

## CHAPTER 50. FINANCIAL ASSISTANCE

### SUBCHAPTER 6. WATER AND SEWER PROGRAM EMERGENCY GRANTS REQUIREMENTS AND PROCEDURES

#### **785:50-6-2. Evaluation procedures for grant applications**

(a) In evaluating a grant request under the water and sewer program, a determination shall be made as to whether an emergency situation exists. For the purposes of this determination, an emergency situation shall be a situation where the life, health or property of the persons served by the entity are endangered. An emergency will be deemed no longer to exist, and a grant application based thereon will not be approved nor funded, after the passage of 180 days following the date the emergency last occurred, unless the Board finds, upon evidence satisfactory to the Board, that the emergency continues to exist as the date of approval and the date of funding.

(b) No emergency may be determined by the Board to exist absent an official declaration of emergency by the entity requesting the grant. The entity's declaration of emergency must be furnished to the Board and must set forth and described, among other matters, the nature and circumstances of the emergency.

(c) In addition to determining whether an emergency situation exists, the Board shall, in evaluating a grant request, take into consideration the following:

- (1) The needs of the area to be served by the project and the benefit of the project to the area in relation to the needs of other areas requiring state assistance;
- (2) Whether the political subdivision can reasonably finance the project without assistance from the state;
- (3) The relationship of the project to the overall statewide water and sewage treatment needs; and
- (4) Whether or not the applicant has taken all reasonable measure to limit waste and conserve water.

(d) Upon a determination that an emergency situation does exist, the priority point system set forth in ~~785:50-7-5~~ 785:50-6-3 shall be utilized to review pending grant applications and grant applications filed after the effective date of these rules.

(e) For purposes of evaluating, approving and funding an application for a grant, eligible project costs shall include, in addition to those project costs described in 785:50-3-1:

- (1) Architecture and/or engineer fees related to the project.
- (2) Fees for soil testing.
- (3) Fees for surveying.
- (4) Payments to contractor(s) for construction of the improvements.
- (5) Legal fees and expenses of counsel for the applicant which are related to the project.
- (6) Services of full-time or part-time inspector.
- (7) Administrative expenses shall not be eligible project costs.

(f) Grant application must be fully completed including the verification form signed and notarized by the applicant representative, and must have ~~a~~ the signature of an attorney representing applicant.

#### **785:50-6-3. Emergency grant priority point system**

##### **(a) Basis of priority system and formula.**

(1) **General description.** The priority system consists of a mathematical equation rating the applicants and the proposed project in accordance with the requirements of the statutes by means of a formula awarding points for each criteria used in the evaluation. The maximum point total under the system is ~~one hundred twenty (120)~~ one hundred and five (105). The Board may consider each month, and in order from the highest rating, those applications awarded point ratings of 60 or more priority points. If the Board determines that the applicant with the highest point rating cannot promptly proceed with the project due to delays, including but not limited to those caused by legal problems, engineering problems, feasibility problems or availability of other funding sources, the Board may pass over consideration of such application then proceed to consider in order the next highest rated application. Applications which are bypassed shall retain their ratings and thus remain eligible for further consideration. Applications preliminarily determined by Board staff to have point ratings of 59 or fewer shall be deemed denied; provided, such applications may be reevaluated if the applicant submits additional information showing changed circumstances within 120 days after the date of staff's determination, and such information improves the applicant's preliminary point rating.

(2) **Statutory criteria.** The basis of the priority formula has been developed from the enacting legislation. The two primary statutory criteria are:

(A) The emergency situation of the applicant.

(B) Whether or not the applicant can reasonably finance the project without assistance from the state.

(3) **Total priority points.** Total priority points will be calculated and awarded for individual projects; therefore, eligible entities will be required to complete separate applications for each project for which grant funds are requested. Priority lists compiled and published by other Oklahoma State agencies and/or seniority dates of applications submitted shall be utilized to decide ties in point totals among applicants.

##### **(b) Priority formula for eligible entities other than school districts.**

(1) **Formula.** The following formula has been devised to rank grant applications: 
$$T = \frac{P \times E + WR + I + L + MHH + FP}{RS + OCR + LP + ACPI + AR + BP - AN}$$
 where:

- (A) ~~P = Priority ranking~~ T = Total priority points (105).
- (B) E = Emergency ranking (50).
- (C) ~~WR = Water and sewer rate~~ RS = Rates and Study (10).
- (D) ~~I = Indebtedness per customer~~ OCR = Operational cost ratio (13).
- (E) LP = Amount of local contribution toward project Local Participation (10).
- (F) MHH = Median Household Income APCI = Adjusted per capita income (10).
- (G) ~~FP = Applicant's ability to finance project~~ AR = Amount of grant requested (7).
- (H) ~~AR = Amount of grant requested~~ BP = Benefit of project to other systems (5).
- (I) ~~BP = Benefit of project to other systems~~ AN = Application number (0).
- (J) ~~AN = Application number~~

(2) **Explanation.** Each of these criteria are explained below:

(A) **Emergency rankings (E).** Emergencies are ranked by severity with Category 1 being the most severe and Category 2 being the least severe. Points awarded range from a maximum of 50 points for Category 1 and a minimum of 40 points for Category 2. If an applicant requests funds to correct more than one emergency category need, only the amount of assistance needed to correct the most severe need will be considered in the calculation for the application ranking. The applicant will be informed that separate and additional applications must be filed for other needs and projects. An applicant who receives funding for a project under any of the listed emergencies may not reapply under the same emergency. The two (2) emergency ranking categories are as follows:

(i) **Category 1.** Total loss of a water supply or sewage system or loss of a major component of a system due to a natural or unforeseen disaster which could not have been prevented by the exercise of reasonable care by the applicant. Examples of such disasters may include but are not necessarily limited to: tornado; flood; fire; severe weather; landslide; sudden loss of a water supply system; sudden collapse of a major structural portion of a system; signs of imminent failure of a public water supply lake dam, spillway or outlet structure such as settlement or slumping of the crest, excessive seepage, slides, cracks or sloughs along the upstream and downstream slopes of the dam. Also included under this category is the construction of a new water system to serve areas where residents are supplied by domestic sources or domestic systems whose quantity does not supply the basic needs of the residents. In such cases where new or extended systems are proposed, the Board shall consider and determine whether an adequate population density is available to utilize the proposed system. Notwithstanding any other provisions of this Chapter, if the density is preliminarily determined by Board staff to be inadequate for the applicant to feasibly provide operation and maintenance of the new or extended system, then the application will not be recommended for approval until the proper density, which will make the extension feasible, is achieved. Category 1 emergencies receive 50 points.

(ii) **Category 2.** Water or sewer emergencies which could not have been prevented by the exercise of reasonable care by the applicant and which cause immediate danger or an imminent health hazard to the community or other nearby citizens. Such emergencies may include but are not necessarily limited to: users or systems whose water supply is deemed to be dangerous or unhealthy; systems whose supply source becomes contaminated by man-made pollution caused by a person other than the applicant; overflow of raw sewage into homes or streets due to structural failure in the collection mains and/or structural, mechanical, or electrical failure at a lift station due to disasters which could not have been prevented by the exercise of reasonable care by the applicant, including but not limited to tornado, flooding, fire, or landslides; sewage treatment systems which discharge raw or inadequately treated sewage effluent whose quality and/or quantity causes an immediate and imminent health or safety danger to a public water supply due to a structural, mechanical or electrical failure of a process unit(s) caused by disasters which could not have been prevented by the exercise of reasonable care by the applicant, including but not limited to tornado, flooding, fire, or landslides. Also included under this category is the construction of a new water system to serve areas where residents are supplied by domestic sources or domestic systems whose quality is dangerous or unhealthy as a consequence of circumstances that could not have been prevented by the exercise of reasonable care by the applicant. In such cases where new or extended systems are proposed, the Board shall consider and determine whether an adequate population density is available to utilize the proposed system. Notwithstanding any other provision of this Chapter, if the density is preliminarily determined by Board staff to be inadequate for the applicant to feasibly provide operation and maintenance of the new or extended system, then the application will not be recommended for approval until the proper density, which will make the extension feasible, is achieved. Category 2 emergencies receive 40 points.

(B) ~~Water and sewer rate structure (WR)~~ **Rates and Study (RS).** A recent rate study will help ensure an applicant has current rates that will benefit the system in the long run. A study must be conducted frequently to stay current with aging infrastructure needs. The rate study is to be conducted independently by a third-party.

entity that does not stand to gain from the transaction. The maximum points possible under this criterion is 10 points.

(i) For systems providing water service only: If a rate study has been conducted and implemented within two (2) years of the application date, the applicant receives 5 points.

(I) If the cost per 5000 gallons is \$50.00 or greater, the applicant receives 10 points.

(II) If the cost per 5000 gallons is \$45.00 to \$49.99, the applicant receives 9 points.

