



Clean Water  
State Revolving Fund

# Clean Water State Revolving Fund

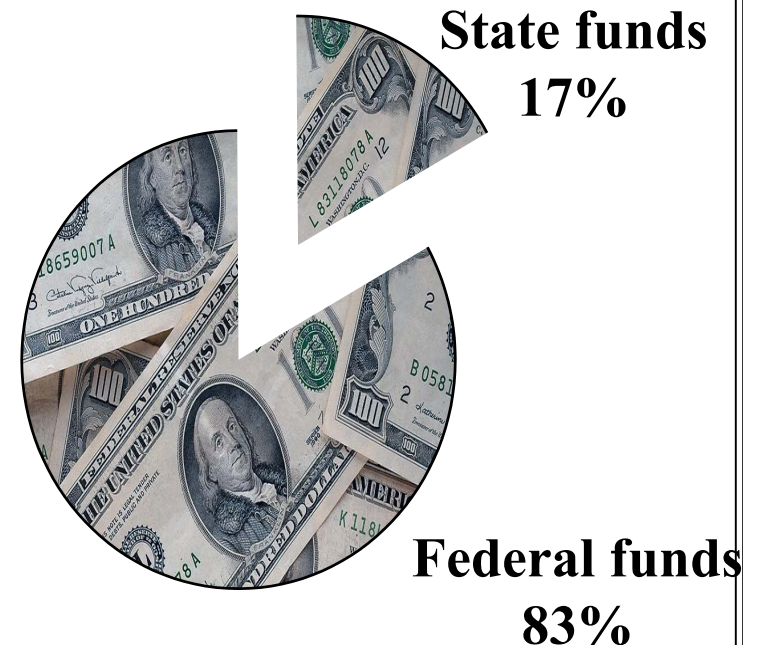
June 5, 2002



# Establishment of the CWSRF Program

- Clean Water Act of 1987 (Title VI) authorized the CWSRF program
- Move from Construction *Grants* program to SRF *Loan* program
- Expanded use of monies from financing municipal sewage systems to include nonpoint source and estuary activities

- Federally and state provided “seed money”
- State implemented and operated program
- Public participation is encouraged
- Federal involvement is limited
- Most assistance is in the form of low interest loans with repayment terms up to 20 years and interest rates between 0% and market rate.



# CWSRF - A Flexible, State Run Funding Program

---

The CWSRF Program can fund:

- Publicly owned section 212 wastewater treatment works
- public or private section 319 nonpoint source (NPS) projects
- public or private section 320 estuary projects

Examples of projects include:

- TMDL implementation
- stormwater projects
- SSO projects
- CSO projects
- agricultural BMPs
- land conservation
- brownfields cleanup projects
- wetland purchase and/or restoration projects
- Conservation easements
- in-stream water rights

# CWSRF Loans

## CWSRF loans:

- Cover 100% of eligible cost -- no local match
- Can be used to provide “match” money to other Federal Grant programs
- Interest rates
  - May range from 0 percent to market rate
  - States set rates based on state’s cost of capital, state law, or recipient’s ability to repay
- Loan repayment
  - Up to 20-year term
  - Begins up to 1 year after project start-up
  - Wide flexibility in repayment sources
  - All repayments of loan principal and interest must return to the SRF

