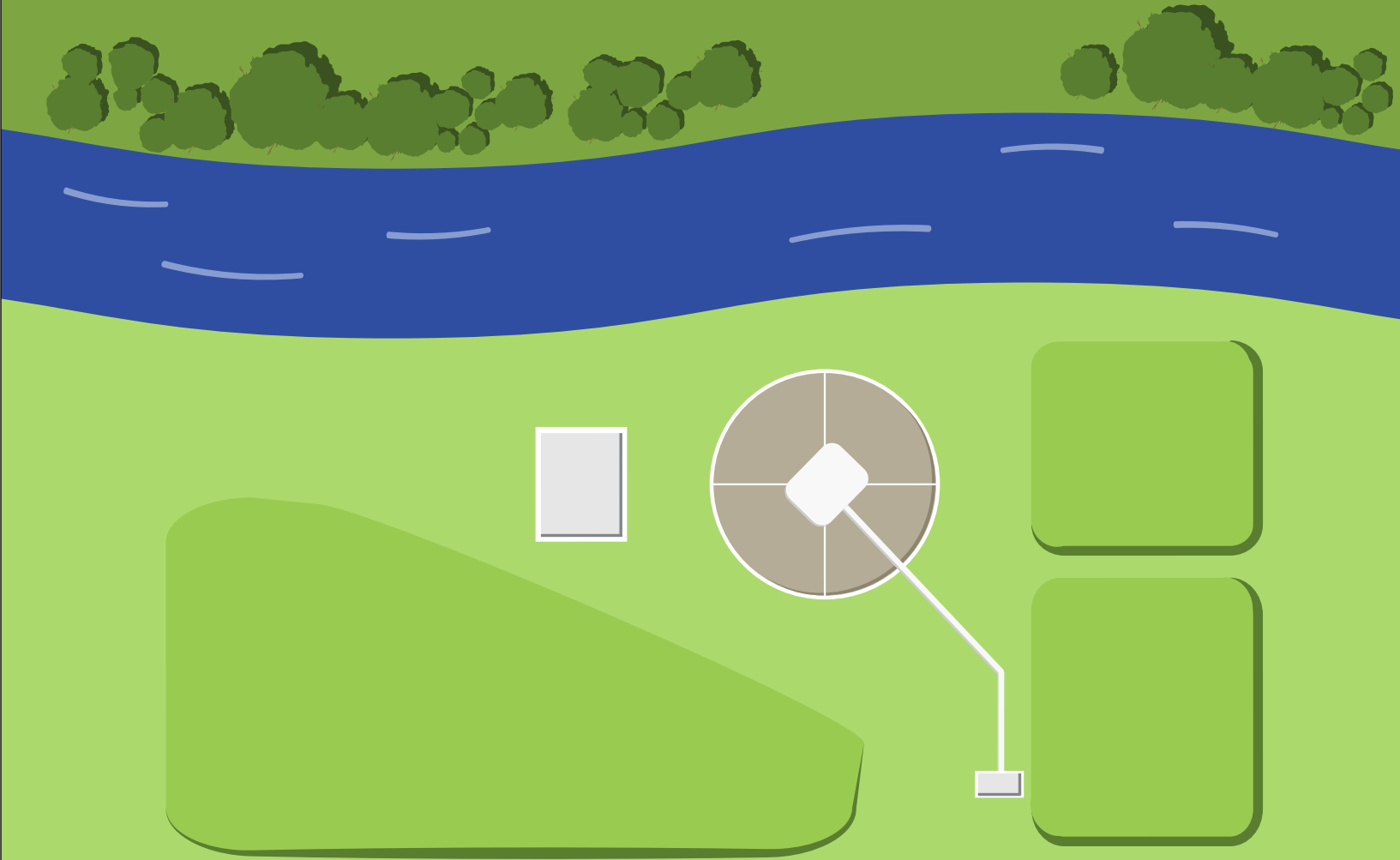
ORF-15-0005-CW

Binding Commitment

Approval: \$3,091,500
Approval Date: 10/20/15

Assistance Provided

Loan Amount: \$3,091,500
Funded Date: 11/24/2015
42% Complete as of 06/30/16
GPR: \$0
Additional Subsidization: \$0
Estimated Savings: \$1,624,000



Tulsa Metropolitan Utility Authority

ORF-16-0001-CW

Binding Commitment

Approval: \$28,330,000

Approval Date: 10/20/15

Assistance Provided

Loan Amount: \$28,330,000

Funded Date: 11/19/2015

1% Complete as of 06/30/16

GPR: \$0

Additional Subsidization: \$0

Estimated Savings: \$6,650,000

Broken Arrow Municipal Authority

ORF-16-0005-CW

Binding Commitment

Approval: \$6,700,000

Approval Date: 06/21/2016

Assistance Provided

Loan Amount: \$6,700,000

Funded Date: *

0% Complete as of 06/30/16

GPR: \$0

Additional Subsidization: \$0

Estimated Savings: *

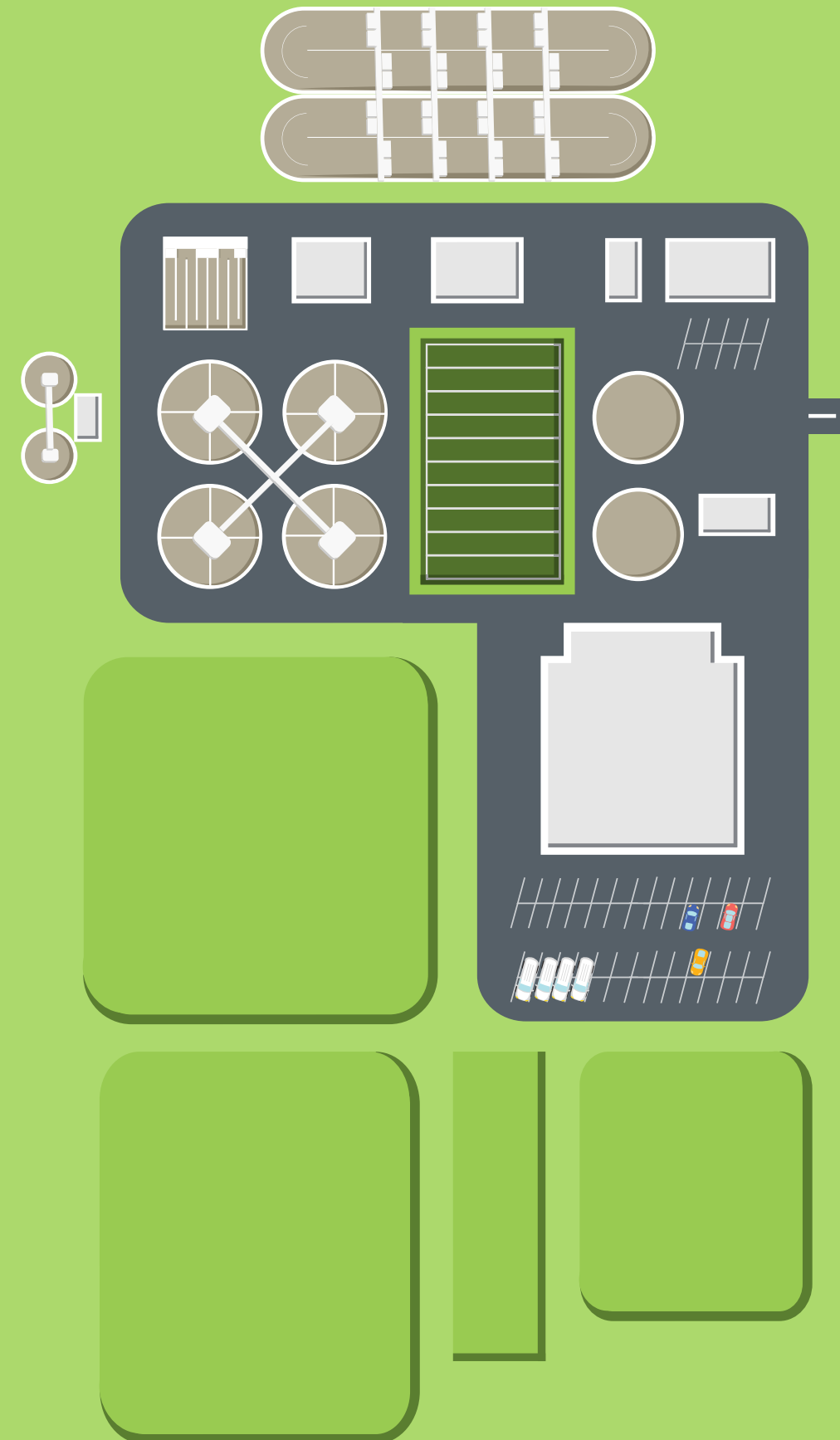
*Funding occurred and will be reported
in SFY 2017 NIMS Assistance field.

Though they each have independent treatment facilities and wastewater conveyance systems, Broken Arrow Municipal Authority (BAMA) and Tulsa Utility Authority (TMUA) both utilize the Regional Metropolitan Utility Authority's Haikey Creek wastewater treatment plant (WWTP) for wastewater treatment and discharge. CWSRF-funded improvements to the Haikey Creek WWTP are split equally between the two systems.

BAMA and TMUA applied independently for CWSRF funding to construct a new flow equalization basin and plant effluent water pump station at the Haikey Creek WWTP. Proceeds from each loan will be used for the design of a number of projects at the WWTP, including the design of a new activated sludge diffused aeration basin.

In addition to the funds requested for improvements at the Haikey Creek WWTP, TMUA also requested funds for a number of other projects, including upgrades to the nitrification system at the Northside WWTP, replacements of bar screens at the Apache Lift Station, odor improvements at the Southside WWTP, equipment replacement at the 71st Street dewatering facility, and the design and construction of sewer lines rehabilitation system wide.

TMUA has been an OWRB loan customer for over 25 years and has been approved for a total of \$634.3 million in water and wastewater projects. Since its first loan in 1995, BAMA has been approved for a total of \$177.9 million in water and wastewater projects. Both entities have participated in the OWRB's Financial Assistance Loans and Drinking Water SRF (co-administered with DEQ).



ORF-16-0008-CW

Binding Commitment

Approval: \$329,500

Approval Date: 11/17/2015

Assistance Provided

Loan Amount: \$329,500

Funded Date: 12/01/2015

9% Complete as of 06/30/16

GPR: \$329,500 (WE)

Additional Subsidization:
\$250,000

Estimated Savings: \$165,000



Tuttle Public Works Authority

The City of Tuttle is located in Grady County’s rapidly-growing Tri-City area, which also includes Newcastle and Blanchard. Between 2000 and 2010, the City of Tuttle saw a 40% increase in residential growth, likely due to Tri-City’s rural appeal with the convenience of a 30-minute commute into Oklahoma City.

To meet the growing population’s demand of reliable drinking water, the Tuttle Public Works Authority (PWA) has made a number of water system improvements, including a new drinking water treatment plant. As part of their long-term water planning commitment, the Tuttle PWA applied for CWSRF funding to replace 1,006 of 1,845 outdated water meters replace with an automated drive-by meter reading system. The project will help to reduce water loss, increase energy savings, improve billing, conserve resources by reducing the amount of water sent back to the WWTP, and provide a platform for economic growth. As approximately 1,500-2,000 man hours are used to read meters annually, this improvement will also free up a significant amount of labor to be able to perform other tasks.

Tim Young, Tuttle City Manager stated, “Working with the Financial Assistance Division staff at the Oklahoma Water Resources Board has been a very positive experience for us. Tuttle would not be able to replace our water meters - many of which are over 40 years old - without this program. Our new automatic meter reading system allows us have timely, accurate and precise water usage details for each user.”

Eufaula Public Works Authority

The City of Eufaula is located in McIntosh County. Home to Lake Eufaula, which is Oklahoma’s largest lake with over 600 miles of shoreline, the City of Eufaula offers a number of recreational and cultural activities that attract business and tourism. To plan for population growth and encourage economic growth, the City previously invested in wastewater infrastructure with a \$4 million CWSRF loan. To continue to plan for the future, the city applied for another CWSRF loan to replace all water meters with an automated drive-by meter reading system. This type of automated system is beneficial to both the utility company and the customer, as it promotes water conservation, reduces the cost of operation, increases energy savings, and provides for better customer service.

Greg Buckley, Eufaula City Manager stated, “The City of Eufaula is grateful for the opportunity to partner with the OWRB and participate in some of their programs. Through OWRB’s low interest loan and grant program we were able to upgrade all city water meters and implement a drive-by automated meter read system. The comprehensive meter replacement will assist in water conservation, improved water system management, and increased revenues. Without an agency like OWRB and the programs they offer, the City of Eufaula would have continued to have difficulty addressing a critical infrastructure need.”

