

**ENVIRONMENTAL PROTECTION AGENCY
ENVIRONMENTAL FINANCIAL ADVISORY BOARD
STRATEGIC ACTION AGENDA
Fiscal Years 2004-2005**

BACKGROUND

The nation has made huge investments in, and significant progress toward, controlling pollution discharges and restoring environmental quality. Much of the credit for this success is due to EPA's use of regulatory and enforcement tools, and to the transfer of significant resources from the federal government to state and local governments to help construct environmental infrastructure.

Two trends challenge our ability to maintain and improve our standard of environmental quality. First, needs and expectations for environmental protection continue to grow. Second, federal deficits, tax reduction initiatives, and growing overall demands on state resources constrain traditional public sources of environmental funding. The result is an increasing tension between the costs of environmental protection and the resources available to meet those costs.

To address these environmental and resource challenges in a sustainable manner, EPA will need to consider the full range of finance-related alternatives available. This effort will include traditional regulatory and enforcement tools and federal assistance programs. It will also require innovative projects and technologies, improved efficiencies, creative financing techniques, and leveraged public-private partnerships.

The Environmental Financial Advisory Board (EFAB) and Environmental Finance Center (EFC) Network look to be an integral part of this EPA effort. EFAB is chartered under the Federal Advisory Committee Act to advise EPA on environmental finance issues, options, proposals, and trends. EFAB seeks practical ways of lowering costs and increasing investments in public purpose environmental facilities and services. The EFC Network consists of nine university-based programs that deliver traditional and innovative financial outreach services to the regulated communities.

EFAB is supported by EPA's Office of the Chief Financial Officer, headed by Linda Combs. EFAB's Chair is the Honorable Lyons Gray of North Carolina. Its Executive Director and Designated Federal Official is A. Stanley Meiburg, Deputy Regional Administrator, Region 4. At the beginning of each fiscal year, EFAB updates its Strategic Action Agenda. EFAB's plans and operations are aligned with the major environmental goals presented in EPA's strategic plan.

EPA GOALS AND EFAB ISSUES

EFAB's work for Fiscal Years 2004-2005 is organized in support of the five major thematic goals laid out in EPA's *Strategic Plan 2003-2008*:

1. **Clean Air and Global Climate Change** Protect and improve the air so it is healthy to

breathe and risks to human health and the environment are reduced. Reduce green house gas intensity by enhancing partnerships with businesses and other sectors.

2. **Clean and Safe Water** Ensure drinking water is safe. Restore and maintain oceans, watersheds, and their aquatic systems to protect human health, support economic and recreational activities, and provide healthy habitat for fish, plants, and wildlife.
3. **Land Preservation and Restoration** Preserve and restore the land by using innovative waste management practices and cleaning up contaminated properties to reduce risks posed by releases of harmful substances.
4. **Healthy Communities and Ecosystems** Protect, sustain, or restore the health of people, communities, and ecosystems using integrated and comprehensive approaches and partnerships.
5. **Compliance and Environmental Stewardship** Improve environmental performance through compliance with environmental requirements, preventing pollution, and promoting environmental stewardship. Protect human health and the environment by encouraging innovation and providing incentives for governments, businesses, and the public that promote environmental stewardship

In its own strategic planning process, EFAB annually applies these thematic EPA goals in the context of the requirement in its charter to provide advice and recommendations on the following issues:

- Reducing the cost of financing environmental facilities and discouraging polluting behavior;
- Creating incentives to increase private investment in the provision of environmental services and removing or reducing constraints on private involvement imposed by current regulations;
- Developing new and innovative environmental financing approaches and supporting and encouraging the use of effective existing approaches;
- Identifying approaches specifically targeted to small community financing;
- Assessing government strategies for implementing public-private partnerships, including privatization, operations and maintenance issues, and other alternative financing mechanisms;
- Improving governmental principles of accounting and disclosure standards and how they affect environmental programs;
- Increasing the capacity of state and local governments to carry out their respective

environmental programs under current Federal tax laws;

- Increasing the total investment in environmental protection of public and private environmental resources to help ease the environmental financing challenge facing our nation; and
- Removing barriers and increasing opportunities for the U.S. financial services and environmental goods and services industries in other nations.

Based on these goals and objectives and input from the Agency, EFAB develops its Strategic Action Agenda describing the workgroup structure and listing completed, ongoing, and new projects. Each citation gives the project title, lead workgroup, the Agency's strategic plan goal, and the primary customer to be served. Given the number, scope, and nature of the issues, six workgroups are taking the lead in developing projects for consideration and approval by the Full Board.