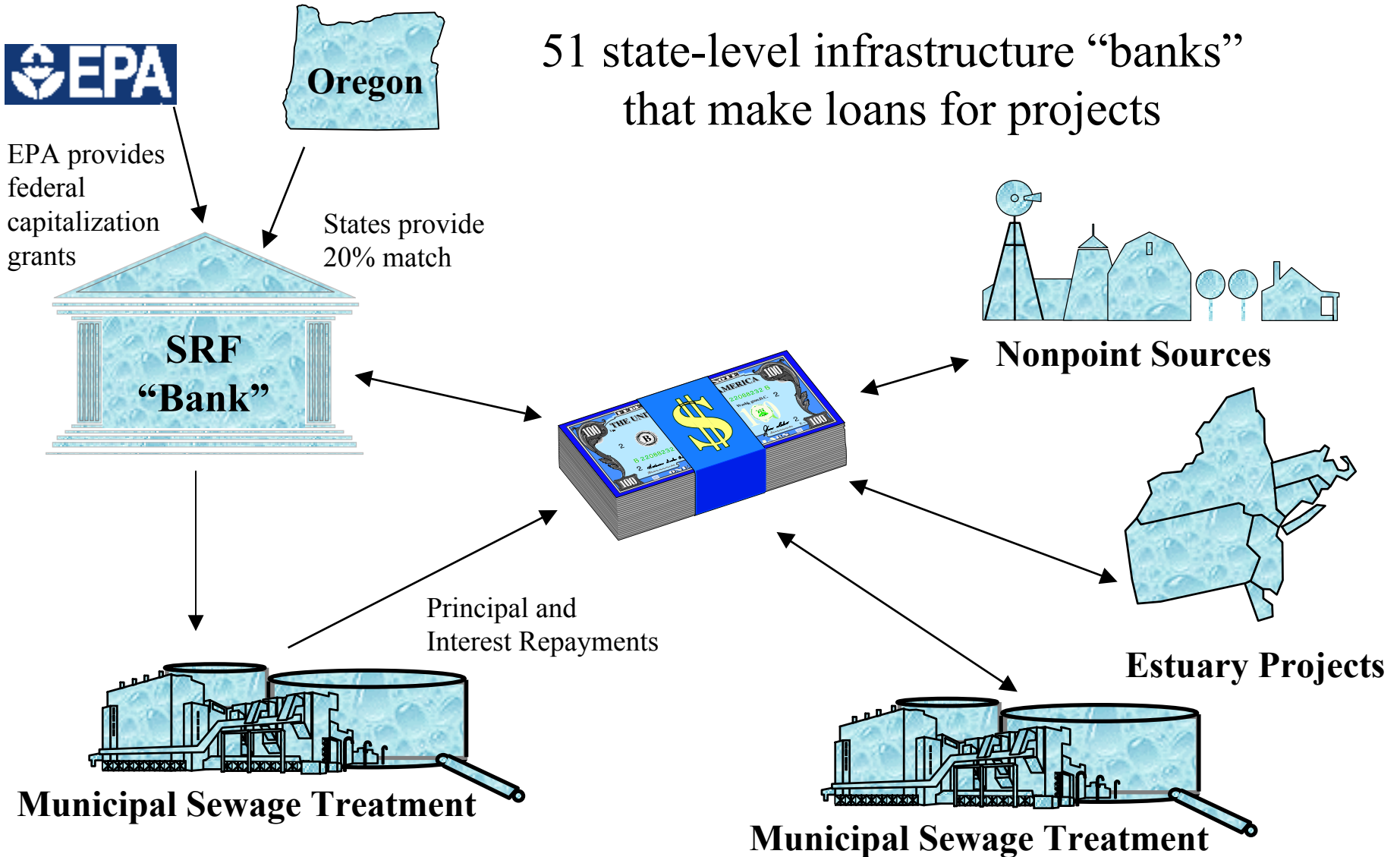
### CWSRF Loan Volume:

