



Clean Water  
State Revolving Fund

# OPPORTUNITIES FOR CONSERVATION DISTRICTS

Kelly Tucker

U.S. EPA





# OVERVIEW

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- **What is the Clean Water State Revolving Fund (CWSRF)?**
- **How can conservation districts use the CWSRF?**





# BACKGROUND

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## The Clean Water State Revolving (CWSRF)

- The CWSRF was established in 1987 with the reauthorization of the Clean Water Act
- It was designed by Congress as a sustainable source of financial assistance to make the capital costs of public purpose water infrastructure more affordable
- The program consists of 51 state-managed water infrastructure banks
- The 51 CWSRFS provide subsidized financial assistance for a wide range of public purpose water quality projects

“The CWSRF ranks up there with the Eisenhower Interstate Highway System as one of the most successful infrastructure programs created in this country.”

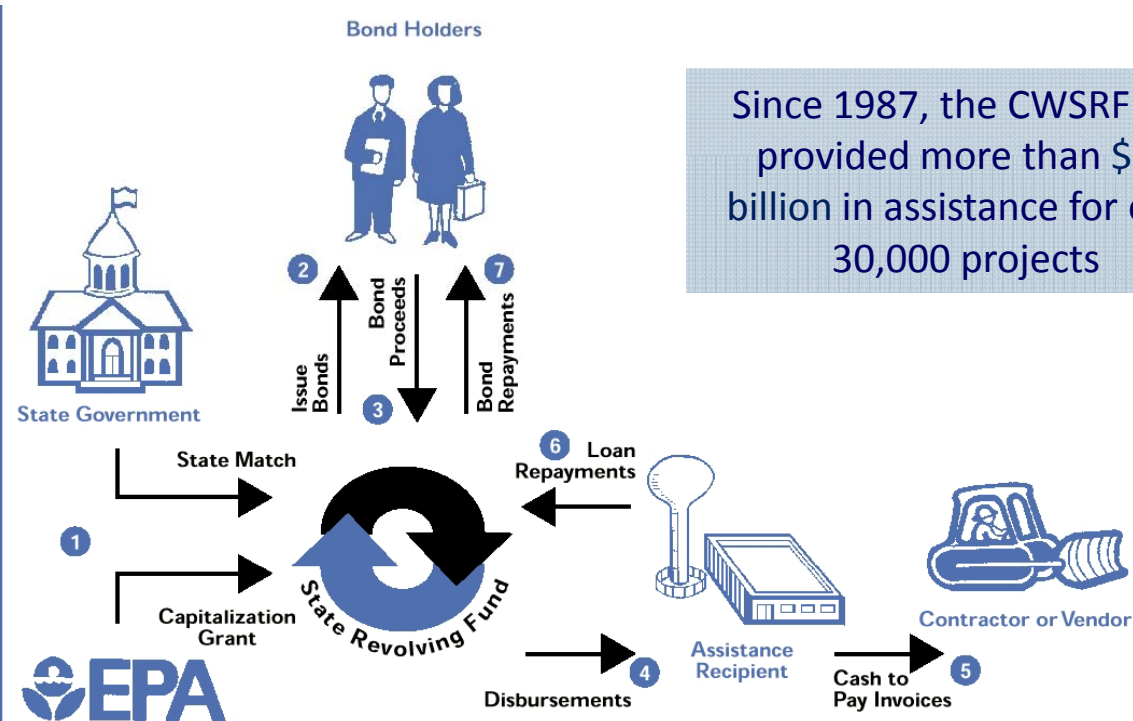
Robert Lenna  
Executive Director of Maine Municipal Bond Bank



# PROGRAM STRUCTURE

## Structure of the CWSRF

- EPA awards capitalization grants to the States
- States contribute a 20% state match
- States make loans with interest rates below market rate to eligible assistance recipients
- Recipients repay the loans, making the money available for new loans to finance new projects





# BROAD ELIGIBILITIES

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## Point Source Projects (Section 212)

- Must meet the definition of “treatment works”
- Must be publicly owned
- Must serve a public purpose
- Regulated by an NPDES permit
- Example: wastewater treatment plant, stormwater project in MS4

## Nonpoint Source (Section 319)

- Extends eligibility to privately-owned, private-purpose projects
- Must not be regulated by an NPDES permit (Can go beyond what is required by the permit)
- Must be included in Section 319 plan

## Implementation of National Estuary Program CCMP (Section 320)

- Extends eligibility to privately-owned, private-purpose, NPDES-regulated projects
- Can be point source or nonpoint source
- Must be located in a National Estuary watershed and included in a Section 320 Comprehensive Conservation Management Plan



# TYPES OF PROJECTS

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- Wastewater treatment plant
- Sewer interceptors
- Sewer collection systems
- Pumps and equipment
- CSO correction
- Land purchase for treatment application
- Stormwater pipes, storage and treatment
- Sediment traps and basins
- Wetland restoration
- Conservation easement
- Onsite sewage treatment (septics)
- Cluster systems
- Land for reservoirs
- Green infrastructure
- Energy-efficiency POTW upgrades
- Water conservation education
- Water-efficient fixtures
- Water meters
- Recycled water distribution system
- Alternative energy for a POTW
- Landfill leachate collection/liners
- Planting trees and shrubs
- Pervious pavement
- Contaminated site cleanup
- Efficient irrigation equipment
- Manure management BMPs
- More....





