

**Response to Comments**  
**Draft 2013 Water Pollution Control Loan Fund Program Management Plan**  
Ohio EPA Division of Environmental and Financial Assistance  
March 25, 2013

**A. Comments from the Northeast Ohio Regional Sewer District**

**I. Introduction – C. Selected Features – Item 12. WPCLF Assistance for Salt Storage Facilities**

**Comment 1:** *The District questions where the provisions specific to this new funding assistance category are located in the Draft PMP?*

**Response:** The Ohio EPA was simply announcing the availability of WPCLF funding for the purpose of salt storage BMPs. As such, no special provisions are needed in the Draft PMP. Salt storage is, and has been, eligible under the WPCLF as a nonpoint source project. We envision making direct loans to entities, similar to point source loans, for these practices and structures. As nonpoint source projects, the requirements of ORC 6111.036 (Q) must be met before WPCLF assistance will be offered.

**I. Introduction – C. Selected Features – Item 13. Consolidated WRRSP Guidance**

**Comment 2:** *This Item states that, “All projects, whether awarded in 2013 or 2014, must receive all project approvals by the end of 2013.” The District would appreciate clarification whether this means the “end of calendar year 2013” or “the end of Program Year 2013.”*

**Response:** The end of Program Year 2013.

**Appendix C - 2013 Intended Projects List - NEORSD Project Listings**

**Comment 3:** *The District does not intend to pursue WPCLF funding for the Easterly WWTP - Aerated Grit Facilities Improvements project shown (CS391430-0109) and this project can be removed from the Final IPL.*

**Response:** This project will be removed from the Final IPL.

**Comment 4:** *The District does not intend to pursue WPCLF funding for the Easterly WWTP – 400 MGD Sustained Secondary Capacity Improvements project shown (CS391430-0117) and this project can be removed from the Final IPL.*

**Response:** This project will be removed from the Final IPL.

**Comment 5:** *For the District’s Dugway West Interceptor Relief Sewer project (CS391430-0116) we request that the Est. Loan Amount be changed to \$66,000,000 and that the Est. Award Date be changed to Sep-13.*

**Response:** The estimated loan amount and estimated award date will be changed on the Final IPL.

### **Appendix S – Water Resource Restoration Sponsor Program (WRRSP)**

**Comment 6:** *The District opposes the elimination of the WRRSP “contingency project” designation as proposed in the Draft PMP. The contingency designation provides an opportunity for beneficial projects that are not initially identified as fundable on the Draft PPLs the potential to move up to IPL funding status.*

*Since the inception of the WRRSP, the PMP has provided millions of dollars to valuable projects that were initially placed under contingency status. In numerous cases, due to the diligent work of the Implementers, many of these projects were able to move into IPL status and were awarded, increasing the number of acres and miles of streams improved under this valuable program.*

*Eliminating the contingency project status from the WRRSP project ranking will significantly reduce the number of projects that could move Ohio’s water resources toward the goal of water quality attainment. As such, the District requests that DEFA reconsider its proposal to eliminate contingency projects.*

**Response:** Ohio EPA’s decision to eliminate the funding of contingency projects was based on our experiences that there is insufficient time from when the WRRSP project moves into the fundable range to loan award to meet all of the pre-award planning and review requirements. In addition, we have noticed an increase in the number of non-conforming and controversial projects needing additional time to complete the pre-award requirements. Under the proposed two-year funding cycle, WRRSP projects will have the entire first year to focus on completing the necessary planning and pre-award work. We believe that this will lead to a much higher success rate for WRRSP projects, and therefore less, if any, money being available as contingency funds. We believe that it is in the best interest of the WRRSP program to discontinue the practice of funding contingency projects for the above reasons.