(III) If the cost per 5000 gallons is \$40.00 to \$44.99, the applicant receives 8 points.

(IV) If the cost per 5000 gallons is \$35.00 to \$39.99, the applicant receives 7 points.

(V) If the cost per 5000 gallons is \$30.00 to \$34.99, the applicant receives 6 points.

(VI) If the cost per 5000 gallons is \$25.00 to \$29.99, the applicant receives 5 points.

(VII) If the cost per 5000 gallons is \$23.00 to \$24.99, the applicant receives 4 points.

(VIII) If the cost per 5000 gallons is \$21.00 to \$22.99, the applicant receives 3 points.

(IX) If the cost per 5000 gallons is \$19.00 to \$20.99, the applicant receives 2 points.

(X) If the cost per 5000 gallons is \$18.00 to \$18.99, the applicant receives 1 point.

(XI) If the cost per 5000 gallons is less than \$18.00, the applicant receives 0 points.

(ii) For systems providing water and sewer services: If a rate study was conducted and implemented more than two (2) years but less than five (5) years prior to the application date, the applicant receives zero (0) points.

(I) If the cost per 5000 gallons is \$56.00 or greater, the applicant receives 10 points.

(II) If the cost per 5000 gallons is \$53.00 to \$55.99, the applicant receives 9 points.

(III) If the cost per 5000 gallons is \$49.00 to \$52.99, the applicant receives 8 points.

(IV) If the cost per 5000 gallons is \$45.00 to \$48.99, the applicant receives 7 points.

(V) If the cost per 5000 gallons is \$41.00 to \$44.99, the applicant receives 6 points.

(VI) If the cost per 5000 is \$37.00 to \$40.99, the applicant receives 5 points.

(VII) If the cost per 5000 gallons is \$34.00 to \$36.99, the applicant receives 4 points.

(VIII) If the cost per 5000 gallons is \$32.00 to \$33.99, the applicant receives 3 points.

(IX) If the cost per 5000 gallons is \$31.00 to \$31.99, the applicant receives 2 points.

(X) If the cost per 5000 gallons is \$30.00 to \$30.99, the applicant receives 1 point.

(XI) If the cost per 5000 gallons is less than \$30.00, the applicant receives 0 points.

(iii) For systems providing sewer service only: If a rate study has not been conducted and implemented within five (5) years of the application date, the applicant receives negative five (-5) points.

(I) If the cost per connection per month is \$34.00 or greater, the applicant receives 10 points.

(II) If the cost of connection per month is \$32.00 to \$33.99, the applicant receives 9 points.

(III) If the cost of connection per month is \$30.00 to \$31.99, the applicant receives 8 points.

(IV) If the cost of connection per month is \$28.00 to \$29.99, the applicant receives 7 points.

(V) If the cost of connection per month is \$26.00 to \$27.99, the applicant receives 6 points.

(VI) If the cost of connection per month is \$24.00 to \$25.99, the applicant receives 5 points.

(VII) If the cost of connection per month is \$22.00 to \$23.99, the applicant receives 4 points.

(VIII) If the cost of connection per month is \$20.00 to \$21.99, the applicant receives 3 points.

(IX) If the cost of connection per month is \$18.00 to \$19.99, the applicant receives 2 points.

(X) If the cost of connection per month is \$16.00 to \$17.99, the applicant receives 1 point.

(XI) If the cost of connection per month is less than \$16.00, the applicant receives 0 points.

(iv) The Board will deduct 3 points from the total of the Water and Sewer Rate Structure ranking for any system which charges a flat water or sewer rate (unmetered) without regard to the amount of water or sewer used, and 2 points for a decreasing block rate which lowers the cost per 1000 gallons for customers using larger amounts of water. No points will be added or subtracted for systems using a fixed rate per 1,000 gallons above the minimum. Two points will be added for systems using an increasing block rate. Entities who dedicate sales tax for water and/or sewer improvements will be awarded 1 additional point. Under the category the maximum number of points is 13 and the minimum is -3 points. Billing rate structure:

(I) The Board will deduct three (3) points from the total for any system which charges a flat-water rate or sewer rate (unmetered) without regard to the amount of water or sewer used.

(II) The Board will deduct two (2) points for a decreasing block rate which lowers the cost per 1000 gallons for customers using larger amounts of water.

(III) No points will be added or subtracted for systems using a fixed rate per 1,000 gallons above the minimum.

(IV) Two (2) points will be added for systems using an increasing block rate.

(V) Entities who dedicate sales tax for water and/or sewer improvements will be awarded one (1) additional point.

(VI) Entities who have implemented an automatic rate increase will be awarded two (2) additional points.

**(C) Indebtedness per customer (I).** The indebtedness per customer ranking is calculated by taking the applicant's monthly requirements for debt service on debt incurred for water and/or sewer system purposes and dividing it by the number of customers served. **Operational Cost Ratio (OCR).** The operational cost ratio will look at the applicant's total operating revenues and compare them against the operating expenses and debt to gauge ability to finance debt based off of their most recent audit not more than two (2) fiscal years behind. An Agreed Upon Procedure not more than two (2) fiscal years behind will be accepted to be reviewed. Operating revenues shall include interest income as well as membership fees, along with all revenues listed under the revenues category. If sales tax is dedicated towards water and/or sewer improvements as indicated in the Rate Study, sales tax revenue will also be included in operating revenues. Operating expenses shall include everything in the expenses category except depreciation. Debt shall mean any outstanding obligations related to water and/or sewer infrastructure and will include the amount of grant requested. The maximum points possible under this criterion is thirteen (13) points. The formula is as follows:  $\text{Operational Cost Ratio} = (\text{Operating Revenues} - \text{Operating Expenses} + \text{Depreciation}) / (\text{Debt} + \text{Amount of grant requested})$ . If the applicant does not have any debt, the grant amount requested will be taken into consideration to determine OCR.

- (i) If the indebtedness per customer is \$20.00 or greater, the applicant receives 10 points. If operational cost ratio is less than 1.0 times, the applicant receives 0 points.
- (ii) If the indebtedness per customer is \$17.50 to \$19.99, the applicant receives 9 points. If operational cost ratio is 1.0 times, the applicant receives 5 points.
- (iii) If the indebtedness per customer is \$16.00 to \$17.49, the applicant receives 8 points. If operational cost ratio is more than 1.0 times but less than 1.25 times, the applicant receives 10 points.
- (iv) If the indebtedness per customer is \$14.50 to \$15.99, the applicant receives 7 points. If operational cost ratio is more than 1.25 times, the applicant receives 13 points.
- (v) If the indebtedness per customer is \$13.00 to \$14.49, the applicant receives 6 points.
- (vi) If the indebtedness per customer is \$11.50 to \$12.99, the applicant receives 5 points.
- (vii) If the indebtedness per customer is \$10.00 to \$11.49, the applicant receives 4 points.
- (viii) If the indebtedness per customer is \$8.50 to \$9.99, the applicant receives 3 points.
- (ix) If the indebtedness per customer is \$7.00 to \$8.49, the applicant receives 2 points.
- (x) If the indebtedness per customer is \$5.50 to \$6.99, the applicant receives 1 point.
- (xi) If the indebtedness per customer is less than \$5.50, the applicant receives 0 points.

**(D) Local participation (L).** The local participation ranking is based on the percentage of the total project cost which is locally funded through cash contributions, or incurrence of additional debt through a loan. Grant funds received through other agencies will be counted as local funding. The maximum points possible under this criterion is ten (10) points. Points awarded for participation are as follows:

- (i) The Board will not approve nor fund any grant application unless the applicant contributes at least fifteen percent (15%) of the total cost of the proposed project. If the percentage of the project cost locally funded is less than 15%, the applicant receives 0 points.
- (ii) The local participation ranking is based on the percent of the total project cost which is locally funded through cash contributions, or incurrence of additional debt through a loan. Grant funds received through other agencies will not be counted as local funding. Points awarded for participation are as follows: If the percentage of the project cost locally funded is 15% or more but less than 20%, the applicant receives 5 points.
  - (I) If the percentage of the project cost locally funded is 90% or greater, the applicant shall be given 10 points.
  - (H) If the percentage of the project cost locally funded is at least 80% but less than 90%, the applicant receives 9 points.
  - (HH) If the percentage of the project cost locally funded is at least 70% but less than 80%, the applicant receives 8 points.
  - (IV) If the percentage of the project cost locally funded is at least 60% but less than 70%, the applicant receives 7 points.
  - (V) If the percentage of the project cost locally funded is at least 50% but less than 60%, the applicant receives 6 points.
  - (VI) If the percentage of the project cost locally funded is at least 40% but less than 50%, the applicant receives 5 points.
  - (VII) If the percentage of the project cost locally funded is at least 30% but less than 40%, the applicant receives 4 points.
  - (VIII) If the percentage of the project cost locally funded is at least 25% but less than 30%, the applicant receives 3 points.
  - (IX) If the percentage of the project cost locally funded is at least 20% but less than 25%, the applicant receives 2 points.
  - (X) If the percentage of the project cost locally funded is at least 15% but less than 20%, the applicant given receives 1 point.