ORF-16-0009-CW

Binding Commitment

Approval: \$675,000

Approval Date: 11/17/15

Assistance Provided

Loan Amount: \$675,000

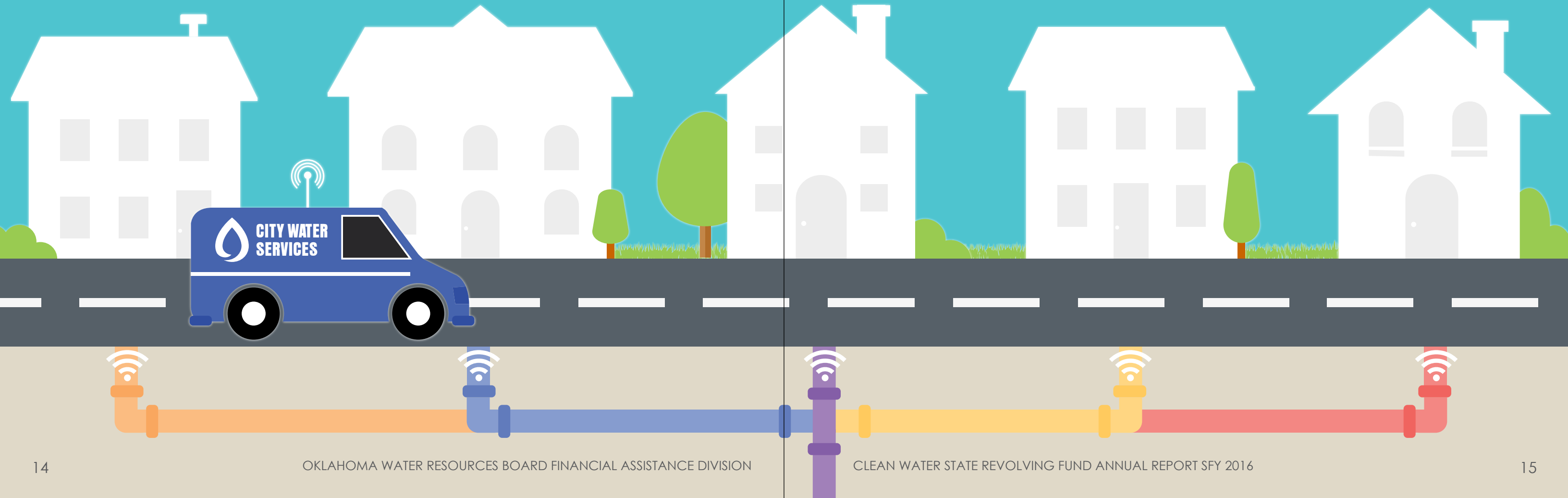
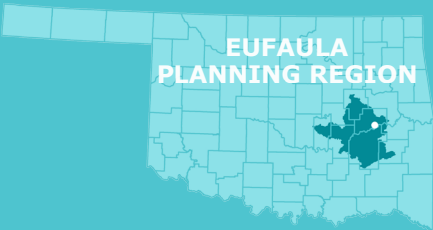
Funded Date: 12/09/2015

67% Complete as of 06/30/15

GPR: \$675,000 (EE)

Additional Subsidization:
\$250,000

Estimated Savings: \$485,000



ORF-16-0004-CW

Binding Commitment

Approval: \$615,000
Approval Date: 07/21/15

Assistance Provided

Loan Amount: \$545,000
Funded Date: 09/09/2015
92% Complete as of 06/30/16
GPR: \$545,000 (WE)
Additional Subsidization:
\$250,000
Estimated Savings: \$343,000



Perkins Public Works Authority

The City of Perkins (city) is located in south-central Payne County along the northern banks of the Cimarron River, and currently serves a population of approximately 2,845. The city is a bedroom community to Stillwater and saw a 24.6% growth in population between 2000 and 2010. In order to meet the needs of its population and economic growth and instill a culture of water conservation and drought resiliency, the city is investing in wastewater infrastructure by replacing all water meters within their system.

"The partnership with the OWRB Financial Assistance Division and the City of Perkins continues to benefit the community by providing assistance to install a drive-by automated meter reader system. With the installed system, we are able to have conversations with our citizens about water usage and conservation. Additionally, with this system, we are able to complete more consistent meter readings and detect potential water leaks," said Bob Ernst, City Manager.

Broken Arrow Municipal Authority

Broken Arrow Municipal Authority initiated the drive-by automated meter reading (AMR) system in order to be more progressive and efficient in doing business, and to utilize technology to gather monthly water use data.

Water consumption data collected promptly enables the city to bill its customers in a timely manner and brings in the revenue for the city. Broken Arrow is the fourth largest city in Oklahoma. Metering Department staff read about 36,500 meters each month - and that's not even their only task! The meter reading costs are gradually coming down as more AMR projects are completed and fewer water use estimates are being done.

"With the AMR, we are able to take time to meet with our customers and show them their water use pattern, catch leaks in their house plumbing and help conserve water. The information provided by the graphing capabilities in the AMR device says it all," said Derriel Bynum, metering supervisor for Broken Arrow.

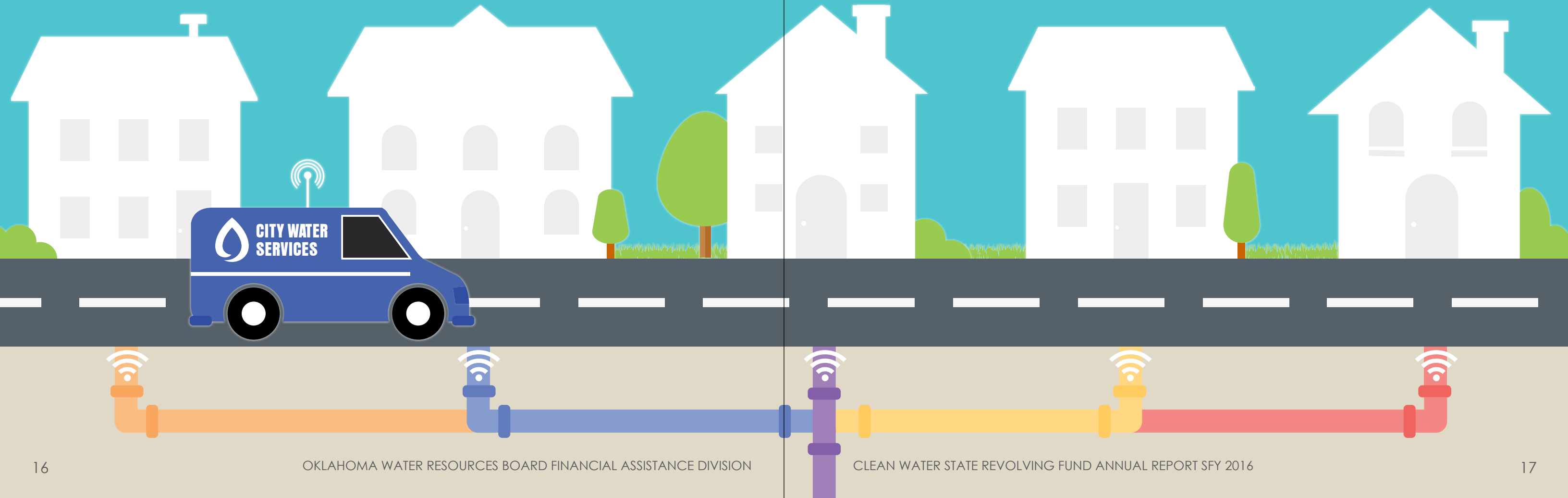
ORF-16-0006-CW

Binding Commitment

Approval: \$2,045,000
Approval Date: 08/18/15

Assistance Provided

Loan Amount: \$2,045,000
Funded Date: 09/04/2015
74% Complete as of 06/30/16
GPR: \$2,045,000 (WE)
Additional Subsidization:
\$250,000
Estimated Savings: \$563,000



OVERARCHING APPROPRIATIONS AND PROGRAMMATIC REQUIREMENTS

Oklahoma’s Capitalization Grant was awarded on July 1, 2015 and included FFY 2015 Appropriations conditions. With the acceptance of the award, OWRB agreed to comply with all requirements pertaining to the Consolidated and Further Continuing Appropriations Act, 2014 (P.L. 113-6).

The Water Resources Reform and Development Act of 2014 (WRRDA) was signed into law by President Obama on June 10, 2014 and became effective on October 1, 2014. WRRDA provided changes to Titles I, II, V, and VI of the Federal Water Pollution Control Act and, in essence, reauthorized the CWSRF Program. Some of the more significant changes to the CWSRF Program resulting from the reauthorization included: land purchase necessary for construction now being an eligible cost for wastewater infrastructure; up to a 30-year loan term for qualified projects/applicants; a fiscal sustainability plan required for infrastructure repaired or replaced as well as American Iron and Steel (AIS) and prevailing wage provisions becoming permanent requirements of the CWSRF Program.

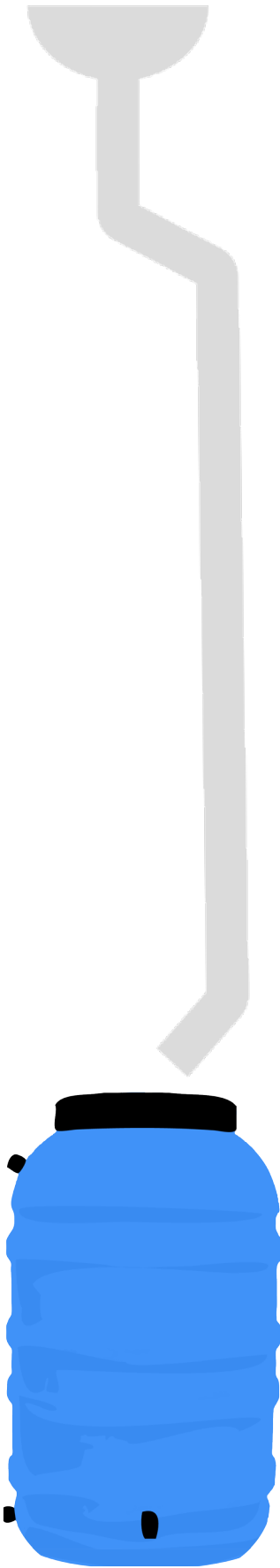
The following WRRDA requirements became effective in SFY 2015:

- Davis Bacon §602(b)(6)
- NEPA §602(b)(6)
- Generally Accepted Accounting Principles §602(b)(9)
- Use of Fees §602(b)(11)
- Expanded Eligibilities §603(c)
- Loan Terms Up to 30 Years §603(d)(1)(A)&(B)
- Fiscal Sustainability Plans §603(d)(1)(E)
- Administrative Costs §603(d)(7)
- American Iron and Steel §608
- Definition of 212 Projects §212(2)(A)

This Annual Report documents the OWRB’s compliance and implementation with both the Appropriations Act and WRRDA as well as highlights projects which were funded between July 1, 2015 and June 30, 2016.

Operating Agreement

The Operating Agreement (OA) between the State of Oklahoma and EPA incorporates required assurances, certifications and specific requirements related to the appropriate use of funds under the CWSRF. The purpose of the OA is to define and integrate rules, regulations, guidelines, policies, procedures and activities to be followed by the EPA and OWRB. In order to incorporate the new WRRDA requirements, a revised OA became effective on January 1, 2015.



DEVELOPING SYSTEM SUSTAINABILITY AND RESILIENCY

The EPA’s Clean Water and Drinking Water Infrastructure Sustainability Policy suggests the need to build on existing efforts to promote sustainable water infrastructure, working with states and water systems. EPA efforts in the area of sustainability practices and approaches include promoting green chemistry and engineering, managing materials rather than creating waste, using green infrastructure to manage storm water runoff, and supporting the sustainable design of communities. Sustainable design employs robust, comprehensive planning processes to deliver projects that are cost effective over their life cycle, resource efficient, and consistent with community sustainability goals.

Oklahoma’s CWSRF Program encourages system sustainability by employing multiple steps beginning with the application questionnaire utilized to rank and review projects giving preference to those projects that include green infrastructure. Once the project was slated for possible funding, OWRB engineers worked closely with each project engineer to ensure that all possible options and technology with regard to reducing energy and water use were considered in the design. In 2016, OWRB worked with

other Funding Agency Coordinating Team (FACT) members to finalize the guides and checklists for preparing engineering reports for both water and wastewater projects. Included in the guides are different aspects of sustainability such as water and energy efficiency considerations and cost and effectiveness analysis of all alternatives considered.

