

**Clean Water State Revolving Fund Can Work for Agriculture: Sharing Stories of Success  
April 28<sup>th</sup>, 2022**

**Summary Report  
EPA Region 3  
May 17<sup>th</sup>, 2022**

**Introduction:**

One of the leading causes of impairments to our Nation's waters is agricultural nonpoint source pollution. On-farm conservation practices are a key part of adapting to climate change and ensuring healthy, vibrant communities. The Clean Water State Revolving Fund (CWSRF) is one tool that can help support these efforts. Nonpoint source projects (which include agricultural projects) make up 54% of CWSRF loans but equate to only 5% of the money (over the past 3 decades). The Region 3 states prioritize the funding for nonpoint source projects, but they generally cost much less. Delaware was first in the country to use its Clean Water SRF for agricultural practices. And today, our Mid-Atlantic states have funded 125 agricultural practices totaling over \$16.4 million over the past five years.

The CWSRF financed every eligible agriculture project that is submitted in Region 3 and there is the capacity to fund more with the historic increase in CWSRF funding through the Bipartisan Infrastructure Law (BIL), which provides EPA with \$11.7 billion in supplemental funding for states, Tribes, and territories. These are historic times for the CWSRF program, affording us the unprecedented opportunity to address the needs of the agricultural community that will result in sustainable farms and restored local streams.

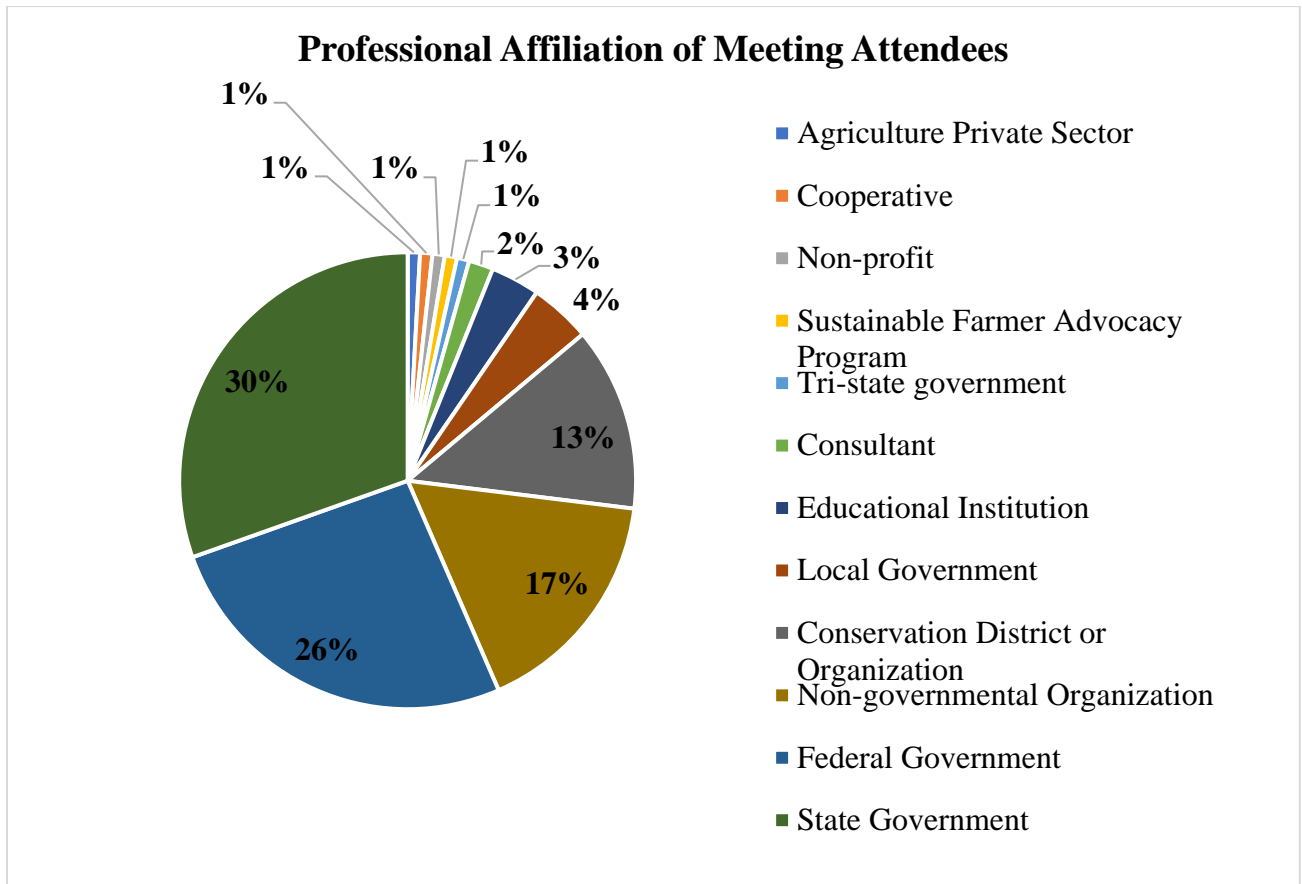
Last summer, EPA Region 3 hosted a virtual workshop with the Natural Resources Conservation Service to talk with over 200 agricultural partners to hear their ideas on how we can make it easier to access federal funding. One of the recommendations state partners made was to hold a webinar to showcase successful ways to access the CWSRF funding for agriculture. On April 28<sup>th</sup>, 2022, EPA and the Director of the Maryland and Delaware associations of conservation districts hosted the CWSRF Agricultural Conservation: Sharing Stories of Success webinar to provide an overview of the CWSRF and share stories on how the CWSRF can help finance agricultural conservation projects.

