

SRFs Up

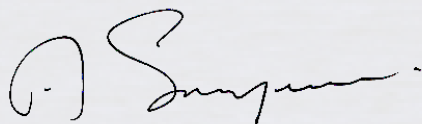
U.S. EPA's Annual Clean Water State Revolving Fund Newsletter

Dear Colleagues,

I am pleased to present the 2019 issue of SRFs Up, the annual newsletter of the Clean Water State Revolving Fund (CWSRF) program. This state and federal partnership continues to make a significant contribution to public health and the quality of our nation's waters. The 51 CWSRF programs have now reached nearly \$140 billion in assistance provided with over 40,000 assistance agreements.

Despite the success of the CWSRF, many stakeholders still need to be informed about the existence of the program, how it works, and how it can be further utilized to protect public health and water quality. To that end, many SRFs have undertaken a variety of marketing and outreach efforts. This issue highlights several of these state activities and celebrates the success of these efforts. You'll also find information about our outstanding PISCES program: Performance and Innovation in the SRF Creating Environmental Success recipients. These noteworthy projects help tell the story of the program's success.

Looking ahead, EPA will continue to support the 51 CWSRF programs as they tell the story of the public health and water quality benefits of the CWSRF. I look forward to sharing this information with you in the future.



Andrew Sawyers, Ph.D., Director, Office of Wastewater Management

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CLEAN WATER STATE REVOLVING FUND PROGRAM ASSISTANCE

The CWSRF has a strong history of providing affordable financing for the nation's wastewater needs. Effective communication with stakeholders is vital to maintaining a successful program. The CWSRF Program Assistance initiative is a coordinated set of federal and state activities intended to expand awareness of the CWSRF program and build demand for assistance. If your state would like to get involved with our program assistance efforts or participate in any of the programs offered, please contact the general CWSRF inbox at CWSRF@epa.gov. Take a look at what is being done!

CWSRF Bulletins

The EPA CWSRF team is developing a series of bulletins to distribute information to the CWSRF community. A program bulletin on Watershed Financing Partnerships was finalized in June. This bulletin discusses the watershed financing partnerships as a way to finance nonpoint source projects on a watershed basis. In September the "Five Fi's" program bulletin was finalized, which discusses five innovative financing mechanisms available to the CWSRFs: programmatic financing, portfolio financing, extended term financing, sponsorship financing, and co-financing. The next bulletin is expected to be distributed early next year and will focus on how CWSRF programs can coordinate with the DWSRF to finance source water protection projects.

Surveys and Focus Groups

Surveys and focus groups can be used to gain better insight into the perception of SRF programs by stakeholders. They can identify areas where streamlining or additional outreach may be needed to accelerate assistance provided.

This year, Arizona held a focus group to gain better insight into the perception of their program by potential assistance recipients and consulting engineers. This focus group was a follow-up from a survey conducted the prior year. Three additional states (LA, TN, and VA) initiated work on developing marketing surveys. The surveys and focus groups helped identify several areas that each state should focus on in their marketing and streamlining efforts. A summary of the takeaways from past focus groups is included in the report, "Clean Water State Revolving Fund Impressions: Common Perceptions Identified by

CWSRF Focus Groups," available on the SRF Marketing and Outreach SharePoint site.

If you are interested in receiving technical assistance to conduct surveys or focus groups for your CWSRF program, contact Kelly Tucker at tucker.kelly@epa.gov.

Oklahoma Marketing Pilot

Oklahoma's participation in a marketing survey and focus group showed impressive results:

- 33% increase in overall CWSRF Project Priority List submissions in state FY2019 over 2018 and 24% increase in state FY2018 and 2017
- Significant increase in CWSRF Project Priority List submissions for eligible entities with populations of 3,300 or less from state FY2018 through 2020; remaining consistent at 12 for the last two years

The EPA CWSRF team also provided technical assistance to the Oklahoma CWSRF to develop a marketing plan for their program using the Model State Marketing Plan (MSMP), which was released in May 2017. This exercise produced ideas for several marketing activities for the Oklahoma Water Resources Board (OWRB) to pursue, including writing compelling newsletter content, developing a strong email newsletter list, and producing marketing videos.

As a result of OWRB's use of the MSMP, EPA received valuable input on how the plan could be improved to make it a better tool for other SRF programs. Next year, EPA plans to update the MSMP by streamlining the process and making it more interactive.



