

## Coastlines 7.2 Spring Issue

## The Clean Water State Revolving Fund Program--An Innovative Partnership

The Clean Water State Revolving Fund program is an innovative method of financing a range of environmental projects. Under the program, the USEPA provides grants or "seed money" to all 50 states plus Puerto Rico to capitalize state loan funds. The states, in turn, make loans to communities, individuals, and others for high-priority water-quality activities. As money is paid back into the revolving fund, new loans are made to other recipients that need help in maintaining the quality of their water. Currently, the program has over \$10 billion in assets.

The State Revolving Fund program is a powerful partnership between EPA and the states. It allows states the flexibility to provide funding for projects that will address their highest priority water quality needs. While traditionally used to build or improve wastewater treatment plants, loans are also used increasingly for:

- agricultural, rural, and urban runoff control
- estuary improvement projects
- wet weather flow control, including stormwater and sewer overflows
- alternative treatment technologies.

The program allows federal, state, and local agencies to leverage limited dollars. Because of the fund's revolving nature, the federal investment can result in the construction of up to four times as many projects over a 20-year period as a one-time grant.

A major benefit for municipalities and other loan recipients is the substantial financial savings they can realize. When funded with a loan from this program, a project typically costs much less than it would if funded through the bond market.

Many states offer low-interest-rate loans to small and disadvantaged communities, providing an additional boost to get projects started. For example, a state can make a zero-percent loan to a community for 20 years, saving the community 50 percent of the total projects costs over a similar loan at 7.5 percent.

The Clean Water State Revolving Fund program's primary mission is to promote water quality. Besides financial savings, loan recipients can realize significant environmental benefits, including protection of public health and conservation of local watersheds. Loans for such infrastructure projects also tend to stimulate local economies by encouraging commercial development and construction. **Eligible Projects: What's In It For You?**

Since the program is managed largely through state agencies, project eligibility varies according to each state's program and priorities. Eligible loan recipients may include communities, individuals, citizens' groups, non-profits, and others. Loan funds may be used to improve the quality of watersheds through a wide range of water-quality related projects. Loans may also be used for the protection of ground water resources.

Recently, state programs have begun to devote an increasing volume of loans to nonpoint source, estuary management, and other water-quality projects. Eligible nonpoint source projects include virtually any activity that a state has identified in its nonpoint source management plan. Such activities include controlling runoff from agricultural land, conservation tillage and other projects to address soil erosion, development of streambank buffer zones, and wetlands protection and restoration. Estuary management projects may include any of the activities above, as well as restocking fish, restoration of wildlife habitat, provision of marine sewage pump-out facilities, and others.

Recipients may use loans for the planning, design, and construction of publicly owned wastewater



# The Clean Water State Revolving Fund Program

## *An Innovative Partnership...*

THE Clean Water State Revolving Fund program is an innovative method of financing a range of environmental projects. Under the program, EPA provides grants or "seed money" to all 50 states plus Puerto Rico to capitalize state loan funds. The states, in turn, make loans to communities, individuals, and others for high-priority water-quality activities. As money is paid back into the revolving fund, new loans are made to other recipients that need help in maintaining the quality of their water. Currently, the program has over \$20 billion in assets.

The State Revolving Fund program is a powerful partnership between EPA and the states. It allows states the flexibility to provide funding for projects that will address their highest-priority water quality needs. While traditionally used to build or improve wastewater treatment plants, loans are also used increasingly for:

- ✓ agricultural, rural, and urban runoff control
- ✓ estuary improvement projects
- ✓ wet weather flow control, including stormwater and sewer overflows
- ✓ alternative treatment technologies.

The program allows federal, state, and local agencies to leverage limited dollars. Because of the funds' revolving nature, the federal investment can result in the construction of up to four times as many projects over a 20-year period as a one-time grant.

A major benefit for municipalities and other loan recipients is the substantial financial savings they can realize. When funded with a loan from this program, a project typically costs much less than

it would if funded through the bond market. Many states offer low-interest rate loans to small and disadvantaged communities, providing an

---

***Besides financial savings, loan recipients can realize significant environmental benefits....***

---

additional boost to get projects started. For example, a state can make a zero-percent loan to a community for 20 years, saving the community 50 percent of the total project costs over a similar loan at 7.5 percent.

The Clean Water State Revolving Fund program's primary mission is to promote water quality. Besides financial savings, loan recipients can realize significant environmental benefits, including protection of public health and conservation of local watersheds. Loans for such infrastructure projects also tend to stimulate local economies by encouraging commercial development and construction.

---

## ***Eligible Projects: What's in it for You?***

SINCE the program is managed largely by the states, project eligibility varies according to each state's program and priorities. Eligible loan recipients may include communities, individuals, citizens' groups, non-profits, and others. Loan funds may be used to better the quality of watersheds through a wide range of water-quality related projects; loans may also be used for the protection of groundwater resources.

---

Together with its partners, EPA continually seeks ways to improve the program so that its resources will effectively address the nation's highest-priority water quality issues. Recently, state programs have begun to devote an increasing volume of loans to nonpoint source, estuary management, and other water-quality projects.

Eligible nonpoint source projects include virtually any activity that a state has identified in its nonpoint source management plan. Such activities include projects to control runoff from agricultural land; conservation tillage and other projects to address soil erosion; development of streambank buffer zones; and wetlands protection and

---

### ***Supporting Cleaner and Safer Water: America's Clean Water Act***

**T**he Clean Water Act is the primary federal legislation for protecting surface waters, such as rivers, lakes, and coastal areas. Over the past quarter century, implementation of the Act has substantially improved the quality of the nation's waters. The Act's main purpose is to maintain and restore the physical, chemical, and biological integrity of our water.

The Act provides a framework of tools, including financial and technical assistance as well as regulatory requirements, that address various sources of water pollution. For example, EPA's Construction Grants program and its successor, the Clean Water State Revolving Fund, have provided over \$60 billion in financial assistance to help communities improve local water quality, primarily by building or upgrading municipal sewage treatment plants.

The State Revolving Fund program is a powerful tool to help states, communities, and individuals meet the goal of the Clean Water Act: *cleaner and safer water for all.* □

---

restoration. Estuary management projects may include any of the activities above, as well as restocking fish, restoration of wildlife habitat, provision of marine sewage pump-out facilities, and others.

Recipients may use loans for the planning, design, and construction of publicly owned wastewater treatment facilities or to build or rehabilitate sewer collection systems. Urban wet weather flow control activities, including stormwater and sanitary and combined sewer control measures, are also eligible for funding.

EPA encourages its state partners to use watershed planning and improved priority setting systems to choose projects that address the greatest remaining environmental challenges. Because of its flexibility and its focus on environmental results, the State Revolving Fund program is a common-sense partnership to improve America's water resources. □

---

*For more information about the Clean Water State Revolving Fund, or for a program representative in your state, please contact :*

Clean Water State Revolving Fund Branch  
U.S. Environmental Protection Agency  
401 M Street, SW (Mailcode 4204)  
Washington, DC 20460  
Phone: (202) 260-7359 Fax: (202) 260-1827  
Internet: <http://www.epa.gov>

