



OKLAHOMA
Water Resources Board

OWRB REAP Grant Rule Changes

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Presentation Overview

- Review of New Point Scale
 - What has changed?
- Changes Explained
 - How will this effect my future score?
- Closing Remarks
 - Who do I contact with grant questions?



REAP Grant Ranking – Old & New

Population – 55 points max	Population - 55 points max
Water/Sewer Rates – 13 points max	Rates & Study – 10 points max
Indebtedness per customer – 10 points max	Operational Cost Ratio – 13 points max
Median Household Income – 10 points max	Adjusted Per Capita Income – 10 points max
Ability to Finance Project – 12 points max	Local Participation – 12 points max
Need – based on Consent Order – 5 points max	Need – based on Consent Order – 5 points max
Amount of Grant Requested – 5 points max	Amount of Grant requested – 7 points max
Benefit to Other Systems – 5 points max	Benefit to Other systems – 5 points max
Previous Grant Assistance – 0 points max	Previous Grant Assistance – 0 points max
Sustainability – 10 points max	Sustainability – 10 points max
Workshop Attendance – 5 points max	Workshop Attendance – 5 points max
Total Points – 130 points max	Total points - 130 Max

Changes Explained

- Population (P) – 55 points max
 - Now includes all communities within a population of 7,000 or less
- Rates and Study (RS) – 10 points max
 - Replaces Water and Sewer Rates
- Operational Cost Ratio (OCR) – 13 points max
 - Replaces Indebtedness per customer
- Local Participation (LP) – 10 points max
 - Replaces ability to finance project
- Adjusted Per Capita Income (APCI) – 10 points max
 - Replaces median household income
- Amount of Grant Requested (AR) – 7 points max
 - Increases amount of grant requested and points
- Sustainability (S) – 10 points max
 - Changes how the entity works for the community

Categories That Remain the Same

- › Need – based on Consent Order (N) – 5 points max
- › Benefit to other system (BP) – 5 points max
- › Previous Grant Assistance (PG) – 0 points max
- › Workshop Attendance (WA) – 5 points max



Population (P)

- **OLD** - Communities of 1,750 or less or Districts with 525 non-pasture taps or less were only considered since they got the preferential points.
- **NEW** – Follows statute and allows all communities with 7,000 or less to be considered.

Point Structure

- Pop less than 1750 or less than 525 taps – 55 points
- Pop less than 3500 or less than 1050 taps – 40 points
- Pop less than 5250 or less than 1575 taps – 25 points
- Pop less than 7000 or less than 2100 taps – 10 points
- Over 7000 and over 2100 – Automatic denial



Rates and Study (RS)

- **OLD** - Water/Sewer Rates was just based on how much the system charged. Some communities have not done rate increases in decades. Can't gauge what is or isn't good rates.
- **NEW** – Rates and Study allows the entity to take action for their own rates by checking/verifying that they are charging what is needed for the system.

Point Structure

- Conducted within 2 years – 5 points
- Conducted more than 2, less than 5 years – 0 points
- No Rate Study within 5 years – (-5) points
- Billing rate structure – 5 points max
 - Unmetered, Decreasing, Uniform, Increasing – (-3) – 2 points
 - Sales Tax available – 1 point
 - Automatic increase – 2 points



Operational Cost Ratio (OCR)

- **OLD** - Indebtedness per customer looked at the monthly payment for any water/sewer debt incurred by the system divided by number of customers served.
- **NEW** – Operational Cost Ratio (OCR) – OCR looks at the financials and compares the revenues against expenses and debt. Since the SRFs look at Debt Coverage Ratio (DCR), the OCR can give insight to where a community stands fiscally to gain access to SRF funding in the future. Formula: $(\text{Operating Revenues} - (\text{Operating Expenses} + \text{Depreciation})) / (\text{Debt} + \text{Amount of grant requested})$

Point Structure

- If the OCR is less than 1.0 times, the applicant receives 0 points.
- If the OCR is more than 1.0 times but less than 1.25 times, the applicant receives 10 points.
- If the OCR is over 1.25 times, the applicant receives 13 points.



Local Participation (LP)

- **OLD** - Ability to finance project looked at the ability of a system to be able to finance the project they are requesting.
- **NEW** – Local Participation gives the community more autonomy to determine what they can and cannot afford for the project and if other funding is available, flexibility to determine their points.

Point Structure

- If the percentage of project cost locally funded is less than 15%, the applicant receives 0 points.
- If the percentage of project cost locally funded is 15% or more but less than 20%, the applicant receives 5 points.
- If the percentage of project cost locally funded is more than 20%, the applicant receives 10 points.



Adjusted Per Capita Income (APCI)

- **OLD** - Median household income which was essentially the middle number of recorded incomes from small to large that is not always an accurate representation for the communities.
- **NEW** – Adjusted Per Capita Income looks at multiple trends for the community from per capita income, population trend and employment rate against that of the United States and provides a wholistic view of those in need.

Point Structure

- 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.
- 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.
- 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.
- 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.



Amount of Grant Requested (AR)

- **OLD** - Per statute, the amount of grant requested ranged up to \$150,000.00 in \$20K increments up to the sweet spot and then in \$10K increments with points ranging from -5 to 5.
 - Maximum amount requested of \$150,000.00 received -5 points.
 - Sweet spot of \$99,999 receives 1 point.
 - An amount requested of up to \$39,999.99 received 5 points.
- **NEW** – Per statute new amounts, the amount of grant requested now ranges up to \$350,000.00 in \$25k increments with points ranging from -7 to 7 – this is also dependent on appropriations for the year.
 - Maximum amount requested of \$350,000.00 receives -7 points.
 - Sweet spot \$174,999 receives 1 point.
 - An amount requested of up to \$24,999.99 receives 7 points.



Sustainability

- **OLD** – Sustainability asked if the system had a plan in place and implemented. There was an option to agree to implement before award but systems could select an option and keep going without providing the plan.
- **NEW** – The new rule will require that entities submit their plan showing how they are working for the betterment of their community.

Point Structure

- Plan in place and working to meet all system needs – 10 points
- Plan in place but working to meet half the system needs – 6 points
- Plan in place but not working to meet any of the system needs – 3 points
- No plan in place – application denied



Things to Keep In Mind

- Under the old structure – only communities and districts smaller than 1,750 or 525 non-pasture taps really had access to REAP grant funding.
- Changes were made to create a more fluid point structure that makes sense for the growing needs of our rural communities and to provide them more autonomy over the points that they can control.
- With the new structure – all communities (within population and taps) qualify and provides us ability to see the greater need of Oklahoma as historically most communities do not apply because they knew they would be denied leaving over half of the needs uncaptured.
- These new elements allow and help rural communities to be forward-thinking and guide them towards the ability to access SRF funding in the future.



Thank You

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Visit Oklahoma.gov/owrb/financing/rural-economic-action-plan-grants for more information.



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