



# State of Oklahoma Clean Water State Revolving Fund Program Evaluation Report

State Fiscal Year 2024 7/01/2023 - 6/30/2024

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# EXECUTIVE SUMMARY

The Oklahoma Water Resources Board (OWRB) received their Federal Fiscal Year 2023 (FFY23) Clean Water State Revolving Fund (CWSRF) Base capitalization grant for \$6,061,000 and Infrastructure Investment and Jobs Act (IIJA) funding totaling \$16,840,000 during State Fiscal Year (SFY) 2024. The OWRB made Thirty-four (34) binding commitments totaling \$326.8 million in funding toward clean water infrastructure.

During the 2024 fiscal year, the OWRB met or exceeded many of the national program financial indicator goals. A key indicator of performance, “Executed Loans as a Percentage of Funds Available”, increased to 136 percent and was the best in the country. This indicator is commonly referred to as “pace”, which measures cumulatively how well the state is putting its available funds into loans. Additionally, the OWRB continues to excel as one of the top CWSRF programs in the nation measured by the “Undisbursed Funds to Average Disbursements” indicator (1.1 years). This indicator measures how efficiently SRF funds are revolving by examining a program’s disbursement rate over time and comparing it to cash on hand. Another notable accomplishment for the year was OWRB’s success in hiring a new marketing manager as well as achieving fully staffed engineering and financial analyst positions.

During on-site conversations, OWRB highlighted the challenge to their CWSRF program from competing funding sources, including community grants and ARPA, who provided infrastructure funding with more attractive terms. They requested additional EPA training, particularly virtually, to allow for additional participation and lower costs. OWRB shared with the EPA on-site team their goal to provide to the US Congress additional information that describes the success of the program.



## Fiscal Year 2024 Wrap-Up

\$326.8M in  
34 Assistance  
Agreements

## Fiscal Year 2023 Allotments

\$6,061,000  
Base Grant

\$16,840,000  
IIJA Supplemental  
Grant

\$ 1,718,000  
IIJA Emerging  
Contaminants Grant

## Funding for EPA Priorities

\$172,895,506  
For Resolving  
Compliance  
Violations

\$111,738,293  
For Water Quality  
Improvement to  
threatened or  
impaired streams

## Financial Indicators

1.1 years  
Disbursement Ratio

136%  
Pace

## SUCCESSES AND CHALLENGES

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### Program Management and Staffing

The OWRB CWSRF program is managed out of the Financial Assistance Division. The project team consisting of engineers, environmental specialists, technical support staff, financial analysts, and public outreach coordinators that manage projects across the state. During the annual review interviews OWRB reported that SFY24 saw successes related to staffing the program to meet their staffing goals. This included positions that have been difficult to fill including analyst and engineering positions. A new marketing manager also was hired to assist with program media revisions and outreach efforts. EPA confirmed that the OWRB Career Opportunities website did not include any positions for the project team.



### Improvement of Water Quality

OWRB's Annual Report identified eleven (11) projects, including \$111,759,293 in funding, with the goal of reducing pollution in threatened or impaired stream segments as identified in Oklahoma's Integrated Water Quality Assessment Report (303(d) listing). In addition, OWRB's Annual Report identified thirteen (13) projects funded in SFY24 that lie within hydrologic basins where groundwater is considered highly vulnerable; hydrologic basins within/affecting a source water protection area; watersheds designated as nutrient-limited; or watersheds upstream of waters with recreational/ecological significance.



### Addressing Compliance Violations

OWRB reported their concerted effort to select projects that received violations related to wastewater discharge permits and/or documented public health threats. In SFY24, OWRB funded nine (9) projects in response to violations to wastewater discharge permits and/or enforceable orders that detailed a specific short-term compliance schedule. EPA agrees that funding these projects can help to correct violations, reduce the risk to public health, and help borrowers to meet permit compliance.



### Timely and Expeditious Expenditure of Funds

On January 31, 2024, EPA headquarters released a memorandum titled, *"Maximizing Water Quality and Public Health Benefits by Ensuring Expeditious and Timely Use of All State Revolving Fund Resources"*. This memorandum addressed the statutory and regulatory timely and expeditious use of funds requirements for the SRF programs. The memo restated the long-standing requirement that states have one year from receipt of

funds to commit funds into signed final assistance agreements. This includes all funds: capitalization grants, state match, repayments, and investment earnings of the fund. The memo also set new targets for the disbursement pace ratio (cash-to-average annual disbursements) with two years being viewed as adequate performance and five years or above as unacceptable performance.