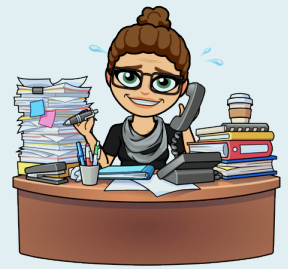
Cover crops reduce erosion by wind and water, uptake available nutrients, create living roots that feed soil biology and open channels for water to infiltrate and sequester carbon.

Photo courtesy of Kansas Dept. of Health and Environment

Kansas Nonpoint Source Pilot

In our ongoing partnership with the Nonpoint Source (NPS) program, we are working with the Kansas SRF Program and the State's NPS program to use CWSRF to help kick-start adoption of no-till cover crop agriculture. The use of CWSRF to purchase specialized equipment necessary to scale up this beneficial practice is a first for the State and may be a model for others to follow. The equipment offers a low-risk way for farmers to try out this practice, and the rental fees offer a source for repaying the loan. Water quality impacts from conventional till agriculture are extensive across the midwest and great plains states and widescale adoption of this practice can significantly decrease nutrient pollution, restore soil health, lower fertilizer costs and ultimately improve a farmer's bottom line. The rejuvenated soils also require less irrigation, which conserves water, potentially qualifying such projects for the green project reserve.

Kelly's Eligibility Korner



Q: How can the CWSRF support water quality trading?

A: The CWSRF can finance eligible projects that generate credits. Any money earned from the sale of the credits can remain with the borrower and may be used to repay the SRF loan. The SRF cannot fund the purchase of pollutant credits.

Q: Are flood control projects eligible for CWSRF assistance?

A: Flood control projects that manage, reduce, treat, or recapture stormwater are eligible for CWSRF assistance. Projects that protect publicly owned treatment works and conveyance systems from flooding are also eligible.

For access to the SRF Marketing and Outreach SharePoint site or information on the Program Assistance sub-workgroup, please contact CWSRF@epa.gov.



STATE FOCUS: Vermont's Water Infrastructure Sponsorship Program

An Interview with Terisa Thomas, Water Infrastructure Finance Supervisor

In 2018, the EPA CWSRF partnered with the EPA 319 Program to assist the Vermont CWSRF in a nonpoint source pilot to build closer ties between the CWSRF program and the state nonprofit community by developing an effective sponsorship program.

A key feature of the Vermont Nonpoint Source Sponsorship Working Group Pilot included organizing and facilitating a group of nonprofits and municipalities to attend a focus group. The group provided Vermont with feedback from potential sponsors and implementers, which informed initial program set-up and processes. The focus group findings are included in the "Vermont Nonpoint Source Sponsorship Working Group Report," available on the CWSRF SharePoint site. The report provides an in-depth look at the steps and considerations that went into developing Vermont's Water Infrastructure Sponsorship Program (WISPr).

Vermont's pilot and findings in the focus groups may be helpful to other state CWSRF programs seeking to build relationships with environmental nonprofits to generate higher demand for NPS funding. We asked Terisa Thomas, Vermont Water Infrastructure Finance Supervisor to provide some information on Vermont's experience.

Q: Why did Vermont decide to use the sponsorship approach to attract and fund nonpoint source projects as opposed to other options such as pass-through lending?

A: The idea to create a sponsorship program was identified by our state treasurer in a 2017 clean water financing report that looked for creative sources of funding for the "all in" approach to dealing with our nutrient loading and water quality challenges.

Q: What were some obstacles Vermont faced in the process, and how did you work through them?

A: We had a number of challenges. The biggest was the communication needed to explain this concept through the legislature. Previously, our program's

eligibilities were largely unchanged for 30 years (municipalities, mostly wastewater only). Sponsorship required a significant re-write of statute. Additionally Vermont has a requirement that munis must bond for their projects (get a vote of the voters), and that was almost a deal breaker. We crafted exemption language into the statute and that requirement was no longer a barrier.

Finally, the question of how to offset the losses of the sponsored projects continued to be raised. We already create generous forgiveness for additional subsidy and needed to preserve adsub for our municipalities' traditional projects. To answer that, the program proposed to charge private entities a higher admin rate than munis, use that extra capital to offset these "losses" from WISPr.

