CWSRFs: Infrastructure Banks

51 state-level infrastructure “banks” that make loans for water quality projects
What Projects are Eligible for CWSRF Assistance?

- 603(c)(1) Construction of publicly owned treatment works (POTW)
- 603(c)(2) Implementation of a nonpoint source management program
- 603(c)(3) Implementation of a national estuary program CCMP
- 603(c)(4) Decentralized systems
- 603(c)(5) Stormwater management
- 603(c)(6) Projects that reduce the demand for POTW capacity through water conservation, efficiency, and reuse
- 603(c)(7) Watershed pilot projects
- 603(c)(8) Projects that reduce the energy consumption needs for POTWs
- 603(c)(9) Reuse of wastewater, stormwater, or subsurface drainage water
- 603(c)(10) Security measures at POTWs
- 603(c)(11) Technical assistance to small and medium POTWs
A full listing of CWSRF eligibilities including examples of eligible projects can be found in the “Overview of Clean Water State Revolving Fund Eligibilities,” which can be downloaded from our website at https://www.epa.gov/cwsrf/overview-clean-water-state-revolving-fund-eligibilities

- Conservation tillage equipment
- Structural erosion controls
- Agricultural waste compost facilities
- Habitat restoration
- Riparian zone protection
- Conservation district stormwater controls
- Septic system upgrades
- And More!
Section 603(c)(3) of the Clean Water Act (CWA) states that the CWSRF can provide assistance for the development and implementation of a CCMP under Section 320. This includes implementation of water quality improvement projects in an NEP study area and in the larger surrounding watershed.

The eligibility criteria for Section 603(c)(3) projects are:

- Projects must develop, amend, or implement a Section 320 CCMP.
- Projects can be publicly or privately owned and can serve public or private purposes.

Many activities in an NEP’s CCMP may be eligible for CWSRF assistance. These includes structural erosion controls, habitat restoration, riparian zone protection, stormwater management, and septic system repair/replacement, as well as projects that may not otherwise be eligible for CWSRF assistance (e.g., privately owned treatment works, CAFOs).
National Estuary Program Watersheds

Map of the Watersheds Eligible for CWSRF Funding Under Clean Water Action Section 320

November 2018
Municipalities
Publicly Owned Wastewater Treatment Works
Privately Owned Wastewater Treatment Works*
Conservation District
Nonprofit Organizations
Watershed Groups
Homeowners
Farmers

*for certain project types/eligibilities
Serious Savings

- Coverage of up to 100 percent of project costs;
- Deeply discounted loans that are well below the market rate down to zero percent;
- Terms up to 30 years and extended term financing that reduces annual interest payments;
- Dedicated revenues for loan repayments that can come from any source;
- Low-cost project financing and reliable access to capital through the use of programmatic and portfolio financing options;

- Access to additional subsidies;
- Access to co-financing opportunities;
- Deferred payments of principal and/or interest;
- Credit enhancements that lower the cost of borrowing for less than AAA green debt obligations; and
- Access to affordable assistance for technical assistance, project development, and planning.
<table>
<thead>
<tr>
<th>Market Rate</th>
<th>CWSRF Rate</th>
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<tbody>
<tr>
<td></td>
<td>0.00%</td>
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<tr>
<td>4.00%</td>
<td>32%</td>
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<tr>
<td>5.00%</td>
<td>38%</td>
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<tr>
<td>6.00%</td>
<td>43%</td>
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<tr>
<td>7.00%</td>
<td>47%</td>
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*Example: For a $100,000 project when the market rate is 4%, a CWSRF loan at 2% offers a 17% savings, which is equivalent to a $17,000 grant with a $83,000 loan at market rate.*
Additional Subsidization

• CWSRFs may provide a portion of their capitalization grant as additional subsidization

• Additional subsidization can be provided in the form of principal forgiveness, negative interest loans, or grants

• Additional Subsidization can be provided to:
  • A municipality or intermunicipal, interstate, or state agency to help address affordability issues
  • Any eligible SRF recipient to implement a project that addresses water or energy efficiency goals; mitigates stormwater runoff; or encourages sustainable project planning, design, and construction
Flexible Repayment

This does not generate a repayment source...
SRF assistance recipients have the flexibility to access income from many sources as repayment for assistance, including:

