



Leveraging State Revolving Funds for Innovative Water Infrastructure Investments

June 24, 2021
10am PT / 1pm ET

WATERNOW ALLIANCE

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Q&A

You ask: 13:05
How do I use these awesome tools?

Joshua Jones answered: 13:06
You are already using one of the most awesome tools. We'll discuss the rest right away.

Please input your question

Send Anonymously Send



Today's Speakers



MICHAEL DEANE

Chief, Clean Water State
Revolving Fund, EPA



NICHOLAS CHAMBERLAIN

Team Leader, Drinking Water
State Revolving Fund, EPA



DEIDRE FINN

Executive Director, Council of
Infrastructure Financing Authorities



CAROLINE KOCH

Water Policy Director
WaterNow Alliance

Agenda



- About WaterNow
- State Revolving Funds Overview
- Implementing the SRFs – a State by State Affair
- Exploring the Tap into Resilience Toolkit
- Audience Q&A

PLEASE COMPLETE OUR WEBINAR EVALUATION!



 **waternow** alliance
water leaders. resilient solutions.

WaterNow Alliance



WHO ARE WE?

WaterNow Alliance is a forum and network of local water leaders advancing sustainable, affordable, equitable and climate resilient water strategies

WHAT DO WE MEAN BY SUSTAINABLE?

Providing safe, healthy, and affordable water services for people while preserving the integrity of water resources and the environment for future generations.



WHAT DO WE MEAN BY EQUITABLE?

Water equity means universal access to secure, affordable, safe, and healthy drinking water, and wastewater and stormwater management services. Equitable water infrastructure investment should support the long-term sustainability of our waterways, water systems, and utilities.



The Clean Water & Drinking Water State Revolving Funds (SRFs)

