

State of Oregon
Department of Environmental Quality

Memorandum

Date: Oct. 19, 2016
To: Environmental Quality Commission
From: Richard Whitman, Director *RWW*
Subject: Agenda item F, Action item: Request for authorization for Clean Water State Revolving Fund bond issuance
Nov. 2-3, 2016, EQC meeting

Purpose of item DEQ will request authorization from the commission to issue an overnight bond sale for \$10 million in matching funds for the Clean Water State Revolving Fund.

Background Established in 1987, the Clean Water State Revolving Fund is a partnership between states and EPA. DEQ operates the program for Oregon, and provides loans at or below current market rates to specified public entities for publically-owned treatment work facilities or programs related to water treatment. The state must provide a minimum of 20 percent match in state monies for the EPA capitalization grant.

DEQ must use state money and cannot use payments received from loan recipients for the match. Early next year DEQ will have used all of the state monies and will no longer be able to disburse grant dollars to municipalities without additional bond issuance.

DEQ actually has enough funds in the CWSRF for the matching portion of any loans, but federal law requires that new state money be used for match. By issuing the bonds, even overnight bonds which are sold one day and then repurchased within the week, DEQ can meet the match requirement. The cost of the bond sale action is approximately \$135,000; however, this is dependent on market conditions and could vary by a small amount.

The commission has previously delegated the authority to seek bond issuance to the agency; however, it has been some time since DEQ issued bonds, and the typical bond is for \$5 million. Given these circumstances, DEQ is seeking specific commission authorization for this proposed bond sale.

**DEQ
recommendation
and EQC motion**

DEQ recommends that the commission authorize DEQ to pursue an overnight bond sale for up to \$10 million for the purposes of providing matching funds in state money for the Clean Water State Revolving Fund.

Report prepared by Mark Brown
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