CURRENT EFAB PROJECTS

- ★ **Joint Operations of the State Revolving Fund Programs:** Chaired by Sonia Toledo, Lehman Brothers, New York, NY
- ★ **Partnership and Collaboration of Non-Point Source Financing:** Chaired by Langdon Marsh, National Policy Consensus Center, Portland State University, Portland, OR
- ★ **Affordability Issues:** Co-chaired by John McCarthy, Northeastern Rural Community Assistance Program Solutions, Winchendon, MA and Dr. Andrew Sawyers, Maryland Department of the Environment, Baltimore, MD
- ★ **Innovative Financing Tools:** Chaired by Michael Curley, The International Center for Environmental Finance, Lutherville, MD
- ★ **Preventing Future Non-Funded Abandoned Sites:** Co-chaired by A. James Barnes, Indiana University, Bloomington, IN and Mary Francoeur, Financial Guaranty Insurance Co., New York, NY
- ★ **Useful Life of Financing Water Facilities:** Chaired by George Butcher, Goldman Sachs & Co., New York, NY

STATUS OF EFAB PROJECTS (FY 2003-2004)

Completed Projects FY 2003

5. ***Financial Checklist for Consent Decrees.*** Consultation, February 2003
EPA Strategic Goal: Compliance and Environmental Stewardship
Primary Customer: Office of Enforcement, Compliance and Assurance
2. ***Protecting America's Land Legacy: Stewardship Policies, Tools, and Incentives.*** Report, February 2003
EPA Strategic Goal: Compliance and Environmental Stewardship, Land Preservation and Restoration
Primary Customer: Agency
3. ***Government Accounting Standards Board (GASB) Statement 34.*** Letter Report, July 2003
EPA Strategic Goal: Clean and Safe Water, Land Preservation and Restoration,
Primary Customer: Office of Water
4. ***Environmental Management Systems.*** Letter Report, July 2003
EPA Strategic Goal: Various
Primary Customer: Office of Water
5. ***Coordination of EPA and USDA Water and Sewer Loan Assistance.*** Report, August 2003
EPA Strategic Goal: Clean and Safe Water
Primary Customer: Office of Water

Ongoing Projects FY 2004

1. ***Joint Operations of the SRF Programs***
EPA Strategic Goal: Clean and Safe Water
Primary Customer: Office of Water
2. ***Partnership and Collaboration of Non-Point Source Financing***
EPA Strategic Goal: Clean and Safe Water, Healthy Communities and Ecosystems
Primary Customer: Office of Water

New Projects FY 2004

1. ***Affordability Issues***

EPA Strategic Goal: Clean and Safe Water, Compliance and Environmental Stewardship

Primary Customer: Office of Water

2. ***Transportation Financing Tools***

EPA Strategic Goal: Clean and Safe Water

Primary Customer: Office of Water

3. ***Preventing Future Non-Funded Abandoned Sites***

EPA Strategic Goal: Land Preservation and Restoration, Compliance and Environmental Stewardship

Primary Customer: Office of Solid Waste and Emergency Response

4. ***Useful Life of Financing Water Facilities***

EPA Strategic Goal: Clean and Safe Water

Primary Customer: Office of Water

- This strategic action agenda is a flexible planning tool and it will be revised and updated during the fiscal year as needed. Any revisions will be shown on the Board's home page at: <http://www.epa.gov/efinpage/efab.htm>
- The next meeting of the Full Board is scheduled for March 9-10, 2004 in Washington, DC. The primary purpose of this meeting is to report on the progress of the various Board projects and to hear the views of, and interact with, senior-level Agency managers.
- The next summer meeting of the Full Board is scheduled for August 16-17, 2004 in San Francisco, CA. The primary purpose of this meeting is to discuss progress with work products under EFAB's current strategic action agenda and to develop an action agenda to direct the Board's ongoing and new activities.
- EFAB members also contribute their time to assisting other EPA initiatives, most notably the Environmental Finance Center (EFC) Network. The EFC Directors serve as expert witnesses to the Board and provide key assistance to EFAB. The home page for the EFC Network is: www.epa.gov/efinpage/efc.htm
- Your comments are important and welcome. Please call or e-mail Vanessa Bowie, Environmental Finance Program Team Leader at (202) 564-5186 or bowie.vanessa@epa.gov.