Beyond this issue, we had requested the opening of the program to private entities on a couple of occasions and there was strong resistance to this change with this real or perceived fear that the private entities would steal all the municipal money. This was despite the fund being underutilized by our municipalities. We made a number of negotiations with the Vermont League of Cities and Towns to protect the priority to municipalities—they have priority always before private entities, no more than 20% of available funds can be used for private projects, and all private entity projects must get a letter of approval from the relevant municipalities. Upon these additions, Vermont League of Cities and Towns (VLCT) actually testified in favor of the changes in the legislature. Vermont has some very strict clean water regulations coming down the road and I think they appreciated that it would be an advantage to the municipalities for their businesses, mobile home parks, and homeowners associations to have affordable access to financing for their water quality requirements, particularly as it relates to stormwater.

Q: How did feedback from the working group shape the design of the WISPR program?

A: This was incredibly valuable. Honestly, we ended up throwing away most of our designed program materials

after this meeting. We've had a number of changes since then, but the information received was priceless.

Q: Are there any key ways that WISPR is unique from other CWSRF sponsorship programs?

A: It's most similar to Ohio's program and they and Iowa have been critical partners in the development of this program. We don't directly consider stormwater projects as eligible natural resource projects for sponsorship, though it is likely that SW retention may be a co-benefit. The "recup" of the funding via private entity eligibility is also a potentially new twist.

Q: Does Vermont continue to correspond with participants from the workgroup?

A: This has probably been the most valuable part of the workgroup. Our program has developed a strong connection to our implementer partners, and they have played an active role in advising and project identification. We try to meet quarterly.

Q: Although it has only been a little over a year since the implementation of WISPR, has Vermont seen any changes in the program in terms of assistance provided, needs categories, or different types of borrowers, etc.?

A: We have seen lots of changes and are undergoing version 2.0 as we speak. It is a challenging program to start from scratch and we need "wins" under our belt to make this type of project a municipal priority. You have to match up dollar amounts, schedules, and most importantly a willing municipality. We are recrafting the program as a natural infrastructure program to better describe the triple bottom line benefits (people, planet, profit) to the communities. The larger hope is to encourage our munis to invest in natural infrastructure as they do alternatives analyses for their capital improvement needs. The newly emerging WISPr 2.0 proposes to use WISPr as a (free) tool to show and communicate these co-benefits.

Q: Did relationships fostered with workgroup participants lead to any of them borrowing from the WISPR?

A: Not yet, but we have one municipality who attended, was very skeptical at first, and is now set to be our first WISPr applicant. They are going to use their WISPr allocation as match for an Army Corps of Engineers 542 grant which will leverage a huge natural resource project with multiple co-benefits.

Q: What types of marketing and outreach documents and tools, if any, are available to the public now or in the works relative to WISPR?

A: Very few. We have put together a policy, but with the re-vamp (affectionately WISPr 2.0) this needs updated. This is an area we have really struggled with capacity-wise and could use more focus in the future. We haven't added staff and have attempted to implement this program within existing staffing levels, which has proven challenging.

Q: In the pilot, it says that the goal of WISPR is to counter the loss of ecological function and biological diversity that jeopardize the health of Vermont's water resources. Are there any other goals for the program that may be relevant at this time?

A: I think this is still a true statement, but now we are becoming increasingly concerned with municipal affordability. We have community colleges closing, declining and aging population, and ever-increasing infrastructure costs that must be absorbed somehow. In WISPr 2.0, we are interested in demonstrating cost effectiveness of natural infrastructure and its role in climate resiliency, retention, and avoided future costs for source water protection.

For more information about Vermont's WISPR program, contact Terisa Thomas at terisa.thomas@vermont.gov or 802-249-2413.