The OWRB CWSRF cumulative program ratio of undisbursed project funds to disbursements is 1.1 years to disburse (as of June 30, 2024) and indicates that the CWSRF program is operating at an exceptional level when compared to national program performance. Overall program pace for the state of Oklahoma CWSRF program is 136%, an increase from SFY23. This exceptional pace indicates that OWRB has met their capacity of funding commitments annually. The metric reflects a significant interest in the CWSRF program and indicates that OWRB has set its annual level of funding based on expected federal capitalization and repayments, appropriately increased to address the availability of IJA funds.

# THE ANNUAL REVIEW

EPA Region 6 project officers thank state staff for making themselves available for interviews during the programmatic review. The information gathered during interviews with state staff was used to complete the Annual Review Checklist and Project File Review Checklist developed by EPA Headquarters. The following sections summarize document reviews and discussions that took place.

<b>Table 1. Annual Review Participants</b>			
<b>EPA, REGION 6, ASSISTANCE PROGRAMS</b>		Oklahoma Water Resources Board	
Claudia Hosch*	Branch Manager	Lori Johnson*	Chief
Denise Hamilton*	Section Supervisor	Jerri Hargis	Assistant Chief
Jose Alvarez	Project Officer	Lindy Clay	Environmental Programs Manager
Theophilus Nimpson	IJJA-EC Project Officer	Laura Oak	Accountant
Brian Boyd	Financial Analyst		

\*Participation limited to Exit Meeting.

The Oklahoma CWSRF programmatic review was conducted on-site from December 2-4, 2024. The managers meeting took place on December 4 where the programmatic and financial overviews were discussed. The primary OWRB and EPA staff participating in the CWSRF review are listed in Table 1.

### Project File Reviews

In accordance with the EPA’s Oversight Plan, Project File Review Checklists were completed for the four CWSRF projects listed in Table 2.

Project, construction, and administrative loan files were examined to ensure projects are managed consistently with federal regulations and policies governing the CWSRF program. Additionally, files were checked for documentation to verify compliance with all applicable CWSRF programmatic and financial requirements.

<b>Table 2. Projects reviewed as part of the SFY24 CW SRF Annual Review</b>			
<b>Project Criteria</b>	<b>Recipient</b>	<b>Assistance Provided</b>	<b>Project Description</b>
Equivalency Base/IJJA GS	Newcastle PWA	\$51,819,143.58	Construction of a new WWTP at an adjacent site and abandoning the existing facility.

LF Construction	Big Cabin Public Works Authority	\$926,286.27	Relocate and replace the force main and increase the size to match head and velocity needs of the pumping equipment, replace sewer line, and to re-route the main lines to go directly to the lagoons.
LF Planning and Design	Stigler MIA	\$417,230.00	Conduct a sanitary sewer evaluation study (SSES), followed by an engineering review of the study, an engineering report outlining the proposed correction(s), and all other expenses required to complete the study.
Emerging Contaminants	Oklahoma City WUT	\$370,000	Conduct baseline PFAS monitoring, to evaluate commercially available treatment technologies, and to develop an engineering report to identify and select technologies for pilot studies.

Table 2. Projects reviewed as part of the SFY24 CW SRF Annual Review.

Compliance

Based on the national CWSRF compliance checklist responses, EPA’s review of these project files did not identify deficiencies.

## Transaction Testing

EPA Region 6 financial analysts thank state staff for making themselves available for interviews and meetings during the financial review. The information gathered during interviews with state staff was used to complete the Annual Review Checklist and Transaction Testing Worksheet developed by the EPA SRF National Program Managers for use in the SFY 2024 reviews. The following sections summarize document reviews and discussions that took place. Starting with the SFY 2024 annual reviews, the transaction tests are being performed by a contractor working for EPA HQ. The findings from transaction testing for the OK CWSRF program were made available to Region 6 on February 10, 2025.

Transactions Tested

In accordance with the EPA’s Oversight Plan, Table 3 shows the cash draws reviewed for the CWSRF program. The CWSRF program has been deemed low risk and therefore there are no selected cash draws by EPA’s Office of the Chief Financial Officer (OCFO) to review this fiscal year.



<b>Table 3. Cash draws selected for transaction testing.</b>		
<b>Date of Cash Draw</b>	<b>Amount of Cash Draw</b>	<b>Description of Transaction</b>
<b>10/12/2023</b>	\$5,903,260.87	4C-40000223
<b>11/15/2023</b>	\$3,939,578.47	4C-02F18402
<b>7/26/2024</b>	\$132,132.73	4C-02F19501

Table 3. Cash Draws selected for transaction testing.

These transactions did not duplicate any of the transactions sampled during previous reviews and all items appeared to be eligible under the CWSRF program. EPA-developed transaction testing worksheets were completed after review of the payment request backup documents and confirmed that each cash draw transaction occurred within a timely manner.