In 2016 the OWRB finalized its online OASIS interface to bring sustainability ideas to both new and current applicants or entities that want to consider a new project. The OWRB gave OASIS presentations to several entities. The OASIS tool explores the benefits of these sustainability alternatives through a series of background questions.

Sustainability policy and goals were also addressed in the Wastewater Planning Guide (Guide) and Fiscal Sustainability Plan (FSP) released in July 2015. The Guide and FSP encourage systems to consider designing facilities that will be sustainable well into the future and can assist in fulfilling the new CWA requirements for asset management and system planning. The OWRB has also teamed up with the Oklahoma Rural Water Association to provide hands-on training to water and wastewater system operators and managers on planning and sustainability.

Table 2: Oklahoma CWSRF Sustainability

This table indicates how projects funded satisfy the intent of the EPA's Sustainability Policy.

Recipient	Loan Number	Project Title	Amount Funded ¹	Sustainability Criterion Met ²
Lexington PWA	ORF-15-0005-CW	New SBR Treatment Plant	\$3,091,500	1, 3
Tulsa MUA	ORF-16-0001-CW	Sanitary Sewer system and WWTP improvements including reuse	\$28,330,000	1, 3
Perkins PWA	ORF-16-0004-CW	Automatic Meter Reading	\$545,000	1, 2, 3
Broken Arrow MA	ORF-16-0006-CW	Automatic Meter Reading	\$2,045,000	1, 2, 3
Tuttle PWA	ORF-16-0008-CW	Automatic Meter Reading	\$329,500	1, 2, 3
Eufaula PWA	ORF-16-0009-CW	Automatic Meter Reading	\$675,000	1, 2, 3

¹ Final amount on the Promissory Note.
² Criteria are as follows: 1=Repair, replacement and upgrade of infrastructure in existing communities. 2=Investigations, studies or plans to improve technical, managerial, or financial capacity. 3=Preliminary planning and projects that reflect life cycle costs, conservation of natural resources, and alternative approaches.

Resiliency

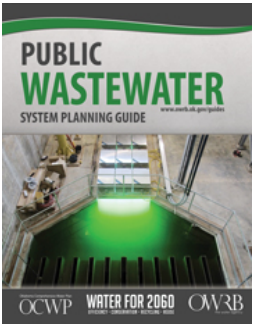
Resiliency of water and wastewater systems in Oklahoma can best be attained through cooperation and connection between systems for redundancy and increased capacity. While such activities are more common in the water than in the wastewater sector, where feasible, it will be strongly encouraged by the OWRB.

The OWRB has addressed resiliency to extreme events such as drought and climate change in its production of the OCWP where studies were done for different climate scenarios. An analysis tool, dubbed "Oklahoma H₂O," was developed to compare projected demands by basin; and an online drought tool developed in conjunction with the U.S. Bureau of Reclamation and others.

The OCWP further addresses climate change by providing new 2030 and 2060 demand projections for both the Municipal and Industrial sector and the Crop Irrigation sector. The scenarios are for a "Hot/Dry" weather pattern and a "Warm/Wet" pattern. Both show a significant increase in demand. The OCWP Executive Report summarizes that: "Impacts on surface water gaps are expected to be most significant under the Hot/Dry scenario and are anticipated to increase in severity. Federal, state, and local water planners should continue to monitor climate change science in light of these potential impacts on Oklahoma's supplies and demand."

Additionally, the U.S. Bureau of Reclamation-funded Drought Tool for Oklahoma is essentially an outline of drought management concepts and options with an exhaustive set of links to valuable resources available to entities and planners. The analysis tool "Oklahoma H₂O" is a Microsoft Access and GIS-based tool that compares projected demands to physical supplies in each basin. It was a key foundation of the OCWP technical work and its projections. While this program is not off-the-shelf software for everyday users, Oklahoma H₂O is available to provide future planners basin-level information on potential supply gaps and gives the flexibility to pose various "what-if" scenarios, including climate change scenarios, in making vital supply and management decisions.

Public Wastewater Planning Guide



Wastewater system planning decisions are local and can vary greatly by system. In SFY 2016 the OWRB continued presenting the Guide as a way to assist public wastewater utilities in developing plans to meet their long-term needs. The Guide is an easy-to-use printed document with companion online fillable forms and spreadsheets designed to assist entities in developing detailed strategies to meet both their short term and long-term wastewater infrastructure needs; empowering entities to think about a more resilient, sustainable, and efficient design that will meet its long-term goals.

The Guide may be most useful for smaller utilities who have not prepared Capital Improvement Plans (CIP) in the past. However, the steps and processes outlined are applicable to any size wastewater system. The Guide steps the user through the process of understanding what infrastructure it has in place, what its needs are, and the options it has to meet those needs using a question and answer format. The planning process involves several steps, including gathering data, identifying goals and objectives of the organization, developing and assessing alternatives to meet goals, and outlining methods to implement selected alternatives. Planning also includes periodic reassessment to account for any changes in conditions, goals, or objectives. The Guide also provides resources to additional information that may be valuable in the planning process. The intent of the Guide is not to provide a single solution that fits every system, but to provide a framework for collecting data that is necessary for long-range wastewater system planning. In SFY 2016, the OWRB and the ORWA jointly began a pilot training program and successfully reached out to several communities with an interest in sustainable wastewater planning.

The Guide, which can be found online at www.owrb.ok.gov/guides, includes color coded sections and tables for use with FSPs.

Fiscal Sustainability Plans – §603(d)(1)(E)



As amended, the CWA now includes section 603(d)(1)(E) which states that an FSP will be developed and implemented for proposed "repair, replacement, or expansion,... of existing treatment works. Per EPA guidance, FSPs are required for projects who submitted a programmatic application on or after October 1, 2014. Programmatic Application is defined in the Oklahoma Administrative Code (OAC) in Section 785:50-9-9 as "the application that is required prior to being placed on the Project Priority List."

The FSP includes, at a minimum:

- An inventory of critical assets (Section 4 of the Guide, Asset Management: Inventory Development, System Operation and Maintenance);
- An evaluation of the condition and performance of those assets (Sections 4 & 5, Wastewater System Administration, of the Guide);
- Documentation that the system has evaluated and will be implementing water and energy conservation efforts; and
- A plan to maintain, repair and replace the treatment works over time and a plan to fund these activities (Section 8 of the Guide).

With new guidance in place, sustainability is intended to take a front seat in the design and development phase using the entity's own FSP.

An FSP is not initially required to describe an entire system, but rather, be a dynamic plan of sustainability that describes, in logical sections, the project being funded. As new projects come online, their respective FSPs should be added to any earlier FSPs that may exist and describe how it fits into the larger system context. The OWRB encourages that entities

take a look at developing a system-wide FSP (fundable by the CWSRF) or at least doing so in stages as subsequent projects come online.

It is not the intention that all projects heretofore require an FSP. As explained in EPA's January 6, 2015 Memorandum regarding its WRRDA Interpretive Guidance footnote 5, page 12:

"FSPs are not required for new treatment works (unless they are physically replacing an existing treatment works or expanding the treatment capacity of an existing system) or for projects involving an upgrade that does not involve repair/replacement or expand the treatment capacity (e.g., adding advanced treatment)."

Hence, systems not defined as treatment works as defined by the OWRB were not be asked to prepare or certify that they have an FSP. The OWRB will, however, continue to encourage the use of such plans in all new projects as a valuable tool for both maintaining their existing treatment works as well as establishing a better system long-term and planning for the funds that make it possible.

Assistance recipients who submitted a programmatic application on or after October 1, 2014, for a project that meets the FSP requirement certified that they either:

- A. Have a plan that fulfills the requirements of the FSP. Additional certification will be received with the final reimbursement request that documents that their plan was updated to included the CWSRF funded infrastructure; or
- B. will develop an FSP as part of the CWSRF project. The OWRB will review the FSP prior to the final reimbursement request on site using the OWRB's FSP Checklist.

Online Benefits Assessment Program for Wastewater

The OASIS program was designed to help communities quantify the environmental, social, and economic benefits of their wastewater infrastructure investment. The information included in the resulting output statements can help community leaders make well-informed decisions regarding the types of projects that will best meet their community's short- and long-term goals.

For SFY 2016, the current application was developed and made available to communities at www.owrb.ok.gov/oasis. The OWRB has provided training to four (4) communities on the use of OASIS to quantify the social, economic and environmental benefits of projects they may be planning to embark on.

EXPANDED ELIGIBILITIES §603(C)/212(2)A

With the passage of WRRDA, projects eligible for consideration for funding expanded in SFY 2015. The expanded eligibilities were promoted during marketing sessions conducted by OWRB staff.

Oklahoma's CWSRF Program eligibilities include the following types of projects:

- Construction of publicly owned treatment works (POTW); as defined by FWPCA Section 212(2)(A)(B), which now includes land necessary for construction;
- Implementation of a NPS management program;
- Development and implementation of a conservation and management plan under CWA Section 320;
- Construction, repair or replacement of decentralized wastewater systems that treat municipal wastewater;
- Measures to manage, reduce, treat, or recapture stormwater or subsurface drainage water;
- Measures to reduce the demand for POTW capacity through water conservation, efficiency or reuse;
- Development and implementation of watershed projects consistent with Section 122 of the CWA. Eligible projects include watershed management of wet weather discharges, stormwater BMPs, watershed partnerships, integrated water resource planning, municipality-wide stormwater management planning or increased resilience of treatment works;

- Measures to reduce the energy consumption needs for POTW;
- Reusing or recycling wastewater, stormwater, or subsurface drainage water; and
- Measures to increase the security of POTW.

INTEREST RATES AND FINANCING TERM§603(D)(1)(A)&(B)

The interest rate on each loan reflects the current rate of approximately 60% of Municipal Market Daily (mmd) AAA scale spot rates through maturity plus 70 basis points. The interest rate is calculated approximately 10 days prior to loan closing.

Based on changes to the CWA, CWSRF loans now have a maximum term of 30 years or the anticipated weighted average life expectancy of the project components being financed, whichever is less. The worksheet that the OWRB uses to determine the Weighted Average Useful Life of project components can be found online at www.owrb.ok.gov/forms.

AFFORDABILITY

Previously the OWRB used disadvantaged communities, defined as communities with incomes less than 85% of the U.S. median household income, to provided extended 30-year financing. Because extended-term financing is now available to all communities, pending the design life of the project, the OWRB did not use disadvantaged communities in their review. OWRB financial analysts also consider population change, per capita income, and unemployment in their financial review. Applicants are scored based on a comparison between the borrower's statistics and the state's statistics. At this time, the financial review section is not used for the allocation of principal forgiveness.

GREEN PROJECT RESERVE

The FFY 2015 Capitalization Grant Conditions state that "the recipient agrees to make a timely and concerted good

faith solicitation for projects that address green infrastructure, water or energy efficiency improvements or other environmentally innovative projects. A good faith solicitation must be open to all GPR eligible projects in each of the four GPR categories. The recipient agrees to include in its IUP such qualified projects, or components of projects, that total an amount at least equal to 10% of its capitalization grant." As a result, Oklahoma was required to allocate a minimum of \$1,126,900 to projects which met the GPR requirements.

All projects listed on the SFY 2016 PPL were evaluated by OWRB engineers to determine if the project could be eligible under the GPR. As of June 30, 2016, four (4) of the loans approved in SFY 2016 included green components totaling \$3,594,500 (Table 4). Business cases and/or justifications were available for public viewing at www.owrb.ok.gov/greenreserve within the quarter in which the loan was made. In SFY 2016 there were no projects that had business cases and/or justifications.

Green components are identified in the Engineering Report. The guidelines have been developed to assist consulting engineers in preparing engineering reports that include for the identification of green components and their associated estimated cost. The GPR components are tracked from the planning phase of the project through design, bidding, and construction. A tracking sheet has been developed to compare the estimated cost of the green components to actual purchased and installation cost. During construction inspections, green components are identified, evaluated and included in the inspection reports. They are reviewed again during the payment approval process.

ADDITIONAL SUBSIDIZATION

FWPCA section 603(i) includes the authority for a CWSRF Program to provide a certain percentage of its capitalization grant as additional subsidization to a municipality or intermunicipal, interstate, or State agency. There is no minimum amount of additional subsidization required; however, the maximum allowable is 30 percent depending on the total appropriations received. The total amount available for eligible recipients is no more than \$3,380,700.