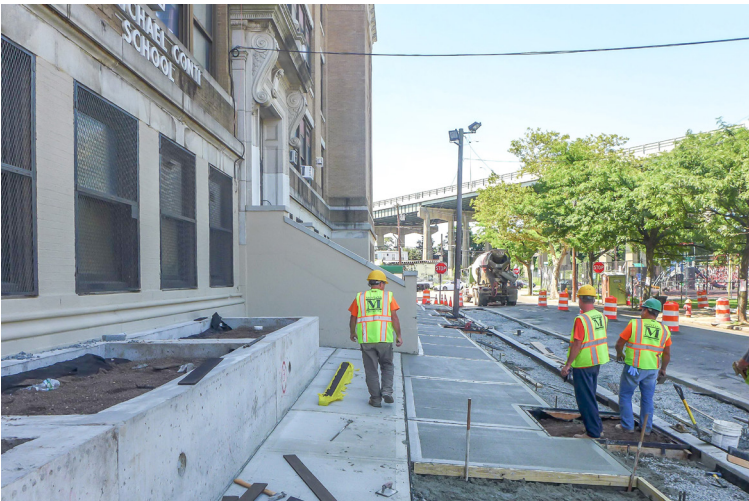
PISCES: Performance and Innovation in the SRF Creating Environmental Success



The CWSRF's Performance and Innovation in the SRF Creating Environmental Success (PISCES) program recognizes projects that have demonstrated excellence in promoting EPA's mission of protecting human health and the environment. Many of these projects have taken a creative role in meeting their specific water quality goals.

The 2019 PISCES projects continue to showcase the wide breadth of CWSRF-eligible projects and the use of innovative financing strategies by state programs to fund them. Two projects on opposite ends of the country worked in schools; one involved science students in planning to address flooding on a schoolyard, the other replaced lead fixtures with water efficient ones in a 20-school district. One project utilized resource recovery techniques to reuse biogas for a city's bus fleet, another converts phosphorus into fertilizer.

The CWSRF is proud to showcase these projects and more that represent the innovation and dedication of the 51 state CWSRF programs. The 13 exceptional and 17 honorable mention projects will be recognized for their exceptional work at the 2019 Council of Infrastructure Financing Authorities (CIFA) Workshop.



2019 New Jersey PISCES Project: Jersey City Municipal Utility Authority Green Infrastructure



2019 North Carolina PISCES Project: Bioenergy Recovery Project

For more information on these exciting projects, please visit www.epa.gov/cwsrf/pisces.

2019 PISCES Exceptional Projects

- ◆ Wastewater Treatment Facility Upgrade, NH
- ◆ Jersey City Municipal Utilities Authority Green Infrastructure, NJ
- ◆ Sterling Run Conservation and Restoration, PA
- ◆ Living Shorelines Resiliency Loan Program, VA
- ◆ Bioenergy Recovery Project, NC
- ◆ Florence Acquires Non-Viable Timmonsville System, SC
- ◆ Stormwater and Deicing Capacity Project, IN
- ◆ Pumping Station 15 Rehabilitation, WI
- ◆ Peralta Regional Sanitary Sewer Project, NM
- ◆ Storm Sewer Restoration and Repair, KS
- ◆ Dell Rapids Wastewater Treatment Facility, SD
- ◆ Adonis Sewer Connection to Town of Marana, AZ
- ◆ Boise Public School District Lead Remediation, ID

2019 PISCES Honorable Mention Projects

- ◆ Block Island Landfill Slope Repair Project, RI
- ◆ Ocean Outfall and WWTP Upgrade, DE
- ◆ Conococheague WWTP Enhanced Nutrient Removal, MD
- ◆ Morgantown Wastewater Treatment Facility Upgrade, WV
- ◆ Hanceville WWTP Solar Energy System, AL
- ◆ Biosolids Energy Efficiency Project, FL
- ◆ West Hickman WWTP Wet Weather Storage and Headworks, KY
- ◆ Franklin Water Reclamation Facility Modifications and Expansion Project, TN
- ◆ Phase 2 and 3 West Washington Street Stormwater Improvements, IL
- ◆ WWTF Biosolids, Dewatering/Storage, & Septic Receiving Project, MI
- ◆ St. Cloud Nutrient & Energy Recovery Project, MN
- ◆ Upper Sandusky WWTP Upgrade, OH
- ◆ Rapides Parish Sewer District No. 2 Wastewater Consolidation, LA
- ◆ City of Elk Downtown Streetscape Project, OK
- ◆ Havre Wastewater System Improvements, MT
- ◆ Scow Bay Pump Station 1 Upgrade, AK
- ◆ Oak Harbor Clean Water Facility Project, WA