Improper Payments

No Improper Payments were identified from the Transaction Testing completed on February 10, 2025.

# Financial Review

## Performance Analysis

This section provides an overview of the state program being evaluated. This review looks into the financial performance of the OK CWSRF program during the state fiscal year of 2024. The program's financial activities, including Loan Agreements, Loan Disbursements, and Fund Sustainability and Growth, were reviewed and analyzed. For SFY24, the OWRB Cumulative - Executed Loans as a Percent of Funds Available or "PACE" is at 136%, better than the national average of 99%, and indicating advanced commitment of funds. Disbursements as a Percent of Executed Loans is at 68%, declining annually from 80% since SFY20, and indicating that projects or activities funded are progressing slower than expected or there may be issues in project implementation. The Ratio of Undisbursed Funds is at 1.1 year, which is a better performance than the national average of 3.2 years. The OWRBs' Total Net has increased from \$22,666,427 during SFY23 to \$29,756,773 during SFY24, indicating that the program is revolving quickly. The Net Interest Margin has dropped from 0.8% during SFY23 to 0.42% during SFY24 but is maintaining a "steady trend" which reflects consistency and little volatility.

Fund Utilization

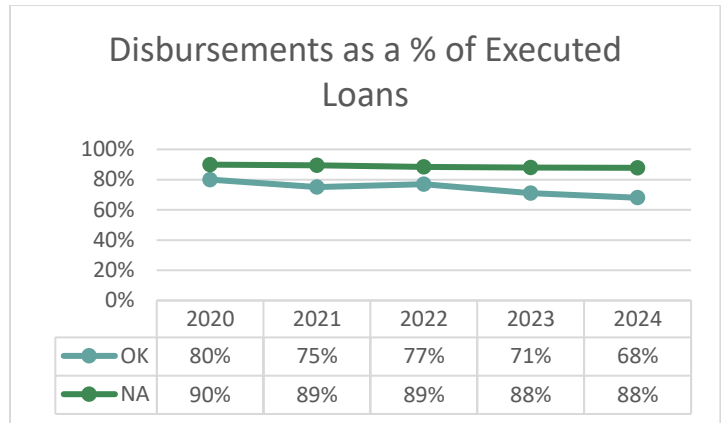
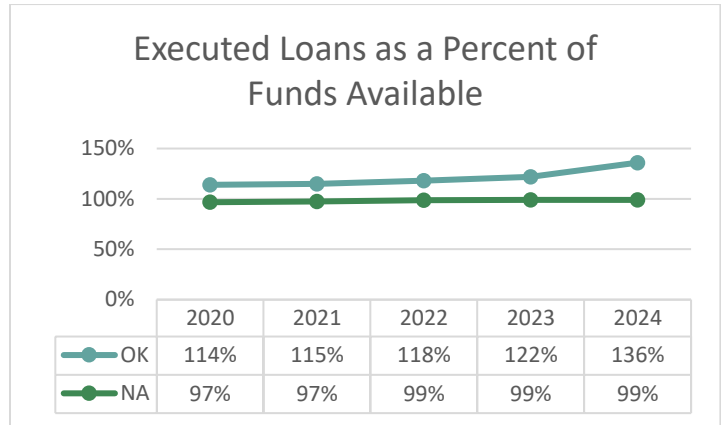
**Figure 1. Executed Loans as a Percent of Funds Available**

The “pace” of the program represents the percentage of money available that has been committed to executed loans. At 136%, the OWRB’s cumulative pace is well above the national average of 99%. This places the OWRB’s “pace” as one of the top programs in the nation for SFY 2024. The OWRB has provided a cumulative of \$2.5 billion in assistance since the inception of the program, as stated on the OWSRF website.

Furthermore, the OWRB has provided a cumulative of \$1.3 billion in additional assistance due to leveraging. The pace has continued to increase over the past five years showing that the program is trending in the right direction and that the OWRB is committing all available funds.

**Figure 2. Disbursements as a % of Executed Loans.**

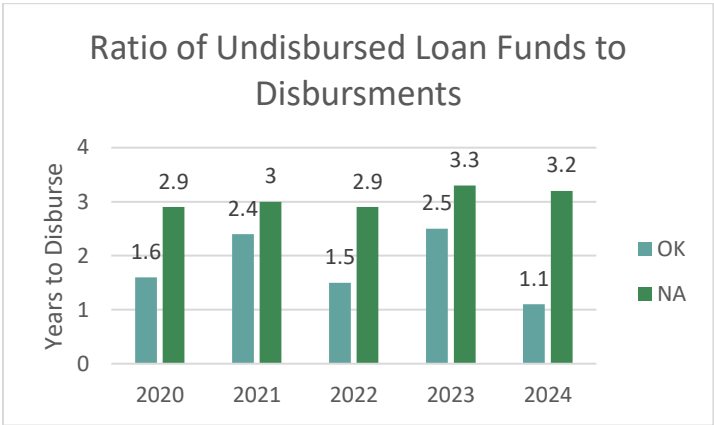
This measure provides some insight on how quickly states are disbursing funds to projects. When loans are signed, it is important that those funds are disbursed in an expeditious manner. The OWRB has a disbursement rate of 68% for 2024, which is below the National Average of 88%. The OWRB has stated that this decline in disbursement rate is due to the addition of ARPA funds in the program. It may be beneficial to the OWRB to revisit its disbursement process to identify potential opportunities to increase efficiency.



