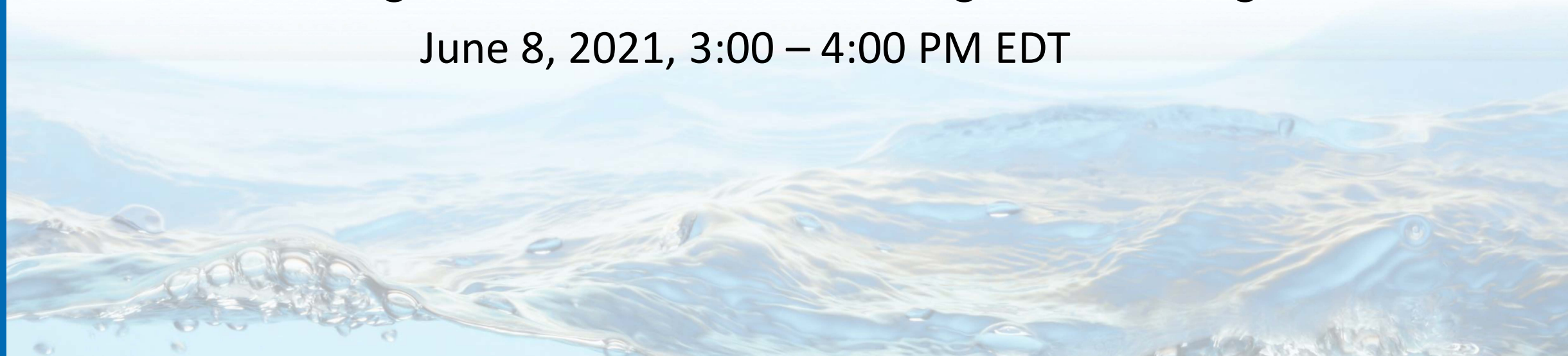
Stormwater Funding and Financing Webinar Series

EPA Programs for Stormwater Funding and Financing

June 8, 2021, 3:00 – 4:00 PM EDT



Zoom Tips

- All participants will be muted during presentations
- Ask questions via chat or live:
  - Submit questions any time during presentations via the chat function
  - Raise your hand to ask a live question during Q&A (time permitting)
- For tech support, please email meetings@erg.com

Agenda

- Welcome and introductions
- Background on the Water Finance Center
- Highlight of EPA programs for stormwater funding and financing
  - Water Infrastructure Finance and Innovation Act (WIFIA)
  - Section 319 Nonpoint Source Management Program
  - Clean Water State Revolving Fund (CWSRF)
  - Sewer Overflow and Stormwater Reuse Municipal Grants Program
- Q&A

This webinar will be recorded and made available on the EPA website at a later date.

EPA

WIFIA PROGRAM

WHY BORROW FROM WIFIA?

WHAT IS WIFIA?

The Water Infrastructure Finance and Innovation Act (WIFIA) program accelerates investment in our nation's water and wastewater infrastructure by providing long-term, low-cost, supplemental credit assistance under customized terms to creditworthy water and wastewater projects of national and regional significance.

PROGRAM OVERVIEW

ELIGIBILITY

Eligible borrowers

- Local, state, tribal and federal government entities
- Partnerships and joint ventures
- Corporations and trusts
- Clean Water and Drinking Water State Revolving Fund (SRF) programs

Eligible projects

- Projects that are eligible for the Clean Water SRF, not withstanding the public ownership clause
- Projects that are eligible for the Drinking Water SRF
- Enhanced energy efficiency projects at drinking water and wastewater facilities
- Brackish or seawater desalination, aquifer recharge, alternative water supply and water recycling projects
- Drought prevention, reduction or mitigation projects
- Acquisition of property if it is integral to the project or will mitigate the environmental impact of a project
- A **combination of projects** secured by a common security pledge or submitted under one application by an SRF program

WIFIA PORTFOLIO[1] AT A GLANCE

Project Type	Number
Wastewater	46
Drinking Water	43
Water Reuse	18
Combined	14
Stormwater	8

