

STATE REVOLVING FUND &
NONPOINT SOURCE POLLUTION



CWSRF Best Practices Guide for Financing Nonpoint Source Solutions: An Introduction

Don Waye, US EPA Nonpoint Source Program
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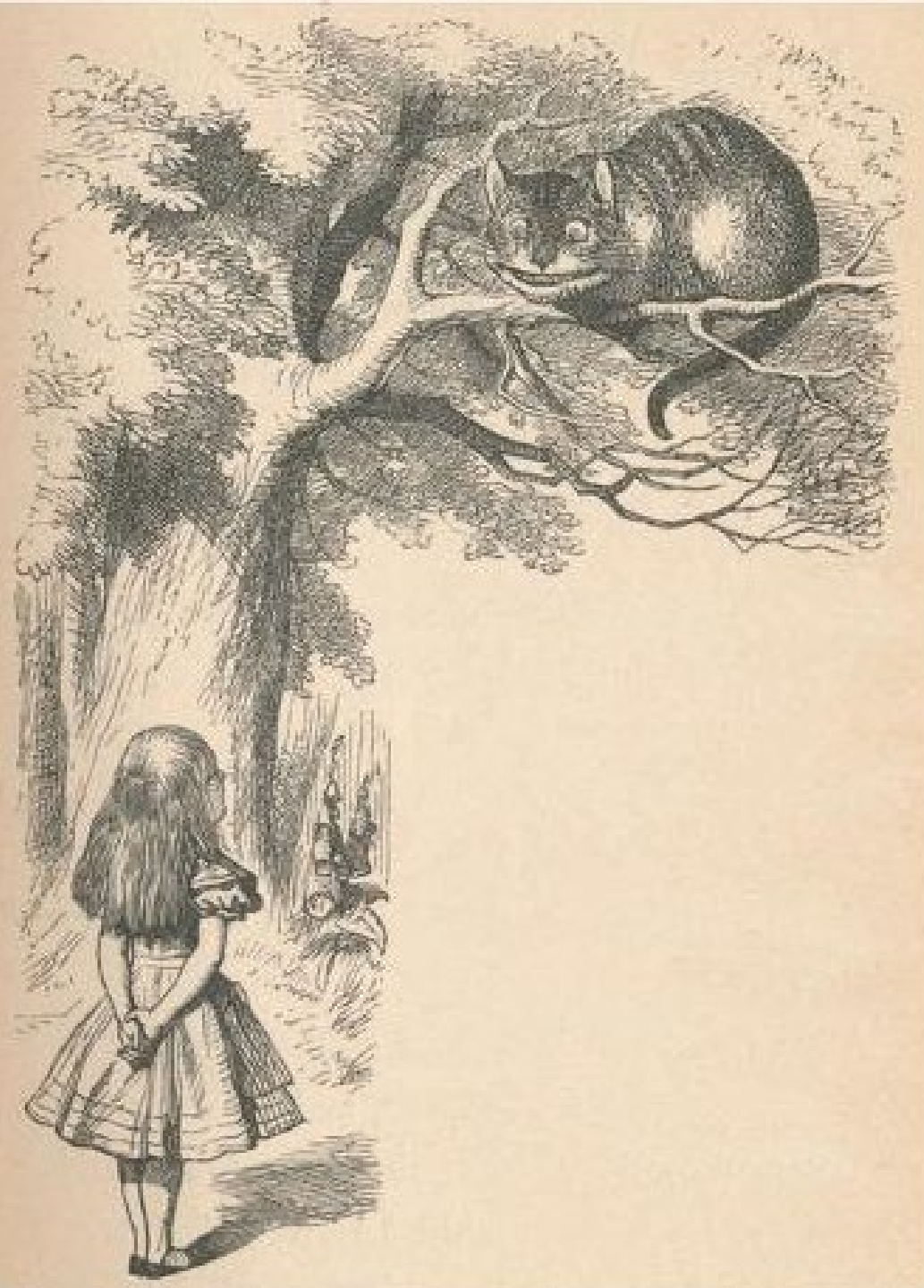
Building Successful Project Funding Partnerships



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.



1. Understanding
NPS & CWSRF
Program
Eligibilities



2. Developing
partnerships &
overcoming
barriers



3. Coordinating
a successful
financing
approach



4. Customizing
your strategy

Where are we going and how do we get there?

NPS has been a CWSRF eligibility since the program was established...