Additional SRF Indicators

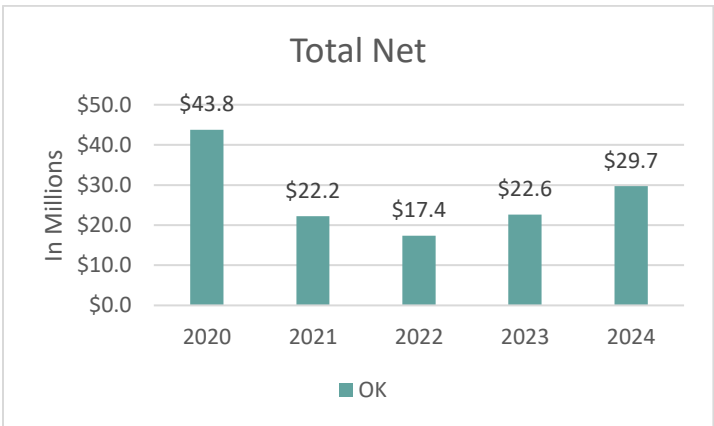
**Figure 3. Ratio of Undisbursed Loan Funds to Disbursements**

This measure provides some insight on how efficiently SRF funds are revolving by examining a program’s disbursement rate over a 3-year average of annual disbursements and comparing it to cash on hand. The OWRB disbursement ratio has improved and is increasing slightly since the infusion of IJA funding, but the program continues to disburse funds at a rate better than the national average. The national average for FY24 was 3.2 years. The OWRB’s trend is improving annually and is efficiently disbursing funds is at a rate of 1.1 years.



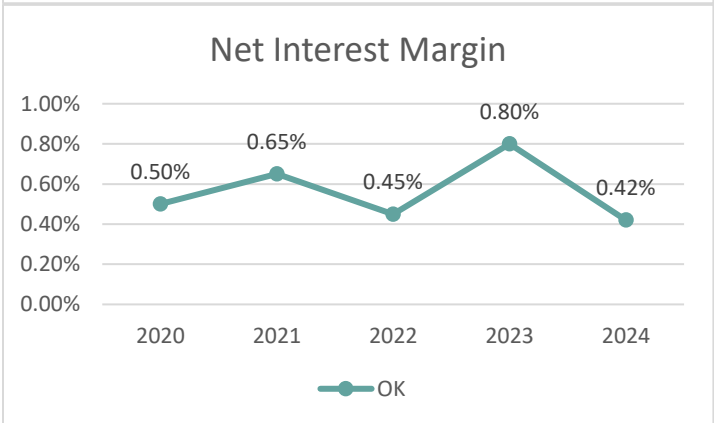
**Figure 4. Total Net**

Total Net augments the Operating Net by adding the loan principal revolving in the program. It is a measure of perpetuity and internal growth of the program. SFY23 saw an upward movement in the Total Net based on OWRB CWSRF data in the OWSRF system. It is anticipated that the SFY25 data will continue to show an increase based on previous years’ trends.



**Figure 5. Net Interest Margin**

This measure is an indicator of the net earning potential of the OWRB. Net interest margin helps inform whether the interest earnings are greater than interest expenses on bonds. A positive value indicates that the CWSRF has positive earnings from its basic operations. High net interest margin indicates the program is growing more quickly.



Trend Analysis

These financial indicators are tools which help EPA understand and assess a State’s SRF program within the Region. The values are calculated using the data which the State provides in the SRF Data System report each year. Overall, the financial health of the program continues to remain strong and is trending in a positive direction and is evident as the PACE of the program continues to grow. The OWRB reports that it closely monitors the cash available versus the amount obligated to ensure availability of funds when borrowers submit disbursement requests. The OWRB leverages the program when needed resulting in a large inflow of cash to the fund that takes time to disburse. The OWRB monitors funds throughout the year looking at the expected monthly disbursements to borrowers, cash balances, bond proceeds, interest earnings, cap grant fund available, expected loan closings, and the project priority list.