Annual, typical ..... \$3 - \$4 billion  
Total 1988 - 2001 ..... \$34 billion

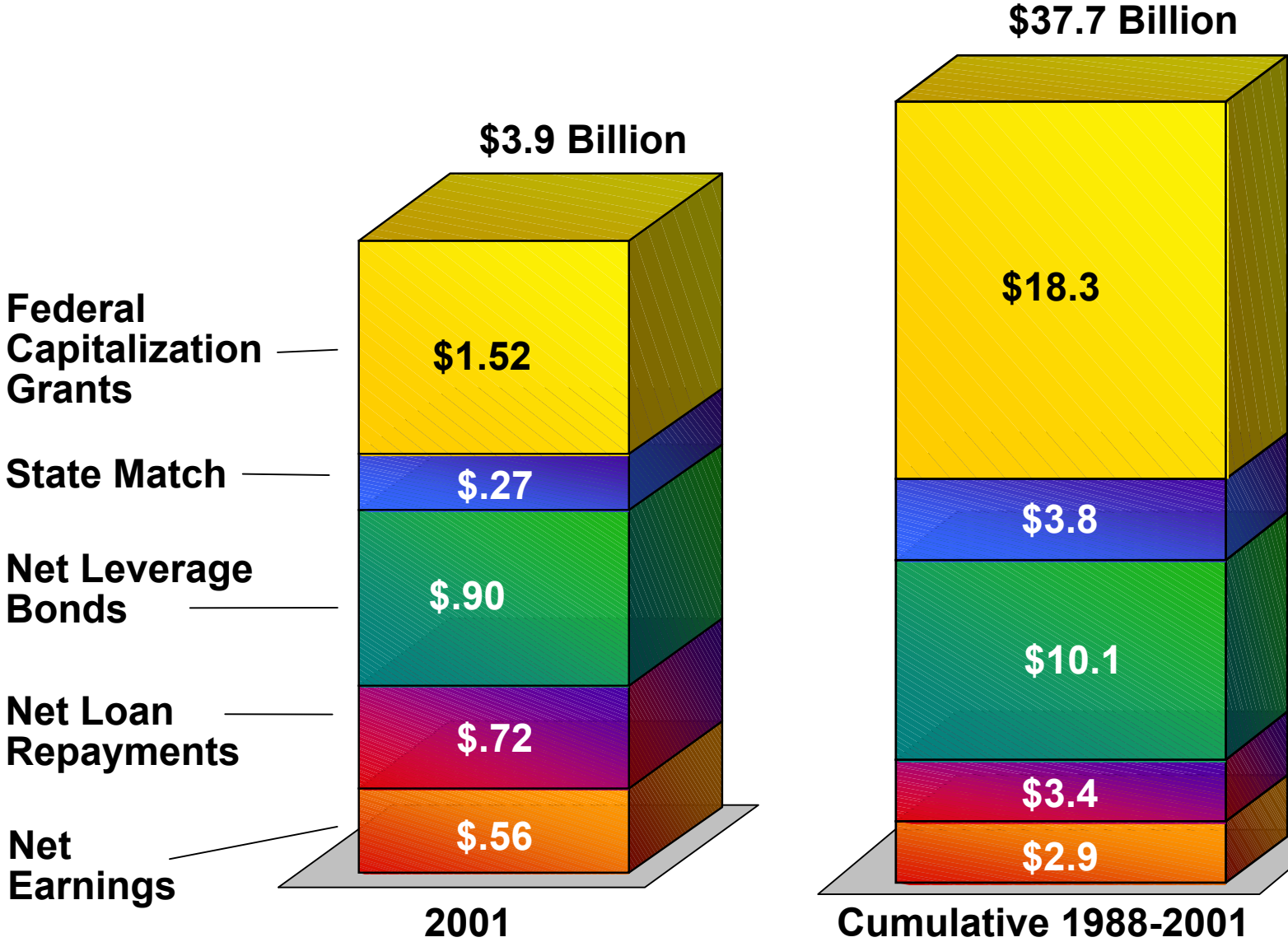


Slide 9

# SRFs: Infrastructure Banks



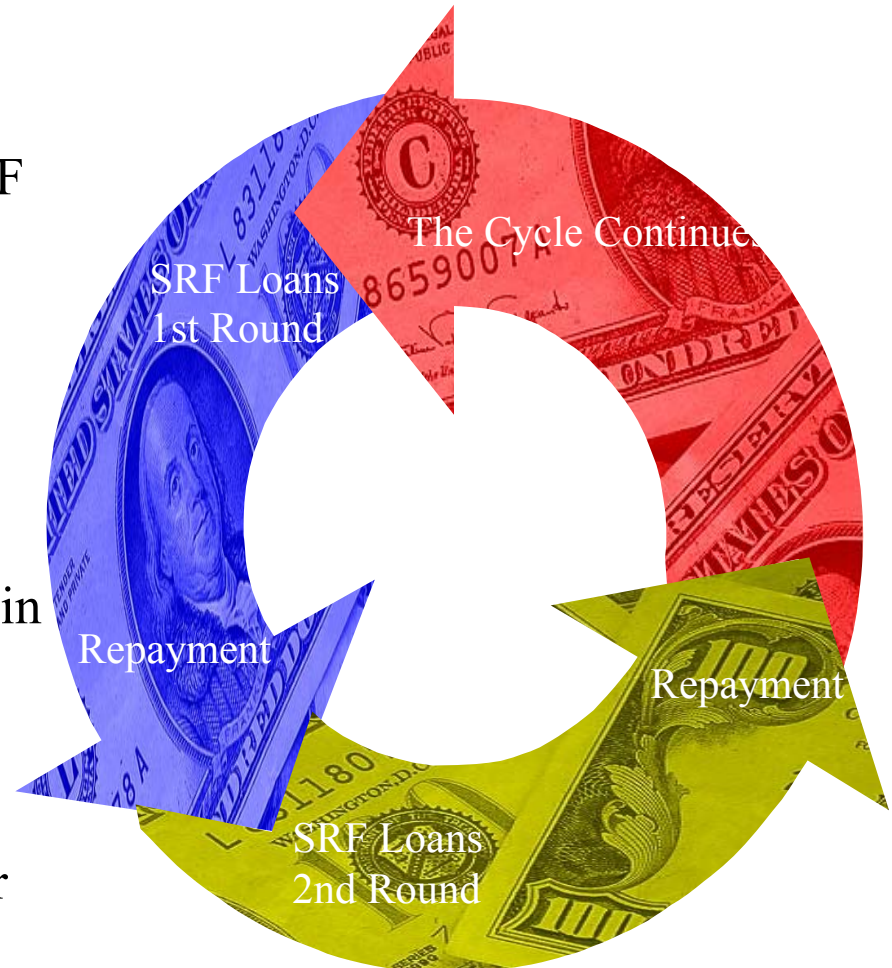
# Source of CWSRF Funds



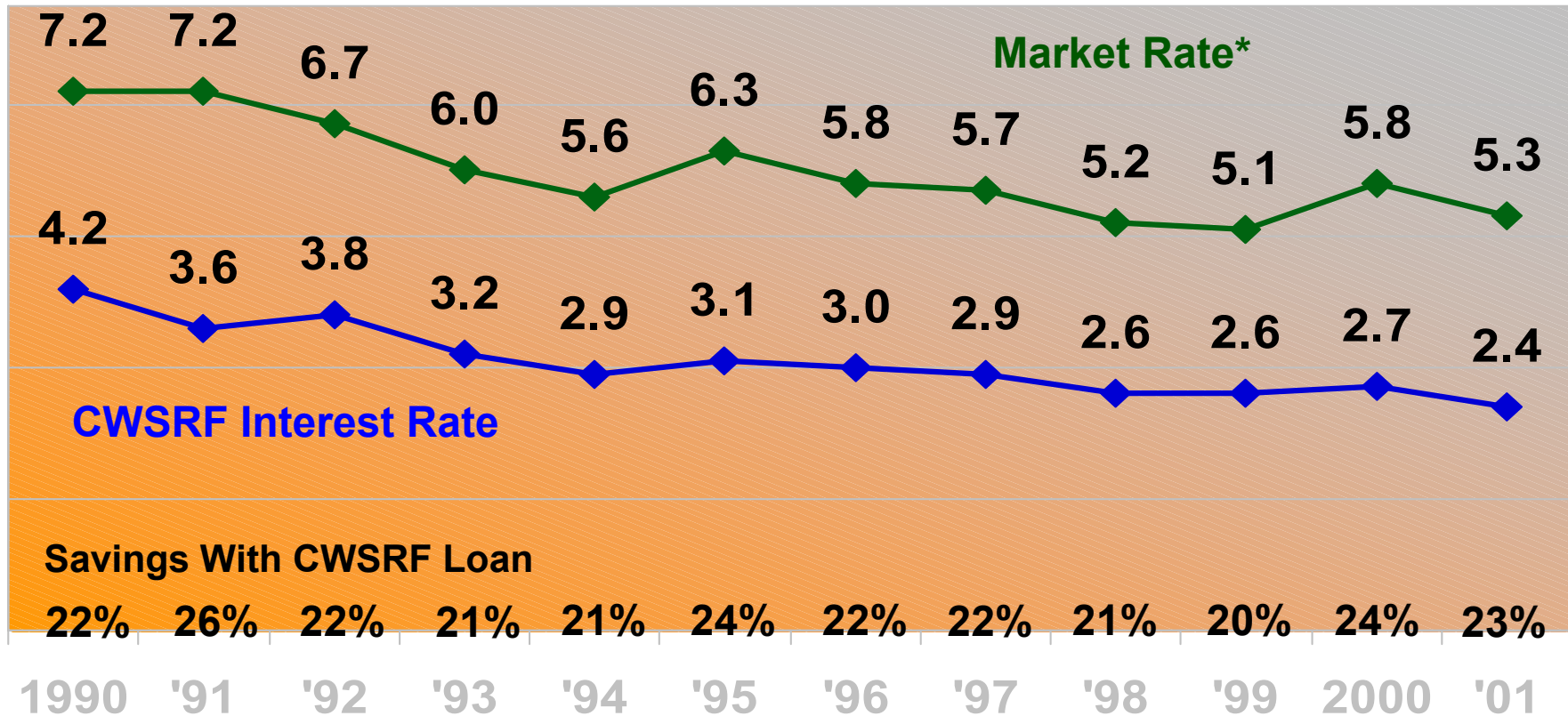
\*Totals exclude amounts for administration.

# The CWSRF is a Revolving Fund

- As the loans are repaid, the money is reused (revolved) by the CWSRF to provide assistance for future projects
- Assistance typically is in the form of low-interest rate loans (0% to market rate)
- The revolving nature of the SRFs means that funds will be available in perpetuity
- Funds revolve at the state level
- All CWSRF monies must be used only for purposes authorized under Title VI of the Clean Water Act