Tapping into Federal Funding Webinar

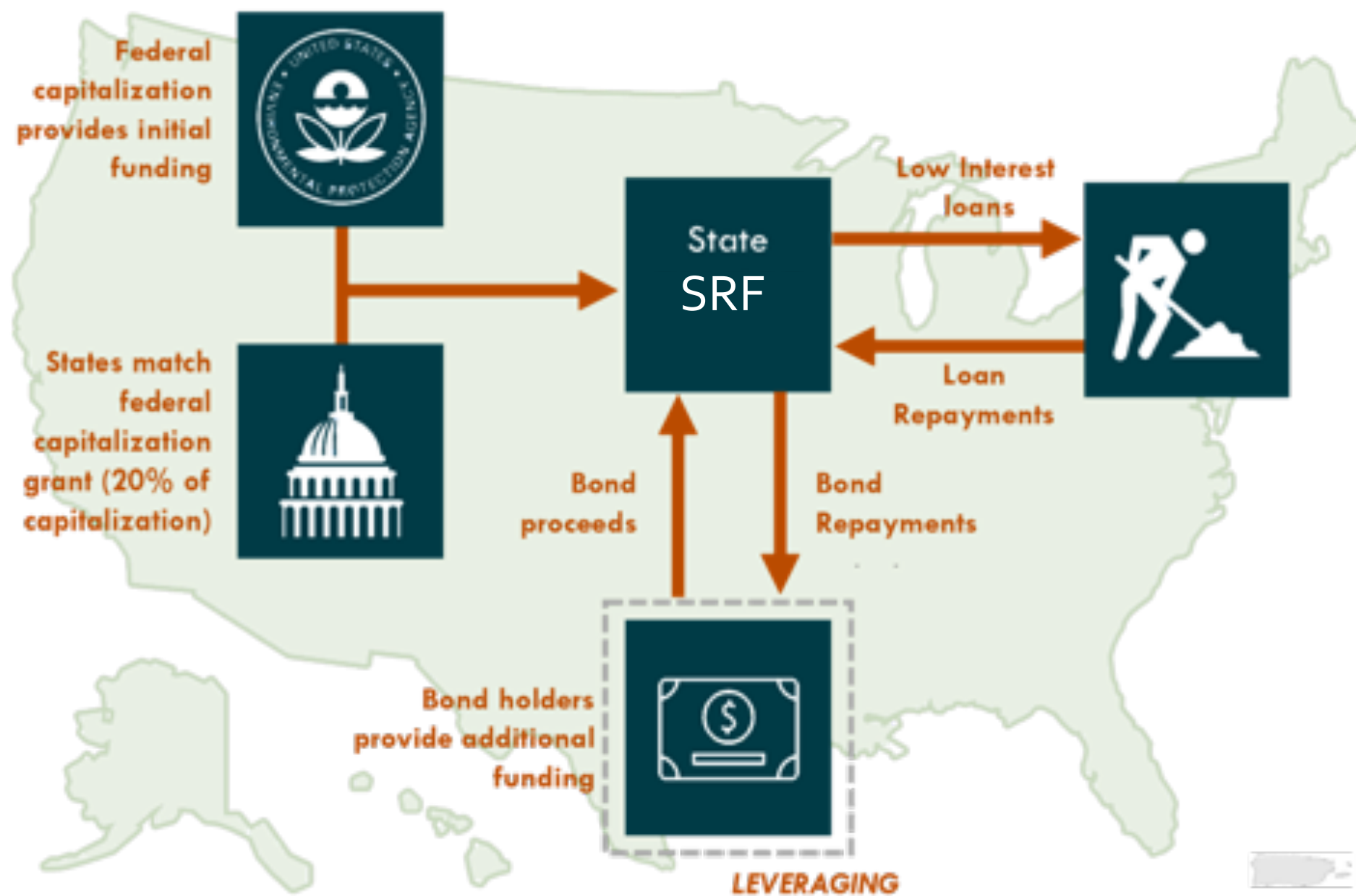


Clean Water
State Revolving Fund



What are the State Revolving Funds (SRFs)?

- Federal/state partnerships designed to create, in each state, a perpetual source of financing for drinking water and wastewater infrastructure
- Mission: reduce the cost of critical public health and environmental infrastructure
- Combines federal and state (20% state match) funds to provide funding to water and wastewater systems
- State implemented and operated
- Flexibility in assistance provided
- Type of assistance: loans, refinancing, loan guarantees
- Loan terms: i.e., interest rate, repayment period, projects funded



The SRF Model

51 CW and 51 DW state-level infrastructure “banks” make loans for water quality and drinking water public health projects

What types of assistance can the SRFs provide?

- **At or below market interest rate loans**
 - Terms up to 30 years or the useful life of the project (whichever is less)
 - For DWSRF, 40-year loan terms available only to state-defined Disadvantaged Communities
- **Buy or refinance local debt**
- **Guarantee or purchase of bond insurance for local debt obligations**
- **Additional subsidization (e.g., loan principal forgiveness)**

Who can receive funding?

CWSRF:

- **CWSRF-eligible entities are dependent upon project type:**
 - Municipalities, intermunicipal, interstate, or State agencies.
 - Nonprofit entities*
 - Private, for-profit entities*
 - Watershed groups*
 - Community groups*
 - Homeowners Associations*
 - Individuals*
 - And more...

DWSRF:

- **Public or private* community water systems**
 - A system serving at least 15 service connections used by year-round residents, or regularly serves at least 25 year-round residents
- **Nonprofit non-community water systems**
 - Including schools, publicly-owned campgrounds, parks, churches

**Some states do not fund private systems/private entities.*

CWSRF- eligible project categories

- Centralized Wastewater Treatment
- Energy Conservation
- Water Conservation
- Stormwater
- Agricultural Best Management Practices
- Groundwater
- Resource Extraction
- Planning/Assessments and Monitoring
- Landfills
- Habitat Restoration
- Desalination
- Decentralized Wastewater Treatment
- Surface Water
- Contaminated Sites

A full list of CWSRF eligibilities, including examples of eligible projects, can be found in the “Overview of Clean Water State Revolving Fund Eligibilities,” <https://www.epa.gov/cwsrf/overview-clean-water-state-revolving-fund-eligibilities>

DWSRF-eligible project categories

- Treatment
- Transmission & Distribution
- Storage
- Source
- Consolidation
- Creation of New Systems
- Planning & Design



Access our *Eligibility Handbook*, which includes example projects:

<https://www.epa.gov/dwsrf/drinking-water-state-revolving-fund-eligibility-handbook>

Operations and
maintenance expenses
are not eligible.

This is a statutory prohibition for both SRFs.

The SRFs can make a loan of almost any size!