Independent/Single Audit Reports

Independent financial audits are conducted annually to determine whether SRF financial statements are presented fairly in conformity with Generally Accepted Accounting Principles (GAAP) as issued by the Governmental Accounting Standards Board (GASB). Additionally, the audit determines if there are any weaknesses in internal controls regarding SRF funds oversight and if the state is in compliance with respect to laws, regulations, and the provisions of SRF capitalization grants. The Oklahoma CWSRF financial and compliance audit for SFY 2024 was finalized on September 16, 2024. Arledge, CPA performed the audit and issued an opinion of ‘unmodified’ in the audit report. No material weaknesses were identified for either the financial or the compliance audit.

Unliquidated Obligations (ULOs)

States are encouraged to have no more than two open cap grants at any one time. OWRB continues to follow the first-in-first-out (FIFO) policy of drawing funds from the older grant first. According to the EPA’s CWSRF ULO Report, dated January 31, 2025, OWRB has a zero balance of Unliquidated Obligations (FFY 2023, FFY 2024) in SFY 2024.

Grant Number	Site Project	Obligation Amount (\$)	Drawdowns	ULO	Budget Period End Date
CS40000223	CA	6,061,000.00	6,061,000.00	0.00	6/30/2025
CS40000223	Sum:	6,061,000.00	6,061,000.00	0.00	

Grant Number	Site Project	Obligation Amount (\$)	Drawdowns	ULO	Budget Period End Date
CS40000224	CA	6,595,000.00	6,595,000.00	0.00	6/30/2026
CS40000224	Sum:	6,595,000.00	6,595,000.00	0.00	

Grant Number	Site Project	Obligation Amount (\$)	Drawdowns	ULO	Budget Period End Date
4C02F18402	CA	16,840,000.00	16,840,000.00	0.00	6/30/2025
4C02F18402	Sum:	16,840,000.00	16,840,000.00	0.00	

Grant Number	Site Project	Obligation Amount (\$)	Drawdowns	ULO	Budget Period End Date
4C02F18403	CA	18,373,000.00	18,373,000.00	0.00	6/30/2026
4C02F18403	Sum:	18,373,000.00	18,373,000.00	0.00	

## PROGRAMMATIC REVIEW

During Oklahoma SFY24, the OWRB CWSRF program continued to provide infrastructure funding to a significant number of communities across the state. SFY24 saw the OWRB commit approximately \$326.8 million in loans for thirty-four (34) binding commitments for projects listed on the SFY 2024 Project Priority List.

### Effective Loan and Program Oversight Management

During Annual Review interviews OWRB reported that SFY24 saw successes related to staffing the program to meet their staffing goals. This includes positions that have been difficult to fill including analyst and engineering positions. A new marketing manager was also hired to assist with program media revisions and outreach efforts. EPA confirmed that the OWRB Career Opportunities website did not include any positions for the project team.

Some OWRB staff members attended Domestic Preference training hosted at the EPA Region 6 offices. During the annual review staff requested additional training opportunities including SRF 101 type training, and specific training like AIS and BABA. Staff also noted that virtual training provides them with additional opportunities for training at a lower cost.

### State Programmatic Updates

During the Annual Review, on-site interviews were prompted by questions from the Annual Review Checklist. The Oklahoma CWSRF programmatic updates were responses to checklist questions about implementation of many federal requirements including Davis Bacon, Signage requirements, Build American, Buy American, etc. State program updates for SFY24 are provided in the appropriate section below.

### State Environmental Review Process (SERP)

The OWRB State Environmental Review Process (SERP) is outlined in the SFY24 IUP. OWRB reported completion of its environmental review in accordance with Federal Law and its approved SERP for all CWSRF projects. The OK CWSRF SERP requires OWRB to evaluate applicable crosscutters including historic properties, endangered species, etc. OWRB reported no changes to its approved SERP process during SFY24.

### Davis-Bacon

During the annual review, EPA is required to confirm that Davis Bacon contract provisions are included in the bid specifications for CWSRF loans and that the provisions match EPA Davis Bacon Grant Condition language. The OWRB SFY24 Annual Report describes compliance procedures consistent with the EPA Guidance entitled “Wage Rate Requirements under the Consolidated and Further Continuing Appropriations Act, 2013.” OWRB staff verified that appropriate wage rates are obtained 10 days prior to bid opening for every Treatment Works construction project funded by a CWSRF loan, as required by the Act. Federal requirements require that reimbursement requests received during construction include payroll certifications confirming that appropriate wages are being paid. EPA reviewed bid

documents during the on-site to ensure compliance. During interviews, OWRB stated payroll certifications are reviewed with every pay request, posters were distributed at preconstruction meetings, and the posters were observed during site inspections. EPA’s review found OWRB was compliant with Davis Bacon requirements.