Table 3: Programmatic Application Dates & Requirements

Recipient	Loan Number	Programmatic Application Date	Binding Commitment Date	Funded Date	AIS	FSP (Y/N)	NEPA	GPR*	Ad Sub*	FFATA*
Lexington PWA	ORF-15-0005-CW	3/14/2014	11/17/2015	11/24/2015	X	N	X			
Tulsa MUA	ORF-16-0001-CW	3/10/2014	10/20/2015	11/19/2015	X	N	X			
Tuttle PWA	ORF-16-0008-CW	9/2/2015	11/17/2015	12/1/2015	X	N	X	X	X	
Eufaula PWA	ORF-16-0009-CW	9/3/2015	11/17/2015	12/9/2015	X	N	X	X	X	
Broken Arrow MA	ORF-16-0006-CW	5/11/2015	8/18/2015	9/4/2015	X	N	X	X	X	
Perkins PWA	ORF-16-0004-CW	4/30/2015	7/21/2015	9/9/2015	X	N	X	X	X	X
Okmulgee MA***	ORF-09-0012-CW	N/A	6/8/2010	9/29/2010	N/A	N/A	X			
Muskogee PWA***	ORF-14-0012-CW	N/A	12/17/2013	12/18/2013	N/A	N/A	X			

* Funds were from FFY 2015 Appropriations.
** Refinances
*** Funded prior to WRRDA. All federal requirements applicable at the time of loan closure were applied.

Table 4: Green Project Reserve and Subsidization for SFY 2016

Borrower	Small Community <3,300	Appropriation Year	Assistance Amount	Green Amount	Principal Forgiveness	Green Project Description	Green Category
Perkins PWA	Yes	2015	\$545,000.00	\$545,000.00	\$250,000.00	Automatic Meter Reading System	WE
Broken Arrow MA	No	2015	\$2,045,000.00	\$2,045,000.00	\$250,000.00	Automatic Meter Reading System	WE
Tuttle PWA	No	2015	\$329,500.00	\$329,500.00	\$250,000.00	Automatic Meter Reading System	WE
Eufaula PWA	Yes	2015	\$675,000.00	\$675,000.00	\$250,000.00	Automatic Meter Reading System	WE
TOTALS				\$3,594,500.00	\$1,000,000.00		

For SFY 2016, subsidy in the form of Principal Forgiveness was targeted for mitigating stormwater runoff, water and energy efficiency projects, design and construction projects that include water reuse, and other projects designed for long-term sustainability. The program had four (4) qualifying entities: Broken Arrow Municipal Authority, Eufaula Public Works Authority, Perkins Public Works Authority, and Tuttle Public Works Authority, each receiving Principal Forgiveness in the amount of \$250,000 for a total of \$1,000,000 (Table 4).

FFATA REPORTING

Reporting under the Federal Funding Accountability and Transparency Act (FFATA) was completed as required. FFATA reports were submitted monthly to the FFATA Subaward Reporting System as federal funds were drawn. The OWRB reports were based on the actual expenditure of federal funds. The amount reported to FFATA during SFY 2016 totaled \$10,328,960.76.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES §602(B)(9)

CWSRF recipients are required to maintain project accounts in accordance with generally accepted governmental accounting standards. All loan agreements stipulate that the “Borrower shall maintain separate Project accounts in accordance with generally accepted government accounting standards.”

Active borrowers are required to submit financial audits annually to the OWRB. Annual Financial

Audits were reviewed to verify that the borrowers maintained the minimum Debt Coverage Ratio required by their loan covenants. The audit’s opinions, findings and notes were also reviewed in an effort to identify risks and concerns regarding the borrowers’ financial and operational situation. Issues were discussed with the borrower or its auditor and resolved as needed. If required, CWSRF borrowers will be notified that a single audit was required. All single audits were reviewed in accordance with the revised Office of Management and Budget Guidance and internal procedures. Information pertaining to federal expenditures passed through our programs was verified for accuracy. Federal expenditure amounts were verified by internal records. Any discrepancies in federal expenditure amounts between the single audits and internal records were resolved through contact with auditors. When necessary, single audits were corrected by the auditors and resubmitted. To see the results of the state’s accounting procedures in accordance with accounting principles generally accepted in the U.S., visit the OWRB’s website at www.owrb.ok.gov/audit.

NEPA REVIEW §602(B)(6)

All projects requesting funding from the CWSRF Program were subject to an interdisciplinary environmental review by the OWRB consistent with

Table 5: Environmental Determinations Issued within SFY 2016

Community	Loan Number	Enforcement Schedule Order	Decision Type	Date
Tulsa MUA	ORF-16-0001-CW	Yes	Categorical Exclusion	10/15/2015
Tuttle PWA	ORF-16-0008-CW	No	Categorical Exclusion	11/10/2015
Eufaula PWA	ORF-16-0009-CW	No	Categorical Exclusion	11/10/2015
Broken Arrow MA	ORF-16-0005-CW	No	Categorical Exclusion	10/15/2015
Broken Arrow MA	ORF-16-0006-CW	No	Categorical Exclusion	8/10/2015
Okmulgee MA	ORF-09-0012-CW	No	Categorical Exclusion	2/22/2016
Muskogee PWA	ORF-14-0012-CW	No	Categorical Exclusion	1/13/2016

the National Environmental Policy Act (NEPA) as required by the FWPCA section 511(c)(1). The Oklahoma CWSRF applies a NEPA-like State environmental review process to all projects seeking funding through the CWSRF Program regardless of the source of funding. Oklahoma’s State Environmental Review Process is memorialized as part of the OWRB’s Chapter 50 Rules and reviewed annually by the EPA.

There are three basic environmental determinations which can apply to projects funded with the CWSRF. These include Categorical Exclusion (CATEX), Finding of No Significant Impact (FONSI) following the preparation of an Environmental Assessment (EA) or a Record of Decision (ROD) following the preparation of an Environmental Impact Statement (EIS). The Board may also choose to accept determinations made by other federal agencies in lieu of conducting a formal environmental review. In this case, a Statement of Finding would be issued. Seven (7) environmental determinations were made during SFY 2016 and are listed in Table 5 for each project.

As part of the environmental review, the Oklahoma CWSRF Program required all projects in SFY 2016 to be in compliance with Federal Environmental Cross-Cutting Requirements. The requirements are those provisions in federal law, executive orders, and government-wide policies which apply by their own terms to projects and activities receiving federal financial assistance. A response was

required from each agency responsible for the cross-cutter, confirming the project would have no impact. In the case that no response was received, the CWSRF staff made an internal determination and documented that the cross-cutter was not impacted. For projects receiving a CATEX determination, CWSRF staff sent request for comment letters and did internal determinations based on information received from the project owners. Documentation for this determination was included in the CATEX determination.

BENEFITS REPORTING CBR/NIMS

The OWRB complied with reporting requirements regarding the utilization of funds under the SFY 2016 IUP. The major reporting vehicle was the CWSRF Benefits Reporting (CBR) Database. This reporting was done within 30 days of loan closing. Reporting included basic information including additional subsidization, GPR components, general data elements and environmental benefits. The National Information Management System (NIMS) reporting was completed in September for SFY 2016.

SFY 2016 loans were reported in CBR based on the loan closing amounts and closing dates. These were entered as CBR data field “Initial Agreement.” CBR data for SFY 2016 loans were digitally uploaded into NIMS. Loan amounts reported in the SFY 2016 Annual Report however,

are based on the *Letter of Binding Commitment* (Board Approval) amount and date (Table 1). Binding Commitment amounts are occasionally greater than the final “loan closing” amounts as they are generally made prior to the bidding and subsequent loan closing process. However, Broken Arrow Municipal Authority had a Binding Commitment in SFY 2016 and did not close; therefore the Binding Commitment amount is greater than the Initial Agreement in the report. These differences create a reporting variance of both dates and values between the SFY 2016 NIMS Report and SFY 2016 Annual Report.

A total of \$32,188,936.98 of “assistance” (amount for OWRB “closed loans”) minus this year’s deobligations of \$2,827,063.02 gave an amount that was reported to NIMS for the SFY 2016 of \$29,361,873.96.

DISADVANTAGED BUSINESS ENTERPRISE

To ensure compliance with the OWRB’s Capitalization Grant and the EPA’s Disadvantaged Business Enterprise (DBE) requirements, the OWRB has established a DBE program in accordance with the regulations of 40 CFR Part 33. Both Loan Recipients (Project Owners) and Prime Contractors are required to implement DBE Guidance (ORF-267) found at www.owrb.ok.gov/forms. The OWRB submits a “Minority Business Enterprise (MBE) / Women Business Enterprise Utilization under Federal Grants, Cooperative Agreements” report (EPA Form 5700-52A) annually to the EPA. The OWRB has not yet closed the Capitalization Grant, but the MBEs are currently reported at \$39,548 for FFY 2015.

DAVIS BACON §602(B)(6)

The Appropriations Act includes the following information regarding the applicability of Davis Bacon (DB) and prevailing wage requirements: “Under the FY 2013 Continuing Resolution, DB

prevailing wage requirements apply to the construction, alteration, and repair of treatment works carried out in whole or in part with assistance made available by a State water pollution control revolving fund and to any construction project carried out in whole or in part by assistance made available by CWSRF. If a subrecipient encounters a unique situation at a site that presents uncertainties regarding DB applicability, the subrecipient must discuss the situation with the recipient State before authorizing work on that site.” Compliance procedures were provided in Oklahoma’s FFY 2015 Capitalization Grant. The DB requirements were included in the required information to bidders as part of the Supplemental Conditions (ORF-185) and posted on OWRB’s website at www.owrb.ok.gov/forms. The passage of WRRDA continued these requirements; however, they are now part of the CWSRF authorizing language.

For every project, OWRB staff verified that appropriate wage rates were being utilized, and that the wage rates and DB posters were posted at the job site where it could be seen by all. Additionally, OWRB staff reviewed weekly payroll forms during site visits, and received certifications from borrowers or their designees that payroll reports were reviewed on a weekly basis and are accurate. OWRB staff also conducted interviews with workers on site to ensure compliance with all DB requirements.

AMERICAN IRON AND STEEL §608

Beginning with the FFY 2014 Appropriation, WRRDA further codified the requirement that funds made available from a CWSRF may not be used for a project for the construction, alteration, maintenance, or repair of treatment works unless all of the iron and steel products used in the project are produced in the United States. The term “iron and steel products” means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, construction materials.

The AIS requirements were included in the required information to bidders as part of the Supplemental Conditions (ORF-185) posted on the OWRB’s website at www.owrb.ok.gov/forms

and also in the advertisement information and other front end documents for loans approved in SFY 2016. All materials that fall under the AIS requirements are inspected and checked to ensure that they are made in the USA, and have the manufacturer’s certifications. Materials that qualify for de minimus waiver are tracked to ensure that they do not exceed five percent of the total material cost. Any deviations from the AIS requirements are noted in the inspection report.

LOAN CONDITIONS

The loan documents are reviewed annually to ensure that they adhere to the necessary state and federal regulations. This includes updating language that is appropriate for each new Capitalization Grant condition. This past year the agreements were modified to address the new WRRDA requirements for borrowers and added language regarding the OMB Guidance on Single Audits.

2016 IUP ACCOMPLISHMENTS

STATUS AND CHANGES

The SFY 2016 IUP was amended to reflect the addition of new projects, adjustments in project items or approval dates and construction estimates, updates to the GPR amounts as well as subsidy amounts.

AMENDMENT I – SEPTEMBER 17, 2015

Addition of New Projects

Eufaula PWA and Tuttle PWA submitted loan requests to be considered for funding during SFY 2016.

Other Changes

Several entities with projects listed on the SFY 2016 CWSRF PPL had ranking changes due to revised project items or construction estimates and/or target project approval dates. The list was revised to reflect these adjustments.

Additional Requirements

Green Project Reserve

Perkins PWA’s and Broken Arrow MA’s projects were identified as including elements that qualified under the GPR. Project descriptions and business cases were available on the OWRB’s website at www.owrb.ok.gov/greenreserve at the time of project funding. No additional projects were identified as including elements that qualified under the GPR.

Additional Subsidy

Perkins PWA’s and Broken Arrow MA’s projects were eligible to receive additional subsidization under the FFY 2015 Appropriation Provisions. Additional subsidy was available on a first come first serve basis per the SFY 2016 IUP and the project’s readiness to proceed. The PPL listed the amount of subsidy provided to the two entities.

Goals set in the IUP provide a road map for activities conducted throughout the year. The SFY 2016 IUP included nine (9) short-term and eight (8) long-term goals for the year.