**Comment 7:** *Appendix S is proposing a change to allow the schedule for the completion of a WRRSP project to be independent, and perhaps longer, than the schedule for the completion of the sponsoring WPCLF project. A longer WRRSP project completion will result in WPCLF loans remaining open longer and not being able to close in terms of reconciliation of final costs and the establishment of the final interest rate and the final semi-annual repayment amount and amortization schedule. This could burden WPCLF recipients in having to pay, for a longer period of time, the typically higher early-on semi-annual repayments which are estimated based on the assumption of full encumbrance of the awarded project costs.*

*Since Appendix S does not indicate as such, the District questions the extent to which DEFA intends to allow a WRRSP project completion to extend beyond the completion of the WPCLF project. We believe the language of Appendix S should specifically establish the maximum time frame DEFA will allow for a later WRRSP project completion date.*

**Response:** The language in Appendix S does indeed allow for the completion of a WRRSP project to be independent, and perhaps longer, than the schedule for the sponsoring WPCLF project. However, it is always at the sponsor’s discretion whether or not to allow this to occur. If the sponsor wants to close the loan upon completion of the sponsoring WPCLF project, they can still do so. The primary intent of the language is not necessarily to encourage WRRSP implementers to keep their projects open longer than the sponsoring loan, but rather to get a

separate, independent, detailed schedule from the WRRSP implementer, and to have all parties (sponsor, implementer, and Ohio EPA) adhere to that schedule.

### **B. Village of Lowellville**

**Comment:** *The Village of Lowellville nominated the Lowellville Dam Removal WRRSP Project, which is listed as being partially fundable on the Intended Projects List. Numerous individuals and government organizations sent in letters and petitions of support for this project, including the City of Campbell, City of Canton, City of Cortland, City of Struthers, Trumbull County Commissioners, Trumbull County Engineer, Mahoning County Sanitary Engineering Department, U.S. Congressman Tim Ryan, State Representative Robert F. Hagan, Eastgate Regional Council of Governments, the Mahoning River Corridor Mayors' Association, Friends of the Mahoning River, Audubon Society/Mahoning Valley, and many individuals, including school children from Lowellville Elementary School.*

**Response:** The Ohio EPA sincerely appreciates the level of interest in the Lowellville Dam Removal WRRSP Project, and the enthusiasm for improving the water quality in the Mahoning River. We look forward to working with the Village on their WRRSP project in the upcoming year.

### **C. Clarification of Principal Forgiveness during PY 2013**

In response to a few comments (both oral and written) that were received on principal forgiveness projects, the following clarifying language has been added to Appendix P: For projects that qualify for Principal Forgiveness during the current program year, the award of principal forgiveness must be made before the end of that program year. No funds will be "carried over" for a community beyond the current program year. If a community was listed as being eligible for principal forgiveness in the current program year, but did not receive the award of assistance in that program year, they will need to re-nominate for the following program year, and will be ranked against other principal forgiveness projects which nominated themselves for that program year. The funds do not carry over from year to year, and the offer of principal forgiveness to a particular applicant does not carry over from year to year.

### **D. City of West Carrollton**

**Comment:** *In previous years, a reserve of \$15 million has been established for WRRSP nominations, with \$7.5 million allotted to each of the WRRSP categories, Water resources Protection and Water Resource Restoration. Accordingly, we question why only \$20 million would be made available for a two-year funding cycle, as it will effectively reduce total WRRSP funding by \$10 million over each two-year funding period.....Maintenance of funding levels is imperative in order to continue the progress of the WRRSP and fund worthy projects such as the Miami Bend Preservation Project. We respectfully request that if Ohio EPA is to implement a two-year funding cycle for WRRSP, to do so in such a manner to maintain the previous levels of WRRSP funding, i.e. provide \$30 million in each funding cycle to be awarded over the two-year period.*