2020 SRF Loan Sizes

DWSRF & CWSRF



CWSRF resiliency- related project examples

- **Physical hardening** (e.g., waterproofing electrical components, dry floodproofing/sealing of structures to prevent floodwater penetration, installing wind resistant features)
- **Relocation/elevation of treatment plants**
- **Physical flood barriers** (e.g., sea walls, levies, dikes, berms)
- **Redundant equipment/components**
- **Backup generators** (new or replacement) **and fuel transport and storage tanks**
- **Portable pumps**
- **Flood attenuation, diversion, or retention infrastructure** within or beyond the footprint of a treatment works that protects the treatment works (e.g., floodwater channels/culverts, green infrastructure, and natural systems capable of mitigating a storm surge)
- **Regionalization/interconnections**
- **Water reuse**
- **Renewable energy supply**
- **Vulnerability assessments, adaptation plans, extreme weather mitigation plans**
- **Strengthening facility and operational security** – fencing, cameras, cybersecurity measures

DWSRF resiliency- related project examples

- **Physical hardening** (e.g., waterproofing electrical components, dry floodproofing/sealing of structures to prevent floodwater penetration, installing wind resistant features)
- **Relocation/elevation of treatment plants**
- **Physical flood barriers**
- **Flood attenuation** at publicly owned facilities for green or gray water
- **Backup generators** (new or replacement)
- **Consolidation/
Regionalization/partnerships**
- **Drought related assessment and planning efforts**
- **Drought contingency plans**
- **Wells** – additional, replacement, deepening and rehabilitation; **new pumps** for deeper wells
- **Intakes** – reposition, relocation, elevation, alternative, backup
- **Renewable energy supply**
- **Vulnerability assessments, adaptation plans, extreme weather mitigation plans**
- **Strengthening facility and operational security** – fencing, cameras, cybersecurity measures

DWSRF “set-asides”

These can
assist with
resiliency!

State DWSRF programs can also use part of their federal funds for non-infrastructure activities and programs

- E.g., capacity development, operator certification, source water protection, wellhead protection, etc.
- Each state’s program is different

Example activities of interest to small systems:

- Technical assistance
- Assistance from circuit riders
- Assistance with DWSRF infrastructure loan applications
- Planning and design grants/loans
- Asset management plan creation
- Operator certification training

Lead-Related DWSRF Eligible Projects and Activities

Loan
Fund

Set-
Asides

Loan Fund Only

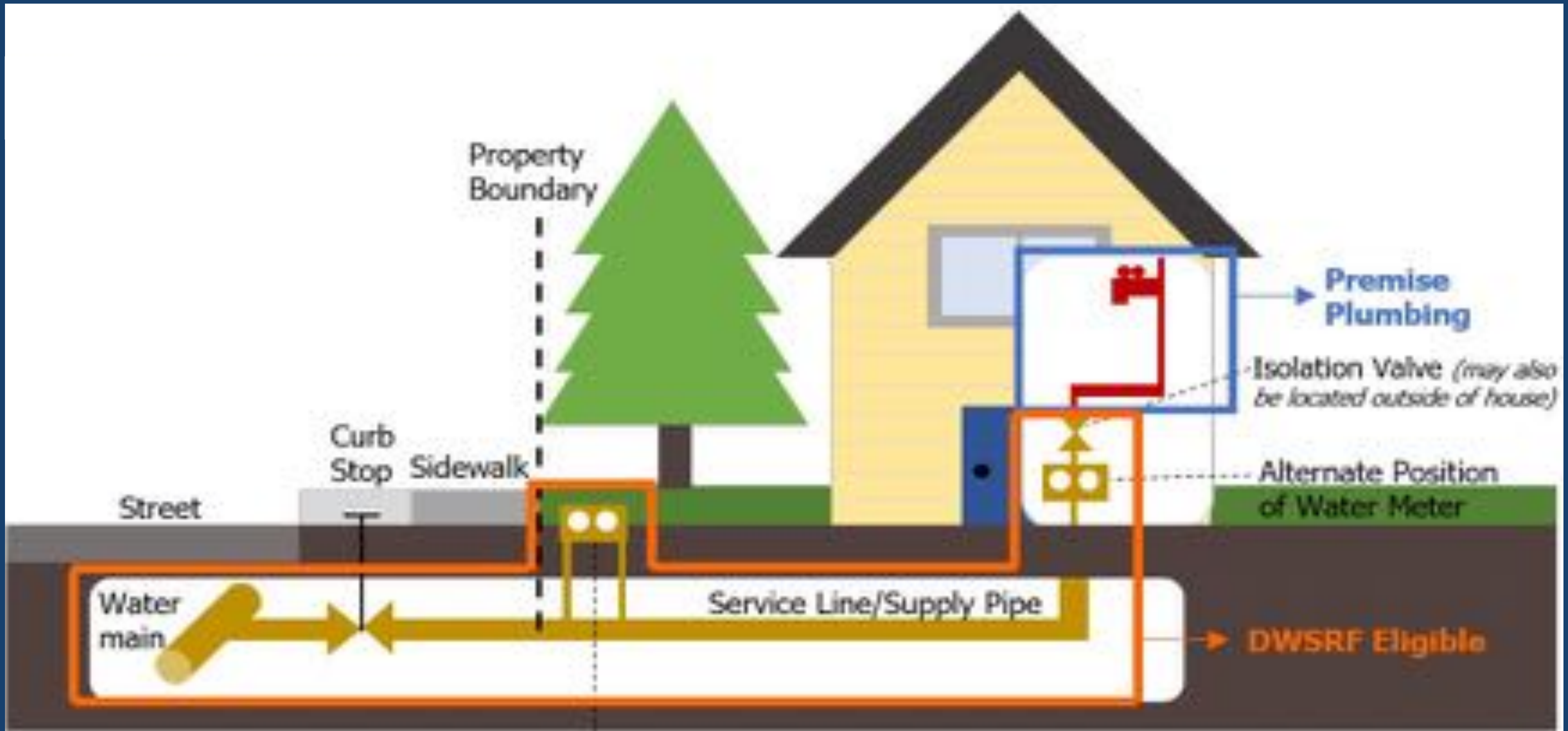
- Full lead service line replacement (*both public and private portions*)
- Corrosion control infrastructure

