Best Practices for Financing Nonpoint Source Solutions with the CWSRF: An Introduction

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Hello.
I am your friend.

Find me at www.epa.gov/cwsrf in What's New.

Or www.epa.gov/nps
If you prefer.
Where are we going and how do we get there?

1. Understanding NPS & CWSRF Program Eligibilities
2. Developing partnerships & overcoming barriers
3. Coordinating a successful financing approach
4. Customizing your strategy
NPS has been a CWSRF eligibility since the program was established...

1987 CWA Amendments

- 603(c)(1) Construction of publicly owned treatment works (POTW)
- 603(c)(2) Implementation of a nonpoint source management program
- 603(c)(3) Implementation of a national estuary program CCMP

https://www.epa.gov/cwsrf/overview-clean-water-state-revolving-fund-eligibilities

In 2014, WRRDA expanded eligibilities and flexibilities that emphasized even more creative uses of CWSRF
Primary Cause of Impairment for Waterbodies with TMDLs, %

- Point Sources (24%)
- Nonpoint Sources (76%)

(Source: EPA, 2011, A National Evaluation of CWA §319 Program)

CWSRF Investments through 2021, $ Billions

- Point Source, $142.1 (92.2%)
- Stormwater & Other, $6.70 (4.3%)
- Nonpoint Source, $5.4 (3.5%)

$154.2 billion provided via the 51 CWSRF programs since 1988
CWSRF Funding - Total NPS Through FY21, $M
CWSRF Financing by NPS Category thru 2021, All States

- Sanitary Landfills: $1,600 M
- Hydromod / Habitat: $1,400 M
- Decentralized Wastewater: $800 M
- Ag BMP Cropland: $600 M
- Groundwater Unk. Source: $500 M
- Storage Tanks: $400 M
- Ag BMP Animals: $300 M
- Brownfields: $200 M
- Silviculture: $200 M
- Land Conservation: $200 M
- Resource Extraction: $100 M
- Marinas: $0 M
CWSRF Funding - Cropland Ag BMPs Through FY21, $M
What kinds of things can be funded with the CWSRF and CWA §319?

The federal view...

Examples of eligible uses of CWSRF and §319 funds:

- NPDES-permitted wastewater & stormwater
- Energy and water efficiency
- Activities addressing NPDES permit enforcement actions
- New sewer collection lines into decentralized/septic-served areas
- Resilience of treatment works
- Wastewater reclamation and reuse
- Well capping
- Landfill capping

CWSRF:
- Agricultural BMPs
- TMDL implementation
- Habitat protection & restoration
- BMPs that implement watershed-based plans
- Urban runoff not associated with an NPDES permit
- Abandoned mine drainage treatment & remediation
- Brownfield/Superfund sites: water quality issues
- Decentralized/septic wastewater system repair, replacement & upgrades
- Land acquisition for watershed protection
- Development of watershed-based plans
- Erosion/sediment control
- Streambank stabilization

§319:
- Technical assistance & coordination from state NPS program staff
- Salaries for regional/local watershed coordinators
- NPS project management & oversight
- Ambient water quality monitoring
- NPS monitoring: general & project-specific
- Septic system inspections

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Challenges for Using CWSRF for NPS Needs

• Identifying a repayment source
• State-imposed restrictions on lending to NGOs and Community Development Financial Institutions (CDFIs)
• Higher administrative burdens associated with smaller loan sizes and greater # of projects (think “Ag BMPs vs POTW upgrades”)
• Capacity constraints at state CWSRF agencies to explore new directions

This generates revenue

This doesn’t
Integrating State CWSRF and NPS Programs
It starts with a conversation. Ask questions.

What are the key water quality issues in your state?
• How can the mission of the state CWSRF program better align with these issues?
• How can the state §319 program and CWSRF program work more collaboratively on common goals and priorities?

Is your state CWSRF program maximizing the suite of SRF eligibilities?
• If not, why not?
• Identify obstacles and limitations

How can obstacles make way for opportunities? Should your SRF consider...
...standing up a subprogram ...
...priority ranking changes ...
...rules/statutory changes ...
...staffing changes ...
...expanded partnerships ...
...marketing and outreach
Setting up the Conversation: Building on Foundational Understanding & Common Goals

Align water quality goals and establish priorities
Work collegially through questions such as...

- Are the programs targeting the correct issues and connecting with the appropriate assistance recipients and stakeholders?
- Is there overlap in project types that present opportunities for collaborative or innovative funding?
- Are there potential priority projects that exceed the funding available through the CWA §319 Program or other state funding sources?
- Should a state’s CWSRF program consider making changes to its evaluation criteria or administrative rules to better facilitate the financing of priority NPS efforts?
EPA HQ has sponsored CWSRF nonpoint source pilot projects in many states. Let your EPA Regional Coordinator know if you have a nonpoint source pilot project in mind!
Nonpoint Source Discussion Questions

1) Do you know what your state’s biggest current NPS challenges are?

2) Does your CWSRF program have an effective way of working to help meet those challenges?

3) How often are your state’s CWSRF program staff meeting with your state’s NPS program counterparts at the staff level? ...at the management level?

4) How might your state create opportunities for these programs to meet more regularly to address those challenges?
Source Water Protection Discussion Questions

1) What kinds of source water protection projects do you plan to support using either of your state’s SRF programs?

2) What was the driving factor behind selecting those projects (e.g., water quality needs, community support, matching funds, etc.)?

3) How do you learn about drinking water needs in your state? Do you collaborate with your state drinking water program staff or management to inform your IUP?

4) Do you have any source water protection criteria or inclusion of SWP in project priority ranking in your state SRF program?