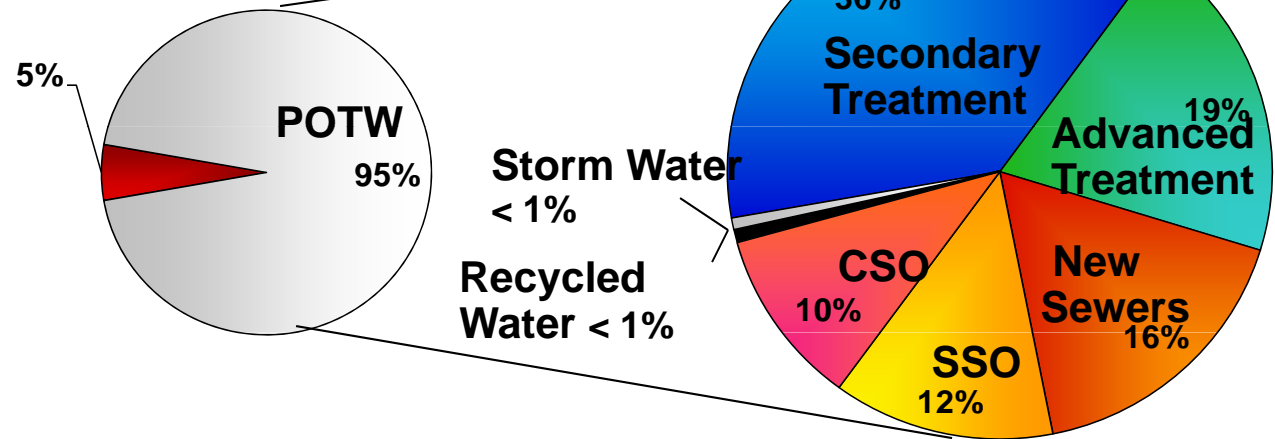
# ASSISTANCE RECIPIENTS

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- Municipalities
- Publicly Owned Wastewater Treatment Works
- Privately Owned Wastewater Treatment Works (in national estuary areas)
- **Conservation Districts**
- Nonprofit Organizations
- Watershed Groups
- Homeowners
- Farmers

# AVAILABLE FUNDING

**Nonpoint  
Source, Estuary  
& Unclassified**



**Total: \$95.4 Billion**  
**NPS & Estuary: \$4.1**  
**Billion**  
**(\$1.2 Billion not classified)**

**POTW**  
**\$90.1**  
**Billion**

|  |        |        |
|--|--------|--------|
|  | \$34.1 | \$11.9 |
|  | \$17.8 | \$9.6  |
|  | \$15.4 | \$0.7  |
|  |        | \$0.6  |





# COST SAVINGS

CWSRF programs save communities significant financing costs:

•For example, when the market rate is 6.0%, a 3.0% CWSRF loan to a \$100,000 project is equal in savings to a \$23,000 grant and a \$77,000 loan at market rates

## Cost Savings of CWSRF Below-Market Interest Rates

|             |      | CWSRF Rate |            |            |            |            |
|-------------|------|------------|------------|------------|------------|------------|
|             |      | 0.0%       | 1.0%       | 2.0%       | 3.0%       | 4.0%       |
| Market Rate | 5.0% | <b>38%</b> | <b>31%</b> | <b>24%</b> | <b>16%</b> | <b>8%</b>  |
|             | 6.0% | <b>43%</b> | <b>36%</b> | <b>30%</b> | <b>23%</b> | <b>16%</b> |



# FLEXIBLE REPAYMENT

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## Repayment Sources

•SRF assistance recipients have the flexibility to access income from many sources as repayment for assistance, including:

- Usage based wastewater bill charges
- Special assessments
- Home owner association assessments
- Stormwater district fees
- Farming revenues
- Non-profit membership fees
- Home owner fees
- Landfill fees
- For profit company revenue
- Property tax revenue

The Chesapeake Bay Trust supports its mission in part by revenues earned by the sale of the *Treasure the Chesapeake* license plate. These funds could be used by the Trust to repay an SRF loan.





# OPPORTUNITIES

## Sponsorships

- A growing number of CWSRF programs choose to tackle nonpoint source (NPS) pollution with POTW sponsorships
- POTWs can sponsor a NPS project in their community in exchange for a reduced interest rate on their CWSRF loan

| Project          | POTW Project Only    | POTW Project + NPS Project (Sponsorship) |
|------------------|----------------------|--|
| Project Size     | \$1,000,000          | \$1,200,000                              |
| Interest Rate    | 2.98%                | 1.06%                                    |
| Repayment Amount | \$33,366 (2x / year) | \$33,366 (2x / year)                     |

Interest rate is set so that repayments remain the same

- No financial impact to the POTW
- Projects without an easily identifiable repayment source get implemented
- States need to judiciously use this tool because it does impact the buying power of the CWSRF





# OPPORTUNITIES

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## Green Project Reserve Requirement

- FY2010 and FY2011 appropriations requires that 20% of funds be used for green projects, to the extent that states have eligible projects
- FY2012 appropriation requires that 10% of funds be used for green projects
- Green projects include:
  - Green Infrastructure
  - Water Efficiency
  - Energy Efficiency
  - Environmentally Innovative
- Does not expand the eligibilities of the SRF program

## Additional Subsidy

- Additional subsidy can be provided in the form of:
  - Principal Forgiveness
  - Negative Interest Loan
  - Grant
- FY2010: approx. \$966,900,000 available nationally
- FY2011: approx. \$446,900,000 available nationally
- FY2012: approx. \$115,400,000 available nationally



# ROLES

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## How Conservation Districts Can Use the CWSRF to Fund Projects

- **Receive SRF Loan for Project**
  - **Example: New Castle Conservation District Wilmington Silverbrook Run CSO and Webb Street Flood Control Project**
- **Act as Intermediary**
  - **Example: WA State Water Pollution Control Revolving Fund provides low-interest loans to the Spokane County Conservation District for the Conservation Tillage Sediment Reduction Program**
- **Assist Local Entities**
  - **Example: West Virginia Agricultural Water Quality Loan Program**