(XI) If the percentage of the project cost locally funded is less than 15%, the application shall not be approved nor funded.

(iii) If the percentage of the project cost locally funded is more than 20%, the applicant receives 10 points.

(E) **Median Household Income (MHI).** The median household income is calculated according to the most current federal decennial census or American Community Survey data available. **Adjusted Per Capita Income (APCI).** The Adjusted Per Capita Income (APCI) is a formula that takes into account the affordability criteria of the applicant and is measured against the United States' APCI to determine tier ranking based off of what percentage applicant receives. Data from the census website is used to determine per capita income, unemployment rate, and population trend. The maximum points possible under this criterion is 10 points.

(i) The county median figure for median household income will be used in cases where data for the applicant's service area is not available. The formula is as follows:  $APCI = \text{Per Capita Income} * \text{Employment Rate} * \text{Population Trend}$ .

(I)  $\text{Employment Rate} = 1 - \text{unemployment rate}$ .

(II)  $\text{Population Trend} = 10\text{-year difference in population from most recent Census}$

(III)  $\text{Tier Ranking} = \text{Percentage of APCI} = \text{APCI/US. APCI}$

(ii) Points are awarded as follows: Rural Water and Sewer systems are requested to contact OWRB for additional information needed to determine percentage ranking. Required data of at least two of the largest communities served by the RW&S system will be averaged to determine RW&S percentage ranking and tier determination or data presented to OWRB that more accurately reflects the entity's current or proposed service area, that will be evaluated on a case-by-case basis. If a system serves only one community, the sole community's data will be used to determine RW&S percentage ranking and tier determination.

(I) If the median household income is less than \$17,000, the applicant receives 10 points.

(II) If the median household income is \$17,000 to \$20,999, the applicant receives 9 points.

(III) If the median household income is \$21,000 to \$23,999, the applicant receives 8 points.

(IV) If the median household income is \$24,000 to \$28,999, the applicant receives 7 points.

(V) If the median household income is \$29,000 to \$31,999, the applicant receives 6 points.

(VI) If the median household income is \$32,000 to \$36,999, the applicant receives 5 points.

(VII) If the median household income is \$37,000 to \$39,999, the applicant receives 4 points.

(VIII) If the median household income is \$40,000 to \$44,999, the applicant receives 3 points.

(IX) If the median household income is \$45,000 to \$47,999, the applicant receives 2 points.

(X) If the median household income is \$48,000 to \$51,999, the applicant receives 1 point.

(XI) If the median household income is \$52,000 or greater, the applicant receives 0 points.

(iii) Tier ranking:

(I) If percentage of APCI is equal to 81% or more of U.S. APCI, applicant will be considered a Tier 4 and receives 4 points.

(II) If percentage of APCI is more than or equal to 71% but less than 81% of U.S. APCI, applicant will be considered Tier 3 and receives 6

(III) If percentage of APCI is more than or equal to 56% but less than 71% of U.S. APCI, applicant will be considered a Tier 2 and receives 8 points.

(IV) If percentage of APCI is equal to 55% or less of U.S. APCI, applicant will be considered a Tier 1 and receives 10 points.

(F) **Ability to finance project (FP): Amount of grant requested (AR).** The maximum number of points under this criterion is seven (7) and the minimum is negative five (-5) points.

(i) The maximum points possible under this criterion for the ability of the applicant to finance the project without assistance from the state is 12. Points under this category for the amount of grant requested are distributed as follows:

(I) If the grant amount requested is \$275,000 to \$300,000, the applicant receives -5 points.

(II) If the grant amount requested is \$250,000 to \$274,999.99, the applicant receives -4 points.

(III) If the grant amount requested is \$225,000 to \$249,999.99, the applicant receives -3 points.

(IV) If the grant amount requested is \$200,000 to \$249,999.99, the applicant receives -2 points.

(V) If the grant amount requested is \$175,000.01 to \$199,999.99, the applicant receives -1 point.

(VI) If the grant amount requested is \$175,000.00, the applicant receives 0 points.

(VII) If the grant amount requested is \$150,000 to \$174,999.99, the applicant receives 1 point.

(VIII) If the grant amount requested is \$125,000 to \$149,999.99, the applicant receives 2 points.

(IX) If the grant amount requested is \$100,000 to \$124,999.99, the applicant receives 3 points.

(X) If the grant amount requested is \$75,000 to \$99,999.99, the applicant receives 4 points.

(XI) If the grant amount requested is \$50,000 to \$74,999.99, the applicant receives 5 points.

(XII) If the grant amount requested is \$25,000 to \$49,999.99, the applicant receives 6 points.

(XIII) If the grant amount requested is \$24,999.99 and below, the applicant receives 7 points.

(ii) The FP ranking gives a standardized account of the amount the existing water/sewer rates would have to be raised in order for the applicant to finance the project through a loan. A standard interest rate and term of 5% for 25 years is assumed. The cost per customer per month is calculated using the following formula: FP equals the product of AR multiplied by (0.0710), divided by the product of (12) multiplied by (C), where: If a project exceeds \$175,000 and the amount of funds needed over and above the OWRB grant request are being secured through a loan from OWRB, then there will be no deduction of points under this category.

(I) FP = Estimate of the amount monthly water/sewer rates would have to be raised to finance the amount of grant request for the project.

(H) AR = Amount of grant request. For this calculation, the amount of available reserve not dedicated to the project will be deducted from the amount requested.

(HH) (0.0710) = Annual rate factor for a 25 year loan at 5%

(IV) (12) = Number of months per year.

(V) (C) = Number of customers

(iii) In cases where the applicant's current revenues exceed expenses by a large margin, the Board will appropriately adjust the (AR) figure to accurately represent the applicant's ability to finance the project. No grant shall be made to any single eligible entity during any fiscal year in an amount exceeding twenty percent (20%) of the funds available for grants to eligible entities during that fiscal year nor shall such grant exceed Three Hundred Thousand Dollars (\$300,000.00).

(iv) Points in the FP ranking are awarded as follows:

(I) If the ability to finance the project is \$10.00 or greater, the applicant receives 12 points.

(H) If the ability to finance the project is \$8.00 to \$9.99, the applicant receives 11 points.

(HH) If the ability to finance the project is \$6.00 to \$7.99, the applicant receives 10 points.

(IV) If the ability to finance the project is \$5.00 to \$5.99, the applicant receives 9 points.

(V) If the ability to finance the project is \$4.00 to \$4.99, the applicant receives 8 points.

(VI) If the ability to finance the project is \$3.00 to \$3.99, the applicant receives 7 points.

(VH) If the ability to finance the project is \$2.00 to \$2.99, the applicant receives 6 points.

(VHH) If the ability to finance the project is \$1.75 to \$1.99, the applicant receives 5 points.

(IX) If the ability to finance the project is \$1.50 to \$1.74, the applicant receives 4 points.

(X) If the ability to finance the project is \$1.25 to \$1.49, the applicant receives 3 points.

(XI) If the ability to finance the project is \$1.00 to \$1.24, the applicant receives 2 points.

(XH) If the ability to finance the project is \$0.75 to \$0.99, the applicant receives 1 point.

(XHH) If the ability to finance the project is less than \$0.75, the applicant receives 0 points.

**(G) Amount of grant requested (AR): Project benefit to other systems (BP).** If the applicant's project will benefit other adjacent systems as well as applicants, or result in or lead to consolidation of systems, an additional five (5) priority points will be included in the total of priority points assigned to the application.

(i) Points under this category for amount of grant requested are distributed as follows:

(I) If the grant amount requested is \$95,001 to \$100,000, the applicant receives -5 points.

(H) If the grant amount requested is \$90,001 to \$95,000, the applicant receives -4 points.

(HH) If the grant amount request is \$85,001 to \$90,000, the applicant receives -3 points.

(IV) If the grant smount requested is \$80,001 to \$85,000, the applicant receives -2 points.

(V) If the grant amount requested is \$75,001 to \$80,000, the applicant receives -1 point.

(VI) If the grant amount requested is \$70,001 to \$75,000, the applicant receives 0 points.

(VH) If the grant amount requested is \$65,001 to \$70,000, the applicant receives 1 point.

(VHH) If the grant amount requested is \$60,001 to \$65,000, the applicant receives 2 points.

(IX) If the grant amount requested is \$55,001 to \$60,000, the applicant receives 3 points.

(X) If the grant amount requested is \$50,000 to \$55,000, the applicant receives 4 points.