2019 Washington PISCES Project: Oak Harbor Clean Water Facility Project





2017 Illinois PISCES Project: Metropolitan Water Reclamation District of Greater Chicago Phosphorus Recovery Facility

HEADQUARTERS UPDATES

America's Water Infrastructure Act

On October 23, 2018, America's Water Infrastructure Act (AWIA) was signed into law to improve drinking water and water quality, deepen infrastructure investments, enhance public health and quality of life, increase jobs, and bolsters the economy. AWIA included several CWSRF-related provisions:

12th CWSRF Eligibility

AWIA included a provision which adds a twelfth CWSRF project eligibility. The new eligibility, section 603(c)(12), places emphasis on the important role that qualified nonprofits can play in providing badly needed assistance with the repair or replacement of decentralized systems. Under this eligibility, assistance may be provided to a qualified nonprofit entity to provide assistance to an eligible individual for the repair or replacement of household decentralized wastewater treatment systems. Projects to connect an individual household to an available publicly owned treatment works are also eligible, where it is cost effective. Eligible individuals have a combined household income that is less than 50 percent of their state's median nonmetropolitan household income. The new eligibility does not change what is eligible under the other eleven eligibilities listed in section 603(c) of the Clean Water Act. A project is eligible for CWSRF assistance, if it meets the criteria of any one of the twelve CWSRF eligibilities.

Sewer Overflow Grant Program

AWIA of 2018 amended the Sewer Overflow and Stormwater Reuse Municipal Grant section of the Clean Watersheds Act. This program is designed to make grants to States for the purpose of providing grants to municipalities for planning, design, and construction of projects that would manage, reduce, reuse, or treat combined sewer overflows, sanitary sewer overflows, or stormwater. A cost-share component and a green project reserve would apply. This program is authorized and is awaiting an appropriation. Funds would be distributed to the states through an allotment formula developed using the Clean Water Needs Survey along with additional criteria. More information will be available on this program in the near future.

DWSRF's Expanded Source Water Protection-Related Eligibilities

Congress amended section 1452(k) of the Safe Drinking Water Act to expand source water protection-related eligibilities under DWSRF's 15 percent set-aside for local assistance and other state programs. Updates to source water assessments are now eligible for funding and expenditures under section 1452(k) (1)(D) may now go beyond wellhead protection programs to include the implementation of source water protection activities. A July 2019 memo to Water Division Directors is available on the DWSRF website: <https://www.epa.gov/dwsrf/program-policy-and-guidance-drinking-water-state-revolving-fund-program>.



2017 Minnesota PISCES Project: Rock County Land Management, Fluit Farm late season nitrogen application sprayer

In November 2019 the Council of Financing Infrastructure Authorities (CIFA) will organize and produce a national workshop in Cleveland, Ohio, that focuses on all 51 SRF programs. A second workshop, designed by the American Water Work Association (AWWA), will cover topics relevant to SRF and WIFIA. Finally, a third workshop will be held by the New England Interstate Water Pollution Control Commission (NEIWPCC), who intends to organize training support activities that focus on the Region 1 SRFs. These two workshops are currently in the planning phases and dates and locations will be determined and announced in the coming months. We are pleased to be working with these three organizations and look forward to the workshops.

Clean Watersheds Needs Survey

The Office of Water received preliminary funding in FY2019 to begin planning for the next iteration of the Clean Watersheds Needs Survey. Headquarters is organizing the CWNS State Coordinating Committee, which will convene this Fall to begin discussion of survey scope, process, documentation requirements, and timeline. This preliminary funding will also be used to begin development of a new Data Entry Portal (DEP), which will be built on a new platform and will interface with the new SRF National Information Management System/CWSRF Benefits Reporting systems update to the greatest extent possible. Please contact the CWSRF team CWSRF@epa.gov for more information.

SRF Training Workshops

The SRF has exciting Training Workshop Support Activities coming up in FY2020. These training workshop support activities will target the states and other practitioners implementing the SRF programs, while providing a forum for training in the programmatic, financial, and technical aspects of the Drinking Water and Clean Water SRF programs. They will also address new developments in the state programs, promote best management practices, identify environmental outputs and outcomes, and encourage innovative approaches when dealing with the programmatic and financial aspects of each program.



AIS Site Visit: Water Reclamation Facility Expansion Project, Apopka, FL

American Iron and Steel

AIS Site Visits and Outreach

As part of the American Iron and Steel (AIS) provision, EPA conducts outreach to SRF projects through site visits and training to ensure proper implementation of the AIS requirements.

