



OREGON WATER UTILITY COUNCIL
Pacific Northwest Section, American Water Works Association

PNWS-AWWA

February 1, 2017

The Honorable Senator Michael Dembrow, Chair
The Honorable Senator Alan Olsen, Vice-Chair
Senate Committee on Environment and Natural Resources

REGARDING: Support for Senate Bill 383

Dear Senators,

The organizations listed above support S.B.383, a \$1.5-million-dollar appropriation from the General Fund for deployment to Oregonians through the state's low-interest septic system loan program. Additional public resources for this very successful program will help Oregon families stay in their homes, improve public and natural system health by treating millions of gallons of wastewater, and attract additional private capital alongside the state's investment.

During the 2016 session, a bipartisan effort (begun in this Committee) created and passed Oregon's first-ever statewide program designed to help homeowners replace failed septic systems, or connect with nearby public wastewater treatment systems. Through a competitive bidding process, Oregon Department of Environmental Quality (DEQ) selected a non-profit third-party administrator of the program, which began offering loans last fall. In just a very short period of time, the program has

grown rapidly to serve Oregonians across the state, leveraging private funds to nearly triple Oregon's initial public investment, and serving rural, suburban, and urban homeowners in need of assistance.

Engagement of septic system installers and regional DEQ county and officials has resulted in a very positive program launch. We note that outreach by the third-party administrator to philanthropists in the Pacific Northwest has nearly tripled the size of the seed funds – from \$200,000 to \$450,000 available to use as loans for this program. But the unique structure of the program, which allows for deferred payments for lower-incomes, requires additional patient capital – including grant funds. S.B.383 will address this need.

Between September 20, 2016 and January 20, 2017:

- 11 loans were approved for \$257,233; the loan covers 100% of the replacement cost of a septic system; of these 4 have already closed.
- 11 cities and 8 counties across the state have been served
- Customer Demographics
 - 4 of the 11 loans are to low-income families (below 80% AMI)
 - Applicant credit scores ranged from 620 to 800
 - In just this sample size alone, the lender has found that many **applications contain one or more issues that traditional public or private lenders would not support even with credit enhancements.**

Despite this horrible winter, **today the number of approved loans is growing and** these new systems alone will treat over 1.5 million gallons of wastewater, resulting in healthier communities and natural systems.

This is the tip of the iceberg – the need for this program could be as high as approximately 150 families per year for many years to come. **A further down payment of \$1.5 million in this biennium will continue to allow DEQ contract out and serve those families, attract additional private capital (1:1), and keep us on target in our shared goal of building stronger urban and rural communities throughout Oregon, particularly in rural areas.**

Sincerely,

Association of Oregon Counties
Craft 3
Oregon Environmental Council

City of Bend
League of Cities
Oregon Water Utility Council