(XI) If the grant amount requested is \$45,001 to \$50,000, the applicant receives 5 points.

(XH) If the grant amount requested is \$40,001 to \$45,000 the applicant receives 6 points.

(XHH) If the grant amount requested is \$35,001 to \$40,000, the applicant receives 7 points.

(XIV) If the grant amount requested is \$30,001 to \$35,000, the applicant received 8 points.

(XV) If the grant amount requested is \$25,001 to \$30,000, the applicant receives 9 points.

(XVI) If the grant amount requested is \$25,000 or less, the applicant receives 10 points.

(ii) If a project exceeds \$75,000 and the amount of funds needed over and above the OWRB grant request are being secured through a loan from OWRB, then there will be no deduction of points under this category.

**(H) Project benefit to other systems (BP).** If the applicant's project will benefit other adjacent systems as well as applicant's, or result in or lead to consolidation of systems, an additional five (5) priority points will be included in the total of priority points assigned to the application. **Number of grants.** Since it is anticipated that entities who have received emergency grants might submit additional grant applications for approval, points will be deducted from such applications according to the following schedule; provided, points shall not be deducted from

such any emergency grant which was funded 10 or more years prior to the date of Board action on the pending application and which has been subjected to a Board audit:

- (i) If the qualified entity has received one (1) prior grant, the applicant receives -5
- (ii) If the qualified entity has received two (2) prior grants, the applicant receives -8
- (iii) If the qualified entity has received three (3) prior grants, the applicant receives -10 points.
- (iv) If the qualified entity has received four (4) prior grants, the applicant receives -12 points.
- (v) If the qualified entity has received five (5) or more prior grants, the applicant receives -14 points.

~~(f) **Number of grants.** Since it is anticipated that entities who have received emergency grants might submit additional grant applications for approval, points will be deducted from such applications according to the following schedule; provided, points shall not be deducted from such any emergency grant which was funded 10 or more years prior to the date of Board action on the pending application and which has been subjected to a Board audit:~~

- ~~(i) If the qualified entity has received one (1) prior grant, the application receives -5 points.~~
- ~~(ii) If the qualified entity has received two (2) prior grants, the application receives -8 points.~~
- ~~(iii) If the qualified entity has received three (3) prior grants, the application receives -10 points.~~
- ~~(iv) If the qualified entity has received four (4) prior grants, the application receives -12 points.~~
- ~~(v) If the qualified entity has received five (5) or more prior grants, the application receives -14 points.~~

**(c) Priority formula for school districts.**

- (1) School districts, created under Article V of the 1971 School Code, 70 O.S. 1981, §5-101 et seq., are political subdivisions of the State, and therefore are eligible for financial assistance under the Board's program.
- (2) In evaluating and prioritizing grant applications from school districts similar criteria to those applied to municipalities, towns and rural water districts will be utilized.
- (3) In developing a priority formula for school district applicants, again, the two primary statutory criteria are:
  - (A) The emergency situation of the school district.
  - (B) Whether the school district can reasonably finance the emergency project without the Board's assistance.
- (4) The emergency aspect of each project is ranked with a maximum of 50 points being given to the most serious situations and a minimum of 30 points to the least serious. The emergency categories and points given for each are the same as those listed in (b)(2) of this Section.
- (5) The school district's financial situation is given a maximum of 66 points and is derived by analyzing the following:
  - (A) Local tax levies
  - (B) Bonded indebtedness
  - (C) Local contribution
  - (D) Median household income within the school district's geographical area
  - (E) Applicant's ability to finance project
  - (F) Amount of grant requested
  - (G) Application number
- (6) Priority lists compiled and published by other Oklahoma state agencies shall be utilized to assess the seriousness of the emergency.
- (7) Using the previously mentioned analysis, the following formula has been devised to rank school districts' grant applications:  $P = E + LT + BI + L + MHI + FP + AR - AN$ , where:
  - (A) P = Priority ranking total points
  - (B) E = Emergency ranking
  - (C) LT = Local tax levies
  - (D) BI = Bonded indebtedness
  - (E) L = School's contribution toward the project
  - (F) MHI = Median household income of population within a school district
  - (G) FP = Applicant's ability to finance project
  - (H) AR = Amount of grant requested
  - (I) AN = Application number
- (8) The criteria E, MHI, FP, AR and AN are the same as that set forth in (b) of this section. LT, BI and L are explained as follows:

**(A) Local tax levies (LT).** Points awarded under this category for local tax levies are based on the total amount of mills levied, as follows:

- (i) If the mills are 95 to 100, the applicant receives 13 points.
- (ii) If the mills are 90 to 94.99 the applicant receives 11 points.
- (iii) If the mills are 85 to 89.99, the applicant receives 10 points.
- (iv) If the mills are 80 to 84.99, the applicant receives 8 points.
- (v) If the mills are 70 to 79.99, the applicant receives 6 points.
- (vi) If the mills are 60 to 69.99, the applicant receives 4 points.
- (vii) If the mills are 55 to 59.99, the applicant receives 2 points.
- (viii) If the mills are 50 to 54.99, the applicant receives 1 point.

- (ix) If the mills are 45 to 59.99, the applicant receives 0 points.
- (x) If the mills are 40 to 44.99, the applicant receives -1 point.
- (xi) If the mills are less than 40, the applicant receives -2 points.

**(B) Bonded indebtedness (BI).**

(i) Priority points for Bonded Indebtedness are as follows:

- (I) If the percentage is 95% to 100%, the applicant receives 10 points
- (II) If the percentage is 90% to 94.99%, the applicant receives 8 points.
- (III) If the percentage is 80% to 89.99%, the applicant receives 7 points.
- (IV) If the percentage is 75% to 79.99%, the applicant receives 6 points.
- (V) If the percentage is 70% to 74.99%, the applicant receives 5 points.
- (VI) If the percentage is 65% to 69.99%, the applicant receives 4 points
- (VII) If the percentage is 60% to 64.99%, the applicant receives 3 points.
- (VIII) If the percentage is 55% to 59.99%, the applicant receives 2 points.
- (IX) If the percentage is 50% to 54.99%, the applicant receives 1 point.
- (X) If the percentage is 45% to 44.99%, the applicant receives 0 points.
- (XI) If the percentage is 40% to 44.99%, the applicant receives -1 point.
- (XII) If the percentage is 30% to 39.99%, the applicant receives -2 points.
- (XIII) If the percentage is less than 30%, the applicant receives -3 points.

(ii) A deduction of one (1) point from the indebtedness ranking total will be made for applicants with 75% of existing debts financed at rates of 5% or less, and one (1) point will be added if 75% of existing debts are financed at rates greater than 10%.

**(C) Local participation (L).**

(i) In order to achieve the maximum benefit from available grant funds, the Board will not approve nor fund any grant application unless the applicant contributes at least fifteen percent (15%) of the total cost of the proposed project.

(ii) The local participation ranking is based on the percent of the total project cost which is locally funded through cash contributions or incurrence of additional debt through a loan. Points awarded are as follows:

- (I) If the percentage of the project cost locally funded is 90% or greater, the applicant receives 10 points.
- (II) If the percentage of the project cost locally funded is at least 80% but less than 90%, the applicant receives 9 points.
- (III) If the percentage of the project cost locally funded at least 70% but less than 80%, the applicant receives 8 points.
- (IV) If the percentage of the project cost locally funded at least 60% but less than 70%, the applicant receives 7 points.
- (V) If the percentage of the project cost locally funded at least 50% but less than 60%, the applicant receives 6 points.
- (VI) If the percentage of the project cost locally funded is at least 50% but less than 60%, the applicant receives 5 points.
- (VII) If the percentage of the project cost locally funded is at least 40% but less than 50%, the applicant receives 4 points.
- (VIII) If the percentage of the project cost locally funded is at least 25% but less than 30%, the applicant receives 3 points.
- (IX) If the percentage of the project cost locally funded is at least 20% but less than 25%, the applicant receives 2 points.
- (X) If the percentage of the project cost locally funded is at least 15% but less than 20%, the applicant receives 1 point.
- (XI) If the percentage of the project cost locally funded is less than 15%, the application shall not be approved nor funded.

(iii) Under the Ability to Finance Project (FP) category the Number of Customers (C) as previously discussed will be replaced by the Number of Families within a school district. Points awarded under the FP category are the same as discussed and shown in (b) of this Section.

## **SUBCHAPTER 8. RURAL ECONOMIC ACTION PLAN (REAP) GRANT PROGRAM REQUIREMENTS AND PROCEDURES**

### **785:50-8-3. Application review and disposition**

(a) **General procedures.** The general procedure to be followed in the financial assistance application, review and consideration process for financial assistance under the REAP grant program shall be as follows:

**(1) Pre-application workshop.**

(A) While not specifically required, all potential applicants are encouraged to participate in the pre-application workshop between Board staff, potential applicants (or representative), applicant's legal, financial and engineering advisors and such other persons whose attendance and participation may be deemed appropriate and beneficial. Applicants who attend the workshop shall receive additional points.