- Recreational fees (fishing licenses, entrance fees),
- Dedicated portions of local, county, or state taxes or fees,
- Stormwater utility fees,
- Fees paid by developers,
- For profit company revenue,
- Donations or dues made to nonprofit organizations,
- Individual or business revenues,
- Revenue from sustainable timber harvest or other forest products,
- Nutrient credits, and
- Downstream water users.
The CWSRF can provide funding to:

- develop or revise an NEP CCMP
- projects located within an NEP study area that implement a CCMP
- projects located within the greater watershed of an NEP that implement a CCMP
- any estuary project that meets the criteria of one of the eleven CWSRF eligibilities in Section 603(c) of the Clean Water Act
- match grants that support eligible projects for the protection or restoration of estuaries (including Section 319 Nonpoint Source Management Program and Section 320 National Estuary Program grants)
Providing Funding for the Development of an NEP CCMP

• **2015** California State Water Resources Control Board, California's CWSRF program, provided a loan for over $693,000 with **100% principal forgiveness** to the Association of Bay Area Governments for the Unified Bay and Delta Protection Planning and Reporting project.
  • Funded studies designed to provide key information for decisions affecting the health of the Bay Estuary.
  • Based on information from the studies, the San Francisco Estuary Partnership was able to overhaul and update their CCMP, resulting in their **2016 San Francisco Estuary Blueprint**.
Minuteman Causeway Project
Cocoa Beach, FL 2015

$1.8 million CWSRF loan at 0.315% interest used to provide match for a Section 319 Nonpoint source Grant.

Treats an 8.34-acre watershed using three major Low-Impact Design (LID) best management practices (BMPs).

Reduced nutrient loading for the Indian River Lagoon and has added an aesthetic value along the City’s streets.

Additional partners include Brevard County, Department of Transportation, St Johns River Water Management District, the Department of Environmental Protection 319 program and TMDL program, as well as a State of Florida Legislative appropriation.

Total Cost of Construction: $5.2 million
Lending to Privately-Owned Wastewater Treatment Systems that Implement a National Estuary Program CCMP

2016 Delaware Water Pollution Control Revolving Loan Fund (CWSRF program) provided $8 million in loan funds to Allen Harim Foods, LLC for the Harbeson Poultry Processing Plant in southern Delaware.

- The facility currently discharges into Beaver Dam Creek, which is located in a Section 320 national estuary, thus opening up eligibility for CWSRF assistance to this private enterprise.
- The loan was offered at 2% interest for 20 years.
Lending to Estuary Restoration Projects

Squalicum Creek Re-Route Project
Bellingham, Washington 2015

- Total CWSRF Funding: over $2.5 million
- Interest rates on the CWSRF loans averaged less than 3%.

A multi-phase project to re-route Squalicum Creek around two man-made ponds to restore natural conditions.
- Reactivated remnant channels and reconnected the stream with its floodplain while restoring riparian buffers.
- The next phases will continue the re-routing for an additional 0.5 mile around culverts and a major traffic intersection.
- After completion, water quality and shade monitoring will provide quantitative data to measure the project’s success.
Innovative Financing Options: Sponsorship

<table>
<thead>
<tr>
<th>Loan Amount</th>
<th>Interest Rate (r)</th>
<th>Total Repayment Over Twenty Years</th>
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<tbody>
<tr>
<td>CWSRF Loan</td>
<td>$1,000,000</td>
<td>3.8%</td>
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<tr>
<td>CWSRF Loan with Sponsored Project</td>
<td>$1,393,442</td>
<td>0.3%</td>
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*Same repayment amount despite larger loan amount when you include a sponsored project!

1. Community and implementing partner enter into sponsorship agreement.
2. CWSRF provides funding to community for wastewater treatment and restoration projects.
3. Community provides CWSRF funding for sponsored restoration project.
4. Community repays CWSRF program.
A CWSRF watershed financing partnership is a way to implement nonpoint source projects on a watershed basis using CWSRF financial assistance.

A CWSRF works with a watershed partner to finance and implement a group(s) of eligible projects within a watershed.

The partner(s) may act as:
- a broker
- an intermediary funding projects, or
- a recipient of CWSRF assistance.
Remember...

CWSRF Programs are Flexible

• Can provide many types of assistance
• Can provide assistance for many project types
• Can provide assistance to a variety of borrowers
• Can accept many different income streams for repayment of loans
Moving Forward, Working Together

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