
Don Waye, US EPA Nonpoint Source Program
Dec. 16, 2021
Hello.
I am your friend.

Find me at
www.epa.gov/cwsrf

Or www.epa.gov/nps
If you prefer.
“Would you tell me, please, which way I ought to go from here?”

“That depends a good deal on where you want to get to,” said the Cat.

“I don't much care where—” said Alice.

“Then it doesn't matter which way you go,” said the Cat.
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

In 2014, WRRDA expanded eligibilities and flexibilities that emphasized even more creative uses of CWSRF

https://www.epa.gov/cwsrf/overview-clean-water-state-revolving-fund-eligibilities
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 2020, $ Billions

- Point Source, $134.77 (93.1%)
- Stormwater & Other, $5.50 (3.3%)
- Nonpoint Source, $5.18 (3.6%)

$145.5 billion provided via the 51 CWSRF programs since 1988
CWSRF by the Numbers

$145 billion provided via the 51 CWSRF programs since 1988

$7.48 billion provided by the 51 CWSRF programs in FY20

42,800 assistance agreements (a.k.a. “projects”) since 1988

1.2% - National average interest rate for CWSRF loan in 2020 (vs. 2.7% prevailing market rate)

Just 3.6% of overall funding pie has gone toward NPS
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:

- CWSRF:
  - 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

- §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

- Both:
  - 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
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
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  ...staffing changes
...priority ranking changes  ...expanded partnerships
...rules/statutory changes  ...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?
Stakeholder Engagement

Work together to cast a broad net

SRF and 319 programs each have a broad suite of networking contacts.
Identify influential stakeholders that the programs do not interface with regularly.
Divide and conquer!

Educate the public on proposed plans to address water quality challenges and build support and participation

Gather feedback from a diverse cross-section of stakeholders.
Getting Commitments

Formalize the relationship with an agreement or MOU

• Roles and responsibilities clearly articulated
• Develop shared planning timelines
• Include a list and schedule of activities
• Identify critical milestones

Develop policies and procedures for implementation

• Regulatory changes
• Development of new financial assistance applications and agreements
• Marketing materials

Keys for Success

Make sure to engage partners and stakeholders early and often. Their participation in developing solutions will help galvanize commitment to the project!
Get creative. Think outside the conventional loan.
How many ways can you finance a project in the CWSRF program?

- Direct loans
- Bond purchase agreements
- Guarantees
- Pass-through loans
- Double pass-through loans
- Linked deposit
- Sponsorship
- Sub-state revolving loan funds
- ProFi loans
- Watershed financing partnerships
- Intermunicipal Lending
- Interstate Lending
Test Your Approach with a Pilot Project

- Target a specific water quality challenge or goal
- Take newly formed partnerships on a test run
- Test viability of financing and loan repayment mechanisms before deploying the approach more broadly

- Assess time and workload demands on staff
- Calibrate accountability structures between partners
- Galvanize relationships
Develop a Strategic Plan

A good strategic plan is developed collaboratively to:
• memorialize the mission
• identify planning goals
• manage expectations
• strive for continuous improvement

Establish Accountability Structures
• Roles and responsibilities
• Mutually agreed-upon planning timelines

Implement New Solutions
• Activities required to realize the proposed solutions
• Project management approach with milestones and targets

Continuous Improvement
• Track project outcomes and benefits over time
• Showcase success stories
• Adjust for demand, emerging water quality priorities
Resources & Pilot Projects

EPA HQ has sponsored CWSRF nonpoint source pilot projects in AK, AZ, KS, MD, MN, NC and WI. Let your EPA Regional Coordinator know if you have a nonpoint source pilot project in mind!