



CWSRF Version 2.0

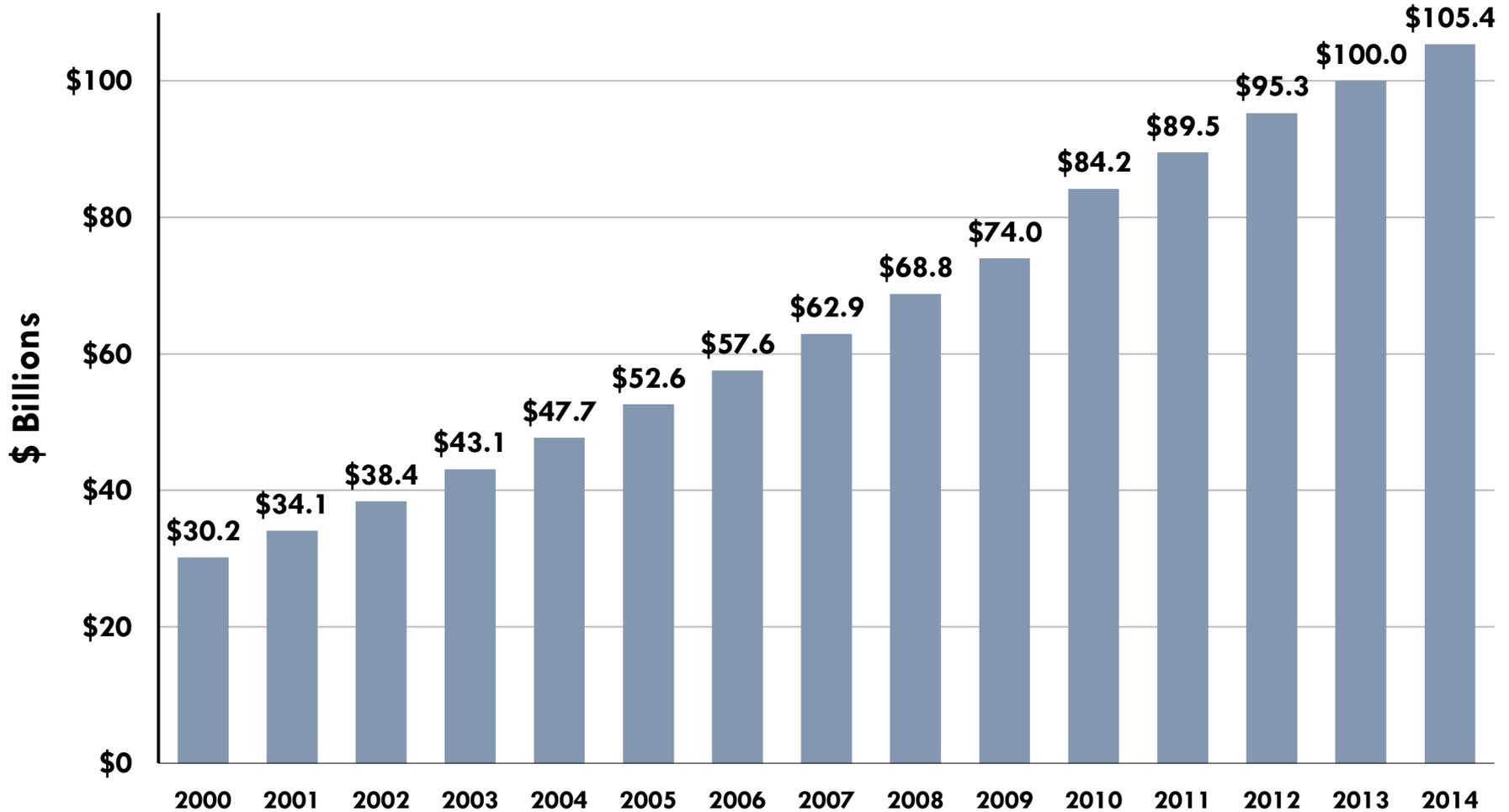
**Dr. Andrew Sawyers, Director
Office of Wastewater Management
U.S. Environmental Protection Agency
Portland, OR - November 11, 2014**