1987 CWA Amendments

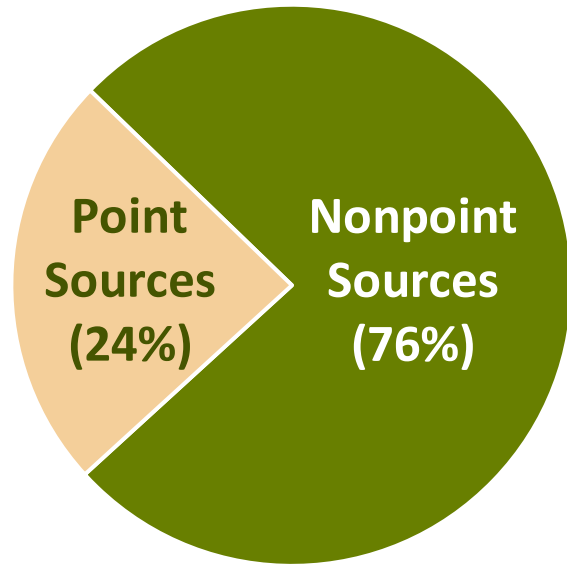
- 603(c)(1) Construction of publicly owned treatment works (POTW)
- ★ • **603(c)(2) Implementation of a nonpoint source management program**
- 603(c)(3) Implementation of a national estuary program CCMP



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

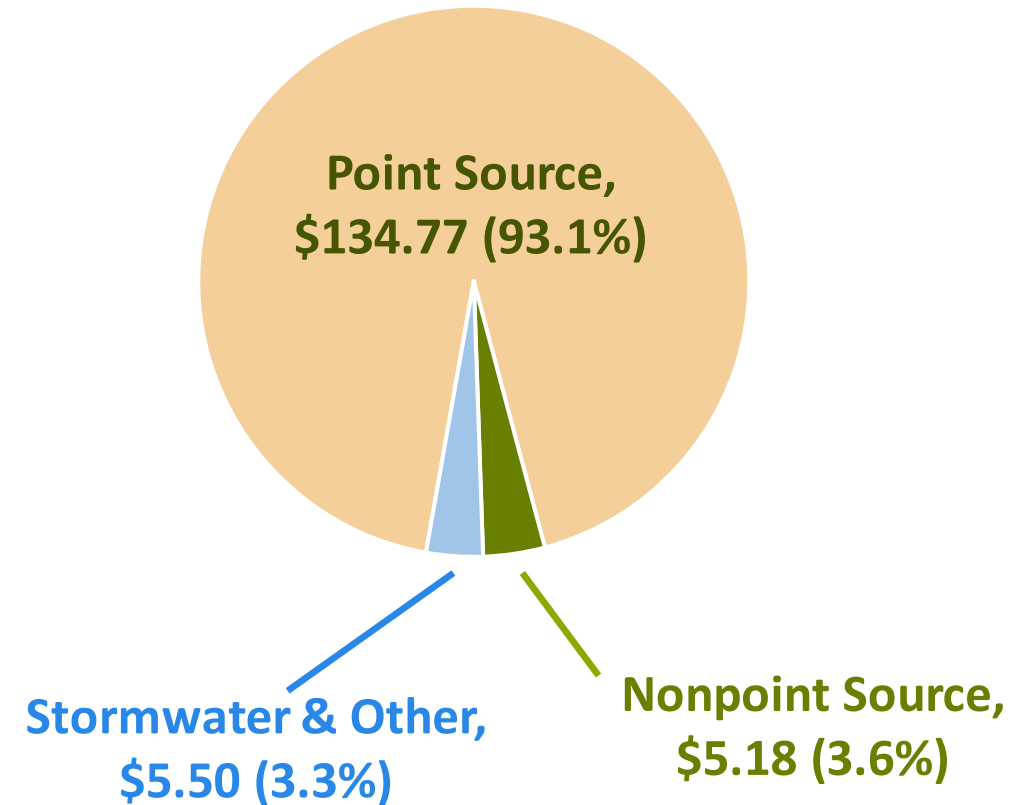
<https://www.epa.gov/cwsrf/overview-clean-water-state-revolving-fund-eligibilities>