Population Served[2]	Number
Over 1 M	32
500,000 to 1 M	13
100,000 to 500,000	54
25,000 to 100,000	20
25,000 or Less (Small Community)	7

Loan Amount	Number
Over $500 M (Very Large)	8
$100 M to $499 M (Large)	55
$50 M to $99 M (Medium)	32
Less than $50 M (Small)	34

Region	Number
Northeast	8
Midwest	19
South	39
West	63

[1]WIFIA Portfolio includes WIFIA & SWIFIA closed loans and selected projects that have submitted an application or plan to submit an application
[2]The 3 SWIFIA loans were not included in this data because specific projects have not been identified yet

PROGRAM FEATURES

1.7% — Average historical interest rate at closing. WIFIA lends at Treasury (SLGS) rates.

49% — Maximum portion of eligible project costs that WIFIA can fund. WIFIA provides 49% funding to most borrowers.

35 YEARS — Maximum final maturity date from substantial completion.

5 YEARS — Maximum time that repayment may be deferred after substantial completion of the project.

$20 M — Total project costs must be at least $20 million ($5 million for small communities)

STATE REVOLVING FUNDS AND WIFIA

- The SRFs and WIFIA provide sources of low-cost infrastructure financing for much needed water infrastructure improvements
- The programs work in tandem to provide needed funding across a wide breadth of project types and sizes
- The SRFs, by design, provide benefits to smaller projects, typically under $100 million, in communities that often have limited access to funding
- WIFIA is designed to provide benefits to much larger projects, typically over $100 million
- By financing large projects WIFIA may free up SRF resources for smaller projects with limited financing options

HOW WIFIA BENEFITS BORROWERS

Favorable Rates	• Fixed interest rate set at closing • Interest rate reduction available through loan re-execution
Generous Terms	• No penalty for prepayment • Up to 35-year repayment, with up to 5-year deferral from substantial completion • Ability to backload repayments and sculpt repayment schedule • WIFIA can take a subordinate lien position
Flexibilities	• WIFIA can accept financial models in a variety of formats • WIFIA can prioritize a borrower who wants to close a loan quickly • WIFIA can finance a program of projects under one loan agreement

FEDERAL REQUIREMENTS

Projects receiving a WIFIA loan must comply with all relevant federal laws and regulations

- National Environmental Policy Act (NEPA)
- National Historic Preservation Act
- American Iron and Steel Requirement
- Davis-Bacon Wage Requirement
- Archeological and Historic Preservation Act
- Environmental Justice
- Endangered Species Act
- All Civil Rights Acts
- Clean Water Act
- Clean Air Act
- Safe Drinking Water Act
- Coastal Zone Management Act
- Protection of Wetlands
- Farmland Protection Policy Act
- Magnuson-Stevens Fishery Conservation and Management Act
- Wild and Scenic Rivers Act

Non-exhaustive list available at: https://www.federalregister.gov/documents/2016/12/19/2016-30194/credit-assistance-for-water-infrastructure-projects

PEA

Analyzes the potential environmental impacts of water infrastructure projects eligible for WIFIA credit assistance