Moving forward, the CWSRF for agricultural conservation has immense capacity to further regional priorities and the Biden administration's critical goals of Advancing Racial Equity and Support for Underserved Communities and addressing disproportionate climate impacts to underserved communities. Administrator Regan directed all EPA offices to proactively incorporate climate adaptation and climate justice throughout all programs, policies, rules, and operations while working to reduce greenhouse-gas emissions and social injustice.

The following document provides a summary of the registered attendees, overview of case study examples, themes and questions from the discussion session, and a summary of the main themes identified in the post-webinar survey.

### Professional affiliation of attendees:

The webinar gathered ~170 participants representing Federal, State, NGOs, Conservation, Local Government, and Educational institutions from nine different states (DE, GA, LA, MD, NY, PA, TX, WV). Results below are based on meeting registration data (n=117).



### Sharing stories of success:

Conservationists and state partners from PA, MD, KS, and VA shared the unique and creative ways they have partnered with farmers to use CWSRF to implement priority agricultural conservation practices. These examples illustrate four different ways CWSRF can be applied to agricultural needs in the Mid-Atlantic region. These stories emphasize the flexibility of the CWSRF and how it can be used creatively to implement cost-effective water quality improvement projects and help farmers meet their on-farm conservation goals. *Please see the attached PowerPoint presentations for more details on individual projects.*

**Pennsylvania:** Chester County Conservation District and Team Ag provided an overview of how conservation districts can act as a pass-through lender.

Chester County Conservation District and Team Ag described how the CWSRF provided \$11.2 million of funding from PENNVEST through the Chester County Conservation District and Team Ag to a farmer to improve farm operations and local water quality. An Amish dairy farmer received \$363,000 to implement a concrete manure storage structure, streambank fencing, stream crossing , and barnyard roof runoff controls.

*Contacts:*

- Jeremy Weaver (Project Manager, TeamAg, Inc.) , <[jeremyw@teamaginc.com](mailto:jeremyw@teamaginc.com)>
- Chris Stohmaier (Chester County Conservation District), [cstohmaier@chesco.org](mailto:cstohmaier@chesco.org)

**Virginia:** Virginia Department of Environmental Quality (DEQ) shared how they coordinate CWSRF, USDA Farm Bill funding, and state cost-share funding.

VADEQ described how they provided up-front financing for over 3 miles of stream fencing, alternative livestock watering system, and other conservation practices to improve soil and water quality on Garber Farms (PISCES Award winner) and animal waste control facilities at Bowman Spring Valley, LLC.

*Contacts:*

- Lars Bolton (DEQ), [lars.bolton@deq.virginia.gov](mailto:lars.bolton@deq.virginia.gov)
- Philip Davis (DEQ ), [philip.davis@deq.virginia.gov](mailto:philip.davis@deq.virginia.gov)

**Kansas:** EPA Region 7 shared how they financed agricultural equipment.

EPA Region 7's Amanda Reed described the coordination between the City of Wetmore, Kansas Department of Health and the Environment, Glacial Hills Resource Conservation and Development, and local agricultural retailers. The City agreed to participate as a conduit lender and use the CWSRF to finance a one-time loan for the purchase of eight cover crop inter seeders. Through local lease agreements, the equipment will be available to producers for some years to follow.