SHORT-TERM GOALS & ACCOMPLISHMENTS

Provide financing to assist systems in eliminating water pollution problems through the best available technologies to improve water quality in the state's waters.

Once constructed, all funded projects will contribute to the long-term elimination of pollution to surface and groundwater. As detailed in Table 12, loans were made to TMUA and Lexington PWA to address a consent order or enforceable schedule. Four (4) projects will reduce pollutants discharged from entities with discharge points located on State priority stream segments identified as threatened or impaired on the Impaired Waterbodies List, Section 303(d) (Oklahoma's Integrated Water Quality Assessment Report). Five (5) projects are located within hydrologic basins where groundwater vulnerability is designated as "Very High" to contamination from surface sources of pollution as designated in Oklahoma's Water Quality Standards (OWQS) or affecting source water protection areas.

Provide financing to systems listed in this plan that are under the NPDES or other enforcement orders to meet deadlines for municipal compliance in accordance with the CWA.

Two (2) of the six (6) projects funded during SFY 2016 were proposed as a result of violations to wastewater discharge permits and/or enforceable order violations detailing a specific short-term compliance schedule. This assistance allows these communities to attain compliance with the enforceable requirements of the CWA and improve or maintain water quality in receiving streams and underlying groundwater. The OWRB continues to initiate immediate contact with municipalities receiving new consent orders to inform and work with them in determining eligibility and to provide funding in accordance with enforcement schedules.

Proactively coach our borrowers, engineers and service providers on CWSRF opportunities and requirements through outreach, written guidance, and site visits, with a focus on how to plan for project and system sustainability.

Both online and in print, the OWRB made FSPs available to help communities plan for their future. The OWRB introduced OASIS to four (4) communities to help quantify the environmental, social, and economic benefits of their wastewater infrastructure investment. OASIS assists communities in making well-informed decisions regarding project types that will meet their long-term and short-term goals. Also, the OWRB and the Oklahoma Rural Water Association teamed up to provide sustainability training to communities within the Association of Central Oklahoma Governments.

Create strategies and finance implementation of the Water for 2060 initiative by encouraging nonpoint source, stormwater, green infrastructure, water/energy conservation and water reuse projects.

The Oklahoma CWSRF Program team consults with sister state agencies periodically during the year to identify potentially eligible CWSRF projects. The CWSRF's ability to fund these types of projects is at the forefront of our presentations to systems and service providers. In SFY 2016, no projects were identified in these areas for funding.

Provide 25% of all CWSRF loans, as system interest is received, to communities with a population of less than 10,000.

In SFY 2016, fifty-seven percent (57%) of binding commitments for long-term, low-interest loans were made to Oklahoma's communities with populations of under 10,000, for a total amount of approximately \$4.7 million. This total is above the Program's goal, and the CWSRF and is anticipated to continue providing below-market rate loans to help ensure project affordability and environmental health protection for small communities across Oklahoma.

Gain EPA approval to reserve transfer authority in an amount equal to 33% of the Drinking Water (DW) SRF capitalization grant between the DWSRF and the CWSRF.

This goal was met as this request was made through both the CWSRF and DWSRF IUPs. Oklahoma has reserved the authority to transfer 33% of the SFY 2003 through 2015 capitalization grants, totaling over \$55 million. To date, \$32.9 million has been transferred from the CWSRF

to the DWSRF. It is anticipated that an additional \$4 million will be available through the FFY 16 DWSRF Capitalization Grant.

Complete revenue bond issues as necessary to provide matching funds for federal capitalization grants and to provide funding in order to meet the needs of the borrowers within SFY 2016.

A bond issue was not necessary to meet the demands during SFY 2016. The OWRB closed the 2015 CWSRF Bond Issue on December 17, 2015 in the amount of \$100,620,000.

Adjust programmatic and operational procedures based on the most recent CWA amendments.

The CWA was amended on June 10, 2014 with the passage of WRRDA. The Oklahoma CWSRF program made the majority of the programmatic and operational changes during SFY 2015 and continued to enhance them in SFY 2016. In order to comply with WRRDA, our program made the following changes:

- Created a template derived from our Wastewater Planning Guides for our entities to utilize to meet the FSP requirement;
- Adjusted our marketing strategy to highlight expanded eligibilities;
- Enhanced our loan agreements to include new requirements such as GAAP, AIS, and DB;
- Updated our engineering report requirements to include a cost and effectiveness analysis and to identify GPR components;
- Obtained certification from the attorney general that the state statute on A/E requirements is compliant with WRRDA;
- Created affordability criteria and began ranking projects based on that criteria;
- Began offering 30-year financing on projects whose useful life would be at least 30 years; and
- Updated inspection checklist to include additional requirements during construction such as AIS.

Provide the necessary training and equip personnel with the skill set and tools needed to perform to meet the overall goals of the CWSRF Program.

The OWRB provided training for employees in SFY 2016 by attending approximately 16 conferences, providing 10 staff trainings for CEUs and 4 webinars over wastewater related topics.

LONG-TERM GOALS & ACCOMPLISHMENTS

Assist borrowers in complying with the enforceable requirements of the CWA to reach the goal of eliminating discharge of pollutants into the state's waters.

This goal is accomplished on an ongoing basis. As detailed in the first short-term goal, the CWSRF focuses on providing loans to communities with wastewater discharge permit violations and/or consent orders detailing a schedule of compliance. For SFY 2016, two (2) commitments were made for projects as a result of a state or federal enforceable compliance schedule. CWSRF assistance will contribute to bringing these Oklahoma communities into compliance with the enforceable requirements of the CWA. The OWRB continued to provide technical assistance to communities with projects listed on the SFY 2016 IUP, but were not ready to proceed to loan commitments during the year. Many of the projects not funded in SFY 2016 have been moved to the SFY 2017 IUP and are scheduled to be funded during SFY 2017.

Assist in the maintenance, restoration, and protection of beneficial uses identified in the OWQS for all waters of the state.

This goal is accomplished on an ongoing basis. Loans made during SFY 2016 assist communities by funding the following improvements:

- The elimination of sewage system bypasses that degrade the integrity of surface water by repairing damaged or inoperable components and reducing system infiltration and inflow;
- An increase in system capacity; and/or
- Additional levels of treatment to reduce pollutant loads to effluent-receiving streams.

Loan commitments and subsequent construction directly accomplish this goal by enabling municipalities to discharge water that has been treated to meet both CWA discharge requirements

for fishable/swimmable water and the OWQS for surface and groundwater. Increasing levels of treatment prior to discharge into the state’s surface waters protects fish and wildlife habitats and enhances recreational uses.

Assist the state in meeting water quality goals identified in the Continuing Planning Process and NPS Management Program to reduce or eliminate water quality threats in Oklahoma’s priority watersheds.

This Program goal is achieved on an ongoing basis by funding projects. Of the six (6) projects approved in SFY 2016:

- Two (2) projects implement aspects of approved water quality plans;
- No projects were located in a top ten NPS priority watershed;
- Four (4) projects discharge into 303(d)-listed stream segments; and
- No projects were implemented in a nutrient-limited watershed.

Maintain the fiscal integrity of the fund to ensure it remains viable and self-perpetuating to meet the long-range water quality needs of the state while maintaining net assets equal to federal capitalization grants and state matching funds.

This goal is being achieved on an ongoing basis through stringent program procedures and financial controls as well as continuous repayment of previously issued loans that provide a renewable source of funding for future loans.

To maintain the fiscal integrity of the CWSRF, the OWRB performs a variety of processes including providing credit reviews and technical assistance to loan recipients, establishing fiscal controls, and maintaining financial accounts within the CWSRF sufficient to minimize financial risk.

The OWRB’s credit review of CWSRF applications and the OWRB’s procedures for monitoring loan conditions and collecting payments of interest and principal have enhanced the fiscal integrity of the program.

Traditionally, each of these processes has ensured that payments from loan recipients are billed and paid promptly, thus enhancing the fiscal integrity of the CWSRF. To date, the program has maintained a zero default loan repayment record (Table 6). Should a default occur, the cross-collateralization strategy included in the Master Trust Agreement makes CWSRF revenues available to cure any DWSRF bond payment default or reserve fund deficiency, or vice versa. The OWRB also maintains the Capacity Model, which demonstrates perpetuity and is available at www.owrb.ok.gov/audit.

Assist communities in implementing sustainable cost and effective planning elements into their projects.

The OWRB finalized the OASIS Program which is a web-based application that will assist communities in making sustainable decisions. Since the OASIS Program’s launch in SFY 2016, staff has given demonstrations to four (4) communities. Additionally, OWRB’s wastewater planning guides have assisted systems with long-term sustainable infrastructure planning. The Guide is available online and in print.

Assist communities integrating innovative water conservation practices into their projects, including reuse, reclamation, incentives, water and energy efficiency, stormwater runoff mitigation, green infrastructure, or other measures that support Water for 2060 goals.

As part of the OWRB’s ongoing outreach, conservation and other Water for 2060 initiatives are continually discussed during field visits and conferences. As a result, the first projects funded in SFY 2016 via the CWSRF Program were Automated Meter Reading projects to improve water efficiency within the systems.

Maintain a maximum of two (2) open capitalization grants at any given time in order to ensure a low level of unliquidated obligation of federal funds.

The FFY 2015 Capitalization Grant was awarded in July 2016. Closeout paperwork for the FFY 2015 Capitalization Grant has not been submitted as there is funding that needs to be withdrawn. The listed end date for the Capitalization Grant is June 30, 2017.

Obtain maximum capitalization of the fund for the state while generating sufficient investment and loan interest earnings to retire revenue bonds.

During SFY 2016, \$2,253,800 was provided from 2015 bond issue proceeds to meet the state match requirement for the 2015 Capitalization Grant.

Table 6: Statement of Sources and Uses of Funds and Aging Summary

Sources	Cumulative Total through June 30, 2015	July 1, 2015 through June 30, 2016	Cumulative Total through June 30, 2016
Federal Capitalization Grants	317,975,700	11,269,000	329,244,700
ARRA Capitalization Grant	31,662,100		31,662,100
State Match	Appropriation/Agency Cash - Committed		14,521,100
	Provided from State Match Bond Issues	4,025,000	44,788,170
CWSRF Bond Proceeds	393,089,957	100,620,000	493,709,957
Principal Repayments on Assistance Provided	421,675,981	31,534,346	453,210,327
Interest Repayments on Assistance Provided	70,724,639	9,807,335	80,531,974
Investment Earnings	74,317,838	416,084	74,733,922
TOTAL SOURCES	1,364,730,486	157,671,765	1,522,402,251
Uses			
Loan Assistance Disbursed (Base Program)	836,886,296	58,877,917	895,764,213
ARRA Loan Assistance Disbursed	30,395,616		30,395,616
Leveraged Bond Debt Service	Principal	12,860,000	109,565,000
	Interest	9,376,869	84,828,421
Bond Debt Service Reserve	31,550,898	(3,145,777)	28,405,121
State Match Bond Debt Service - Principal	21,855,000	485,000	22,340,000
ARRA Administrative	1,266,484		1,266,484
Administrative Expenses (Non-ARRA)	2,496,721		2,496,721
Transfer to DWSRF Program	32,992,182		32,992,182
TOTAL USES	1,129,599,749	78,454,009	1,208,053,759
Total Source of Funds for FY 2016		157,671,766	
Less Total FY 2016 Expenditures		(78,454,009)	
DIFFERENCE OF SOURCES AND USES		79,217,756	
Aging Schedule FY 2016			
Name of Loan Recipient		Over 30 Days	
None		\$0	

Based on the CWSRF’s projected cash flows provided by OWRB Financial Advisor FirstSouthwest, the state match debt was structured to coincide with the repayment of bonds. The intention was for total income to be slightly in excess of debt service to ensure adequate coverage. This schedule and bond sizing provides for required bond repayment while allowing the CWSRF Program sufficient operational capacity for upcoming projects. Additionally, significant cost savings are passed on to CWSRF loan recipients by leveraging federal capitalization grant monies with larger bond issuances, reducing bond issuance costs.

Sufficient funds will be generated from interest and investment earnings to retire the balance of the state match bonds by April 1, 2025.

BINDING COMMITMENTS & ASSISTANCE ACTIVITY - NIMS

A “binding commitment” as defined by OWRB 785:50 means “legal obligations by the State to the local recipient that define the terms and the timing for assistance under the Clean Water SRF.”