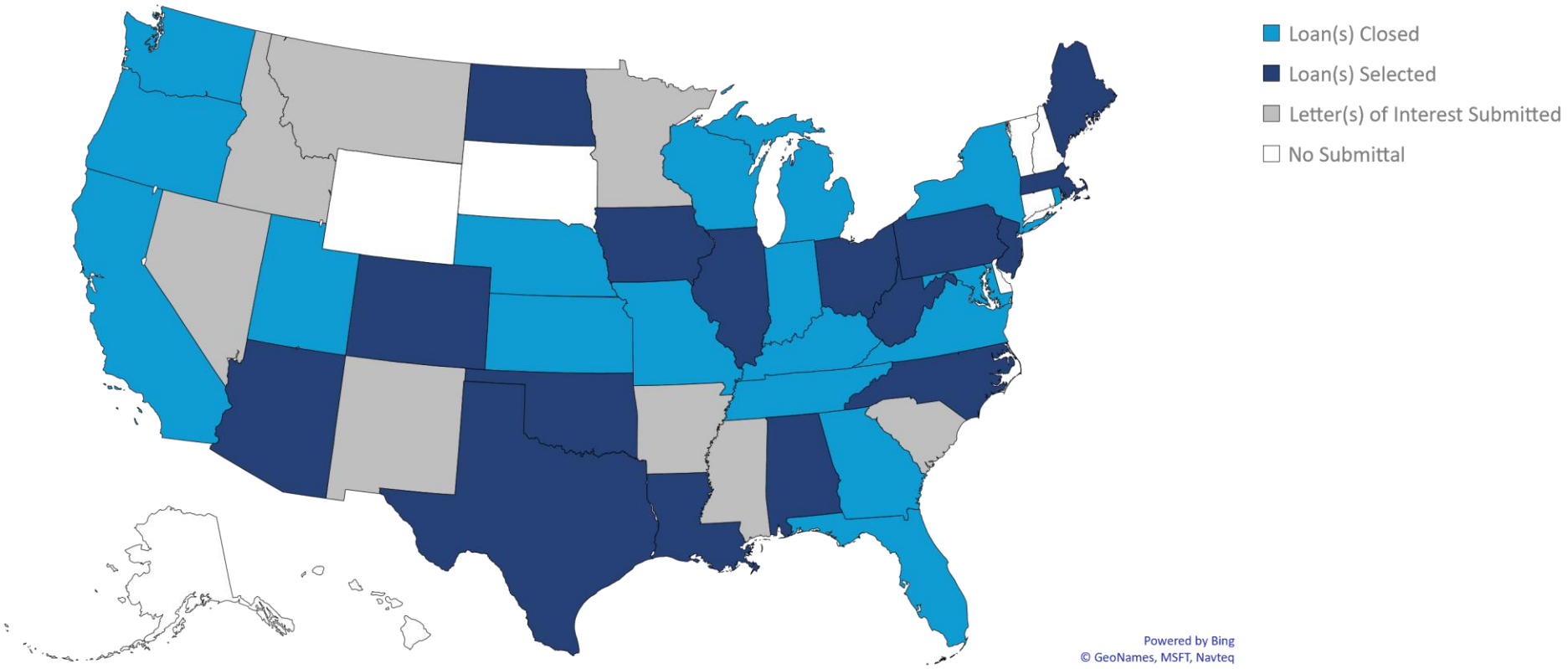
- Presents nationwide information on existing conditions
- Discusses potential impacts and mitigation measures that might typically occur during construction and operation of broad project types
- Provides mechanisms to evaluate site specific conditions and impacts for individual projects, and to determine if projects impacts fall within the PEA scope
- Does not require an additional public comment period

CURRENT STATUS

- The WIFIA program has invited 149 borrowers to submit applications from four selection rounds
- In FY 2020, WIFIA selected 55 of 67 submitted projects
  - Some submitted projects were not eligible
  - Created a waitlist for the first time to meet the strong demand from utilities across the country
- For FY 2021, EPA can lend approximately $5.5 billion and the deadline to submit a Letter of Interest is July 23, 2021.

LOAN MAP

WIFIA has received loan requests from projects in 44 states and territories



STORMWATER FINANCING

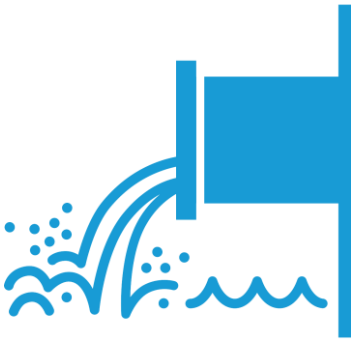
Coachella Valley Water District

- **Stormwater Channel Improvement Project and North Indio Regional Flood Control Project**
- WIFIA Loan: $59.1 million; Project Cost: $120.7 million
- Coachella will make stormwater channel improvements to increase their capacity to capture and convey stormwater and help the district meet current design standards.
- As a result, the projects will reduce stormwater runoff to nearby and adjacent properties and maintain the environmental integrity of the area.
- WIFIA is working with seven additional borrowers on stormwater projects