**Response:** While it is correct that the Ohio EPA has offered \$15 million per year for WRRSP projects for several years, the annual amount has never been guaranteed. Each year, the WPCLF is modeled to determine the overall health of the Fund, the amount of funds to be made

available, and the types and amounts of discounts and subsidies to offer. Ohio EPA has a responsibility to maintain the Fund in perpetuity. Offering interest rate discounts and other subsidies clearly reduces the overall rate-of-return on loans made from the Fund, and can have an impact on the overall Fund health and longevity. Decreasing federal capitalization grants, while not directly tied to the amount of WRRSP funds made available, also has an impact on the Fund longevity. Ohio EPA will continue to perform the evaluation each year to determine the types and amounts of subsidies to offer, including the WRRSP amount. The amounts made available as principal forgiveness, WRRSP, and other interest rate discounts should be viewed as dynamic, not static. While we strive to have some continuity from one year to the next, there is no guarantee that program features (or funding amounts) will not change.

With respect to the amount of WPCLF funds to be made available over the 2013-2014 two-year cycle (\$20 million), Ohio EPA believes that this amount is appropriate for a number of reasons. First, while this amount covers a two-year period instead on one year, it is up-front commitment from Ohio EPA to make these funds available. As indicated above, we typically model the Fund to confirm that it can support the subsidies that we are offering. In this case, the \$20 million amount is being offered now, in advance of this exercise, and in the absence of knowing the amount (or even the availability) of future capitalization grants for program year 2014 and beyond. Second, with the funds committed for a two-year period, Ohio EPA believes that the success rate of the identified IPL projects will be higher than it has been in the past. Thus, while the amount being made available has changed from previous years, the amount actually awarded may be the same (or possibly even higher). Third, under the new two-year cycle, all projects need to proceed to be approved by the end of the first year, regardless of which year they will be awarded. Consequently, Ohio EPA will be reviewing \$20 million worth of projects this year, including a more accelerated review of Environmental Covenant documentation, which will be an increase in the workload to which we must commit our resources. For all of the above reasons, Ohio EPA believes that the \$20 million being made available for the 2013-2014 two-year cycle is appropriate.

As a final note, the remarks from some commenters seem to indicate that they believe Ohio EPA is proposing \$20 million for each two-year cycle into the future. This is not correct. After this transitional year, a specifically-designated dollar amount (see paragraph one above) will be available for each program year's two-year cycle, and the WRRSP funds will only be awarded in the second year of the two-year cycle. An expanded table from the Appendix S in the PMP is provided below as a further illustration:

<b>Program Year PMP</b>	<b>Amount of funds Available*</b>	<b>Funding can be awarded</b>
2013	\$20 million	2013 – 2014
2014	\$15 million	Beginning in PY 2015
2015	\$15 million	Beginning in PY 2016
2016	\$15 million	Beginning in PY 2017

\* This is an example. The amount of funds which will be made available will be determined on a year-to-year basis.

**E. Coldwater Inc.**

**Comment:** *In previous years, a reserve of \$15 million has been established for WRRSP nominations, with \$7.5 million allotted to each of the WRRSP categories, Water resources Protection and Water Resource Restoration. Accordingly, we question why only \$20 million would be made available for a two-year funding cycle, as it will effectively reduce total WRRSP*

*funding by \$10 million over each two-year funding period..... We respectfully request that if Ohio EPA is to implement a two-year funding cycle for WRRSP, to do so in such a manner to maintain the previous levels of WRRSP funding, i.e. provide \$30 million in each funding cycle to be awarded over the two-year period.*

**Response:** This comment is essentially the same as the comment submitted by the City of West Carrollton. Please see response above.

