



Clean Water  
State Revolving Fund

# Nontraditional Eligibilities in the Clean Water SRF Program

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# Status

- ▶ Paper is completely drafted
- ▶ Inter-office review underway
- ▶ Management review pending
- ▶ Regional/State review pending



**Nontraditional Eligibilities in the Clean  
Water State Revolving Fund Programs**



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# Nontraditional Project Categories

- ▶ There are 19 project categories featured in the paper
  - ▶ Stormwater
  - ▶ Source water protection
  - ▶ Habitat protection
  - ▶ Contaminated sites
  - ▶ Extreme Weather and Climate Change Adaptation

# Green Infrastructure

- ▶ pervious surfaces
- ▶ rain gardens
- ▶ bioswales
- ▶ green roofs
- ▶ tree plantings
- ▶ wetland restoration
- ▶ riparian buffers
- ▶ barrier beaches
- ▶ dune systems
- ▶ tidal wetlands
- ▶ living shorelines

# Financing Options for Nontraditional Eligibilities

- ▶ **Make Loans, CWA Section 603(d)(1)**
- ▶ Buy or Refinance Local Debt Obligations, CWA Section 603(d)(2)
- ▶ Guarantee or Purchase Insurance for Local Obligations, CWA Section 603(d)(3)
- ▶ Source of Revenue or Security for General Obligation Bonds Issued by the State, CWA Section 603(d)(4)
- ▶ Provide Loan Guarantees for Similar Revolving Funds Established by Municipalities or Intermunicipal Agencies , CWA Section 603(d)(5)
- ▶ Earn Interest on Fund Accounts, CWA Section 603(d)(6)
- ▶ *Provide Additional Subsidization, FY 2010 - 2014 appropriations acts*

# Making Loans to Nontraditional Projects

- ▶ Flexibility in setting loan conditions:
  - ▶ Creative sources of repayment
  - ▶ Lowered interest rates
  - ▶ Repayment structures other than level debt service
- ▶ Targeted additional subsidization
- ▶ Types of lending:
  - ▶ Co-lending
  - ▶ Conduit lending
  - ▶ Sponsorship lending

# Case Study

- ▶ Currently developing a case study on the Bee Branch Watershed Flood Mitigation project in Dubuque, Iowa
- ▶ Project made extensive use of green infrastructure and used creative financing mechanisms
  - ▶ Stream daylighting
  - ▶ Permeable pavers
- ▶ The “green alleys” portion of the project was funded through sponsorship lending
  - ▶ Interest rate on a POTW upgrades loan was reduced to free up \$9M for the green alleys project



# Financing Options for Nontraditional Eligibilities

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# Case Study

- ▶ Recently finalized a case study on the guaranty of a \$24M bond issuance by NYSEFC
- ▶ Bonds issued by NYSERDA for residential energy efficiency loans
- ▶ Project was eligible under Section 319 due to the water quality benefit of reduced atmospheric deposition resulting from reduced thermoelectric power consumption by the more energy efficient homes
- ▶ Not a green infrastructure project, but the only example of the use of the Section 603(d) guaranty financing mechanism

## Clean Water State Revolving Fund: New York's Program Provides Guaranty for Homeowner Energy Efficiency Loans



### Summary

New York's Clean Water State Revolving Fund (CWSRF) leveraged its strong financial position to provide a guaranty on \$24 million in bonds issued by the New York State Energy Research and Development Authority (NYSERDA). This financial assistance, which requires no outlays on the part of the CWSRF, will enable NYSERDA to fund millions of dollars in energy efficiency improvements in households across New York. In addition to mitigating the impacts of climate change, this activity will result in measurable improvements to water quality by reducing the atmospheric deposition of pollutants created by burning fossil fuels to generate electricity.



### Energy Efficiency in the Clean Water State Revolving Fund

Authorized by the 1987 Clean Water Act Amendments, the Clean Water State Revolving Fund is the nation's largest water quality financing source, helping thousands of communities improve water quality, protect aquatic wildlife, protect and restore drinking water sources, and preserve our nation's waters for recreational use.

The 51 state CWSRF programs (including Puerto Rico) provide low-interest financing to municipalities, not-for-profits, farmers, homeowners,

and small businesses for wastewater infrastructure, nonpoint source, and estuary projects through a variety of assistance tools. These states have leveraged \$36.2 billion in Federal capitalization into over \$100 billion in assistance provided. Millions of Americans benefit from the CWSRF each day.

CWSRF programs finance energy efficiency and clean energy projects through a number of mechanisms. Between 2009 and 2013, almost six hundred municipalities and wastewater utilities were awarded over \$1.2 billion in CWSRF financing for projects that reduce energy use or implement green energy sources at wastewater treatment facilities. Projects funded include solar and wind power infrastructure, conversion of landfill gases to electricity, and replacement of equipment with more energy efficient options.

In August 2013, New York's CWSRF program used an innovative guaranty mechanism to help underwrite thousands of energy efficiency improvement projects in homes and small multi-family buildings. The New York State Environmental Facilities Corporation (NYSEFC), through its CWSRF program, agreed to provide a guaranty on bonds issued by the New York State Energy Research and Development Authority (NYSERDA). This innovative mechanism will allow NYSERDA to fund many more energy efficiency projects in homes throughout New York at a significantly lower cost than without a guaranty, resulting in significant water and air





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