# Savings Provided by CWSRF Loans



\*Market rate is measured as the Bond Buyer 20-Bond GO Index.

For example: In 2001, a community would save 23% by financing its project with a typical 20-year loan from the CWSRF at a 2.4% interest rate instead of using commercial financing at an average 5.3% rate.



# FY2001 CWSRF Assistance Provided

---

- 2001 was a banner year for the CWSRF program; 2<sup>nd</sup> best in history of program
- Over \$3.9 billion in CWSRF assistance provided
- Over \$37.7 billion of assistance provided over the history of the CWSRF
- Over \$200 million provided to NPS and estuary projects
- Over \$1.4 billion has been provided for NPS and estuary projects since 1988
- More than 50% of the loans issued by the CWSRF are to small communities
- As of 6/30/01, OR CWSRF had provided assistance in excess of **\$342.5 million**

# Nonpoint Source/Estuary Projects

- On-site sewage treatment systems
- Landfills
- Stormwater management
- **Wetland protection, remediation, restoration, and/or construction**
- **Riparian zone protection**
- **Agriculture best management practices**
- Underground storage tank cleanup
- Brownfields remediation
- **Land conservation/easements**
- **“Match” money for other Federal Grant Programs**



# Funding Mechanisms Include:

- Direct loans
- Loans to intermediaries (e.g., counties, conservation districts)
- Loans through financial institutions (e.g., linked deposit)



