Ohio Environmental Protection Agency

John R. Kasich, Governor
Mary Taylor, Lt. Governor
Craig W. Butler, Director

October 22, 2015

Mayors, County Commissioners,
Regional Authority Officials,
Consulting Engineers, and Interested Citizens

Re: Water Pollution Control Loan Fund (WPCLF) Draft
2016 Program Management Plan

Dear Sir or Madam:

I am pleased to announce that the Draft 2016 Water Pollution Control Loan Fund Program Management Plan is available for your review and comment.

You may obtain a copy by downloading it from our web site at www.epa.ohio.gov/defa/EnvironmentalandFinancialAssistance.aspx or you may request a printed copy by calling our office at (614)644-2798. Using this method instead of direct mail saves thousands of dollars in printing and mailing costs, while providing you with quick and immediate access to the document.

Earlier this year, I announced that one of my major initiatives is to create a "one-stop shop" environment within Ohio EPA for customers seeking our technical and financial resources to help them achieve compliance. This approach will both enhance the way in which we serve our customers and improve our own internal operations through a more efficient, coordinated and strategic approach to administering resources. By realigning some of our key compliance assistance and funding programs here, I believe we also will be more strongly positioned to help even more regulated entities with a greater level of service. We made progress toward this goal by merging the Office of Compliance Assistance and Pollution Prevention with the Division of Environmental and Financial Assistance. This is the first Draft Plan to be created from this new alignment.

You also are invited to let us know what you think about the Draft Plan in person. We have scheduled a public meeting to answer questions and receive your comments on Monday, November 23, 2015 at 10:30 A.M. in Ohio EPA's Central Office, which is located at 50 West Town Street, Suite 700 in downtown Columbus. The meeting will be held in the Center of Excellence, which is located on the seventh floor. Your views and suggestions regarding the direction and management of the program are very important to us, so please feel free to contribute.

If you prefer to submit written comments, you may mail them to Ohio EPA-DEFA, P.O. Box 1049, Columbus, OH 43216-1049, or send them by email to defamail@epa.ohio.gov. All comments on the

Draft Plan must be received by Ohio EPA no later than close of business on Monday, November 23, 2015.

A summary of some of the major changes and features that are proposed for the WPCLF in 2016 are attached to this letter. For a more complete summary, please see Page 7 of the Draft Plan.

I thank you for your interest in this effort and look forward to your input via options described above.

Sincerely,

Craig W. Butler
Director

Summary of 2016 Water Pollution Control Loan Fund Program Management Plan

1. Available Funds

The total available funds at the beginning of Program Year 2016 (PY 2016) are estimated to be $402,193,492. In order to meet the demand for assistance during PY 2016 and beyond, the Ohio EPA intends to borrow against the WPCLF's loan repayments by issuing revenue bonds or notes. The total requested amount on the Intended Projects List is $1.8 billion, although the actual amount which will be awarded will be based on readiness-to-proceed. (See page 9 of PMP)

2. Limits to Borrowers

As in the last few program years, there is no maximum amount that applicants can request ("proportionate share limits"). WPCLF financing that a borrower can receive is only limited by the projects it nominated by August 31, 2015 (See page 16 of PMP)

3. New Affordability Criteria and Principal Forgiveness

Changes to the Clean Water Act required that Ohio EPA develop and use "affordability criteria," as a primary determiner in the distribution of principal forgiveness. These new affordability criteria are in Appendix K of the PMP. The maximum amount of principal forgiveness that Ohio is permitted to offer for PY 2016 is $23.5 million. A priority area for Ohio EPA during PY 2016 is to provide principal forgiveness to address failing home sewage treatment systems (HSTSs). Up to $13.3 million in principal forgiveness will be reserved for HSTS replacements/repairs. The remaining $10.2 million will be allocated to municipal wastewater collection and treatment projects, with ½ being allocated to projects in the Western Lake Erie Basin, and the other ½ allocated to the remainder of the state. There will be no principal forgiveness funding for stand-alone planning or design projects. Fundable projects that meet all program requirements will be awarded 100% principal forgiveness (See Appendix K).

4. Loans for Specialized Planning Activities

In 2015, Ohio EPA offered 0% planning loans for communities to prepare fiscal sustainability plans (FSPs). Ohio EPA is expanding on these discounted loans in PY 2016 to include planning loans at 0% for energy audits, asset management, resilience and extreme weather planning (See Appendix G).

5. Discount for Back-up Power

In PY 2016, Ohio EPA will make 0% loan funding available to facilitate the procurement and installation of back-up power for wastewater treatment facilities. Back-up power at Publicly Owned Treatment Works (POTWs) should be provided for aeration, disinfection, and data loggers where necessary (See Appendix F).

6. Nutrient Reduction Discount

In response harmful algal blooms (HABs) and their potential effect on drinking water systems, Ohio EPA made $100 million available at a 0% interest rate in PY 2015 for equipment to reduce phosphorus and other pollutants. In PY 2016, the Ohio EPA is offering an additional $100 million at a 0% interest rate for these types of projects. The discounted rate will be available for the portion of the project directly attributable to the nutrient reduction. Standard, below-market interest rate loan funds will be offered for the balance of a proposed project (See Appendix F).

For PY 2016, Ohio EPA will accept nutrient reduction discount (NRD) project nominations for planning, design or construction projects throughout the program year. Applicants who nominated

projects for NRD funding in PY 2015, but did not proceed with projects, and subsequently provided updated schedules during the nomination period to DEFA will be grandfathered into PY 2016.

7. WRRSP Funding for PY 2016-2017

The amount of funds available for the WRRSP projects which are included in the 2016-2017 two-year cycle will be $10 million. During PY 2016, the WRRSP program will undergo a process review to measure its effectiveness at achieving the program's objectives and appropriate levels of future funding. The goal of process review will be to improve the program, and map its direction for the upcoming years.