(B) At the pre-application workshop, preliminary matters respecting the applicant, the proposed project and the application for assistance may be generally discussed in an effort to familiarize all concerned parties with the financial assistance program and applicable application requirements and procedures.

**(2) Application.**

(A) Applicant shall initiate application review and consideration by submission to the Board of applicant's application for financial assistance. An application may be submitted directly by the qualified entity or, at the qualified entity's discretion, may be submitted by a COG for the benefit or on behalf of a qualified entity. A COG may assist a qualified entity in filling out or filing an application, but a COG may not exercise any power of review, approval or disapproval over an application. All applications filed with any COG shall be submitted by the COG to the Board. If an application submitted by a COG is approved, the money shall be disbursed directly to the qualified entity.

(B) In all instances, applications must be submitted in a form which meets the requirements of Subchapter 5.

(C) All applicants must have the verification form signed and notarized by the applicant representative, and must have ~~at~~ the signature of an attorney representing applicant.

**(3) Submittal to Board.** Upon completion of staff review, the submitted application (with staff recommendations, if any) shall be placed upon the Board's agenda for the next regular (or special) Board meeting and shall be thereby submitted to the Board for action as described in (e) below.

**(b) General approval standards and criteria.** In the review and consideration of applications for financial assistance under the REAP grant program, the Board shall follow the priority point system set forth in 785:50-8-5. The Board shall also give consideration to the following general and non-exclusive criteria for application approval:

**(1) Compliance with laws.** The application and proposed project must be found to be in compliance with all applicable and relevant federal, state and local laws and regulations, and applicant must possess all necessary and incidental legal rights and privileges necessary to project commencement and operation.

**(2) Eligibility.** The applicant must be a qualified entity (or a COG applying on behalf of a qualified entity) and the proposed project must be for a qualified purpose as defined in 785:50-3-1 or 785:50-8-2.

**(3) Local need, support and priority.** The project must be found to be needed in the area to be served and must be found to be sufficient, as proposed, to serve such needs. The Board shall additionally consider the project's relative benefit and priority in relation to the needs of other proposed projects and applicants.

**(4) Availability of other assistance.** The Board shall consider the feasibility and availability of alternative sources of revenue which could be obtained and utilized by applicant for project financing.

**(5) Economic feasibility.** The Board shall consider the overall apparent economic viability and feasibility of the project as a whole.

**(6) Project feasibility.** The Board shall consider from the engineering data submitted and otherwise available whether the proposed project appears to be feasible, and must determine as a prerequisite to application approval and funding that the project is cost effective.

**(7) Statewide needs and public interest.** The Board shall give consideration to the relationship between the proposed project and the overall water resource development needs within the State of Oklahoma as well as to whether the proposed project, if constructed, will serve the public interest and welfare.

**(8) REAP grant amount; availability of funds.** In sizing a REAP grant, the Board shall take into consideration the current and anticipated availability of REAP program funds. Appropriations for the year will determine the highest amount allowable to be requested by the applicant.

**(9) Conservation Measures.** The Board shall consider whether or not the applicant has taken all reasonable measures to limit waste and conserve water.

**(c) Criteria applicability.**

(1) The general criteria set forth in (b) and (d) of this Section are intended to constitute and shall constitute general guidelines and standards for application review and consideration by the Board.

(2) Such criteria shall not be deemed exclusive.

(3) In all instances, each individual application and project must be reviewed and considered on its own individual merits.

(4) The criteria and standards set forth in (b) and (d) of this Section shall accordingly be interpreted and applied so as to allow sufficient flexibility in the ultimate exercise of Board's judgment and discretion.

**(d) Criteria for denying an application.** The Board may deny an application for a REAP grant for any of the following reasons:

(1) The applicant or the entity which stands to receive the benefit of the grant assistance is not an eligible entity.

(2) Any other reason based upon applicable law or the Board's judgment and discretion.

**(e) Board action.**

(1) After reviewing and considering the submitted application, the Board may proceed to take one of the following alternative forms of Board action on the application:

(A) The Board may approve and grant the application as submitted, in whole or in part, and thereby authorize such further action as may be necessary to effectuate the disbursement of funds.

(B) The Board may retain the application under advisement for further consideration or continue hearing on same for later ruling and disposition, and, the Board may withhold ruling on the application pending further hearing and/or submission to the Board of such further or additional information as the Board may require for application consideration purposes.

(C) The Board may reject and deny the application, in whole or in part, based upon any criteria described in (d) of this Section which may be applicable.

(D) The Board may approve and grant the application, in whole or in part, such approval being conditioned and contingent upon the existence of adequate and available grant funds or conditioned and contingent upon receipt and approval by Board staff of any outstanding and necessary material, information, documents, verifications or other authorization.

(2) Upon approval of an application, the Board may authorize the execution of all necessary grant documents and instruments by the Chairman of the Board, or other designated Board member, and may accordingly authorize and provide for disbursements and may authorize such further or additional action as may be necessary to complete and implement the approved transaction.

#### **785:50-8-5. REAP grant priority point system**

##### **(a) Basis of priority system and formula.**

(1) **General description.** The priority system consists of a mathematical equation rating the qualified entities and the proposed project in accordance with the requirements of state law by means of a formula awarding points for each criterion used in the evaluation. The maximum point total under the system is one hundred thirty (130). The Board may consider each month, and in order from the highest rating, those applications awarded point ratings of 40 or more priority points. If the Board determines that the qualified entity with the highest point rating cannot promptly proceed with the project due to delays, including but not limited to those caused by legal problems, engineering problems, feasibility problems or availability of other funding sources, the Board may pass over consideration of such application then proceed to consider in order the next highest rated application. Applications which are bypassed shall retain their ratings and thus remain eligible for further consideration. Applications preliminarily determined by Board staff to have point ratings of applicant submits additional information showing changed circumstances within 120 days after the date of staff's determination, and such information improves the applicant's preliminary point rating.

(2) **Statutory criteria.** The basis of the priority formula has been developed from the enacting legislation. The primary statutory criteria are:

(A) There shall be a higher priority for any city or town with a population less than one thousand seven hundred fifty (1,750) according to the Census Population than for any jurisdiction with a greater population; and rural water or sewer districts which have less than 525 non-pasture customers; and

(B) *Among other cities or towns, those municipalities having relatively weaker fiscal capacity shall have a priority for project funding in preference to other municipalities* [62:2003]. In order to give a priority evaluation to each applicant, the Board shall evaluate all applications according to the fiscal capacity criteria set forth in this Section.

(3) **Total priority points.** Total priority points will be calculated and awarded for individual projects. Therefore, qualified entities will be required to complete separate applications for each project for which grant funds are requested. Priority lists compiled and published by other Oklahoma State agencies and/or seniority dates of applications submitted shall be utilized to decide ties in point totals among qualified entities.

##### **(b) Priority formula for eligible entities other than school districts and counties.**

(1) **Formula.** The following formula has been devised to rank grant applications:  $T = P + \frac{WR}{RS} + \frac{I}{OCR} + \frac{MH}{LP} + \frac{FP}{APCI} + N + AR + BP + PG + S + WA$ , Where:

(A) T = Total of priority points (130)

(B) P = Population (55)

(C) ~~WR = Water and sewer rate structure~~ RS = Rates and Study (10)

(D) ~~I = Indebtedness per customer~~ OCR = Operational cost ratio (13)

(E) ~~MH = Median household income~~ LP = Local participation (10)

(F) ~~FP = Applicant's ability to finance project~~ APCI = Adjusted per capita income (10)

(G) N = Need (5)

(H) AR = Amount of grant requested (7)

(I) BP = Project benefit to other systems (5)

(J) PG = Previous grant assistance (0)

(K) S = Sustainability (10)

(L) WA = Workshop attended (5)

(2) **Explanation.** Each of these criteria are explained below:

(A) **Population (P).** ~~Municipalities which have a population of less than 1,750 according to the latest Census Population will receive 55 priority points. Rural water or sewer districts which have less than 525 non-pasture~~

customers will receive 55 points. The maximum points under this criterion is fifty-five (55) points.

(B) **Water and Sewer rate structure (WR): Rates and study (RS.)** A recent rate study will help ensure an applicant has current rates that will benefit the system in the long run. A study must be conducted frequently to stay current rates that will benefit the system in the long run. A study must be conducted frequently to stay current with aging infrastructure needs. The study is to be conducted independently by a third-party entity that does not stand to gain from the transaction. The maximum points possible under this criterion is ten (10) points and the minimum is negative (-8).

(i) For systems providing water service only If a rate study has been conducted and implemented within two (2) years of the application date, the application receives five (5) points.