Domestic Preference (AIS and BABA)

During the Annual Review, the project officer is required to verify that construction contracts specify that all iron and steel products used in the construction of the project will be produced in the United State and should specifically reference American Iron and Steel (AIS) requirement. The OWRB SFY24 Annual Report describes how AIS requirements were included information to bidders as part of the Supplemental Conditions, posted on the OWRB website, and were provided during the loan approval process. Example letters were provided during the on-site visit. EPA has determined that OWRB was compliant with AIS requirements.

Build America, Buy America (BABA) requires the head of each covered Federal agency to ensure that "none of the funds made available for a Federal financial assistance program for infrastructure, including each deficient program, may be obligated for a project unless all of the iron, steel, manufactured products, and construction materials used in the project are produced in the United States." EPA is required to confirm during the annual review that equivalency projects contain documented compliance with BABA including any waivers that were approved based on November 13, 2023, Amended Adjustment Period Waiver guidance, as well as any de minimis list and invoices of de minimis items with a tally of total project costs. EPA confirmed that the project reviewed were approved during the adjustment period waiver had been successfully completed before May 14, 2022. OWRB reported no changes to their BABA implementation for SFY24 during the on-site interviews.

Data Reporting

EPA’s SRF Grant Terms and Conditions require states to report the use of all funds in the SRF Data System and verify that projects with executed loan agreements are reported in the Annual Report have been entered quarterly. For the CWSRF program, projects should be reported in the amount equalizing the capitalization grant. A review of the SRF Data system indicated OWRB entered project information in a quarterly basis. Projects in the database were reported in the amount equalizing the capitalization grant.

<b>Table 4. FFATA Requirements for SFY 2024</b>			
<b>Funding Source/Grant</b>	<b>Required Amount</b>	<b>Already Reported</b>	<b>Left to be Reported</b>
<b>FFY23 Base Cap Grant</b>	\$ 6,061,000	\$ 6,061,000	\$ 0
<b>FFY23 IJJA – GS</b>	\$ 16,840,000	\$ 16,840,000	\$ 0

Table 4. FFATA Requirements for SFY 2024.

FFATA applies to all federal funding awarded after October 1, 2010. FFATA requirements are considered met when loan, contract, or set-aside activity has been reported to [www.fhrs.gov](http://www.fhrs.gov) in an amount equivalent to the full capitalization grant. FFATA requirements for the FFY23 capitalization grants were



satisfied at the time of the on-site review. Region 6 will continue to track to assure compliance with FFATA requirements. The FFATA reporting amounts at the time of the review are shown in Table 4.

<b>Table 5. Required subsidy percentage, dollar amount and subsidy provided in SFY 2024.</b>			
	<b>Required %</b>	<b>Required \$</b>	<b>Subsidy Assigned SFY 2024</b>
Base Capitalization Grant	20 - 40%	\$1,212,200	\$1,212,200
IIJA General Supplemental	49%	\$8,251,600	\$8,251,600
IIJA - EC	100%	\$1,200,000	\$1,200,000

Table 5. Required subsidy percentage dollar amount and subsidy provided in SFY 2024.

Other Programmatic and Administrative Terms and Conditions

Other programmatic and administrative updates are provided in the sections below.

Equivalency

The CWSRF regulations define equivalency projects at 40 CFR § 35.3105(f):

*Equivalency projects. Those section 212 wastewater treatment projects constructed in whole or in part before October 1, 1994, with funds "directly made available by" the capitalization grant. These projects must comply with the requirements of section 602(b)(6) of the Act.*

For SFY24 the state applied equivalency requirements to a selected project in an amount equal to the FY23 Base program and Infrastructure Investment and Jobs Act capitalization grants. Equivalency projects received a forty percent reduction in interest from market rates. The OWRB reported all equivalency projects into the Federal Funding Accountability and Transparency Act (FFATA) reporting system as is required by the terms and conditions of the capitalization grant. Oklahoma’s equivalency project for SFY24 was for the Newcastle Public Works Authority to construct a new WWTF at an adjacent site and abandon the existing facility. This project, totaling \$51,819,143.58, included closed loans from the Capitalization Grant and IIJA-General Supplemental.

Fees

OWRB’s Administrative fees are assessed to each participating borrower at the rate of one-half of one percent (0.5%) per annum of the amount of each borrower’s loan balance outstanding. Administrative fees totaled \$3,703,027 in SFY 2024. Application fee rates totaled \$12,850 for SFY 2024. As required by §602(b)(11), these fees are deposited into the CWSRF administrative account outside of the SRF operating expenses.