CWSRF Version 2.0

- CWSRF Performance Highlights
- CWSRF Version 2.0: The Water Resources Reform and Development Act (WRRDA) Amendments
- Water Infrastructure Finance and Innovation Act (WIFIA)
- CWSRF Version 2.0: Moving Forward

CWSRF Performance Highlights

CWSRF Cumulative Assistance Exceeds \$105 Billion

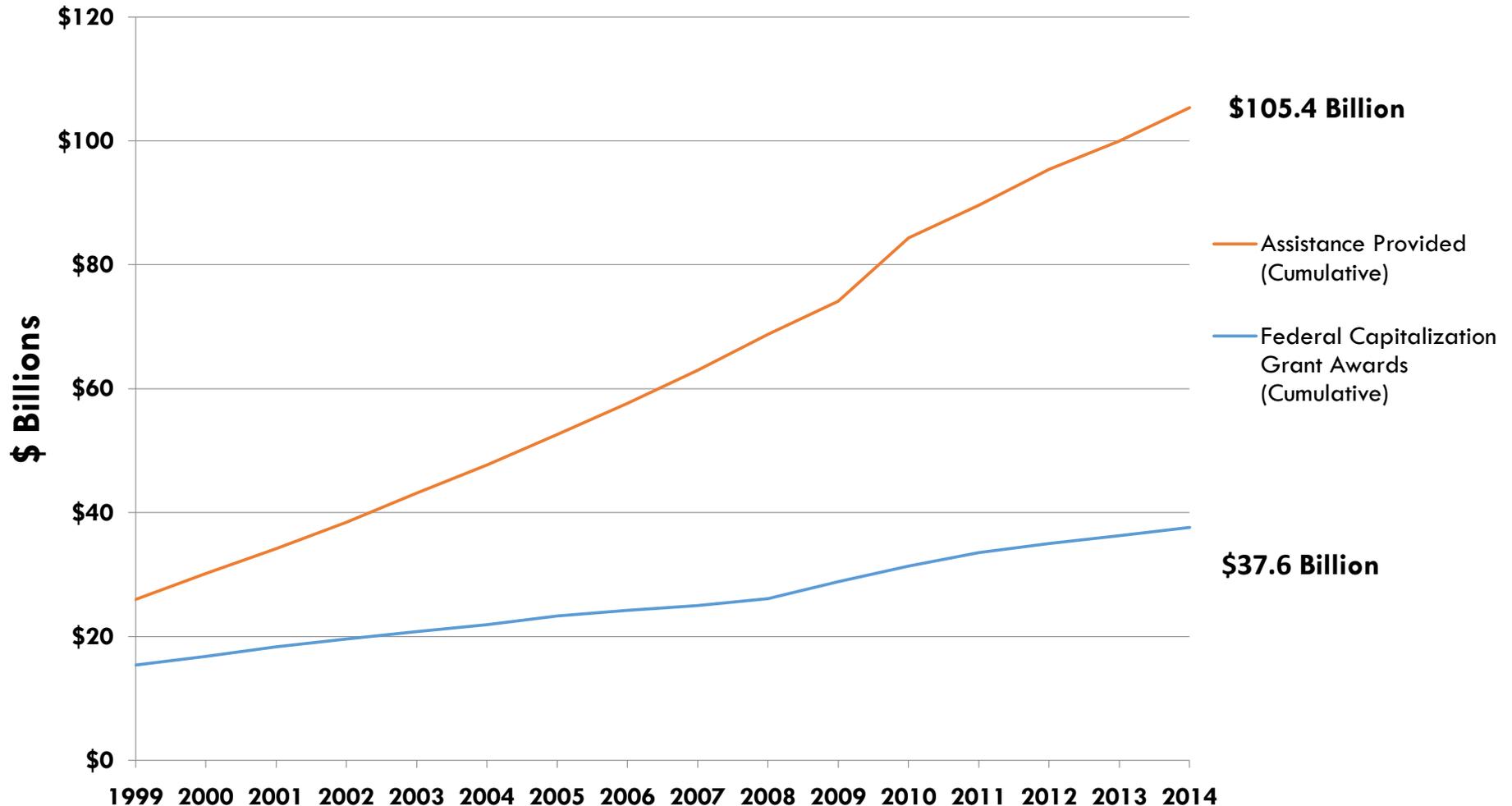


34,902 Cumulative Assistance Agreements

Cumulative Assistance

CWSRF Performance Highlights

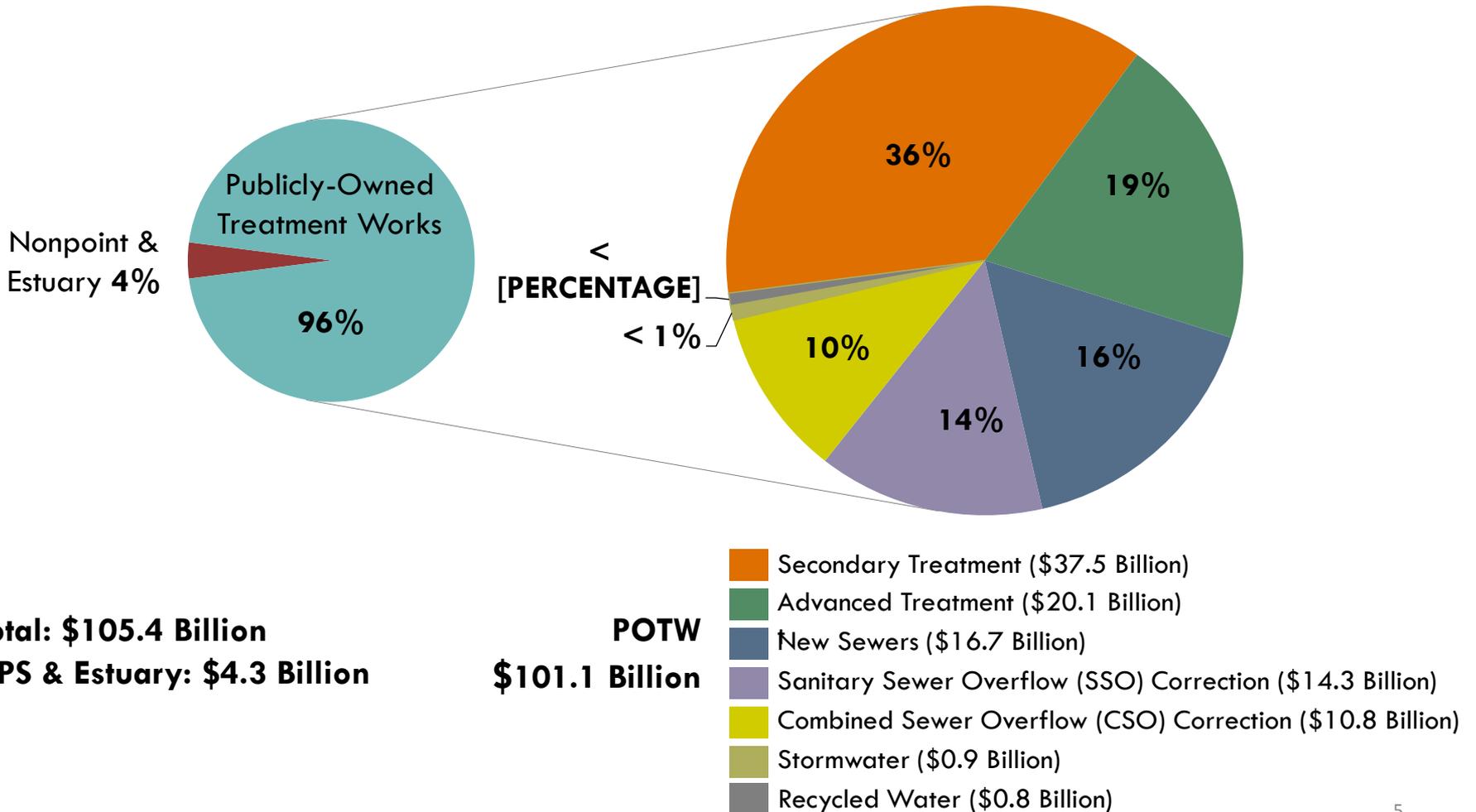
CWSRFs Have Multiplied the Federal Contributions