(I) If the cost per 5000 gallons is \$50.00 or greater, the applicant receives 10 points.

(II) If the cost per 5000 gallons is \$45.00 to \$49.99, the applicant receives 9 points.

(III) If the cost per 5000 gallons is \$40.00 to \$44.99, the applicant receives 8 points.

(IV) If the cost per 5000 gallons is \$35.00 to \$39.99, the applicant receives 7 points.

(V) If the cost per 5000 gallons is \$30.00 to \$34.99, the applicant receives 6 points.

(VI) If the cost per 5000 gallons is \$25.00 to \$29.99, the applicant receives 5 points.

(VII) If the cost per 5000 gallons is \$23.00 to \$24.99, the applicant receives 4 points.

(VIII) If the cost per 5000 gallons is \$21.00 to \$22.99, the applicant receives 3 points.

(IX) If the cost per 5000 gallons is \$19.00 to \$20.99, the applicant receives 2 points.

(X) If the cost per 5000 gallons is \$18.00 to \$18.99, the applicant receives 1 point.

(XI) If the cost per 5000 gallons is less than \$18.00, the applicant receives 0 points.

(ii) For systems providing water and sewer services; If a rate study was conducted and implemented more than two (2) years of the application date but less than five (5) years from the application date, the applicant receives zero (0) points.

(I) If the cost per 5000 gallons is \$56.00 or greater, the applicant receives 10 points.

(II) If the cost per 5000 gallons is \$53.00 to \$55.99, the applicant receives 9 points.

(III) If the cost per 5000 gallons is \$49.00 to \$52.99, the applicant receives 8 points.

(IV) If the cost per 5000 gallons is \$45.00 to \$48.99, the applicant receives 7 points.

(V) If the cost per 5000 gallons is \$41.00 to \$44.99, the applicant receives 6 points.

(VI) If the cost per 5000 gallons is \$37.00 to \$40.99, the applicant receives 5 points.

(VII) If the cost per 5000 gallons is \$34.00 to \$36.99, the applicant receives 4 points.

(VIII) If the cost per 5000 gallons is \$32.00 to \$33.99, the applicant receives 3 points.

(IX) If the cost per 5000 gallons is \$31.00 to \$31.99, the applicant receives 2 points.

(X) If the cost per 5000 gallons is \$30.00 to \$30.99, the applicant receives 1 point.

(XI) If the cost per 5000 gallons is less than \$30.00, the applicant receives 0 points.

(iii) For systems providing sewer service only; If a rate study has not been conducted or implemented within 5 years of the application date, the applicant receives negative five (-5) points.

(I) If the cost per connection per month is \$34.00 or greater, the applicant receives 10 points.

(II) If the cost of connection per month is \$32.00 to \$33.99, the applicant receives 9 points.

(III) If the cost of the connection per month is \$30.00 to \$31.99, the applicant receives 8 points.

(IV) If the cost of connection per month is \$28.00 to \$29.99, the applicant receives 7 points.

(V) If the cost of connection per month is \$26.00 to \$27.99, the applicant receives 6 points.

(VI) If the cost of connection per month is \$24.00 to \$25.99, the applicant receives 5 points.

(VII) If the cost per connection per month is \$22.00 to \$23.99, the applicant receives 4 points.

(VIII) If the cost per connection per month is \$20.00 to \$21.99, the applicant receives 3 points.

(IX) If the cost per connection per month is \$18.00 to \$19.99, the applicant receives 2 points.

(X) If the cost per connection per month is \$16.00 to \$17.99, the applicant receives 1 point.

(XI) If the cost per connection per month is less than \$16.00, the applicant receives 0 points.

(iv) The Board will deduct 3 points from the total of the Water and Sewer Rate Structure ranking for any system which charges a flat water rate or sewer rate (unmetered) without regard to the amount of water or sewer used, and 2 points for a decreasing block rate which lowers the cost per 1000 gallons for customers using larger amounts of water. No points will be added or subtracted for systems using a fixed rate per 1,000 gallons above the minimum. Two points will be added for systems using an increasing block rate. Entities who dedicate sales tax for water and/or sewer improvements will be awarded 1 additional point. Under this category the maximum number of points is 13 and the minimum is -3 points. **Billing Rate Structure:**

(I) The Board will deduct three (3) points from the total for any system which charges a flat-water rate or sewer rate (unmetered) without regard to the amount of water or sewer used.

(II) The Board will deduct two (2) points for a decreasing block rate which lowers the cost per 1,000 gallons for customers using larger amounts of water.

(III) No points will be added or subtracted for systems using a fixed rate per 1,000 gallons above

the minimum.

(IV) Two (2) points will be added or subtracted for systems using an increasing block rate.

(V) Entities who dedicate sales tax for water and/or sewer improvements will be awarded one (1) additional point.

(VI) Entities who have implemented an automatic rate increase will be awarded two (2) additional points.

**(C) Indebtedness per customer (H). Operational Cost Ratio (OCR).** The operational cost ratio will look at the applicant's total operating revenues and compare them against the operating expenses and debt to gauge ability to finance debt based off of their most recent audit not more than two (2) fiscal years behind. An Agreed Upon Procedure not more than two (2) fiscal years behind will be accepted to be reviewed. Operating revenues shall include interest income as well as membership fees, along with all revenues listed under the revenues category. If sales tax is dedicated towards water and/or sewer improvements as indicated in the Rate Study, sales tax revenue will also be included in the operating revenues. Operating expenses shall include everything in the expenses category except depreciation. Debt shall mean any outstanding obligations related to water and/or sewer infrastructure and will include the amount of grant requested. The maximum points possible under this criterion is thirteen (13) points. The formula is as follows:

Operational Cost Ratio = (Operating Revenues - (Operating Expenses + Depreciation)) / (Debt + Amount of grant requested. If the applicant does not have any debt, the grant amount will be taken into consideration to determine OCR. The indebtedness per customer ranking is calculated by taking the applicant's monthly requirements for debt service on debt incurred for water and/or sewer system purposes and dividing it by the number of customers served. When the applicant is a provider of wholesale water to other systems, the number of customers served is the sum total of the customers served by the systems to whom they sell water.

(i) If the indebtedness per customer is \$20.00 or greater, the applicant receives 10 points. If the operational cost ratio is less than 1.

times, the applicant receives 0 points.

(ii) If the indebtedness per customer is \$17.50 to \$19.99, the applicant receives 9 points. If the operational cost ratio is one than 1.0

times, the applicant receives 5 points.

(iii) If the indebtedness per customer is \$16.00 to \$17.49, the applicant receives 8 points. If the operational cost ratio is over 1.0 times

but less than 1.25 times, the applicant receives 10 points.

(iv) If the indebtedness per customer is \$14.50 to \$15.99, the applicant receives 7 points. If the operational cost ratio is over 1.25 times,

the applicant receives 13 points.

(v) If the indebtedness per customer is \$13.00 to \$14.49, the applicant receives 6 points.

(vi) If the indebtedness per customer is \$11.50 to \$12.99, the applicant receives 5 points.

(vii) If the indebtedness per customer is \$10.00 to \$11.49, the applicant receives 4 points.

(viii) If the indebtedness per customer is \$8.50 to \$9.99, the applicant receives 3 points.

(ix) If the indebtedness per customer is \$7.00 to \$8.49, the applicant receives 2 points.

(x) If the indebtedness per customer is \$5.50 to \$6.99, the applicant receives 1 point.

(xi) If the indebtedness per customer is less than \$5.50, the applicant receives 0 points.

**(D) Median household income (MHH). Local Participation (LP).** The local participation ranking is based on the percentage of the total project cost which is locally funded through cash contributions or incurrence of additional debt through a loan. Grant Funds received through other agencies will be counted as local funding. The maximum points possible under this criterion is 10 points. Points awarded for participation as follows: The median household income is calculated according to the most current United States Decennial Census or American Community Survey data available.

(i) The county median figure for median household income will be used in cases where data for the applicant's service area is not available.

If the percentage of project cost locally funded is less than 15%, the applicant receives 0 points.

(ii) Points for this MHH criterion are awarded according to the decennial census or American Community Survey data available. Points are awarded as follows:

If the percentage of project cost locally funded is 15% or more but less than 20%, the applicant receives 5 points.

(iii) If the percentage of project cost locally funded is more than 20%, the applicant receives 10 points.

(I) If the median household income is less than \$17,000, the applicant receives 10 points.

(II) If the median household income is \$17,000 to \$20,999, the applicant receives 9 points.

(III) If the median household income is \$21,000 to \$23,999, the applicant receives 8 points.

(IV) If the median household income is \$24,000 to \$28,999, the applicant receives 7 points.