Primary Cause of Impairment for Waterbodies with TMDLs, %



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

CWSRF Investments through 2020, \$ Billions



\$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

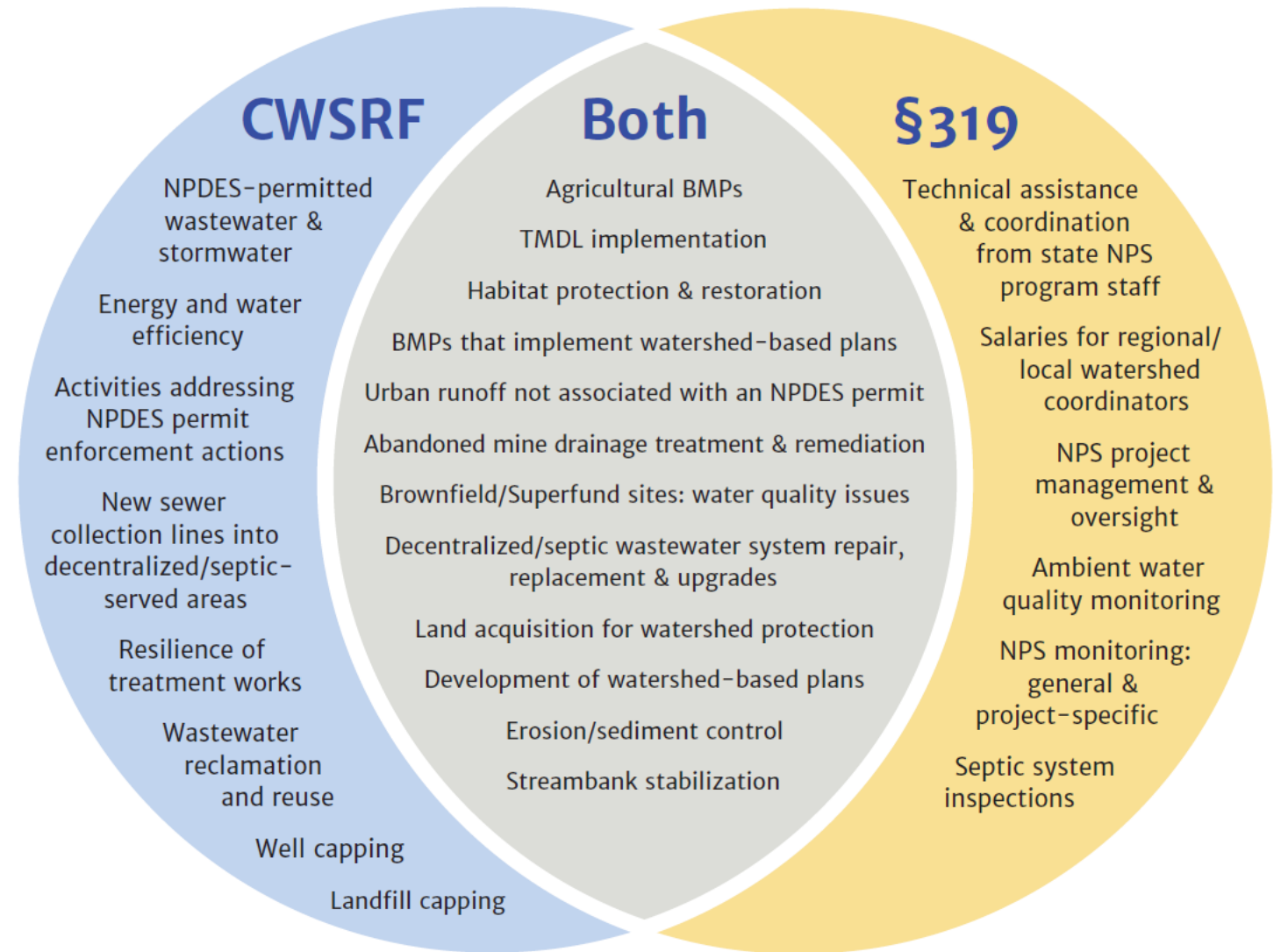
42,800 assistance agreements (a.k.a. “projects”) since 1988

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...



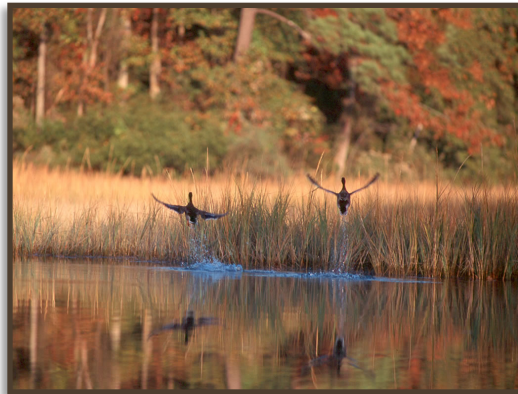
Examples of eligible uses of CWSRF and §319 funds

Challenges for Using CWSRF for NPS Needs

This generates revenue



This doesn't



- 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 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?



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



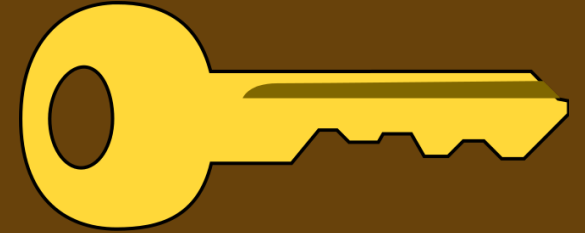
Formalize the relationship with an agreement or MOU

- 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

Assess time and workload demands on staff
Calibrate accountability structures between partners
Galvanize relationships