APPLICATION PROCESS

ELIGIBILITY SCREENING

Prospective borrower is an eligible entity



Proposed project is an eligible project

Total project costs exceed the required thresholds

Requested loan amount is 49% or less of anticipated eligible project costs (80% for small communities)

OMB SCREENING CRITERIA

- EPA is required to answer a series of questions about each LOI submitted and submit the responses to OMB
- EPA will reach out to borrowers on an individual basis if additional information is needed beyond what is provided in the LOI
- The goal of the questions is to screen out projects that would be considered a federal asset

SELECTION CRITERIA

- The WIFIA selection criteria are divided into three categories:
  - Project Impact
  - Project Readiness
  - Borrower Creditworthiness
- Each criterion within a category can provide a range of points with the maximum number of points indicated.
- Each category can provide up to 100 points out of a total of 300 available points

SELECTION WEIGHTS

PROJECT READINESS CRITERIA	POINTS
Readiness to proceed	40
Preliminary engineering feasibility analysis	40
New or innovative approaches	20

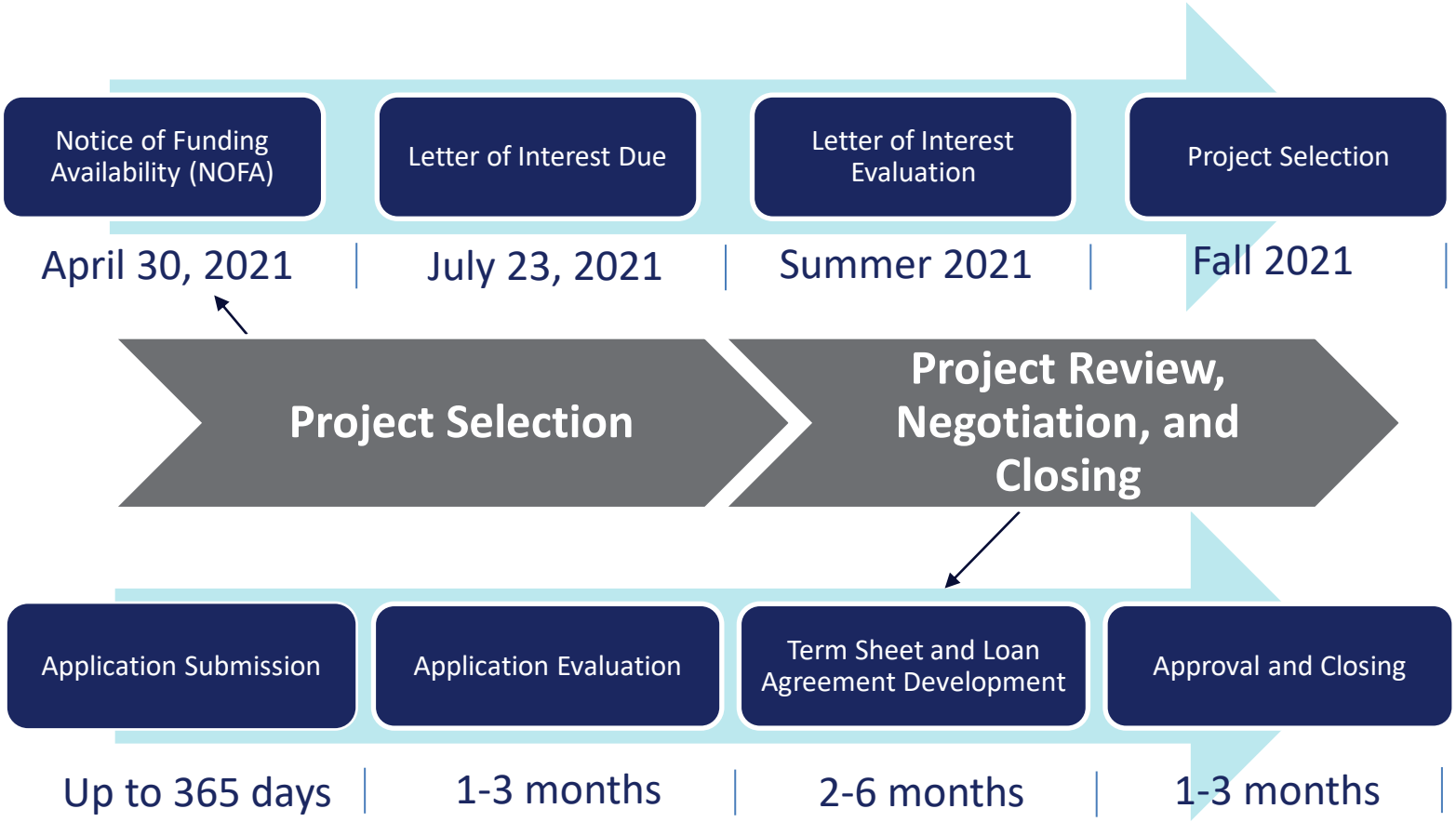
BORROWER CREDITWORTHINESS CRITERIA	POINTS
Enables project to proceed earlier	10
Financing plan	10
Reduction of Federal assistance	10
Required budget authority	10
Preliminary creditworthiness assessment	60