For every federal dollar that was awarded, over \$2.8 has been committed to projects

CWSRF Performance Highlights

CWSRFs Fund Many Types of Projects



CWSRF Performance Highlights

CWSRFs Support Small & Disadvantaged Communities

- Cumulatively, 23,260 assistance agreements have provided over \$24.3 Billion in funding for projects serving a population less than 10,000
 - Nearly \$12.1 Billion (18,464 assistance agreements) have gone to projects serving a population of less than 3,500
- Under ARRA and subsequent annual appropriations, the CWSRFs have had the ability to offer additional subsidization in the form of principal forgiveness, negative interest loans and direct grants
 - To date, nearly \$4 Billion in additional subsidization has been provided
- Available data indicates that CWSRFs have actively targeted additional subsidization to communities that could not otherwise afford a loan
 - Under the FY 2010 Appropriation, 75% of communities that received additional subsidization were at or below the state median household income

CWSRF Performance Highlights

Environmental Benefits from CWSRF Assistance

Linking CWSRF Financing to the Protection and Restoration of our Nation's Waters

- \$35.4 Billion to improve water quality
- \$22.3 Billion to achieve compliance
- \$36.6 Billion to protect and restore aquatic life and wildlife
- \$8.2 Billion to protect and restore drinking water sources
- \$36.2 Billion to protect and restore recreational uses

Note: Based on the cumulative amount reported by states in the CWSRF Benefits Reporting (CBR) system, accounting for approximately 60% of cumulative CWSRF financing. Double counting may occur due to projects serving multiple designated uses

CWSRF Performance Highlights

CWSRF Assistance through the Green Project Reserve

- Through the end of October 2014, the CWSRF provided approximately \$3.2 Billion to 1,587 Green Project Reserve assistance agreements with over \$208 Million paid for by additional subsidization
 - Over \$615 Million for green infrastructure (e.g., rain gardens, cisterns, constructed wetlands)
 - Over \$1.4 Billion for energy efficiency (e.g., wind, solar)
 - Over \$770 Million for water efficiency (e.g., water meters, leak detection and repair)
 - Over \$386 Million for environmentally innovative projects

CWSRF Performance Highlights

Status Update on CWSRF Unliquidated Obligations and FY14 Awards

- All CWSRFs have received their FY14 capitalization grant award
- As of the end of October 2014, CWSRF ULOs amounted to approximately \$2.5 Billion
 - FY12 and prior capitalization grants only accounted for approximately \$300 Million (or 12.5%) of this amount
- CWSRFs should build off this success and continue to work towards reducing ULOs in capitalization grants
- EPA will continue to closely monitor the status of CWSRF ULOs and will address any issues that may arise on a state by state basis

CWSRF Version 2.0: WRRDA Amendments

- Sections 5001 through 5005 of WRRDA significantly amended the CWSRF provisions of the Clean Water Act
- EPA has worked diligently to assist the CWSRFs in implementing these amendments
 - Issued initial interpretive guidance covering the amendments on September 18
 - Conducted 4 regional and state workshops during the month of the September
 - Sent out draft supplemental guidance on the cost and effectiveness requirement to the states to solicit their comments
 - Planning to send out a set of Qs and As addressing the most frequently asked questions
- The new requirements under WRRDA provide their own set of challenges, but they also open the door to new opportunities
 - Expanded Eligibilities
 - Additional Subsidization
 - Affordability Criteria
 - Fiscal Sustainability Plans
 - A/E Procurement
 - Other Changes

CWSRF Version 2.0: WRRDA Amendments

Expanded Eligibilities

- WRRDA adds eight new CWSRF project eligibilities
- Examples of new project types for which the CWSRF can now provide assistance, include:
 - Privately owned stormwater projects in MS4 areas (including both grey and green infrastructure)
 - New decentralized systems
 - Water efficient appliances in private residences (*provided the project reduced demand for a POTW's capacity*)
 - Watershed pilot projects that increase resilience of POTWs
 - Technical assistance for small and medium POTWs
 - Portion of a DW facility that treats and distributes reclaimed wastewater
- These new eligibilities can help the CWSRF support important initiatives
 - Encouraging green infrastructure
 - Promoting resiliency to extreme weather events
 - Supporting small and disadvantaged communities