- (V) If the median household income is \$29,000 to \$31,999, the applicant receives 6 points.
- (VI) If the median household income is \$32,000 to \$36,999, the applicant receives 5 points.
- (VII) If the median household income is \$37,000 to \$39,999, the applicant receives 4 points.
- (VIII) If the median household income is \$40,000 to \$44,999, the applicant receives 3 points.
- (IX) If the median household income is \$45,000 to \$47,999, the applicant receives 2 points.
- (X) If the median household income is \$48,000 to \$51,999, the applicant receives 1 point.
- (XI) If the median household income is \$52,000 or greater, the applicant receives 0 points.

(E) **Ability to finance project (FP): Adjusted Per Capita Income (APCI).** The Adjusted Per Capita Income (APCI) is a formula that takes into account the affordability criteria of the applicant and is measured against the United States' APCI to determine tier anking based off of what percentage applicant receives. Data from the census ebsite is used to determine per capita income, unemployment rate, and population trent. The maximum points possible under the criterion us 10 points.

(i) The maximum points possible under this criterion for the ability of the applicant to finance the project without assistance from the state is 12. The formula is as follows:  $APCI = \frac{\text{Per Capita Income} * \text{Employment Rate} * \text{Population Trend}}{1000000}$

(I)  $\text{Employment Rate} = 1 - \text{unemployment rate}$ .

(II)  $\text{Population Trend} = 10\text{-year difference in population from most recent Census}$

(III)  $\text{Tire Ranking} = \frac{\text{Percentage of APCI}}{\text{APCI/US.APCI}}$

(ii) The FP ranking gives a standardized account of the amount the existing water/sewer rates would have to be raised in order for the applicant to finance the project through a loan. A standard interest rate and term of 5% for 25 years is assumed. The cost per customer per month is calculated using the following formula:  $FP = AR \cdot (0.0710) / (12)(C)$ , Where: Rural Water and Sewer systems are requested to contact OWRB for additional information needed to determine percentage ranking. Required data of at least two of the largest communities served by the RW&S system will be averaged to determine RW&S percentage ranking and tier determination or data presented to OWRB that more accurately reflects the entity's current or proposed service area, that will be evaluated on a case-by-case basis. If a system serves only one community, the sole community's data will be used to determine RW&S percentage ranking and tier determination.

(I)  $FP = \text{Estimate of the amount monthly water/sewer rates would have to be raised to finance the amount of grant requested for the project.}$

(II)  $AR = \text{Amount of grant requested.}$

(III)  $0.0710 = \text{Annual rate factor for a 25 year loan at 5\%.}$

(IV)  $12 = \text{Number of months per year.}$

(V)  $C = \text{Number of customers.}$

(iii) In cases where the applicant's current revenues exceed expenses by a large margin, the Board will appropriately adjust the (AR) figure to accurately represent the applicant's ability to finance the project. Tier ranking:

(I) If percentage of APCI is equal to 81% or more of the U.S. APCI, applicant will be considered a Tier 4 and receives 4 points.

(II) If percentage of APCI is more than or equal to 71% but less than 81% of U.S. APCI, applicant will be considered Tier 3 and receives 6 points.

(III) If percentage of APCI is more than or equal to 56% or less than 71% of U.S. APCI, applicant will be considered a Tier 2 and receives 8 points.

(IV) If percentage of APCI is equal to 55% or less of U.S. APCI, applicant will be considered a Tier 1 and receives 10 points.

(iv) Points in the FP ranking, based upon the cost per customer per month calculated as set forth in (ii) of this subparagraph, are awarded as follows:

(I) If the ability to finance the project is \$10.00 or greater, the applicant receives 12 points.

(II) If the ability to finance the project is \$8.00 to \$9.99, the applicant receives 11 points.

(III) If the ability to finance the project is \$6.00 to \$7.99, the applicant receives 10 points.

(IV) If the ability to finance the project is \$5.00 to \$5.99, the applicant receives 9 points.

(V) If the ability to finance the project is \$4.00 to \$4.99, the applicant receives 8 points.

(VI) If the ability to finance the project is \$3.00 to \$3.99, the applicant receives 7 points.

(VII) If the ability to finance the project is \$2.00 to \$2.99, the applicant receives 6 points.

(VIII) If the ability to finance the project is \$1.75 to \$1.99, the applicant receives 5 points.

(IX) If the ability to finance the project is \$1.50 to \$1.74, the applicant receives 4 points.

(X) If the ability to finance the project is \$1.25 to \$1.49, the applicant receives 3 points.

(XI) If the ability to finance the project is \$1.00 to \$1.24, the applicant receives 2 points.

(XII) If the ability to finance the project is \$0.75 to \$0.99, the applicant receives 1 point.

(XIII) If the ability to finance the project is less than \$0.75, the applicant receives 0 points.

(F) **Need (N).** An applicant who is subject to an enforcement order (i.e. consent order or administrative consent order) issued by a governmental agency with environmental jurisdiction receives 5 priority points for a proposed project which will remedy the violation out of which the order arose if the order specifies a project construction start date which is on or before June 30 of the Board's current fiscal year for funding REAP grants.

(G) **Amount of grant requested (AR).** Under this criterion the maximum number of points is seven (7) and the minimum is negative seven (-7) points. Appropriations for the year will determine the highest amount allowable to be requested by the applicant. Points under this category for amount of grant requested are determined as follows:

- (i) If the grant amount requested is \$140,001 to \$150,000, the applicant receives -5 points. If the amount requested is \$325,000 to \$350,000, the applicant receives -7 points.
- (ii) If the grant amount requested is \$130,001 to \$140,000, the applicant receives -4 points. If the grant amount requested is \$300,000 to \$324,999.99, the applicant receives -6 points.
- (iii) If the grant amount requested is \$120,001 to \$130,000, the applicant receives -3 points. If the grant amount requested is \$275,000 to \$299,999.99, the applicant receives -5 points.
- (iv) If the grant amount requested is \$110,001 to \$120,000, the applicant receives -2 points. If the grant amount requested is \$250,000 to \$274,999.99, the applicant receives -4 points.
- (v) If the grant amount requested is \$100,001 to \$110,000, the applicant receives -1 point. If the grant amount requested is \$225,000 to \$249,999.99, the applicant receives -3 points.
- (vi) If the grant amount requested is \$100,000, the applicant receives 0 points. If the grant amount requested is \$200,000 to \$224,999.99 the applicant receives -2 points.
- (vii) If the grant amount requested is \$80,000 to \$99,999, the applicant receives 1 point. If the grant amount requested is \$175,000.01 to \$199,999.99, the applicant receives -1 point.
- (viii) If the grant amount requested is \$60,000 to \$79,999, the applicant receives 2 points. If the grant amount requested is \$175,000 the applicant receives 0 points.
- (ix) If the grant amount requested is \$40,000 to \$59,999, the applicant receives 3 points. If the grant amount requested is \$150,000 to \$174,999.99, the applicant receives 1 point.
- (x) If the grant amount requested is \$20,000 to \$39,999, the applicant receives 5 points. If the grant amount requested is \$125,000 to \$149,999.99, the applicant receives 2 points.
- (xi) Any portion of a grant amount requested that is more than \$150,000 shall be denied. If the grant amount requested is \$100,000 to \$124,999.99, the applicant receives 3 points.
- (xii) If the grant amount requested is \$75,000 to \$99,999.99, the applicant receives 4 points.
- (xiii) If the grant amount requested is \$50,000 to \$74,999.99, the applicant receives 5 points.
- (xiv) If the grant amount requested is \$25,000 to \$49,999.99, the applicant receives 6 points.
- (xv) If the grant amount requested is \$25,999.99 and below, the applicant receives 7 points.
- (xvi) Any portion of grant amount requested that is more than the allowable amount for that fiscal year will be denied.

(H) **Project benefit to other systems (BP).** If the applicant's project will benefit other adjacent systems as well as applicant's or result in or lead to consolidation of systems, an additional five (5) priority points will be included in the total of priority points assigned to the application.

(I) **Previous grant assistance (PG).** No qualified entity shall receive more than \$150,000 in REAP grant assistance in any twelve (12) month period. For purposes of this subparagraph a political subdivision and all its public trusts and similar subordinate entities together shall be treated as one and the same qualified entity; provided, rural water or sewer districts shall not be construed to be subordinate entities of counties unless the effect would be to make multiple grants to substantially the same entity and/or service area. If a qualified entity has received one (1) or more REAP grants from the Board in the past, points shall be deducted from the application according to all of the following provisions that apply, provided points shall not be deducted from any such REAP grant which was funded 10 or more years prior to the date of Board action on the pending application, and has been subject to Board audit:

- (i) If the qualified entity has received one (1) REAP grant in the preceding twelve (12) month period, the application receives -8 points.
- (ii) If the qualified entity has received more than one (1) REAP grant in the preceding twelve (12) month period, the application receives -10 points for each REAP grant received.
- (iii) If the qualified entity has received one (1) REAP grant more than twelve (12) months in the past, the application receives -5 points.
- (iv) If the qualified entity has received two (2) REAP grants more than twelve (12) months in the past, the application receives -8 points.
- (v) If the qualified entity has received three (3) REAP grants more than twelve (12) months in the past, the application receives -10 points.
- (vi) If the qualified entity has received four (4) REAP grants more than twelve (12) months in the past, application receives -12 points.