As detailed in Table 1, the Oklahoma CWSRF entered into binding commitments for seven (7) SFY 2016 projects, all of which were distributed to sewer construction and water efficiency projects. There were no §319 or §320 projects funded this fiscal year. These activities, including adjustments, totaled \$41.8 million meeting the 120% requirement. Assistance provided reportable to NIMS for SFY 2016 totaled \$29.3 million.

SOURCES, USES AND GUARANTEES OF FUNDS

As shown in Table 6, sources of funds totaled approximately \$157.6 million. Federal funds are drawn as construction is completed and reimbursement requests are submitted. Federal funds are drawn down as quickly as possible using the First In First Out method. Total expenditures or “uses” of funds, totaled \$78 million.

BYPASS PROCEDURES

The OWRB has established bypass procedures within the OWRB Rules which, along with the Integrated Priority Rating System, guides project funding. The bypass procedure states “A project on the fundable portion of the list may be bypassed if it is determined that the project will not be ready to proceed during the funding year. This determination will be made on projects that are unable to meet the schedule established on the priority list. The applicant whose project is affected shall be given written notice that the project is to be bypassed. Projects that have been bypassed may be reinstated on the fundable 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 treated in the same manner as additional allotments.” Due to the Program’s capacity, there were no bypassed priority projects in SFY 2016.

FINANCIAL SUSTAINABILITY

The OWRB and FirstSouthwest Company have developed the Clean Water SRF capacity model to gauge the long-term health of the SRF. The model is continually monitored throughout each fiscal year to assure that the perpetuity of the CWSRF Program is sustainable. The Capacity Analysis shows the Equity Fund Balance for 4/1/2056 is \$434,146,442 and that the perpetuity Excess is \$113,862,556. A snapshot of the long-term sustainability of the fund can be found online at www.owrb.ok.gov/audit.

CWSRF PROGRAM COMPLIANCE AND FINANCIAL AUDITS

Arledge & Associates Inc., Certified Public Accountants were retained to audit SFY 2016 CWSRF financial statements and Program compliance. The Single Audit of the Program, audited financial statements, along with the financial statements of the administrative fund held outside the CWSRF can be found at www.owrb.ok.gov/audit.

INTEREST RATE SUBSIDY

An additional indicator, “Estimated Interest Rate Subsidy” provides a description of the subsidy provided by the CWSRF Program’s AAA rated bonds compared to interest rates available to communities whose local debt would fit into a given credit rating category. The OWRB offers CWSRF loans at an interest rate equal to 60% of the MMD AAA scale spot rates for each year though maturity with 70 basis points added to compensate for risk. The interest rate is calculated approximately 10 days prior to loan closing and is provided to communities regardless of credit quality. CWSRF interest rates have remained low thanks to the attractive market situation. They have varied between 1.07% and 2.14%.

STATE MATCHING FUNDS

Through SFY 2016, Oklahoma received federal capitalization grant awards totaling almost \$329 million matched in previous years by \$59.5 million in state funds. As a part of the Series 2015 Bond Issue, \$4.5 million of the bond proceeds were allocated and deposited on December 17, 2015 to cover the 20% match for the 2015 and 2016 capitalization grants.

Since July 24, 1996 the OWRB has expended available state matching funds prior to expending federal funds for the convenience of accounting for the drawdown of state funds to ensure federal capitalization grant funds are not drawn down prior to state funds, in accordance with federal regulations. These regulations, found in 40 CFR 35.3135, stipulate that, at a minimum, state match funds proportional to the state match share (17% of combined state match and capitalization grant funds) must be expended as federal funds are drawn down. This approach is not intended to alter any relationship, legal or otherwise, that would have existed had the prescribed draw down ratio been followed.

FINANCIAL INDICATORS

In an effort to measure the pace, Oklahoma’s CWSRF Program incorporates “financial indicators” into its annual review. The Financial Indicators table on page 34 presents seven key measures that reflect the different financial objectives of the SRF and provides broad indicators of how the CWSRF is meeting them.

GRANT PAYMENT SCHEDULE

The OWRB is committed to the timely and expeditious use of its Capitalization Grant funds by expending those funds usually within the SFY they are received. The bulk of the FFY 2015 Capitalization Grant was drawn with the exception of monies set aside for subsidization. The remainder of the funds should be drawn shortly after the beginning of SFY 2017.

FEES §602(B)(12)

Administrative fees are assessed to each participating borrower at the rate of one-half of one percent (0.5%) per annum of the amount of each borrower’s loan balance outstanding. The fees are billed and collected with the semi-annual loan payments from the borrowers which also include principal and interest payments. These totaled \$2,331,220 in SFY 2016. Application fee rates totaled \$1,100 for SFY 2016. As required by §602(b) (11), these fees are deposited into the CWSRF administrative account outside of the SRF for operating expenses.

Table 7: Loan Application Fees

Loan Amount	Application Fee
\$249,999 or less	\$100.00
\$250,000 - 999,999	\$250.00
\$1,000,000 or more	\$500.00

ADMINISTRATIVE COSTS §603(D)(7)

With WRRDA, the methodology of determining funds allowable “for the reasonable costs of administering the fund and conducting activities” has changed.

- The OWRB has the option of using one of the following methods:
- An amount equal to 4 percent of all grant awards received by a state CWSRF less any amount that have been used in previous years to cover administrative expenses;
 - \$400,000; or
 - 1/5 percent of the current valuation of the fund.

As documented in the OWRB’s OA, it is beneficial to the OWRB to continue to utilize the 4% of all grant awards received by the state.

Table 8: Financial Indicators

Financial Indicators	Fund Analysis for the Reporting Year Ending June 30 of:									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Federal Return on Investment										
306 *Annual	224%	181%	3840%	196%	337%	384%	569%	644%	324%	N/A
307 *Cumulative	232%	229%	247%	242%	253%	265%	278%	287%	289%	307%
Executed Loans as a % of Funds Available										
308 *Annual	183%	171%	223%	374%	55%	370%	31%	137%	73%	86%
309 * Cumulative	90%	92%	97%	118%	106%	111%	100%	102%	101%	101%
Disbursements as a % of Executed Loans										
310 *Annual	51%	70%	80%	23%	121%	174%	182%	62%	180%	183%
311 *Cumulative	87%	86%	85%	70%	75%	81%	85%	84%	86%	89%
Additional Loans Made Due to Leveraging										
312 *Annual	6,641,881	13,402,858	26,574,962	148,666,847	28,878,228	43,218,046	10,946,356	23,584,069	-6,683,421	-2,202,799
313 *Cumulative	31,645,531	45,048,389	71,623,351	220,290,198	249,168,426	292,386,472	303,332,828	326,916,897	320,233,476	318,030,677
314 *Cumulative Additional Loans as a % of Contributed Capital	13%	18%	28%	74%	74%	87%	87%	90%	85%	81%
Sustainability (Retained Earnings) Excludes Subsidy										
318 *Annual	4,169,290	4,701,038	4,603,656	3,698,749	3,479,826	1,398,069	828,929	-132,198	2,406,234	361,550
319 *Cumulative	38,054,699	42,755,737	47,359,393	51,058,142	54,537,968	55,936,037	56,764,966	56,623,768	59,039,002	59,400,552
320 *Cumulative Additional Loans as a % of Contributed Capital	15.9%	17.4%	18.6%	19.2%	18.0%	18.6%	18.1%	17.4%	17.5%	16.8%
Subsidy Information from CBR as of Report Date										
321 Grant Amount			0	0	0	0	0	0	0	0
322 Negative Interest			0	0	0	0	0	0	0	0
323 Principal Forgiven			6,229,556	24,210,271	1,967,220	2,714,580	1,090,416	508,067	616,443	0
324 *Total Annual Subsidy			6,229,556	24,210,271	1,967,220	2,714,580	1,090,416	508,067	616,443	0
325 *Total Cumulative Subsidy			6,229,556	30,439,827	32,407,047	35,121,628	36,212,043	36,720,110	37,336,553	0
Green Project Reserve (GPR) from CBR as of Report Date										
326 Green Infrastructure			1,250,000	6,167,762	0	0	0	0	0	0
327 Water Efficiency			1,140,000	284,572	3,430,437	1,878,492	3,735,536	2,407,000	0	0
328 Water Conservation			0	233,973	1,165,500	0	0	579,000	0	0
329 Green Innovation			0	0	676,914	0	350,793	0	0	0
330 *Total Annual GPR			2,390,000	6,686,308	5,272,351	1,878,492	4,086,329	2,986,000	0	0
331 *Cumulative GPR			2,390,000	9,076,308	14,348,658	16,227,150	20,313,479	23,299,479	23,299,479	0

* Calculated values.

CONSTRUCTION STARTS AND INITIATION OF OPERATIONS

The Program saw eight (8) projects begin construction within SFY 2016. After subtracting the total of this year’s de-obligations of \$2,638,298 from the total Assistance Amount of the 8 loans, a total annual assistance amount of \$11,418,937 was reported to NIMS for SFY 2016.

Five (5) projects completed construction and initiated operations within SFY 2016. After subtracting the total of this year’s de-obligations plus the change in assistance for the Ardmore PWA \$1,511,103 and the Hennessey UA \$62,129 from the total Assistant Amount of the 8 loans, a total annual assistance amount of \$30,615,704.98 was reported to NIMS for SFY 2016.

Table 9: Historical Funding Sources

Fiscal Year	Federal Cap Grant Amount	State Match Amount	Over Match Amount	Bond Issue Proceeds	Notes	Less 4% Administration	Total Available for Assistance
1988	\$9,278,000.00	\$1,855,600.00	\$0.00	\$0.00	(1)	\$371,120.00	\$10,762,480.00
1989	\$7,597,400.00	\$1,519,480.00	\$0.00	\$0.00	(2)	\$303,896.00	\$8,812,984.00
1990	\$7,862,000.00	\$1,572,400.00	\$0.00	\$0.00	(3)	\$314,480.00	\$9,119,920.00
1991	\$16,580,619.00	\$3,316,123.80	\$0.20	\$0.00	(3)	\$663,224.76	\$19,233,518.24
1992	\$15,697,737.00	\$3,139,547.40	\$0.60	\$0.00	(4)	\$627,909.48	\$18,209,375.52
1993	\$15,528,546.00	\$3,105,709.20	-\$0.20	\$0.00	(5)	\$621,141.84	\$18,013,113.16
1994	\$9,632,600.00	\$1,926,520.00	\$0.00	\$0.00	(6)	\$385,304.00	\$11,173,816.00
1995	\$9,951,183.00	\$1,990,236.60	\$0.40	\$0.00	(7)	\$398,047.32	\$11,543,372.68
1996	\$16,300,350.00	\$3,260,070.00	-\$1.00	\$0.00	(7,8)	\$652,014.00	\$18,908,405.00
1997	\$4,986,100.00	\$997,220.00	\$21,450.00	\$0.00	(8)	\$199,444.00	\$5,805,326.00
1998	\$10,879,110.00	\$2,175,822.00	\$8,644.94	\$0.00	(9)	\$435,164.40	\$12,628,412.54
1999	\$10,880,001.00	\$2,176,000.20	\$105,646.80	\$0.00	(10)	\$435,200.04	\$12,726,447.96
2000	\$10,996,702.00	\$2,199,340.40	\$82,990.54	\$0.00	(11)	\$439,868.08	\$12,839,164.86
2001	\$10,746,747.00	\$2,149,349.40	\$677.89	\$0.00	(12)	\$429,869.88	\$12,466,904.41
2002	\$10,770,705.00	\$2,154,141.00	\$0.00	\$26,000,000.00	(12,13)	\$430,828.20	\$38,494,017.80
2003	\$10,700,700.00	\$2,140,140.00	\$0.00	\$127,500,000.00	(14)	\$428,028.00	\$139,912,812.00
2004	\$10,720,400.00	\$2,144,080.00	\$0.00	\$0.00	(14)	\$428,816.00	\$12,435,664.00
2005	\$8,693,800.00	\$1,738,760.00	\$0.00	\$0.00	(14)	\$347,752.00	\$10,084,808.00
2006	\$7,046,300.00	\$1,409,260.00	\$67,760.00	\$0.00	(14)	\$281,852.00	\$8,241,468.00
2007/2008	\$14,087,400.00	\$2,817,480.00	\$0.00	\$0.00	(15)	\$563,496.00	\$16,341,384.00
ARRA	\$31,662,100.00	N/A	\$0.00	\$0.00		\$1,266,484.00	\$30,395,616.00
2009/2010	\$21,914,100.00	\$4,382,820.00	\$0.00	\$93,534,169.20	(15,16)	\$876,564.00	\$118,954,525.20
2011	\$11,930,000.00	\$2,386,000.00	\$0.00	\$0.00	(16)	\$477,200.00	\$13,838,800.00
2012	\$11,419,000.00	\$2,283,800.00	\$0.00	\$100,030,252.74	(16,17)	\$456,760.00	\$113,276,292.74
2013	\$10,786,000.00	\$2,157,200.00	\$0.00	\$0.00	(17)	\$431,440.00	\$12,511,760.00
2014	\$11,328,000.00	\$2,265,600.00	\$0.00	\$0.00	(18)	\$453,120.00	\$13,140,480.00
2015	\$11,269,000.00	\$2,253,800.00	\$0.00	\$114,245,235.87	(19)	\$450,760.00	\$13,072,040.00
TOTALS	\$329,244,600.00	\$59,516,500.00	\$287,170.17	\$461,309,657.81		\$13,169,784.00	\$722,942,908.11