**Intermediary**



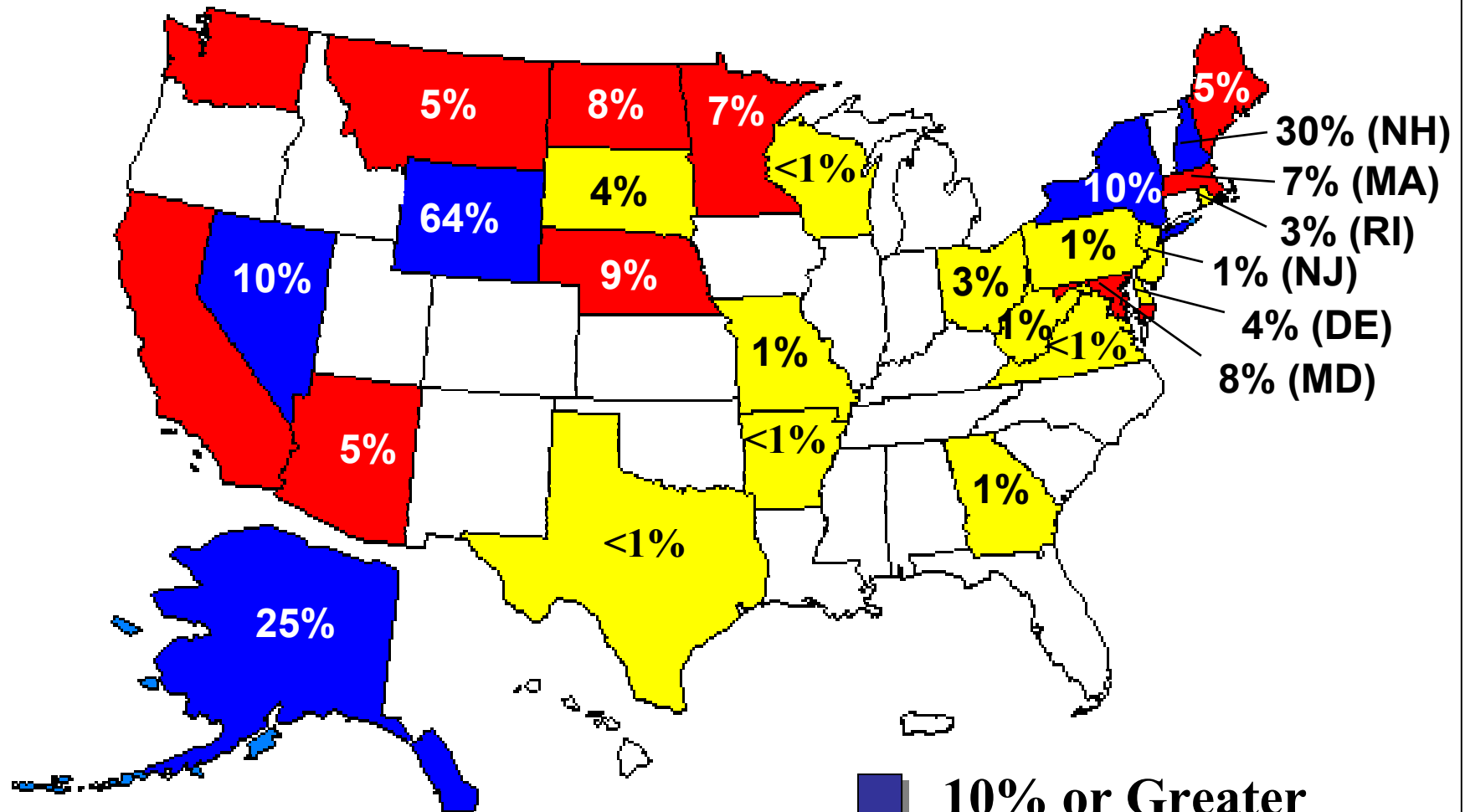
**Financial Institution**



**Loan Recipient**



# 28 States Fund over \$1 Billion of Nonpoint Source & Estuary Activities through 2000

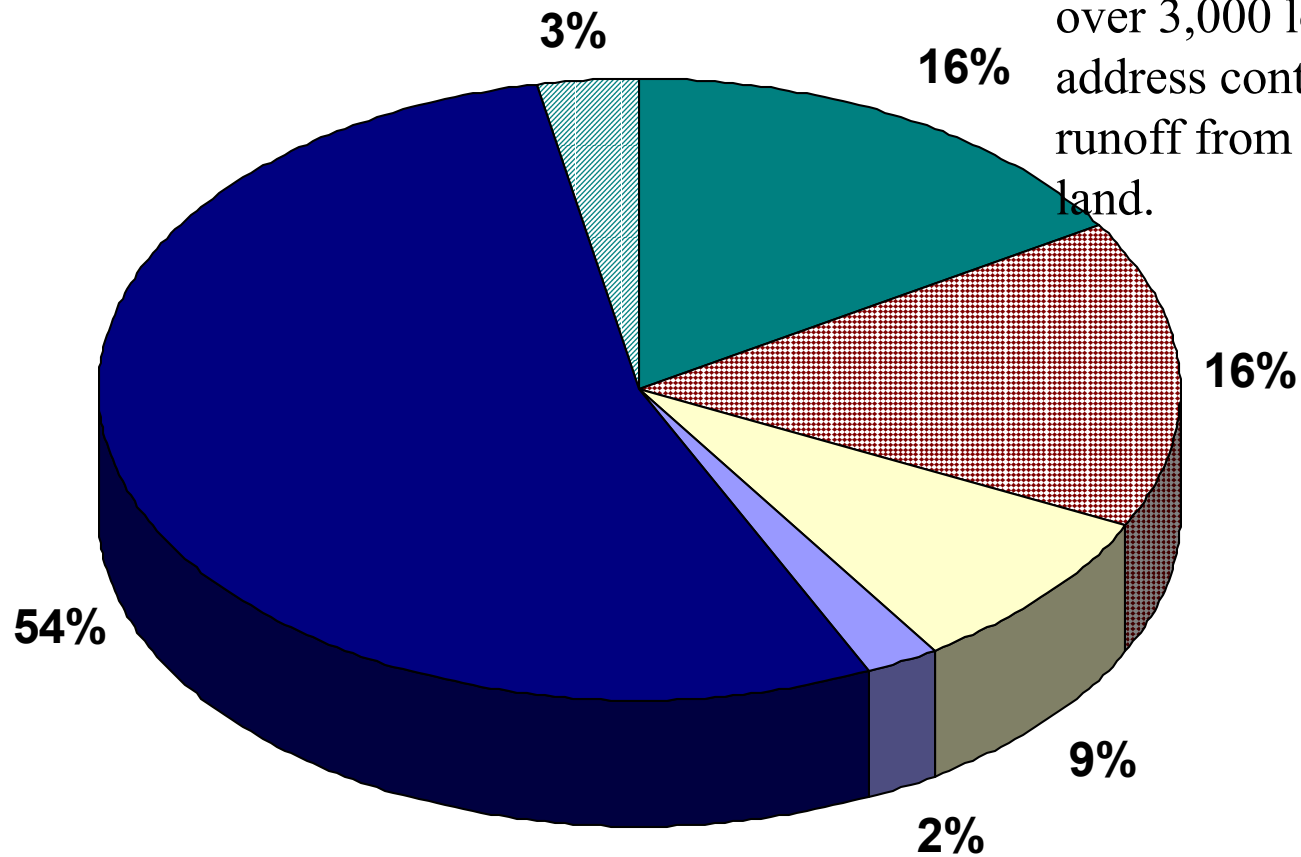


\* State's NPS & Estuary Assistance as a Percent of State's Total CWSRF Assistance

- 10% or Greater
- 5% up to 10%
- Up to 5%

# Cumulative Nonpoint Source & Estuary Activities

CWSRF's have made over 3,000 loans to address contaminated runoff from agricultural land.