*Contacts:*

- Amanda Reed (U.S Environmental Protection Agency, Region 7, Water Division)  
[Reed.Amanda@epa.gov](mailto:Reed.Amanda@epa.gov)

**Maryland:** Maryland Department of the Environment described their Linked Deposit Program.

Jeffrey Fretwell (MDE) highlighted Maryland's Linked Deposit Program to support the adoption of agricultural conservation projects.

*Contacts:*

- Jeffrey Fretwell (Maryland Department of the Environment),  
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### Webinar Discussion Topics:

Participants discussed a range of topics during the presentation and in follow up with EPA staff including timelines for CWSRF funds, prevailing wage requirements, federal vs. state funding, sampling requirements, impacts of BIL and Build America Buy America (BABA), eligible funders and CWSRF eligible projects, repayment mechanism, reaching diverse farmer participants, urban agriculture, staff capacity, technical assistance, and ways to network with state and local partners to utilize CWSRF to finance agriculture.

### Timelines for CWSRF Funding:

1. Are there specific timelines for the SRF funds to be obligated or spent by the State Primacy agency or borrower?
  - a. The timeline that the borrower needs to be concerned about is the application cut off period. Each state has a different time frame, which can be found on their websites. But because of all the increase of available funding from BIL, many states are extending their grant application period to encourage more potential applicants to apply.

### Prevailing Wage Requirements:

1. Are there prevailing wage requirements when using SRF funds?
  - a. If your project is a wastewater treatment works project, yes. Otherwise, prevailing wages do not apply as most of the agricultural BMP 's are not wastewater treatment so prevailing wages don't apply to those projects.

### Funding:

1. Is there a difference between EPA Grant funding and what state funds are available due to monies not being expended year to year?
  - a. No, it's mostly repayments coming back to the Fund from past projects.

### Leveraging State Cost-Share Money:

1. The Virginia speaker noted that the CWSRF money was leveraged with the state cost-share money and having the state money was an important part of making the projects work. Do you have any more insight on that? I'm looking to see how it might translate here in PA, to help shake loose some more support for a state program.
  - a. the CWSRF loan covers the full amount of the estimated project costs; the CWSRF reimburses the farmer quickly as costs are incurred so that contractors are paid on time during construction. After construction is complete and the farmer receives reimbursement from other grant programs (which sometimes takes several months after the project is fully constructed); the farmer can pay down their CWSRF loan with the grant funds. The farmer then only needs to pay off the remaining loan/cost share portion.
  - b. The CWSRF program calls this using the CWSRF for the "working capital" needed for the project. Normally, the cash is still provided after the farmer has incurred the cost (received a bill from the contractor) but before the farmer has paid the contractor. The CWSRF state agency is required to pay the farmers for incurred costs within 30 days of the farmer providing a reimbursement request

using the state's form. Often borrowers are paid well within that 30 days: I've seen some state averages as low as 10 days. The 30 days is enough time for the farmer to deposit the cash/check or electronic transfer into the farmer's bank account and then for the farmer to pay the contractor-all on time. Compliance with this 30-day turn around is one of the things EPA checks on as part of our oversight of the CWSRF state programs.

- c. The CWSRF program allows up to 1 year after construction is complete before repayments must begin. Some State CWSRF programs require repayments to start sooner than 1 year. And some state CWSRF programs charge interest during this "grace" period, but others do not. This grace period allows time for the farmer to receive reimbursement from other federal and state grant programs. These grant funds can be used to pay down the CWSRF loan so that only the remaining balance on the loan is amortized – amount for farmer to repay.
- d. Here's the link to VA DEQ's Ag program within the CWSRF:  
<https://www.deq.virginia.gov/water/clean-water-financing/revolving-loan-funds-rlfs/agricultural-bmp>

#### Sampling Requirements:

1. Is the initial sampling required? If required what, in general, are the sampling requirements?
  - a. Initial sampling is not required for any projects. Borrowers sometimes want to do some initial sampling to place BMPs in the best location. This cost for this type of initial sampling is eligible

#### Bipartisan Infrastructure Law:

1. What impact will BIL have on state CWSRF's ability/capacity to make loans (including principal forgiveness "grants") for Ag? Will there be more opportunities for Ag loan projects?
  - a. The first one, the impact is obvious. We have a lot more money available. Please send in your applications and start working with your state SRF contacts and, hopefully, we can get more projects funded.