Marketing

During SFY24, the OWRB CWSRF program outreach included engagement in the FACT Road Show, where they engaged with communities statewide on water and wastewater topics; thereby, broadening their reach to smaller communities and those with environmental justice concerns. Further, OWRB onboarded a new marketing manager who assisted with revising the program media and outreach efforts. During SFY24, OWRB closed loans that included twelve (12) first-time borrowers to the CWSRF and attributed this success to their outreach and marketing efforts.

### Additional Subsidy

As part of the FFY 2022 Appropriations Act and The Federal Water Pollution Control Act (FWPCA) section 603(i), states must provide between 20% and 40% of the base capitalization grant as additional subsidy. Under the Infrastructure Investments and Jobs Act, the IJA general supplemental grant stated, “the recipient agrees to use 49 percent of the funds available in the capitalization grant to provide additional subsidy to eligible recipients in section 603(i) of the CWA.” The IJA emerging contaminants grant reads the same as above with the exception of 100 percent of the funds given as additional subsidy. In SFY24, OWRB provided \$10,663,800 in additional subsidy to its recipients in the form of loan forgiveness. The program has met the minimum amount of additional subsidy required for each grant programs as reflected in Table 5. With the addition of IJA, there has been a significant increase in additional subsidy.

The program should consistently look to maximize available subsidy to recipients. With the addition of IJA, there has been a significant increase in additional subsidy. The information provided is based on the OWRB CWSRF SFY 2024 Annual Report. Any unawarded subsidy should be reported annually in the Intended Use Plan and Annual Report with a proposed plan to meet the minimum statutory requirement as soon as possible.

### Green Project Reserve (GPR)

The GPR provision for the FFY 2022 Appropriations Bills states that to the extent that there are sufficient eligible project applications, at least 10% of the capitalization grant shall be used for projects or components of projects that address energy efficiency, water efficiency, green infrastructure, or are environmentally innovative projects.

As of the end of the SFY24 and according to the OWSRF data system, OWRB provided significantly more than the minimum required to GPR projects. GPR components for SFY24 total \$45,368,476.23.

### Affordability

The SFY24 OWRB Annual Report notes that the CWSRF program provided funding totaling over \$9 Million to sixteen communities meeting affordability criteria. These projects include planning, design, and construction projects. In addition, the program received interest for a variety of project types. Therefore, the OWRB CWSRF program maintains a consistent pipeline of disadvantaged communities and incentives for application.

### Emerging Contaminants

On September 25, 2023, the OWRB was awarded \$1,200,000 in FFY23 CWSRF Emerging Contaminants (EC) funding – only a partial amount of the full \$1,718,000 allotment. The \$1,200,000 award supported two EC projects for the City of Norman and the Oklahoma City Water Utilities Trust (OCWUT). OWRB successfully committed all payment funds by the October 1, 2024 (12-month) deadline. Norman’s \$830,000 Composting Evaluation Project was committed October 17, 2023. However, no drawdowns have been made due to delays from changes in personnel which has caused further review of the experiment design and lab analysis. Work is expected to start in 2025. OCWUT’s \$370,000 PFAS Project was committed November 30, 2023. At the time of the review, no drawdowns were noted. OWRB

attributed this to project management delays but anticipated that work would proceed in January 2025.

The OWRB was awarded \$755,000 in FFY22 CWSRF EC funding on July 1, 2022. Full funding was committed to the Central Oklahoma Master Conservancy District's (COMCD) Lake Thunderbird project on April 18, 2023. In 2023, \$86,500 was drawdown to support project sampling. Sampling efforts would continue into Spring 2024.

The OWRB continues to lead the region in CW EC utilization as the only state program to apply for all CW EC allotments during the first year of availability in 2022. This success is attributed to OWRB's dedication to partnering with engineering firms, like Garver, for CWSRF EC project solicitation. The firm's close ties to several communities allowed them to identify contamination issues or tailor existing projects to use CW EC funding. COMCD and Norman's EC projects have been highlighted on the National EPA CWSRF EC website.

### Annual Awards

#### 2025 Pisces Nomination

The Performance and Innovation in the SRF Creating Environmental Success program (PISCES) highlights the CWSRF's benefits, recognizing innovative ways communities are using the CWSRF to achieve their local water quality objectives. The OWRB CWSRF program nominated the project awarded to the Oklahoma City Water Utility Trust for improved reliability, resiliency, and cybersecurity of OCWUT's critical systems, including its utility billing system, call center, and SCADA infrastructure. The \$10,500,000 loan provided the benefit of upgrading outdated software, ensuring compliance with NIST cybersecurity standards, protecting water and wastewater systems, and maintaining secure customer data and payment processing. These measures enhance public health, water quality, and community trust while ensuring financial and operational stability.