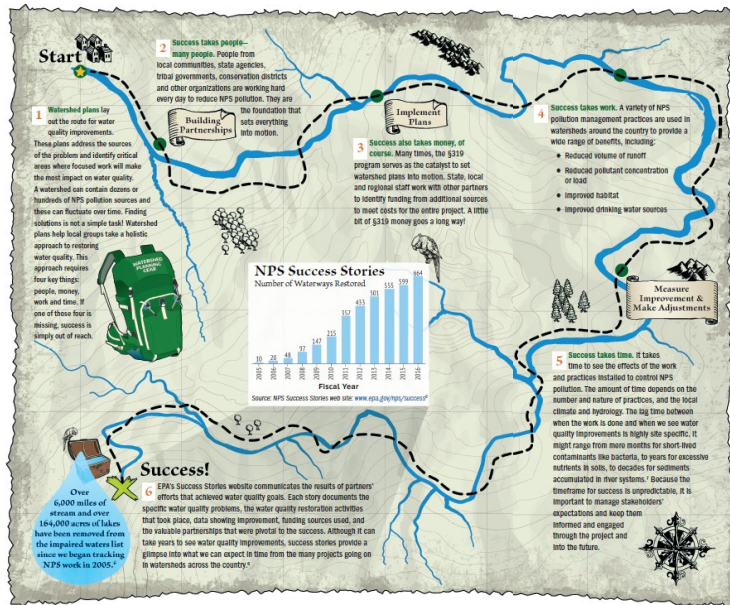


Test viability of financing and loan repayment mechanisms before deploying the approach more broadly

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

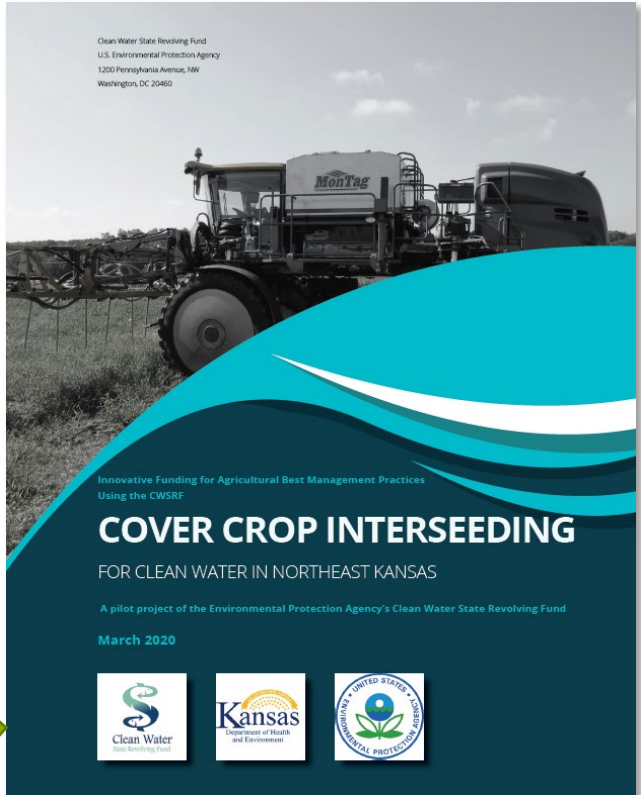
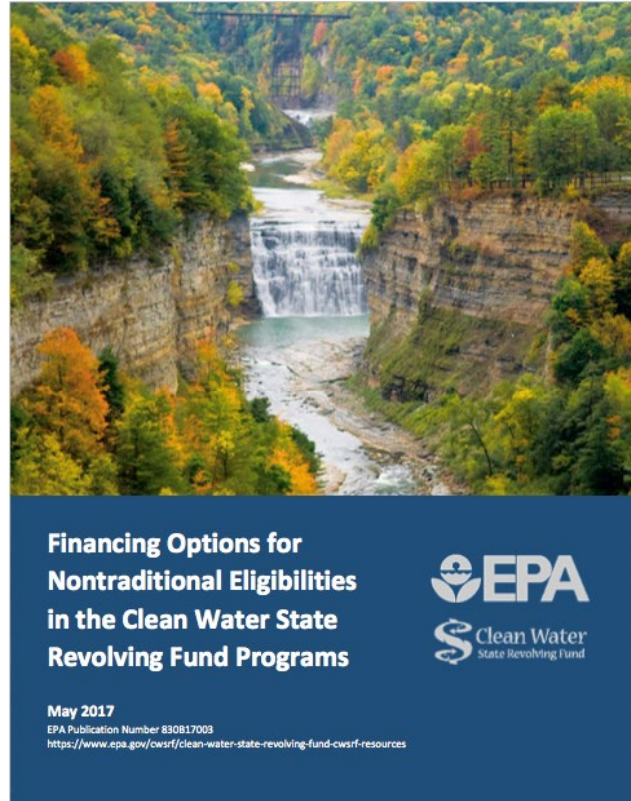
Implement New Solutions

- 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



COMING SOON!



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!