#### Build America Buy America:

1. And what impact will the Build America Buy America (BABA) provision have on buying equipment such as for cover crops?
  - a. As far as the Build America Buy America - That is a requirement that came to the programs through the BIL statute and it should not impact the AG projects themselves mostly because it is going to be applied to what the CWSRF calls equivalency projects and most of what the states do is they use their repayment money to fund their ag projects. So, the repayment money is not equivalency projects. It's a very complicated area. The states are going to do everything they can do keep the BABA requirements away from the Ag projects.

### Eligible Funders:

1. Can NGO's (not farmers per se) apply for the MD loans to buy equipment needed to install or maintain BMP's?
  - a. Projects must be on the farm (see completed list of qualifying projects in the MD PowerPoint) and does need to address agricultural non-point sources. Individuals, partnerships, Corps, Trust, and other business enterprises may qualify for the loan if they are the owner, landlord, or participates in the operation of the farm. There is usually a way to figure out if it is going to work.
2. Can regional groups apply directly for funding and how does that work?
  - a. A regional group can submit an application. It has to be a governmental unit to be eligible for principle forgiveness of a grant. In MD, private entities are just going to be eligible for the low interest loan but there has to be a revenue stream to be able to repay the debt.

### Eligibility:

1. Is maintenance of BMPs eligible?
  - a. Generally, maintenance is not eligible. However, when you first install a BMP, there is a certain amount of maintenance that needs to be done for the first few months or first year depending on what the BMP is. This type of maintenance is really about making sure that the BMP is functioning as designed so that type of maintenance is eligible. But not something that's 3 or 4 years down the road. The time period for ensuring a BMP is functioning as designed is based on the state 's best professional judgment and the BMP. So that's something to be talked about when you're executing the loan.
2. Is equipment connected to large scale manure composting eligible under the CWSRF?
  - a. Yes

### Repayment Mechanism:

1. This may have been mentioned, but what was the repayment mechanism for the two forest buffer projects mentioned (in Chester County and in VA)?
  - a. The Chester County Buffer was installed through the Brandywine Conservation District via the Growing Greener grant. They work with the Chesapeake Bay Program and Stroud Water Research Center.
  - b. The funding for the Garber Farms buffer was funded through the VACS program and Dupont settlement funds. The project was 100% funded.

### Farmer Diversity and Outreach:

1. Can the speakers share perspectives about how well these programs reach or support the diversity of farmers in our conservation districts?
  - a. Virginia Department of Environmental Quality has an environmental justice working group that is in in the process of understanding how we serve historically underserved communities. We're waiting on results on their work before we implement anything. We use credit scores in our credit review process and it's a relatively low threshold for farmers to cross. But if you look at the history of credit scores basically if your family had good credit, you have good credit and

when you look at historical programs like redlining and things like that, it negatively affected people of color in terms of their credit score. How do we address that criterion in the way we address this to the implementation of principal forgiveness? Our programs support the NRCS and soil and water conservation districts, so we need for them to address issues for us to support them. We're kind of waiting on the districts to address underlying issues.

- b. Virginia DEQ has done several presentations to the Virginia Association of Conservation Districts and Virginia Cooperative Extension, which has several programs to reach minority and beginning farmers and small farmers.

#### Urban Agriculture:

1. How can these programs be amended to be nimble enough to catch some of these small urban AG operations?
  - a. EPA CWSRF Team will be following up on this topic.
  - b. Depending on what state you're talking about green infrastructure is also a priority and many urban ag projects would qualify as a green infrastructure type project.

#### Staff Capacity:

1. Do we have the staffing capacity at the state/federal level to spend the additive CWSRF funds on AG practices? This is now a limiting factor.
  - a. I've been having conversations with the states, there is going to be a strain on the staff but there's also a small percentage of each grant that can be used to fund staffing. So, we're not expecting it to be a problem. It certainly shouldn't prevent or slow down the execution of loans. No one is indicating that.
2. I heard that some of CWSRF funding can go towards staff support to help address capacity for handling this increase in funding. Maggie, can you explain further?
  - a. The information about using the CWSRF for staff support to handle increase in funding is different than the funding for technical assistance.
  - b. EPA law/regulations allow a small percentage of the annual EPA grant to the State CWSRF agency to be used by the State CWSRF for staff to administer the project fund. This is limited to either 4% of the grant, \$400,000 annually, or 1/5 of 1% of the Fund's value. In most states, this money is strictly for State CWSRF staff.
  - c. Some state CWSRF policies allow for borrowers to charge their staffing costs to the loan for overseeing or administering a specific project or projects. EPA requires the borrower's staffing costs to be directly related to the specific projects to be charged to a loan. For this authority, think in terms of the accounting clerk that is consolidating contractor invoices to be submitted to the State CWSRF for reimbursement. This accounting clerk's time is an eligible CWSRF loan cost.
  - d. Many CWSRF State programs (PA does not) charge a small fee on their large dollar wastewater treatment loans. The states use these fees to augment the 4% allowed for their own CWSRF staff but also to fund staff in other offices such as in the Nonpoint Source and Enforcement Departments. The CWSRF program can also use these fees to hire consultants and contractors to provide technical