#### **F. Cleveland Metroparks**

**Comment:** *WRRSP represents an extraordinary and reliable source of funds for habitat restoration projects in the State of Ohio. In past years, \$15M in funds has been allocated to applicable projects. However, with the new two-year project timeline allowed for WRRSP-funded projects, only \$20M in funds has been made available, which equates to only \$10M per year. Cleveland Metroparks respectfully requests consideration of an increase in the allocation of available funds to remain consistent with past years.*

**Response:** This comment is essentially the same as those above. Please see response above.

#### **G. City of Columbus Recreation and Parks**

**Comment 1:** *In stream restoration projects, the status of the Implementation Plan is a critical factor. The Nomination Form and the Management Plan both emphasize the timeline, and provide firm language that projects must be able to meet the deadlines of the sponsoring loan. However, the scoring categories for restoration do not score the implementation readiness of a project, which allows great latitude for less-ready projects to move ahead of shovel ready projects. In our case, Columbus has fronted the costs of completing final construction plans, permitting, covenant preparation, and firming up a sponsor (Athens) in advance. This likely puts our project far ahead of all 2013 restoration projects by a considerable amount of time and preparation. This was done to position our project as an excellent 2013 candidate, ready to move forward by the end of March, to begin construction this year and provide the sponsor with the loan benefits. We realize we were 'at-risk' for this work.*

**Response:** The comment implies that additional points should be added to WRRSP projects based on readiness to proceed. Currently, the scoring system does not include additional points for readiness to proceed. The ranking system, as described in the PMP, is water quality based – targeting the WRRSP projects that will provide the most benefit to the State's water resources. At this time, adding additional points for other factors, such as readiness to proceed, is not being considered. For WRRSP projects, the new two-year funding cycle will address the need to do advanced planning and accelerated environmental covenant preparation by requiring that all of that pre-award work is done at the end of the first year of the two-year cycle. This process will make all of those projects ready to proceed in the second year of the two-year cycle.

**Comment 2:** *Given the transition of WRRSP towards a two year program, we see that higher budget dam removal projects spanning two years are being funded. They're good projects. Our concern is that these projects were placed in the Priority List, with a loan/construction scheduled for 2014, yet only a single year of funding for all projects was allocated? This put single year 2013 projects like ours at a disadvantage. We feel the funding should have been increased to*

*accommodate including larger two year projects. The four selected restoration projects total \$12,784,500. By increasing the 2013 WRRSP to \$14.5 m, Clover Groff/Hellbranch moves into funding range.*

**Response:** All projects are scored based on the benefits to water quality. Projects which have the biggest impact on water quality will score highest, and are more deserving of limited WRRSP funding. With regard to allocating “only a single year of funding for all projects”, please see the detailed response above to the City of West Carrollton’s comment.

**Comment 3:** *Our \$1.7 m request was based on full restoration of the main stem Clover Groff and a secondary ditch. The final 400’ of the project occurs west of Alton Road, on Prairie Township property and a private property owner. Both have been contacted, both are in favor, and the township is ready to vote on the covenant. However, to keep our project easily within the tight time frames we’ve discussed during the past few weeks with Athens and DEFA, we feel it would be safest to slightly shorten this project—from Broad Street to Alton Road---all on city property. This would reduce our WRRSP funding request from \$1.7m to \$1.4m. We would then apply for 319 funding and/or Clean Ohio funding this May for the remaining section. We offer this to provide flexibility as DEFA reviews our request.*

*We hope that DEFA will examine the uniqueness of our project, the advanced state of our plans, the availability of a good sponsor, and our revision of the budget and scope and put the Clover Groff/Hellbranch Restoration into the 2013 program year.*

**Response:** We recognize the work that the Recreation and Parks Department has put into their project. We regret that the project did not score high enough to be within the fundable range. We would encourage the City to re-nominate the project for consideration when we advertise the call for nominations for the 2014 PMP.

## **H. Clark County**

**Comment 1:** *Clark County asked for a modification to the WPCLF Program Management Plan (PMP) with respect to the interest rate assigned to the project due to the project’s main goal to treat wastewater for the Green Meadows and Crystal Lake CDPs that are on the WPCLF 0% Hardship Interest Rate Communities. The County states these customers make up approximately 30% of the customer base that will pay for the project and ask to divide the loan into two loans, one with a standard rate and one with a 0% rate.*

**Response:** When DEFA assigns loan interest rates for Counties, if a project’s costs are not broken out such that the complete cost of the project is assigned to a particular community, we will assign an interest rate based on the County’s total system. Since the entire County will participate in the repayment of these improvements, the rate will remain the standard rate.

