



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

July 31, 2015

Mayors, County Commissioners,
Regional Authority Officials, Consulting Engineers,
And Other Interested Parties

Re: 2016 Water Pollution Control Loan Fund Project Nominations

Dear Sir or Madam:

Once again, we invite you to nominate projects for assistance from the Ohio Water Pollution Control Loan Fund (WPCLF) in 2016. WPCLF funding levels remain high, and depending on demand, Ohio EPA could make up to \$1 billion available in 2016 for important water pollution control projects.

PLEASE NOTE: PROJECT NOMINATIONS MUST BE RECEIVED BY MONDAY, AUGUST 31, 2015 TO BE CONSIDERED. ONLY ELECTRONIC SUBMISSIONS WILL BE ACCEPTED, SEE THE CLOSE OF THIS LETTER FOR ADDITIONAL INSTRUCTIONS ON ELECTRONIC SUBMISSIONS. ALL OF THE DOCUMENTS REFERENCED BELOW CAN BE FOUND AT:
<http://www.epa.ohio.gov/defa/EnvironmentalandFinancialAssistance.aspx>

1. Updates for Program Year 2016

To assist the development of your WPCLF nominations, below are some of the key updates for Program Year 2016 (PY 2016, January 1, 2016 through December 31, 2016). Further information on programmatic updates and changes will appear in the draft WPCLF Program Management Plan later this year.

a. Principal Forgiveness

- For PY 2016, the distribution of principal forgiveness for all projects will be based primarily on new “affordability criteria” Ohio EPA has developed in response to Clean Water Act changes passed by Congress in June 2014 under the Water Resources Reform and Development Act (WRRDA). A separate description of how the affordability criteria were developed, and the list of communities that met the criteria, is posted on the website at the address listed above. In addition to soliciting WPCLF nominations, **Ohio**

EPA is also accepting comments on the new, proposed affordability criteria through the end of the WPCLF nomination period.

- For PY 2016, the amount of principal forgiveness has increased to \$23.5 million. The \$23.5 million will be allocated as follows:
- Up to \$5 million in principal forgiveness funds will be available to local health districts (LHD's) for projects that will repair/replace failing home sewage treatment systems (HSTSs). Ohio EPA will use a process similar to that used in 2013 to evaluate, score and award HSTS principal forgiveness projects. Each LDH is eligible for a maximum award of \$300,000.
- The distribution of approximately \$18.5 million in principal forgiveness will be split evenly between two groups: projects in the western Lake Erie Basin and the remainder of the state. Within these two groups, preference may be given to projects which correct combined sewer overflows or provide sanitary sewers for unsewered areas. Again, all principal forgiveness projects must meet the affordability criteria.

b. Continuation of Nutrient Reduction Discount (NRD) Loans

In response to harmful algal blooms around the state, Ohio EPA offered a special discounted loan in PY 2015 for wastewater treatment projects that would reduce nutrients, making available \$100 million at a 0% interest rate to encourage these important water quality improvement projects. For PY 2016, we are proposing to:

- "grandfather" eligible 2015 NRD projects over to PY 2016 if they are not awarded by the end of PY 2015;
- continue to offer on "open" nomination period for NRD projects throughout the PY 2016; and
- make an additional \$100 million available at the 0% interest rate.

Communities with projects that will reduce nutrient discharges and who are interested in the NRD discount for PY 2016 should follow the nomination process outlined in 2.a. and 2.b. below, and submit a NRD addendum.

c. 30-year loan term

In 2014, Ohio EPA began to offer extended-term financing (through the *purchase of debt obligations*) to projects that met certain programmatic criteria. In 2016, Ohio EPA intends to continue to offer this option to communities whose projects have a design life of at least 30 years.

d. Program Changes related to WRRDA

On June 10, 2014, the President signed into law P.L. No: 113-121, the Water Resources Reform and Development Act of 2014 (WRRDA). Among many other things, WRRDA enacted changes to Title VI of the Clean Water Act that directly impact the WPCLF. Some of these changes were enacted

in PY 2015, while others will be enacted with the start of PY 2016. Applicants should look to the Draft PY 2016 Program Management Plan for more information regarding these important program changes.

2. Project Nominations

The following summarizes the major requirements for project nominations for PY 2016:

a. Nominating New WPCLF Projects

All new projects that you wish to have considered for assistance must be nominated to appear on the 2016 WPCLF Project Priority List. You must complete a separate form for each project request.

b. Re-nominating Current 2015 WPCLF Projects for 2016

Applicants who have projects on the 2015 WPCLF Project Priority List that will not be awarded by December 31, 2015, and who wish to carry those projects over to the 2016 WPCLF Project Priority List with their current priority ratings must complete and electronically submit a revised schedule on the appropriate WPCLF Project Schedule Form (Construction, Design, or Planning). **Any project that has not electronically submitted a revised schedule will not be carried forward to the Project Priority List for 2016, and will not be fundable during program year 2016.** If your project's scope or costs have changed significantly, or you wish us to re-rate your 2015 project for ranking in 2016, please complete and submit the WPCLF Project Nomination Form identified in 2.a. above.

c. Nominating Projects for Principal Forgiveness

In addition to the points discussed in 1.a above, the following are important items to keep in mind when nominating projects for principal forgiveness consideration in PY 2016.

- When nominating projects that will repair/replace failing home sewage treatment systems, please note that there is a separate HSTS nomination form that should be used in place of the standard WPCLF nomination form for this type of project.
- If you have any other type of new WPCLF loan project for consideration of principal forgiveness, you are only required to complete a WPCLF Nomination Form and check the box (on page 3) requesting principal forgiveness. **Please note that aside from HSTS nominations, there is no separate principal forgiveness nomination form to complete.**

- If you nominated a project for principal forgiveness for 2015, and wish to be considered again for principal forgiveness in 2016 (with the current priority ratings), you need to submit only an updated construction schedule, not a new WPCLF nomination form. However, if you wish us to re-rate your 2015 project for ranking in 2016, please complete and submit a new WPCLF Project Nomination Form and check the box (on page 3) requesting principal forgiveness.

d. Water Resource Restoration Sponsor Program (WRRSP)

Please note, the nomination deadline for WRRSP projects to be considered for the 2016-2017 two-year cycle was July 1 – July 31, 2015. For future planning purposes, Ohio EPA anticipates that each year WRRSP nominations will be accepted during the month of July.

All of the forms and documents referenced above can be found at the following web address:

<http://www.epa.ohio.gov/defa/EnvironmentalandFinancialAssistance.aspx>

Again, we must receive all WPCLF nominations, schedules, and comments no later than August 31, 2015. Electronic submissions are required, and must be submitted to epa.defamail@epa.ohio.gov. Any comments on the new affordability criteria can also be submitted to this email address. If you have questions regarding the WPCLF or this letter, please do not hesitate to contact Kevin Spurbeck at (614) 644-3645.

Thank you for your continuing interest in improving Ohio's water resources.

Sincerely,



Jerry Rouch, Assistant Chief
Office of Financial Assistance
Division of Environmental and Financial Assistance