assistance to potential borrowers. The eligible uses of these fees are not as restrictive as the 4% or when charged to a CWSRF loan but states must still report their plans and actual uses to EPA, include them as part of public comment, and get approval from their oversight Boards.

- e. Some CWSRF states have established Sub-revolving loan funds and/or Pass-Through loan programs with various partners. Assuming EPA concurs with the structure of the partnership, a state CWSRF may allow these partners to charge their own fees for the projects they are administering to cover their own administrative costs. However, the State CWSRFs, when entering into these agreements, must be very careful about the types and amount of fees to be charged. The Clean Water Act requires that the financing rate for all CWSRF loans, including sub-revolving and pass-through loans, remain below-market rate. Fees and Interest are combined to determine the financing rate. Therefore, a partner could not charge 2% interest and 10% fee if the market rate is 9%.

#### Technical Assistance:

1. I understand that the CWSRF money coming from the IIJA includes a set-aside that can be used for technical assistance. Was there any discussion of that yesterday? PENNVEST has said that they are looking to use that to get more projects ready for funding (to “load the pipeline”), but I don’t know to what extent that may or may not apply to ag.
  - a. You are correct that IIJA allows State CWSRF programs to use up to 2% of each EPA CWSRF grant to provide technical assistance to borrowers. This 2% is not just for the IIJA grants but applies to every CWSRF grant going forward, starting with the FFY2022 base grant. “Loading the pipeline” is one eligible use of this funding. PENNVEST has not yet finalized their plans for this year’s TA money; however, I know that they are planning on issuing an RFP in the next week or two. The RFPs should be available on PENNVEST’s website: <https://www.pennvest.pa.gov/Pages/default.aspx>
  - b. PENNVEST is interested in expanding its agricultural loan plan. Almost two years ago, PENNVEST established the Center for Water Quality Excellence which they are piloting in a few PA counties. The Center is working on outreach and coordination for stormwater-related projects including agriculture and green infrastructure. <https://www.cwqe.org/>
  - c. Also, PENNVEST/PADEP’s CWSRF Intended Use Plan is expected to be available for public comment in late May to early June. The IUP must include a description of how much of the 2% they plan to use and in what ways. If you are not already on their distribution list for reviewing/providing comments please consider requesting it to be emailed directly to you – but if you want to avoid being added to another distribution list you can find the IUP on this website in a few weeks. <https://www.dep.pa.gov/Business/Water/CleanWater/InfrastructureFinance/Pages/State-Revolving-Fund.aspx>



### Networks and Partnerships:

1. For Lancaster County, is this something we should work with our local conservation districts or should we be talking directly to PENNVEST? We have such a huge gap in the projects that we can do and we're trying to figure out how to get millions of dollars quickly?
  - a. The answer is to start talking to PENNVEST on this to the extent that we're going to be making some modifications to the overall program to accommodate some of the requirements under the infrastructure BIL money that's going to be coming in the next few months but the largest chunk of this is going to be coming through PENNVEST and we're looking for alternative methods to deploy it. We've already gone to our board to set up a sub level revolving loan program that could help Lancaster County. You can set up an infrastructure bank, your own revolving fund within the county and let us (PENNVEST) provide some seed money for that. I think it's worthwhile to reach out to PENNVEST.

### Survey Results:

Participants were asked to fill out the post-webinar survey. Fourteen participants provided input. All the survey respondents agreed that the information presented during the webinar was useful. Respondents provided the following examples of how the webinar was useful.

### Useful Information:

#### Case Study Examples:

- Ag examples.
- examples of projects and information on the BIL.
- The examples from PA, VA, and Kansas. Creative leveraging of different funding sources to eliminate any financial burden to the farmer. Conservation implementation will always fall second to agronomic implementation and thus farmers prefer to use their cost-share eligibility on agronomic practices first. There has been a reliance on grant funding to fill this gap but it isn't sustainable.
- Partnership projects.