Both the Loan Fund & Set Asides

- Corrosion control studies
- Identifying lead service line locations

Set Asides Only

- Lead testing at schools and daycare centers (*non-routine, not compliance related*)



Benefits of the SRFs

- **Very low-cost financing**
 - Interest is typically charged at half the market rate, saving communities hundreds of thousands of dollars
 - Potential availability of “additional subsidy,” which is are grant-like funds
- **Extended loan terms**
 - Can go up to 30 years (or 40 years for DWSRF)
 - Repayments begin up to 12 months (or 18 months for DWSRF) after construction completion
- **Serves communities of all sizes**
- **Wide range of project \$ sizes**
- **Availability of technical assistance**
- **Funding can be paired with other sources, such as USDA-Rural Development and FEMA**

How to apply

Contact your state CWSRF or DWSRF program directly.

CWSRF:

<https://www.epa.gov/cwsrf/forms/contact-us-about-clean-water-state-revolving-fund-cwsrf#state>

DWSRF:

<https://www.epa.gov/dwsrf/state-dwsrf-website-and-contacts>



Clean Water
State Revolving Fund





CIFFA

COUNCIL OF INFRASTRUCTURE FINANCING AUTHORITIES





Council of Infrastructure Financing Authorities (CIFA)

A membership organization of the Clean Water and Drinking Water State Revolving Funds that advocates for robust, responsive, fiscally-responsible and recurring investment in water infrastructure.



51 State Programs

- **State flexibility under broad federal framework**
- **Responsive to the diverse needs of the communities**

A woman with a large red and black backpack is kneeling on a sandy bank, reaching towards a dog. A young girl in a pink shirt stands behind her, also reaching towards the dog. The dog is a golden retriever. They are in a natural setting with trees and a stream in the background.

Savings

- **An average subsidized interest rate of 1.5% saves \$180 million in interest rates for every \$1 billion in loans.**
- **2020 Average Interest Rates:**
 - **Clean Water SRF: 1.2%**
 - **Drinking Water SRF: 1.35%**



Florida: Marianna Wastewater Treatment Facility Solar Energy

Pennsylvania: Temple University Charles Library Green Roof





Virginia: Living Shoreline





Arizona: Forest Health



Minnesota-Louisiana Partnership to Address Nonpoint Pollution

Minnesota CAFOs (Concentrated Animal Feed Operations)



Barataria Terrebonne National Estuary

What to do next:

- Visit www.cifanet.org – Info Hub / SRF Profiles.
- Contact your SRF.
- Develop a written concept.
- Learn about the federal requirements.