1. FY 1988 state match appropriated by the legislature from the Statewide Water Development Revolving Fund. - 7/30/88, H.B. 1571
2. FY 1989 state match appropriated by the legislature from the Statewide Water Development Revolving Fund. - 4/26/89, S.B. 51
3. FYs 1990 and 1991 state matches appropriated by the legislature from the Special Cash Fund. - 3/20/91, S.B. 144
4. 2,892,047 of FY 1992 state match appropriated by the legislature from the Constitutional Reserve Fund. - 5/28/93, S.B. 390; \$200,000 in state match provided by Ute settlement - State of New Mexico and \$47,501 in state match provided from OWRB grant account.
5. FY 1993 state match appropriated by the legislature from the Constitutional Reserve Fund. - 5/18/94, H.B. 2761
6. OWRB issued its \$1,950,000 SRF Program Notes, Series 1994 on October 25, 1994. The Series 1994 Notes were paid from monies in the Debt Service Reserve Fund for the Board's 1985 State Loan Program Bonds.
7. OWRB issued its \$4,050,000 CWSRF Revenue Notes, Series 1996 on May 22, 1996. The Series 1996 Notes were paid from investment and interest earnings on CWSRF accounts and repayments on the Guymon and Ketchum State Loan Program Bond loans. \$1,990,237 went toward meeting the FY 1995 state match and \$2,018,545 toward the FY 1996 state match.
8. OWRB issued its \$2,275,000 CWSRF Revenue Notes, Series 1997 on June 26, 1997. The Series 1997 Notes were paid from investment and interest earnings on CWSRF accounts and repayments on the Guymon and Ketchum State Loan Program Bond loans. \$1,241,524 went toward meeting the FY 1996 state match and \$1,018,670 toward the FY 1997 state match.
9. OWRB issued its \$2,200,000 CWSRF Revenue Notes, Series 1998 on June 25, 1998. The Series 1998 Notes were paid from investment and interest earnings on CWSRF accounts and repayments on the Guymon and Ketchum State Loan Program Bond loans.
10. OWRB issued its \$2,300,000 CWSRF Revenue Notes, Series 1999 on February 15, 1999. The Series 1999 Notes were paid from investment and interest earnings on CWSRF accounts and repayments on the Guymon and Ketchum State Loan Program Bond loans.
11. OWRB issued its \$2,300,000 CWSRF Revenue Notes, Series 2000 on June 22, 2000. The Series 2000 Notes were paid from investment and interest earnings on CWSRF accounts and repayments on the Guymon and Ketchum State Loan Program Bond loans.
12. OWRB issued its \$4,345,000 CWSRF Revenue Notes, Series 2001 on April 11, 2001. The Series 2001 Notes were paid from investment and interest earnings on CWSRF accounts. \$2,149,349.40 went toward meeting the FY 2001 state match and \$2,154,141.00 went toward meeting the FY 2002 state match.
13. OWRB issued a \$28,890,000 CWSRF Interim Construction Loan Revenue Bonds, Series 2001, on August 15, 2001. The Series 2001 Bonds are to be paid from principal and interest payments made on CWSRF loans made from bond proceeds.
14. OWRB issued a \$204,480,000 CWSRF/DWSRF Interim Construction Loan Revenue Bonds, Series 2004, on October 26, 2004. The Series 2004 Bonds are to be paid from principal and interest payments made on CWSRF loans made from bond proceeds. Match for 2003, 2004, 2005, 2006 with \$67,760 left.
15. Reallocation of bond funds from the 2004 Bond Issue to state matching funds - \$3,908,100 for the 2007, 2008 and 2009 cap grants.
16. OWRB issued a \$85,000,000 Revenue Bond Issue, Series 2011 on April 13, 2011 with \$6,492,200 for the 2010 and 2011 cap grants and a portion of the 2012 cap grant. \$814,000 for the 2012 state match will be available from the 2011 bond issue the remainder will need to come from another source.
17. OWRB issued a \$86,505,000 Revenue Bond Issue, Series 2012B on November 7, 2012 with \$2,047,000 for the remainder of the 2012 cap grant. The state match for the 2013 cap grant was provided with a reallocation of the 2012B bond proceeds of \$1,500,000 and overmatch from 2006 of \$67,760 and overmatch from 2012B Bonds of \$577,200, and \$12,240 from an appropriation from the Water Infrastructure Development Fund.
18. Reallocation of bond funds from the 2012B Bond Issue to state matching funds.
19. OWRB issued a \$100,620,000 Revenue Bond Issue, Series 2015 on December 17, 2015 with \$4,537,600 for the 2015 cap grant and the anticipated 2016 cap grant.

Table 10: Summary of Administrative Accounts

Cap Grant No. CS40	Cap Grant Funds	4% Set-Aside Amount	State Admin. Year	Expended from 4% Set Aside	Banked 4% Set-Aside Balance Cumulative	Received in Outside Account**	Expended from Outside Account	Expended from Outside Account/ BUMP	Outside Acct** Balance Cumulative
0001-89-0	88	\$371,120.00	1990	\$267,260.20	\$103,859.80	\$0.00	\$0.00		\$0.00
0001-89-1	89	\$303,896.00	1991	\$317,222.55	\$90,533.25	\$6,645.85	\$0.00		\$6,645.85
0001-90-0	90	\$314,480.00	1992	\$304,224.90	\$100,788.35	\$61,038.10	\$4,845.78		\$62,838.17
0001-91-0	91	\$663,224.76	1993	\$338,973.80	\$425,039.31	\$135,268.39	\$19,201.38		\$178,905.18
0001-92-0	92	\$627,909.48	1994	\$412,302.79	\$640,646.00	\$172,677.21	\$91,539.01		\$260,043.38
0001-93-0	93	\$621,141.84	1995	\$36,317.36	\$1,225,470.48	\$198,427.36	\$374,450.40		\$84,020.34
0001-94-0	94	\$385,304.00	1996	\$370,594.21	\$1,240,180.27	\$204,594.86	\$217,803.20		\$70,812.00
0001-95-0	95	\$398,047.32	1997	\$376,309.00	\$1,261,918.59	\$110,168.75	\$81,189.13		\$99,791.62
0001-96-0	96	\$652,014.00	1998	\$283,979.00	\$1,629,953.59	\$338,310.69	\$311,939.84		\$126,162.47
0001-97-0	97	\$199,444.00	1999	\$0.00	\$1,829,397.59	\$377,880.55	\$378,995.72		\$125,047.30
0001-98-0	98	\$435,164.40	2000	\$0.00	\$435,164.40	\$491,889.36	\$449,188.42		\$167,748.24
0001-99-0	99	\$435,200.04	2001	\$220,545.42	\$649,819.02	\$601,236.58	\$507,070.09	\$1,857.93	\$260,056.80
0001-100-0	2000	\$439,868.08	2002	\$144,193.71	\$945,493.39	\$610,366.39	\$707,864.29	\$26,075.53	\$136,483.37
0001-101-0	2001	\$429,869.88	2003	\$128,364.98	\$1,246,998.29	\$721,147.29	\$615,566.98	\$43,131.32	\$198,932.36
40000202	2002	\$430,828.20	2004	N/A	\$1,677,826.49	\$793,865.98	\$678,699.06	\$3,935.22	\$310,164.06
40000204	2003	\$428,028.00	2005	N/A	\$2,105,854.49	\$843,271.10	\$745,075.59	\$0.00	\$408,359.57
40000205	2004	\$428,028.00	2006	N/A	\$2,533,882.49	\$874,416.19	\$778,732.54	\$0.00	\$504,043.22
40000206	2005	\$347,752.00	2007	\$61,048.30	\$2,820,586.19	\$977,081.00	\$696,811.00	\$0.00	\$784,313.22
40000207	2006	\$281,852.00	2008	\$31,751.26	\$3,070,686.93	\$959,796.00	\$875,374.00	\$0.00	\$868,735.22
40000208	2007/2008	\$563,496.00	2009	\$127,823.28	\$3,506,359.65	\$1,019,751.00	\$1,193,883.00	\$0.00	\$694,603.22
2W-96688501	ARRA	\$1,266,484.00	2010	\$742,626.65	\$4,030,217.00	\$1,179,759.31	\$1,178,736.04	\$0.00	\$695,626.49
40000210	2009/2010	\$876,564.00	2011	\$255,064.13	\$4,651,716.87	\$1,002,432.46	\$1,206,749.42	\$0.00	\$491,309.53
40000211	2011	\$477,200.00	2012	\$80,572.58	\$5,048,344.29	\$1,757,659.00	\$1,053,387.11	\$0.00	\$1,195,581.42
40000212	2012	\$456,760.00	2013	N/A	\$5,505,104.29	\$2,049,551.00	\$1,376,583.00	\$0.00	\$1,868,549.42
40000213	2013	\$431,440.00	2014	N/A	\$5,936,544.29	\$2,276,819.00	\$1,955,991.00	\$0.00	\$2,189,377.42
40000214	2014	\$453,120.00	2015	N/A	\$6,389,664.29	\$2,252,743.00	\$2,051,801.00	\$0.00	\$2,390,319.70
40000215	2015	\$450,760.00	2016	N/A	\$8,669,821.88	\$2,332,320.30	\$2,052,563.81	\$0.00	\$2,670,075.91
AVAILABLE ADMINISTRATIVE FUNDS					\$8,669,821.88				\$2,390,319.42
TOTAL OF ALL AVAILABLE ADMINISTRATIVE FUNDS									\$11,060,141.30

** The outside account revenue is generated from a 0.50% annual administrative fee on all outstanding loans.

Table 11: Actual Federal Disbursements

	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total (Qtr 1-4)
Scheduled	11,328				
Actual Federal SRF Program Totals*	0	0	10,328	0	10,328

* Dollars Reported in Millions

PROGRAM INITIATIVES AND RULE CHANGES

DOCUMENT MANAGEMENT SYSTEM

The OWRB continued its efforts to streamline operations by implementing a document management system for the Financial Assistance Division’s documents. Program staff utilized the document management system daily to view and process documents. The repository contributes to better records management by improving staff efficiency and providing greater records integrity. The system allows faster access to files by multiple people simultaneously and increases staff productivity by decreasing time required for retrieving files and finding misplaced files. Other advantages to document imaging include reducing risk by providing backup to critical and essential paper documents and reducing physical storage space. We plan to continue the growth of OnBase workflow to provide visibility and accountability to business process and to continue to look for new products and functionality to provide process automation when able.

The system is integrated with the division’s loan servicing software, Infrastructure Financing Software (IFS), to provide staff convenient access to loan documents. IFS has the added benefit of loan data and tracking as well as creating custom reports and standard for instantaneous data retrieval. Development of automated reports necessary for many CWSRF reporting requirements will continue in SFY 2016 expediting CBR/NIMS reporting as well as this Annual Report.

GOALS FOR FUTURE INTENDED USE PLANS

To provide for better management and greater flexibility of the CWSRF, as well as the DWSRF, the OWRB again requested EPA approval to reserve the right to transfer funds, of up to 33% of the DWSRF capitalization grant, between the two programs. However, no transfer was necessary for SFY 2016.

No changes in the loan interest rate subsidy are anticipated, however, the OWRB is currently utilizing an independent financial advisor to review all OWRB lending programs and identify the strategy’s long term impact on the health of the fund, along with the financial aspects of the loan application and loan monitoring processes.

RULE CHANGES

The following rule changes related to the CWSRF Program were approved by the OWRB on February 16, 2016 and ratified by the Legislature and Governor. They became effective on September 11, 2016.

Sections 785:50-9-9, 785:50-9-35 and 785:50-9-60 were approved to be amended to improve rule clarity and correct spelling and grammatical errors.