CWSRF Version 2.0: WRRDA Amendments

Additional Subsidization

- CWSRFs have the authority to provide additional subsidization
- There is no minimum amount of additional subsidization required
- The maximum percentage that may be provided ranges from 0% - 30%
- Additional subsidization may only be provided to a municipality or intermunicipal, interstate, or state agency for the following:
 - To benefit a municipality that meets the state's affordability criteria
 - To benefit individual ratepayers in the residential user rate class
 - To implement a process, material, technique, or technology that:
 - addresses water or energy efficiency goals
 - mitigates stormwater runoff, or
 - encourages sustainable project planning, design, and construction

CWSRF Version 2.0: WRRDA Amendments

Affordability Criteria

- By September 30, 2015, CWSRFs must establish affordability criteria that will assist them in identifying applicants that would have difficulty financing projects without additional subsidization
- Affordability criteria must be based on:
 - income
 - unemployment data
 - population trends, and
 - other data determined relevant by the State
- If CWSRFs have existing affordability criteria that meet these requirements, they may continue to use those criteria

CWSRF Version 2.0: WRRDA Amendments

Fiscal Sustainability Plans

- Projects involving the repair, replacement, or expansion of a publicly owned treatment works are now required to develop a fiscal sustainability plan (FSP)
 - Applies only to loans
 - Applies to new project applications received on or after October 1, 2014
- States will have the flexibility to set deadlines and establish standards for FSP development to meet the statutory requirements
- Though this requirement does place an additional burden on both the CWSRFs and the borrowers, it can also benefit the CWSRF in several important ways
 - Promoting asset management and energy and water efficiency
 - Helping to ensure the sustainability of SRF funded projects

CWSRF Version 2.0: WRRDA Amendments

A/E Procurement

- Federal procurement requirements in title 40, chapter 11 of the United States Code now apply to A/E services contracts funded with federal dollars for an amount of project assistance equal to the federal capitalization grant
 - Applies to equivalency projects for capitalization grants received on or after October 1, 2014
 - New solicitations, significant contractual amendments, and contract renewals initiated on or after October 1, 2014 are subject to this requirement
- If CWSRFs have an equivalent state requirement, they may comply with that instead
 - Must include A/G certification with capitalization grant application

CWSRF Version 2.0: WRRDA Amendments

Other Important Changes

- Allows CWSRF loan terms up to 30 years provided that they do not exceed the useful life of the project
 - Allows for greater flexibility in offering financing terms that meet the needs of various communities, including those that are small and disadvantaged
- Creates a permanent basis for using CWSRF funds to cover program administration
 - The ability to use SRF funds to cover administrative expenses is no longer dependent on continued federal appropriations
- Codifies Davis-Bacon and American Iron and Steel provisions
- Changes how fees charged by CWSRFs on loans are used

Water Infrastructure Finance and Innovation Act (WIFIA)

- WIFIA was passed as part of WRRDA
- Modeled on the Transportation Infrastructure Finance and Innovation Act (TIFIA) of 1998
 - Meant to be an innovative financing mechanism for water-related infrastructure
- Attempts to fill in a perceived gap left open by the SRF programs by providing subsidized financing for large projects
- Purpose is to provide loans or guarantees to water and wastewater projects of a national or regional significance
 - Funds are appropriated to provide a reserve subsidy for credit assistance, not for direct outlays to projects
 - TIFIA averages \$10 in loans for every \$1 appropriated

Water Infrastructure Finance and Innovation Act (WIFIA)

Next Steps

- Though no funds have been appropriated, EPA is still taking steps to develop the program
 - Holding WIFIA listening sessions across the country to get perspectives from stakeholders and interested parties
 - Developing a plan for implementation that focuses on creating an efficient and transparent program
- Next steps depend greatly on actions taken by either Congress or the Administration

CWSRF Version 2.0: Moving Forward

www.epa.gov/cleanwatersrf

