

Oklahoma

Water
News

MONTHLY NEWSLETTER OF THE OKLAHOMA WATER RESOURCES BOARD

Can Rural Water Systems Fare Better in Next Loan Sell-Off?

A diluted, disappointing Agricultural Credit Act offers little relief to Oklahoma's besieged systems

The Feds called it the FmHA Securitized Asset Sale. FmHA-financed rural water and sewer systems called it a disaster. Wall Street investors called a dollar's worth of loan for 57 cents a sweet deal.

It was touted as an effort to reduce the Deficit, and by year-end, \$1.9 billion in FmHA loans had produced \$1 billion. Then there was speculation that the billion dollars was not applied to the announced purpose, but rather, spent by the Congress.

Wall Street swooped on the windfall to buy the choicest water, sewer and community facility loans at discounts of about 43 percent, while most borrowers were offered their loans only at par. When a reluctant FmHA finally did offer discounts, they were substantially lower—25 percent or less.

When the smoke cleared, nationally, 6442 loans to 4178 FmHA borrowers had been sold at big discounts. In Oklahoma, 210 loans worth \$38.5 million to 106 borrowers had been harvested by private investors.

And this is not the end of it. The Omnibus Budget Reconciliation Act of 1986 requires sales of enough FmHA loans to generate \$552 million

by September 30 this year, and \$547 million by the close of the next federal fiscal year. According to Gene Whatley, executive director of the Oklahoma Rural Water Association, those sales could again pack a wallop for state water and sewer districts.

"The punch could be crippling in Oklahoma simply because so many loans are at stake," Whatley said. Last fall, 53 of the state's 77 counties were affected by the sell-off of water, wastewater and community facility loans.

Oklahoma ranks third in the number of rural water loans—only behind Texas and Mississippi.

Whatley points out that in last year's sell-off, FmHA chose not to give borrowers the right of first refusal, but rather, to offer the portfolios of choicest loans directly to Wall Street investors. On June 1, after pressure from Congress, FmHA offered a few of its borrowers 45 days to buy back their loans at a discount, the rate of which was determined by an obscure formula. Apparently, in not a single instance was the discount offered to those

borrowers as attractive as that offered to outside investors.

Any community that wanted to buy its loan had to come up quickly with a sizable deposit by mid-July, then complete the transaction by September 30. In most cases, the five percent deposit required by the Feds amounted to \$15,000 to \$20,000—deducted from the loan balance if the sale went through; applied to future payments if the sale couldn't be consummated.

It would seem that the outside investors had enough notice to get all their ducks in a row months in advance of the sale. And the identity of the buyers remains a mystery.

Only 25 systems were able to amortize debts owed to FmHA

Since FmHA would not allow the borrowers to use tax-exempt funds in buying their loans, few systems were able to make a deal.

"Most systems just could not afford to refinance their debts at taxable interest rates. Perhaps if they had been given more time and allowed to seek tax-exempt financing, more of the systems could have taken advantage of the discount offering," Whatley said.

The Agricultural Credit Act was proposed to redress some of the inequities of the first sale, but when the muddled law finally emerged, much of the intended relief had been excised. However, it does offer modest relief in that it guarantees the systems the right

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Ice Shelf in Antarctica, reports the *National Science Foundation News*. The enormous iceberg has a surface area of approximately 2450 square miles. With an estimated length of 98 miles, a width of 25 miles and a thickness of 750 feet, it represents two or three times the annual ice discharge of the entire Antarctic continent.

Scientists estimated that if the gigantic iceberg could be moved and melted in California, it could supply all the water needs of Los Angeles for 675 years.

Researchers say the number of icebergs has increased dramatically in the last 18 months. They speculate that the increase may be related to an apparent warming trend in global temperatures.

1988 EPA Award Program

Again in 1988, the Environmental Protection Agency will recognize operators of publicly owned wastewater treatment facilities that show outstanding operations and maintenance compliance. According to Greg DuMonthier of the Oklahoma Water Utilities Training Center, awards will be presented on state, regional and national levels.

Awards will be offered in seven categories: Secondary and Tertiary Treatment Facilities that discharge less than 1 MGD, 1–10 MGD, more than 10 MGD; Non-Discharging Facilities. To be eligible for the awards program, applicants must submit an entry form before March 14 to the Oklahoma Water Utilities Training Center, Rose State College, 6420 S.E. 15th, Midwest City, Oklahoma 73110. DuMonthier said applications will be reviewed, then plant inspections scheduled.

For more information on the award program or to request an application, call DuMonthier at (405) 733-7364.

Corps Permits Required

The U.S. Army Corps of Engineers and the OWRB have joined together to remind riparian landowners of circumstances under which they must apply for either a dredge and fill or structural permit from the Corps.

Section 404 of the Clean Water Act authorizes the Corps to issue or deny permits for "discharges of dredged or fill material" into any "water of the United States," including navigable waters and other lakes, rivers, streams and wetlands.

"Many landowners interested in stabilizing an eroding stream bank or changing the course of a stream running through their property are unaware that they need a permit for such work," said John P. Clark, Chief of Operations for the Corps.

Activities which require Section 404 permits include the placement of material for road crossing fills, bank stabilizations, stream diversions, jetties and similar activities. Clark stresses that certain materials—car bodies, large household appliances and otherwise useless junk—are not suitable for bank stabilization. He said that rock riprap, wire gabions and siltation fences are more suitable stabilization methods.

Every discharge requiring a Section 404 permit must comply with Environmental Protection Agency guidelines and receive a Water Quality Certification from the OWRB. Board personnel review such permits to ensure that they meet Oklahoma Water Quality Standards.