Sections 785:50-9-9, 785:50-9-23, 785:50-9-24, 785:50-9-27 and 785:50-9-30 were approved to delete the definition of Act and correct the definition of Clean Water Act. The intended effect is to make the rules cohesive and remove redundant language.

Sections 785:50-9-23 and 785:50-9-33 were approved to adjust language to expand the eligible costs and projects allowed under the Clean Water Act. The intended effect is to update the language according to the Clean Water Act.

Section 785:50-9-23 was approved to correct language to be consistent with all rules in the Oklahoma Water Resources Board and Oklahoma Statutes. The intended effect is to clarify the rules and make them consistent with applicable statutes and other rules.

Sections 785:50-9-33 and 785:50-9-35 were approved to move certain existing sections of the rules to reflect the correct process of loan closing and construction. The intended effect is to create more cohesive sections and make the language easily understood for potential applicants.

Section 785:50-9-45 was approved to be amended to add appropriate federal laws and re-letter the remaining section. The intended effect is to update the language according to the United States Environmental Protection Agency guidelines.

Section 785:50-9-60 was approved to change words and acronyms to be consistent with the National Environmental Policy Act (NEPA). The intended effect is to clarify language and accurately reflect what is in NEPA.

A complete list of OWRB Financial Assistance Administrative Rules can be found on the Secretary of State’s website at www.oar.state.ok.us. An unofficial version can be found on the OWRB website at www.owrb.ok.gov/rules. Oklahoma state statutes can be found at www.oscn.net.

The Financial Assistance Division complies with all applicable state statutes, federal laws, and administrative codes.

ENVIRONMENTAL BENEFIT AND PERFORMANCE

The CWSRF Program continues to provide affordable financing to communities, achieving its ultimate purpose of protecting public health and the environment while helping the State work towards meeting the “fishable/swimmable” goals of the CWA. Oklahoma’s integrated priority rating system prioritizes projects based upon multiple environmental benefit metrics to ensure that CWSRF funds are most effectively used, to provide a standardized intra-agency method for benefit comparison and reporting. Further, these metrics provide reference data that can be used to fulfill the OWRB’s reporting requirements in accordance with Environmental Results Assistance Agreement Order No. 5700.7.

Table 12 summarizes the environmental benefits addressed by each project. Two (2) of the six (6) projects funded during SFY 2016 were proposed as a result of a documented public health threat and/or NPDES discharge permit violation and assist borrowers come into permit compliance. Four (4) of the six (6) projects benefit communities discharging into priority stream segments identified as threatened or impaired in Oklahoma’s Integrated Water Quality Assessment Report (303(d) listing). Additionally, five (5) projects lie within hydrologic basins where groundwater is considered highly vulnerable, within or affecting a source water protection area, watershed designated as nutrient-limited, or upstream of waters with recreational or of ecological significance.

Table 12: Projected Environmental Benefits for Projects Funded within SFY 2016

Project		Lexington PWA	Tulsa MUA	Tuttle PWA	Eufaula PWA	Broken Arrow MA	Perkins PWA
Project Number		ORF-15-0005-CW	ORF-16-0001-CW	ORF-16-0008-CW	ORF-16-0009-CW	ORF-16-0006-CW	ORF-16-0004-CW
Binding Commitment Year		2015	2015	2016	2016	2015	2015
Population		2,347	393,709	6,019	2,813	100,464	2,845
Total Assistance Provided		\$3,091,500	\$28,330,000	\$329,500	\$675,000	\$2,045,000	\$545,000
Waterbody Name		Canadian River	Arkansas R. & Bird Cr.	West Cr.	Eufaula Lake N. Canadian R. Arm	Arkansas R.	Perkins Cr.
Affected Waterbody ID		OK520610010010_05	OK120420010010_00 OK121300010010_00	OK520610020090_00	OK5205000010020_00	OK120420010010_00 OK120410010080_10	OK620900030100_00
Project Type Factor	Consent Order or Enforceable NPDES Permit Schedule	X	X				
	Eliminate or reduce documented health threat or NPDES violation within watershed that is a water supply	X	X				
	Eliminate or reduce documented health threat or NPDES violation						
	All other projects sustaining or reducing current degree of treatment, increasing capacity, reliability, or efficiency, reclaim/reuse water, or reduce documented water quality threat		X	X	X	X	X
Water Quality Restoration Factor	Affects 303d listed stream	X	X		X	X	
	NPS Priority Watershed						
	Project Implements water quality plan	X	X				
Water Quality Protection Factor	Appendix A	Outstanding Resource Water					
		High Quality Water					
		Sensitive Water Supply					
		Scenic River					
		Nutrient-Limited Watershed					
	Appendix B	Cultural Significance					
		Recreational and/or Ecological Significance	X				
	Groundwater Vulnerability	Source Water Protection Area					
		Low		X	X		
		Moderate					
		High					
		Very High	X	X	X	X	X

As a result of the widespread need for water pollution control infrastructure financing, and efforts by the OWRB to implement a “lower than market rate” loan program, the OWRB has received a positive response from communities across the state requesting their projects be added to the five-year CWSRF PPL. For SFY 2017 fifteen (15) communities have made requests for sixteen (16) wastewater construction and water conservation projects totaling over \$136.1 million. The demand through 2021 totals over \$317.7 million. This number is likely low, as historically the number of projects identified on the CWSRF PPL target for future years underestimates the actual project demand due to the uncertainty of future construction schedules, the issuance of new enforcement or administrative orders, etc. The OCWP documents over \$12.5 billion in wastewater construction needs through the year 2020.

The OWRB’s Financial Assistance Division has funded Oklahoma water and wastewater infrastructure projects for over 30 years. We look forward to working with our partners to develop solutions in order to help communities address their infrastructure needs for this generation and generations to come!

Figure 3: Statewide Wastewater Infrastructure Cost Summary in Billions

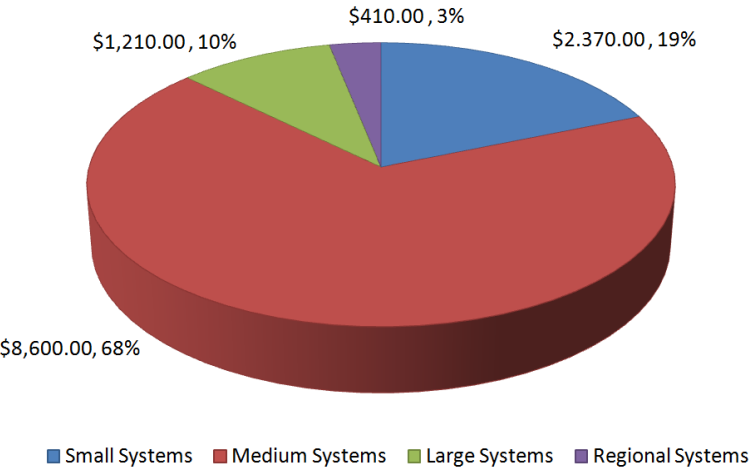
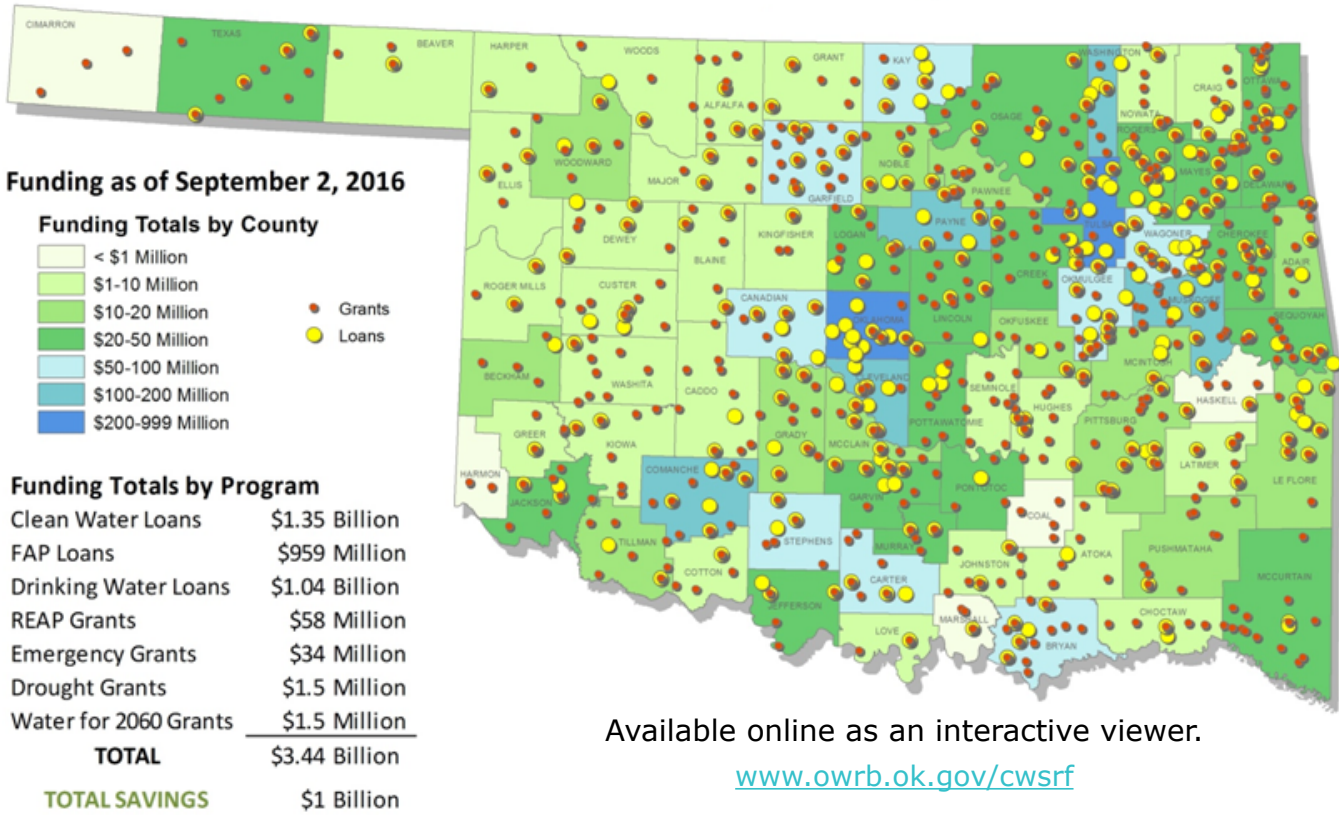


Figure 4: Loan and Grant Recipient Status



LIST OF ACRONYMS

AIS	American Iron and Steel
CATEX	Categorical Exclusion
CBR	CWSRF Benefits Reporting
CIP	Capital Improvement Plan
CWA	Clean Water Act
CWSRF	Clean Water State Revolving Fund
DA	Development Authority
DB	Davis Bacon (Act)
DWSRF	Drinking Water State Revolving Fund
EA	Environmental Assessment
EID	Environmental Information Document
EIS	Environmental Impact Statement
EPA	Environmental Protection Agency
FACT	Funding Agency Coordinating Team
FFATA	Federal Funding Accountability and Transparency Act
FFY	Federal Fiscal Year
FONSI	Finding of No Significant Impact
FSP	Fiscal Sustainability Plan
GIS	Geographic Information Systems
GPR	Green Project Reserve
Guide	Public Wastewater System Planning Guide
IFS	Infrastructure Financing Software
IUP	Intended Use Plan
MA	Municipal Authority
MMD	Municipal Market Daily
MS4	Municipal Separate Storm Sewer System
NEPA	National Environmental Policy Act
NIMS	National Information Management System
NOI	Notice of Intent
NPDES	National Pollutant Discharge Elimination System
OA	Operating Agreement
OASIS	Oklahoma Advantages Assessment & Scoring for Infrastructure Solutions
OCWP	Oklahoma Comprehensive Water Plan
ODEQ	Oklahoma Department of Environmental Quality
PUA	Public Utilities Authority
PWA	Public Works Authority
PPL	Project Priority List
ROD	Record of Decision
SFY	State Fiscal Year
SOF	Statement of Finding
SOP	Standard Operating Procedures
SERP	State Environmental Review Process
WRRDA	Water Resources Reform and Development Act
WUT	Water Utilities Trust

Published by
Oklahoma Water Resources Board
Financial Assistance Division

ACKNOWLEDGEMENTS

The Financial Assistance Division would like to thank our SFY 2016 assistance recipients, as well as past recipients, for helping making Oklahoma's Clean Water State Revolving Fund Program a success.

Thank you to the Financial Assistance Division staff for their hard work over the last year. The program would not be the success that it is without them!