PROJECT IMPACT CRITERIA	POINTS
National or regional significance	5
Protection against extreme weather events	20
Serves energy exploration or production areas	5
Serves regions with water resource challenges	5
Addresses identified priorities	5
Repair, rehabilitation, or replacement	20
Economically stressed communities	20
Reduces exposure to lead & emergent contaminants	20

TOTAL AVAILABLE POINTS: 300

LOAN PROCESS

- **31% of WIFIA loans have closed in 6 months or less and 73% of WIFIA loans have closed in 12 months or less from application submission**



APPLICATION FEES

- Application fee
  - $25,000 for small communities (not more than 25,000 individuals)
  - $100,000 for all other projects
- Credit processing fee assessed at financial close to reimburse the EPA for the cost of hiring engineering, financial, and legal experts
  - Estimates $100,000-$300,000 for most projects
  - Very risky, complicated projects could have higher fees
- Financing of fees:
  - Borrowers may finance fees but may not finance expenses solely related to obtaining the WIFIA loan

Final WIFIA Fee Rule, "Fees for Water Infrastructure Project Applications under WIFIA," found at Docket ID No. EPA-HQ-OW-2016-0568 at http://www.regulations.gov

RESOURCES

WIFIA NOFA Webinar

- June 1st from 2 to 3:30 PM EST
- Register Now

Webinar Recording

https://www.epa.gov/wifia/wifia-past-webinars#wifianofa

General information

https://www.epa.gov/wifia/about-wifia

- What is WIFIA?
- What is SWIFIA?
- WIFIA Benefits
- Laws and Regulations

Application materials

https://www.epa.gov/wifia/wifia-application-materials

- Letter of Interest form
- Letter of Interest checklist
- Sample Letter of Interest
- Sample financial pro forma

CONTACT US

Website: www.epa.gov/wifia

WIFIA Letter of Interest: https://www.epa.gov/wifia/wifia-application-materials

Sign-up to receive announcements about the WIFIA program at https://tinyurl.com/wifianews

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Using Section 319 to Address Urban Runoff

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Definitions under the Clean Water Act

‘Point sources’ regulated under CWA

- Any “discernable, confined and discrete conveyance including…any pipe, ditch, channel…[etc] from which pollutants are or may be discharged”
- Discharges must be regulated in a manner consistent with state/tribal WQS, e.g., NPDES permits