In 2019, the AIS program completed 55 site visits across 12 states. The site visits provide an opportunity for communities to ask project-specific AIS questions and receive EPA recommendations for improving their AIS documentation prior to project completion. The AIS program also conducted five trainings in New Jersey, Arizona, Louisiana, and Idaho, and South Carolina, providing technical assistance to engineers, contractors, suppliers, and manufacturers involved with CWSRF projects. The trainings explain how AIS requirements apply to SRF projects and outline the responsibilities of each stakeholder, including federal and state governments, in its implementation. They also provide an opportunity for engineers, contractors, suppliers, and manufacturers to note project-specific or product-specific AIS obstacles and receive EPA feedback on potential solutions. The program has an open offer for EPA-led AIS trainings to all state SRF programs.

AIS Waiver Requests

As part of the AIS requirements, SRF projects are permitted to request a project-specific waiver through their state for products of foreign or unknown origin. In 2019, EPA received and processed 23 CWSRF project-specific waiver requests, of which, 9 were approved, 13 were withdrawn or not approved, and 1 is currently being processed.

The AIS program continues to work with the states and their CWSRF projects to identify domestic alternatives that meet project specifications. EPA may grant a waiver in instances where (1) applying these requirements would be inconsistent with the public interest; (2) iron and steel products are not produced in the U.S. in sufficient and reasonably available quantities and of a satisfactory quality; or (3) inclusion of iron and steel products produced in the United States will increase the cost of the overall project by more than 25 percent.



2018 New Jersey PISCES Project: Pump Station Resiliency Initiative

Coordination of AIS Requirements Across Federal Government

AIS requirements have been incorporated into various other programs. This year, the AIS program continued collaborating with the U.S. Department of Agriculture (USDA) and the WIFIA program through trainings and site visits. Because the AIS requirements are identical, the CWSRF AIS program is supporting its consistent implementation across these federal programs.

Memo of Understanding between the EPA and Federal Emergency Management Agency

On June 4, 2019, the EPA and Federal Emergency Management Agency (FEMA) announced a Memorandum of Understanding (MOU) that establishes a framework for the EPA funded SRF programs to assist and collaborate with the FEMA disaster assistance grant programs. The SRFs have worked cooperatively with FEMA and state, local, tribal, and territorial governments to allow local entities to quickly recover and restore their vital infrastructure after a Presidentially-declared major disaster. The proposed activities in this MOU are intended to streamline coordination between FEMA and the SRFs to enable funding to support essential infrastructure projects to be made available as quickly as possible, so that communities won't have to expend their own funds first and wait for a reimbursement through a FEMA grant and/or supplemental funds from Congress. In disaster situations where cash reserves are stretched thin, the SRF may provide a local government access

to a no-interest or low-interest loan from its SRF to help pay for the immediate restoration of vital wastewater infrastructure, and once FEMA funds become available, the local government may use these funds to repay the SRF loan. By having this MOU in place, communities will have the resources available to save time, lower costs, and also have access to the necessary tools that can help increase their resiliency to future disasters. A copy of this MOU can be viewed at <https://www.epa.gov/cwsrf/memorandum-understanding-between-environmental-protection-agency-and-department-homeland>.

Congratulations On Your Retirement!

On behalf of the CWSRF community, we want to thank George Ames and Sheila Platt for their significant contributions to the SRF program as they both prepare for their upcoming retirement. We applaud George for his 40 years of service at the US EPA and Sheila's 50-plus years of federal service, where their dedication and contributions to the agency and the CWSRF will have a lasting impact.

Our heartiest congratulations and best wishes for your retirement, George and Sheila. Your guidance and encouragement have helped so many thrive, and we've been so fortunate to have your expertise to rely on. We hope you will enjoy redirecting your energies into this next phase of your life!



2019 New Hampshire PISCES Project: Town of Newmarket Wastewater Treatment Facility Upgrade



AIS Site Visit: Water Reclamation Facility Expansion Project, Lima, OH

We want to hear from you!

We invite ideas and subject matter requests on topics of interest to the CWSRF community. If you have content you would like to see in future newsletters or CWSRF publications, please let us know by contacting CWSRF@epa.gov.

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