(vii) If the qualified entity has received five (5) or more REAP grants more than twelve (12) months in the past, the application receives -14 points.

(J) **Sustainability (S).** The maximum possible points under this criterion is ten (10) points. Points will be awarded for an applicant's sustainability and long range planning as follows:

(i) ~~Have and have implemented a Fiscal Sustainability Plan that meets the requirements of the Board Staff the applicant receives 10 points~~ If an applicant has a fiscal sustainability and long-range plan that is in place and working to meet all the system needs, the plan will be ranked as Good and awarded 10 points.

(ii) ~~Have but have not implemented a Fiscal Sustainability Plan that meets the requirements of the Board Staff the applicant receives 6 points~~ If an applicant has a fiscal sustainability and long-range plan that is in place but meeting only half the system needs, the plan will be ranked as Fair and awarded 6 points.

(iii) Applicant is willing to develop and implement a Fiscal Sustainability Plan prior to funding that meets the requirements of the Board Staff receives 3 points. If an applicant has a fiscal sustainability and long-range plan but is not in place or not working to meet the system needs, the plan will be ranked as Poor and awarded 3 points.

(iv) If an applicant does not have a fiscal sustainability and long-range plan in place, the application will be deemed denied.

(K) **Workshop attended (WA).** 5 points will be awarded to any applicant who attends, or has a representative attend the pre-application workshop presented by Board staff. Attendance will be verified during the course of the training.

(c) **Priority formula for school districts and counties.**

(1) School districts created under Article V of the School Code, 70 O.S. 1991, §5-101 et seq., and counties are political subdivisions of the State, and therefore are eligible for financial assistance under the Board's REAP grant program.

(2) In evaluating and prioritizing grant applications from school districts and counties, similar criteria to those applied to municipalities and rural water districts will be utilized.

(3) In developing a priority formula for school district and county applicants, the primary criteria are average daily membership (for schools only), fiscal capacity, need, amount requested, and previous grant assistance.

(4) The following formula has been devised to rank REAP grant applications by counties and school districts:  $T = ADM + LT + BI + MHI + FP + N + AR + PG + WA$ , Where:

(A) T = Total of priority points

(B) ADM = Average daily membership

(C) Lt = Local tax levies

(D) BI = Bonded indebtedness

(E) MHI = Median household income of population within the school district or area of county to be served

(F) FP = Applicant's ability to finance project

(G) N = Need

(H) AR = Amount of grant requested

(I) PG = Previous grant assistance

(J) WA = Workshop attended

(5) The criteria MHI, FP, N, AR and PG are the same as that set forth in (b) of this Section. The criteria ADM, LT and BI are explained as follows:

(A) **Average daily membership (ADM).** School districts with an average daily membership of less than 525 students will receive 55 priority points.

(B) **Local tax levies (LT).** Points awarded under this category for local tax levies are based on the total amount of mills levied, as follows:

(i) If the mills are 95 to 100; the applicant receives 13 points.

(ii) If the mills are 90 to 94.99, the applicant receives 11 points.

(iii) If the mills are 85 to 89.99, the applicant receives 10 points.

(iv) If the mills are 80 to 84.99, the applicant receives 8 points.

(v) If the mills are 70 to 79.99, the applicant receives 6 points.

(vi) If the mills are 60 to 69.99, the applicant receives 4 points.

(vii) If the mills are 55 to 59.99, the applicant receives 2 points.

(viii) If the mills are 50 to 54.99, the applicant receives 1 point.

(ix) If the mills are 45 to 49.99, the applicant receives 0 points.

(x) If the mills are 40 to 44.99, the applicant receives -1 point.

(xi) If the mills are less than 40, the applicant receives -2 points.

(C) **Bonded indebtedness (BI).**

(i) Priority points for Bonded Indebtedness are as follows:

(I) If the percentage is 95% to 100%, the applicant receives 10 points.

(II) If the percentage is 90% to 94.99%, the applicant receives 8 points.

(III) If the percentage is 80% to 89.99%, the applicant receives 7 points.

- (IV) If the percentage is 75% to 79.99%, the applicant receives 6 points.
  - (V) If the percentage is 70% to 74.99%, the applicant receives 5 points.
  - (VI) If the percentage is 65% to 69.99%, the applicant receives 4 points.
  - (VII) If the percentage is 60% to 64.99%, the applicant receives 3 points.
  - (VIII) If the percentage is 55% to 59.99%, the applicant receives 2 points.
  - (IX) If the percentage is 50% to 54.99%, the applicant receives 1 point.
  - (X) If the percentage is 45% to 49.99%, the applicant receives 0 points.
  - (XI) If the percentage is 40% to 44.99%, the application receives -1 point.
  - (XII) If the percentage is 30% to 39.99%, the applicant receives -2 points.
  - (XIII) If the percentage is less than 30%, the applicant receives -3 points.
- (ii) A deduction of one (1) point from the indebtedness ranking total will be made for applicants with 75% of existing debts financed at rates of 5% or less, and one (1) point will be added if 75% of existing debts are financed at rates greater than 10%.

## **SUBCHAPTER 20. SAFEGUARDING TOMORROW REVOLVING LOAN PROGRAM REGULATIONS**

### **785:50-20-1. General program description and procedures**

#### **(a) Safeguarding Tomorrow Revolving Loan Program Description.**

- (1) Pursuant to 82 O.S., §§1085.91 through 1085.96, an additional financial assistance program was created to be administered by the Board and Oklahoma Department of Emergency Management (Department) to provide loan and grant funds for hazard mitigation projects and implement provisions of the federal Safeguarding Tomorrow Revolving Loan program authorized by the Robert T. Stafford Disaster Relief and Emergency Assistance Act.
- (2) Under Oklahoma's program, the Department is to generally carry out the role of prioritizing hazard mitigation projects and conducting technical analysis and review of eligible entities and hazard mitigation projects. The Board is to generally carry out the role of conducting financial evaluations and analyses of eligible entities, reviewing documents for loan closings, and managing and administering monies in the Hazard Mitigation Financial Assistance Program Fund to make monies available for financial assistance through the Safeguarding Tomorrow Revolving Load Program and other authorized state programs.
- (3) The Safeguarding Tomorrow Revolving Loan Program shall be administered as a separate program from the Board's previously existing Financial Assistance Programs. The rules in this Subchapter are intended to recognize the distinction between the programs where necessary.

#### **(b) General procedures.** The general procedures to be followed in the hazard mitigation project review and financial assistance application process for financial review under the program authorized in 82 O.S.,§1085.91 through 1085.96 shall be as follows:

- (1) The applicant shall follow the procedures, rules and regulations administered by the Oklahoma Department of Emergency Management, which shall include placement on the priority list of a eligible entities projects established by the Department and the filing of an application with the Board for hazard mitigation project review and financial assistance.
- (2) The Board shall make an initial determination of whether an entity meets the legal and managerial criteria to receive funding.
- (3) The Board shall prepare an initial financial review of the entity based on documents provided to the Board and proposed loan amount and interest rate for which the entity qualifies. Consultations among Board staff, the Department, and the applicant's representatives may be held where deemed appropriate and beneficial.
- (4) The Board staff shall consider the initial financial review and application. It shall then forward its preliminary recommendation for approval or rejection of the loan application to the applicant, based on applicable criteria set forth in 785:50-20-2.
  - (A) If the recommendation is for rejection, the Board shall provide a written recommendation including the reasons for rejection. The entity may then be allowed to modify or supplement any documents in order to comply with the Board requirements and resubmit the same to the Board.
  - (B) If the Board recommends approval, it shall notify the applicant and the Department.
- (5) After initial financial review approval by the Board, the Board shall follow its established procedures and rules to conduct an in-depth financial review and evaluation of the hazard mitigation project to determine whether it complies with applicable state and federal laws.
- (6) After a secondary application and necessary documents are submitted to the Board, the matter will be reviewed by staff who may request additional information from the applicant or the Department and have further conferences as deemed necessary and beneficial to complete the financial review. The matter will then be placed on the Board's agenda for consideration. The Board may approve the application, reject the application, or request additional information.
- (7) If the application and loan receives final approval, the Board, Department and applicant will coordinate the setting of the date, time and place for the closing of the loan.
- (8) At the loan closing, the Department shall have authority to grant approval for disbursement of loan proceeds and to present the same.

(9) The Board shall administer the loans until paid by the recipient and a final accounting is completed.