## Follow Up and Corrective Actions

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OWRB continues to meet or exceed many of the financial expectations set for the program. The state's goals of addressing risks to public health and water quality objectives through the development and implementation of the CWSRF Program appear to have been met in accordance with pertinent 2 CFR Part 200 administrative requirements for grants to state and local governments.

### SFY23 Required Action Items and Recommendations

1. **EPA Recommendation:** EPA's January 31, 2024, memorandum titled, "Maximizing Water Quality and Public Health Benefits by Ensuring Expeditious and Timely Use of All State Revolving Fund Resources", restates the long-standing requirement that states have one year from receipt of funds to commit said funds into signed final assistance agreements, as reflected by the program "pace" indicator. Additionally, new targets are established for the disbursement pace ratio (cash-to-average annual disbursements) with two years being viewed as adequate performance and five

years or above as unacceptable performance. EPA has reviewed available data to provide a status baseline and notes that retrospectively, the OK CWSRF program is exceeding the commitments metric and is performing satisfactorily based on the disbursement's metric.

**EPA Recommendation:** EPA recommends that the OWRB remain diligent in commitments and reimbursements to continue to meet and exceed the timely and expeditious programs requirements.

**OWRB Response:** This recommendation has been met by OWRB. OWRB continued to meet and exceed the timely and expeditious program requirements.

2. A key priority of IJJA is to ensure that disadvantaged communities benefit equitably from investments in water. This initiative ensures that communities that meet the state's affordability criteria have access to clean water infrastructure funding.

**EPA Recommendation:** The EPA recommends that OWRB add a section to its Annual Report identifying Disadvantaged Communities, including the number of awards given, the dollar amount of awards, the amount of principal forgiveness awarded to disadvantaged communities, and any efforts to target disadvantaged communities. Any OWRB efforts towards revising affordability criteria, the priority point system, or technical assistance should be noted.

**EPA Update:** OWRB received the recommendations in the completed SFY23 PER after the 2024 Annual Report was completed. EPA will work with OWRB to ensure the recommendations are included in further revisions and updates to the Annual Reports.

3. The May 2024 draft report from EPA Office of Water's national review of FFY22 IUPs, reflected expectations that IUPs should include details of the SRF program's treatment and discussion of Disadvantaged Communities (DACs), including whether the program was offering additional assistance. This included a request for additional details regarding the state's incentives for climate resiliency and mitigation projects, as well as more detail about the IUP public comment process and the program's sources and uses.

**EPA Recommendation:** EPA Recommends OWRB adds clarification and links to the IUP, information in the PPL that depict a project's affordability, as well as a section about updates to the application process.

**EPA Update:** OWRB received the recommendations in the completed SFY23 PER after the 2025 IUP was completed. EPA will work with OWRB to ensure the recommendations are include in further revisions and updates to the IUP. OWRB includes the Affordability Criteria Ranking Tier in the IUP project tables indicating whether a community meets the affordability criteria.

## Current Year Action Items and Recommendations

### **1. Additional Subsidization**

As part of the FFY 2022 Appropriations Act and The Federal Water Pollution Control Act (FWPCA) section 603(i), States must provide 20 percent and up to 40 percent of the base capitalization grant as additional subsidy. For SFY24, OWRB awards 20% of the base grant as additional subsidy in the form of loan forgiveness. We thank OWRB for consistently meeting the 20% requirement. EPA seeks to ensure that all communities have access to funds to improve their wastewater infrastructure to protect public health and improve water quality.

**Recommendation:** EPA Recommends that OWRB increase the amount of additional subsidization available to those meeting affordability criteria from the minimum 20% requirement. OWRB could use cash flow modeling to analyze the effects of maximizing the amount of additional subsidization for communities meeting the affordability criteria.

### **2. New Guidance and Updates**

EPA recently provided updates to several guidance documents during SFY24 and SFY25. These documents include:

1. Maximizing Water Quality and Public Health Benefits by Ensuring Expeditious and Timely Use of All State Revolving Fund Resources – January 2024
2. SRF Annual Review Guidance for EPA’s Annual Review of Clean Water and Drinking Water State Revolving Fund Programs – February 2025
3. Annual Review Checklist User Guide – February 2025
4. SRF Program Evaluation Report Template – February 2025
5. The State Revolving Fund Sources and Uses Best Practices Handbook – November 2024.
6. Maximizing Infrastructure Investment Questions and Answers – November 2024
7. Timely and Expeditious Use of Funds Standard Operating Procedures for the SRF Programs – November 2024
8. Recission of Investing in America Signage Term and Condition – December 2024
9. Requirements for State Revolving Fund Auditing and Subrecipient Monitoring - January 2025

Additional guidance and updates may become available over the course of the FY.

**Action Items:** EPA Recommends that OWRB review new guidance as it is published and incorporate new updates into their program.

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