If the County wanted to pursue this in program year 2014, they would need to nominate two projects with the appropriate information provided as noted above. That is, one nomination showing the project and cost assigned to the two communities requesting the 0% funding, and one nomination for the cost assigned to the rest of the County.

**Comment 2:** *The County requests principal forgiveness for the project costs for Green Meadows and Crystal Lake.*

**Response:** The County did not submit a principal forgiveness nomination form which outlines this specific request by the nomination deadline of November 8, 2012. We must adhere to the nomination deadlines established for the program to consider projects for principal forgiveness.

### **I. Village of Lisbon**

**Comment:** *The Village of Lisbon's consultant has requested a modification to the WPCLF Program Management Plan (PMP) to allow the Village to qualify for principal forgiveness due to the amount of time it has taken for Lisbon to complete design and therefore, bid a construction project which was eligible for principal forgiveness in PY 2012.*

**Response:** The offer for WPCLF principal forgiveness was for program year 2012 per the community's schedule provided with their nomination form. We understand projects are hard to predict when they will be ready for loan award and that could affect how their funding is awarded. There are many aspects of project management which affect the project schedule. However, our offer for principal forgiveness was made with the understanding Lisbon would receive a loan award for both the design and construction loan, in program year 2012 or they would need to re-nominate their project for funding in program year 2013 and compete with all other communities that requested principal forgiveness. Unfortunately, with reduced federal appropriations, and a smaller amount of principal forgiveness available, the Village of Lisbon is not the only community which was offered principal forgiveness in 2012, but not in 2013. Each program year brings a new collection of projects to be scored and ranked. It is the WPCLF's goal to fund the highest ranked projects, given the amount of funds available.

While we can understand the disappointment regarding the absence of principal forgiveness, Ohio EPA would be happy to work with the Village on the proposed East Chestnut Street Combined Sewer Separation project. The Village qualifies for the WPCLF 1% hardship rate.

### **J. Village of Cloverdale**

**Comment:** *The Village of Cloverdale's consultant has requested a modification to the WPCLF Program Management Plan (PMP) to allow Cloverdale to qualify for principal forgiveness due to the amount of time it has taken Cloverdale to prepare and submit a planning loan application during program year 2012, in which the Village qualified for principal forgiveness.*

**Response:** The offer for principal forgiveness was for program year 2012 per the community's schedule provided with their nomination form. We understand projects are hard to predict when they will be ready for loan award and that could affect how their funding is awarded. There are many aspects of project management which affect the project schedule. However, our offer for principal forgiveness was made with the understanding that the Village of Cloverdale would receive the loan award for their planning project in program year 2012 or they would need to re-nominate their project for funding in program year 2013 and compete with all the other communities that requested principal forgiveness. Unfortunately, with reduced federal appropriations, and a smaller amount of principal forgiveness available, the Village of Cloverdale is not the only community which was offered principal forgiveness in 2012, but not in 2013. Each program year brings a new collection of projects to be scored and ranked. It is the WPCLF's goal to fund the highest ranked projects, given the amount of funds available.

While we can understand the disappointment regarding the absence of principal forgiveness, Ohio EPA would be happy to work with the Village on the proposed Wastewater Collection and Treatment System project. The Village qualifies for the WPCLF 0% hardship rate.

**K. Responses to Comments Regarding Individual Projects**

We received and responded to project-specific comments from the following entities:

City of Canton  
Village of Cardington  
Cleveland Metroparks  
City of Columbus  
City of Euclid  
Highland County  
MetroParks serving Summit County  
Montgomery County  
Village of Mt. Orab  
Village of Newport  
Noble County  
Village of Stockport  
Village of Tappers Plains