Develop a Written Concept

- **What's the problem?**
- **How will your project improve water quality?**
- **Who owns the property?**
- **What is your source of funding to repay the loan?**
- **Who will manage the project?**
- **Who will maintain the infrastructure?**

Questions

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TAP INTO RESILIENCE



- ✓ Creates pathways and opportunities to invest capital at large scale in decentralized infrastructure
- ✓ Expanding the definition of water infrastructure to include distributed solutions
- ✓ Putting distributed installations on non-utility owned properties in multi-year capital plans along with conventional counterparts

tapin.waternow.org

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WHAT IS ONSITE, LOCALIZED, DISTRIBUTED WATER INFRASTRUCTURE?

- ✓ Distributed over many properties, public and private
- ✓ Not owned and operated by city/utility/water agency
- ✓ Operate in concert with built infrastructure
- ✓ Paid for by the utility

CATEGORIES OF DISTRIBUTED INFRASTRUCTURE

- ✓ Private Service Line Replacement
- ✓ Water Use Efficiency and Conservation
- ✓ Stormwater and Flood Management



Lead Line Replacement



Onsite Re-use



Conservation and Efficiency Programs



Green Stormwater Infrastructure



Watershed Protection Efforts

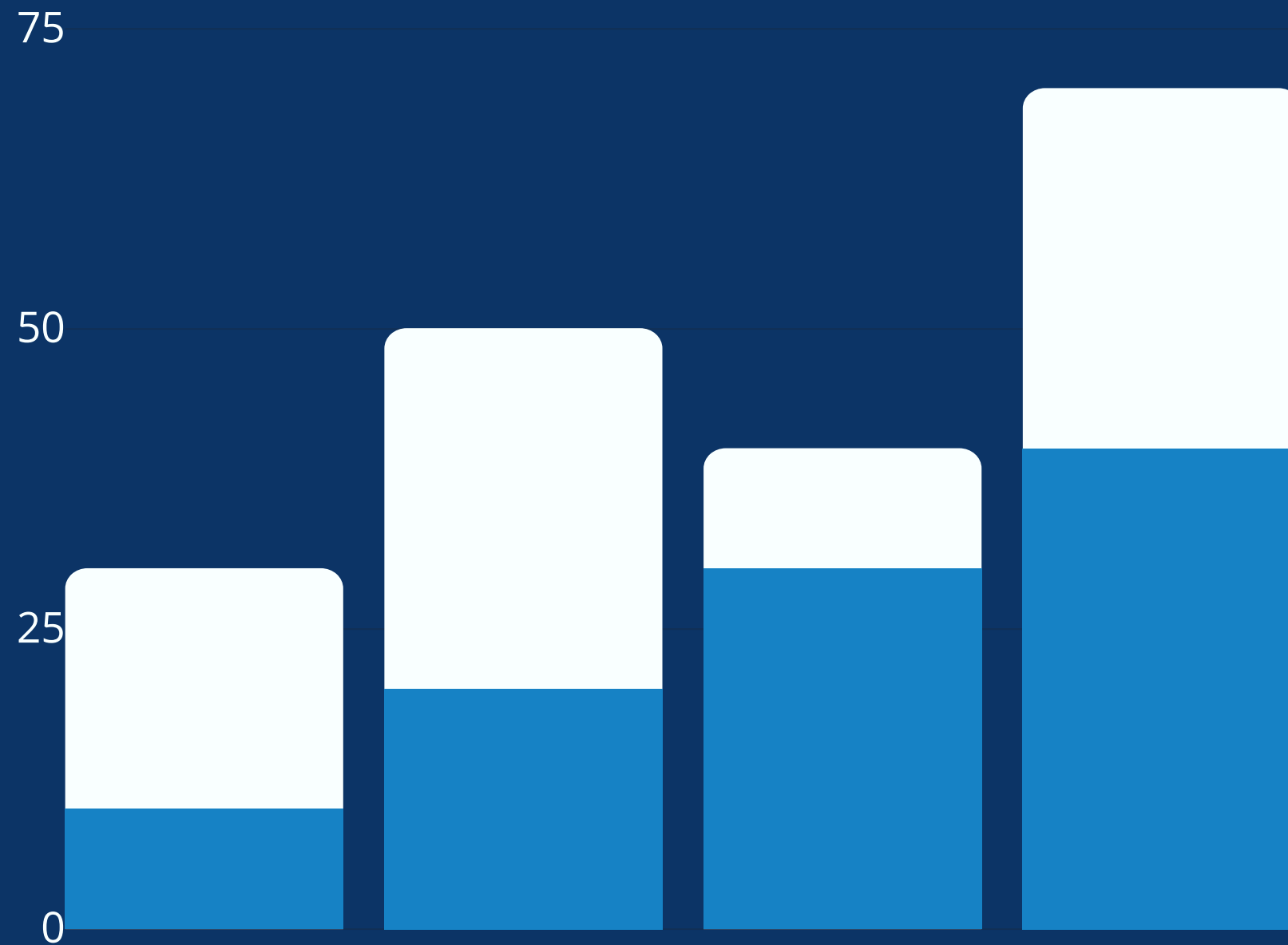


BIG PICTURE BENEFITS OF LOCALIZED STRATEGIES

- ✓ Environmentally sustainable
- ✓ Build climate resilience
- ✓ Often more affordable
- ✓ Advance social equity
- ✓ Protect public health
- ✓ Create local, green jobs



TIME FOR A POLL



TAP INTO RESILIENCE TOOLKIT




Do you have a sustainability vision for your city?

Our toolkit is here to help.



tap into resilience
A Waterflow Alliance Initiative

- **Localized Infrastructure Decision-Making Framework**
To explore lessons learned from TIR Case Studies click through Waterflow's 10-part decision-making framework for deploying localized water infrastructure strategies at larger scale as best fit a community's particular needs.
- **What are my financing options?**
To learn about accessing capital dollars and other revenue streams to pay for decentralized water infrastructure and solutions to common legal, financial and accounting questions that arise when increasing investments in these environmentally friendly programs click through the "What are my financing options" sections.
- **Localized water infrastructure implementation strategies**