#### Additional Funding Opportunities and Eligibilities:

- That the new funding will open more options for BMP implementation and that all Ag BMP projects have been funded.
- Funding uses.

#### CWSRF Overview:

- The initial overview was helpful as was the various state presentations.
- learning about the revolving fund and hearing what other states are doing.
- All of it!
- General awareness about the potential for CWSRF to be used for Ag WQ projects.
- Maggie's presentation.
- The background about how the Revolving Fund worked.

### Opportunities for Using the CWSRF for Agricultural Conservation Implementation:

All the respondents (n=14) to the post-webinar survey indicated that there may be opportunities to use the CWSRF to finance agricultural conservation projects. The following ideas were provided by survey respondents.

#### BMP Implementation:

- Buffers and exclusion fencing
- For increased BMP applications.
- Financing expensive stream restoration projects

#### Strengthening Outcomes:

- Strengthening NPS outcomes and delisting waterbodies
- Assisting farmers with the upfront costs before the practice is completed to NRCS specifications and paid

#### Equipment Purchases:

- Considering demonstration projects for additional conservation equipment loans
- Equipment purchases for cover crop equipment, construction costs for manure management, fencing and alternative watering systems. Principal forgiveness under the BIL.
- Manure injection equipment to meet both soil health and water quality goals. Ammonia emission reduction technologies on poultry houses (some scrubber technology becoming affordable, poultry flooring innovations that maintain neutral pH to reduce ammonia volatilization). Stream bank exclusion fencing w/ or w/o watering coupled with stream restoration, wetland restoration and/or buffer plantings. Manure composting such as screw press/aerator technology. Fund the nutrient capture technologies that can be coupled with manure to energy technology.

#### Increased Outreach and Education:

- I believe the CWSRF is severely underutilized in PA. I wish more Counties would open this door for landowners in their area. I would love to see an educational and outreach effort spread throughout PA/East Coast to promote the program and visit County Conservation District Board of Director meetings and educate about these opportunities.

### Incorporating Webinar Information:

Survey respondents were asked how they will incorporate information gleaned from the CWSRF webinar into their day-to-day activities. Central themes include increased outreach and promotion with state and local field staff working with farmers.

#### Outreach:

- Advise states to utilize CWSRF funding.
- Increase outreach and coordinate with sub level lenders.
- Promote this option to our farmer members so if they are looking to do conservation projects that there is additional funding out there.
- Could share with field staff who can share with ag community.
- I will use it every day, trying to get the word out about our programs.

## Clean Water State Revolving Fund Can Work for Agriculture: Summary Report

- By spreading the word about what's already been happening to build off those successes.
- PENNVEST is a great tool for our funding toolbox. I learned a lot about how MD has a diverse funding pool of programs and hope to incorporate some of those on my next trip to visit MD farmers.

### Building relationships:

- When discussing practices that will be submitted under our grant program, I will encourage continued relationships with the SCD office to leverage with funds outside of our grant.
- Lancaster Clean Water Partners and PENNVEST met to discuss options and ideas for how to fund on-farm work in Lancaster County.
- Even though I have utilized CWSRF dollars for various projects over the past 20 plus years, I found it very informative. It has even given me a few additional ideas to consider. – Sussex County, Delaware

### Integration into current tools:

- This is an opportunity which can be imported into useful models such as CAST.

## Conclusion:

The CWSRF for Agriculture webinar provided federal, state, and county conservation partners the opportunity to learn more about the ways the CWSRF has been used creatively to meet on-farm conservation goals and improve soil and water quality. Participants heard from PA, VA, MD, and KS about the creative ways they have used the CWSRF to finance agricultural conservation practices. Discussion covered a broad range of topics and continued beyond the webinar with follow up meetings happening between state and EPA partners.

To better understand the barriers and opportunities to using the CWSRF to finance agriculture conservation, state partners in MD and DE took place in an online discussion session facilitated by EPA Region 3 and the Executive Director of the Maryland Association of Conservation Districts on May 9<sup>th</sup>, 2022. The summary report from this session will be available to MD and DE state partners.

The webinar and discussion session will result in further brainstorming with state and local partners to identify and take advantage of the increased CWSRF funding from the Bipartisan Infrastructure Law. These efforts will support critical agricultural conservation work that will result in sustainable farms and improved soil and water quality.

**If you have additional questions, please reach out to EPA staff for further guidance.**

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