■ Ag Cropland BMP

■ Ag Animal BMP

■ Storage Tanks

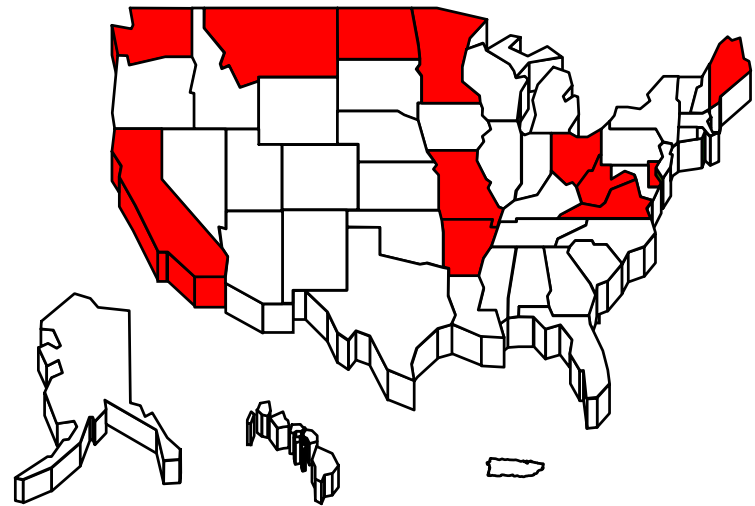
■ Landfills

■ Septic Tanks

■ Other

# 12 States Funding Agriculture Best Management Practices Using the CWSRF

- AR, CA, DE, ME, MN, MO, MT, ND, OH, VA, WA, WV
- Project types
  - Waste management systems
  - Manure spreaders
  - Dead bird composters
  - Conservation tillage equipment
  - Irrigation equipment
  - Filter strips
  - Streambank stabilization
  - Education programs
- CWSRF programs often share management responsibilities with Natural Resource Conservation Service, local soil and water conservation districts, local lenders
- CWSRF can be used as “match” money for many other Federal grant programs (CRP, EQUIP, etc)



# Agriculture BMP Spotlight: MN

- Minnesota CWSRF has developed an Agriculture BMP program managed by Minnesota Department of Agriculture.
  - Soil and water conservation districts assist with needs assessment, planning, design.
  - Counties are recipients of CWSRF loans.
  - Counties make loans to farmers.
  - Local lenders provide loan review, guarantee repayment to counties, receive percentage of loan interest payments.
  - Loan terms: 3%/1-10 years.
  - 1,900 projects/over \$30 million.



# Agriculture BMP Spotlight: OH

- Ohio has created an innovative financial arrangement called the “Linked Deposit” program.
  - Soil and water conservation districts provide needs assessments, design/cost estimates
  - Local banks conduct financial capability assessment and collateral review
  - CWSRF invests in a reduced interest CD -- repayment to CWSRF is guaranteed
  - Bank lends funds to NPS project at reduced interest rate (loan rate reduced by same amount as CD)
  - Loan terms: 3% below market/up to 20 years
  - 116 loans/\$3.9 million





# Agriculture BMP Spotlight: WV

---

- Provides loans for match of Department of Agriculture cost-share programs: Potomac Headwater Land Treatment Project, EQIP
- Local soil conservation systems provide technical assistance
- Arrangement with local banks similar to Ohio linked deposit program
- Loan terms: 3%/1-7 years
- 86 loans/\$1.5 million



# Agriculture BMP Spotlight: DE

- Delaware has initiated a poultry producer program/dairy producer program.
  - NRCS and Conservation District planners determine need for facilities and prepare design/cost estimate.
  - Repayment source: Poultry integrator/dairy cooperative withholds funds from payments to farmer.
  - Loan terms: 3%/1-7 years.
  - 265 projects/\$1.8 million.