To learn about common challenges – and corresponding solutions – for public utilities deploying decentralized strategies on public property not directly owned or controlled by the water utility ("public non-utility property") and private property click through the "Localized water infrastructure implementation strategies" section.
- **Toolkit Quick Reference Library**
Click here for quick references to Toolkit resources, example documents, and case studies.
- **Ask an Expert**
Connect with Tap into Resilience expert panelists.
[Ask an Expert](#)

Visit tapin.waternow.org/toolkit to view full toolkit

What are my financing

Accessing State, Federal, and Philanthropic Funding

The financing sections cover

In addition to operating budget funds and debt proceeds, utilities can access state, federal, and philanthropic dollars to help finance localized water infrastructure in their communities. These sources of funding are attractive for their low-cost nature and ability to provide for long-term maintenance. To be successful in obtaining these funds, utilities can offer some of the following:

- Provide a clear and concise business plan that demonstrates the need for the project and the utility's ability to repay the loan.
- Provide a detailed cost estimate and a schedule of construction.
- Provide a letter of support from the local community and other stakeholders.
- Provide a letter of support from the state or federal government.
- Provide a letter of support from a philanthropic organization.



Utility Co



Debt Fin



Accessi

Materials are revealed in the overview of that tool. Example ordinance and quick access to a sample ordinance.

Explore for yourself

State Revolving Fund

The Clean Water and Drinking Water State Revolving Fund programs are a permanent, independent source of low-cost financing for infrastructure projects. Communities that make use of the State Revolving Fund can access market interest rate loans and loan forgiveness (similar to grants) offered for communities and often for "green" projects, such as water efficiency and green infrastructure.

SRF Eligibility

SRF for private property localized infrastructure

Green project reserve



CWSRF 101 Presentation

Explanations on CWSRF infrastructure banks, and project eligibility are addressed in the EPA's CWSRF 2015 presentation.

[Read more](#)



CWSRF Application Process Visual

This California Clean Water State Revolving Fund infographic delineates a construction application process from planning phase to construction.

[Read more](#)



Annual Report: CWSRF Programs

This year (2015) the CWSRF provided \$5.8 billion to eligible projects and will continue to grow, while prioritizing those with the biggest public health impact.