In addition to Section 404 permits, the Corps issues Section 10 permits through authorization of the River and Harbor Act of 1899. This program requires permits for the erection of any structure affecting a "navigable water of the U.S." Although navigation in Oklahoma is limited to the McClellan-Kerr Arkansas River Navigation System, the term "navigable water" includes portions of the Illinois, South Canadian and Red Rivers.

To apply for either a Section 404 or Section 10 permit, call the Corps at (918) 581-7261 or write to the Regulatory Section, Tulsa District Corps of Engineers, P.O. Box 61, Tulsa, OK, 74121-0061.

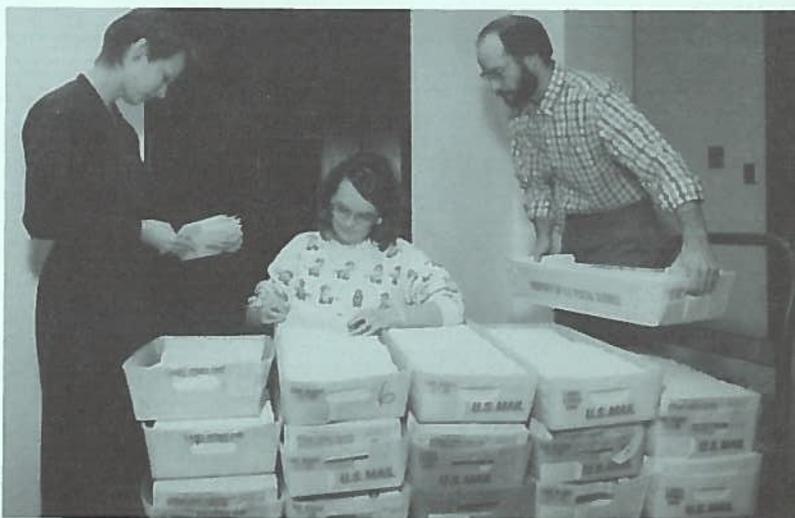
Annual mailing asks 10,923 Oklahomans how they used permitted water in 1987

On January 21, OWRB Program Analyst Jann Hook dispatched to the Oklahoma City post office nearly 11,000 water use reports. Their destination is the mailboxes of Oklahoma irrigators, industries, municipalities and rural water districts that have per-

mits issued by the Board for the use of water.

Hook points out that the report form mailed to municipalities and industries is somewhat different from that of previous years. Instead of a carbon

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Jann Hook, Lenora Guiles and Jim Summers of the OWRB Data Processing Section make a last-minute check of 1987 water use reports prepared for mailing—9,408 of them addressed to irrigators; 1,231 to Oklahoma towns; and 284 to industries.

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sandwiched between a white and yellow copy, the 1987 version consists of two white, laser-printed 8½ × 11" sheets. One is marked "original" for return to the Water Resources Board; the other for the water user's file. She

also said the "water sales" portion of the municipal and industrial form includes columns to record the cost per thousand gallons and whether such sales were treated or raw water. Hook noted a minor change on the form mailed to Stream Water users.

"Although we inquire about water use for recreation and fish and wildlife, we need only a yes or no answer—no estimates of amounts. And, as in other years, we ask water users to return their reports to the OWRB in 30 days," she said.

**ACTIVE CONSERVATION STORAGE IN SELECTED OKLAHOMA LAKES AND RESERVOIRS
AS OF FEBRUARY 3, 1988**

PLANNING REGION LAKE/RESERVOIR	CONSERVATION STORAGE (AF)	PERCENT OF CAPACITY	PLANNING REGION LAKE/RESERVOIR	CONSERVATION STORAGE (AF)	PERCENT OF CAPACITY
SOUTHEAST			Wister	27,100	100.0
Atoka	123,475	100.0	Sardis	302,500	100.0
Broken Bow	918,100	100.0	NORTHEAST		
Pine Creek	77,700	100.0	Eucha	79,567	100.0
Hugo	157,600	100.0	Grand	1,328,420	89.0
McGee Creek		1	Oologah	544,240	100.0
CENTRAL			Hulah	29,937	97.9
Thunderbird	105,925	100.0	Fort Gibson	365,200	100.0
Hefner	75,355	100.0	Heyburn	6,600	100.0
Overholser	12,424	78.0	Birch	19,200	100.0
Draper	68,212	68.2	Hudson	200,300	100.0
Arcadia	27,390	100.0	Spavinaw	30,000	100.0
SOUTH CENTRAL			Copan	43,400	100.0
Arbuckle	62,571	100.0	Skiatook	319,055	99.9
Texoma	2,637,700	100.0	NORTH CENTRAL		
Waurika	203,100	100.0	Kaw	428,600	100.0
SOUTHWEST			Keystone	616,000	100.0
Altus	85,299	64.2	NORTHWEST		
Fort Cobb	78,423	100.0	Canton	97,500	100.0
Foss	9,610	3.9 ²	Optima	3,000	1
Tom Steed	85,299	95.9	Fort Supply	13,792	99.2
EAST CENTRAL			Great Salt Plains	31,400	100.0
Eufaula	2,329,700	100.0			
Tenkiller	627,500	100.0			
			STATE TOTALS	12,168,194	96.2³

1. In initial filling stage
2. Temporarily lowered for maintenance
3. Conservation storage for Lake Optima not included in state total

Data courtesy of U.S. Army Corps of Engineers, Bureau of Reclamation, Oklahoma City Water Resources Department, and City of Tulsa Water Superintendent's Office.

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