[Read more](#)

tapin.waternow.org/toolkit

**July 21: Leveraging Housing
and Urban Development
Loans for Innovative Water
Infrastructure Investments**
<https://bit.ly/WNAHUD2021>

**August 18: Leveraging
WaterSMART Grants for
Innovative Water
Infrastructure Investments**
<https://bit.ly/WNAWS2021>

**MARK YOUR
CALENDARS**



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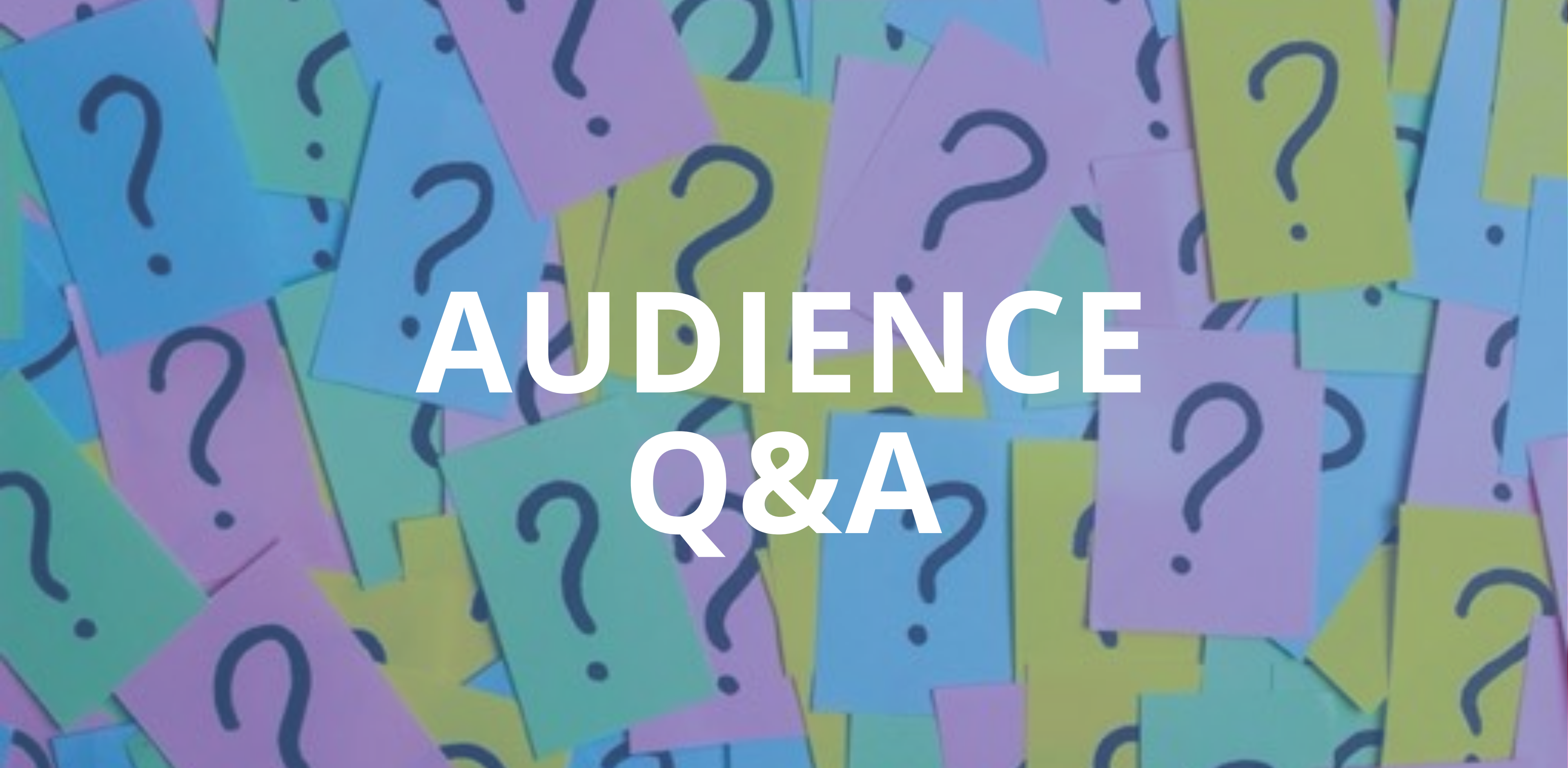
JOIN THE ALLIANCE

LEARN MORE AND SIGN UP

www.waternow.org/join-the-leaders



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The background consists of a dense, overlapping pattern of colorful sticky notes in shades of blue, green, purple, and yellow. Each sticky note features a large, dark blue question mark. The text 'AUDIENCE Q&A' is centered over this pattern in a large, white, sans-serif font.

AUDIENCE Q&A

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THANK YOU

FOR MORE INFORMATION EMAIL
CAK@WATERNOW.ORG

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