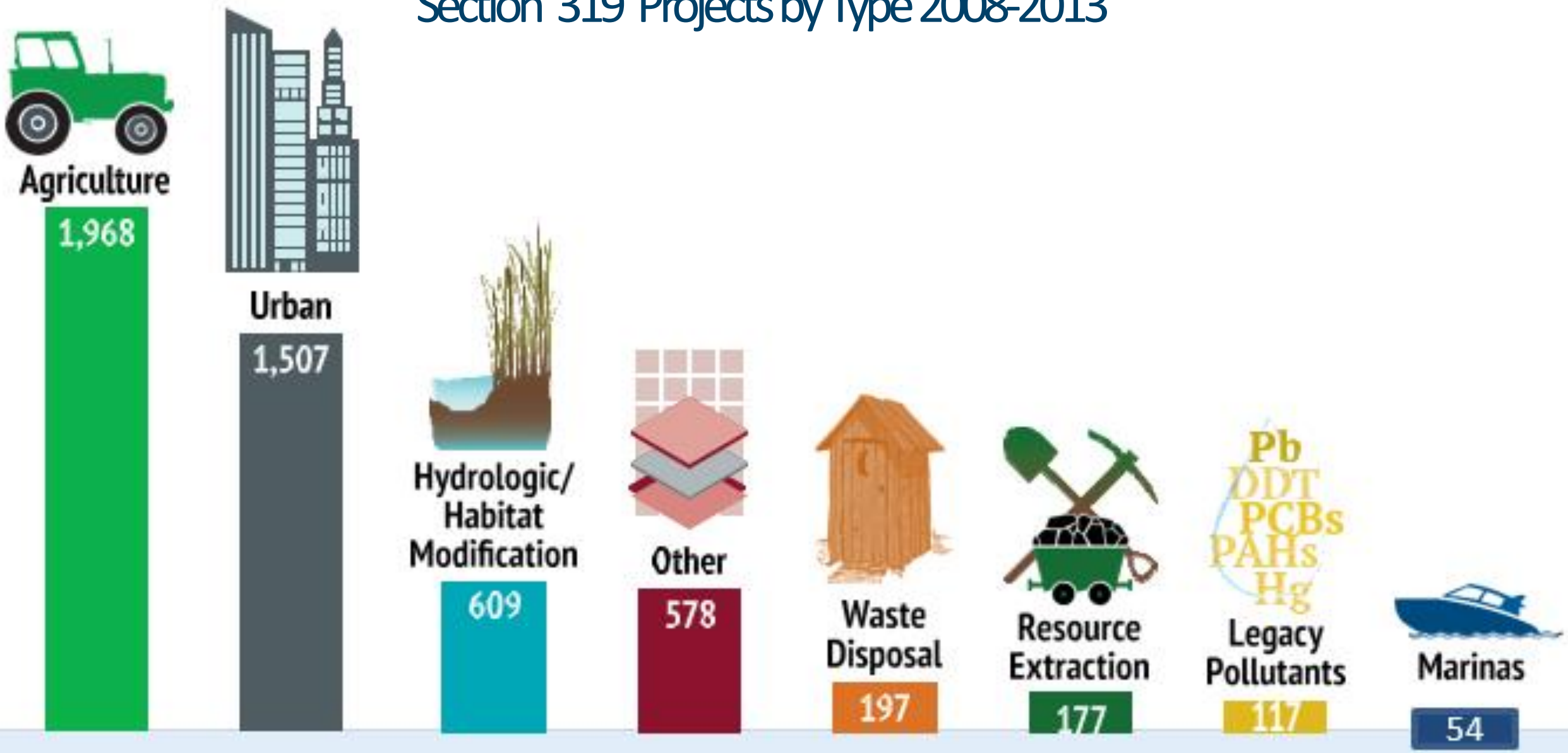
https://www.nationalgeographic.org/encyclopedia/point-source-and-nonpoint-sources-pollution/

‘Nonpoint sources’ not regulated or specifically defined

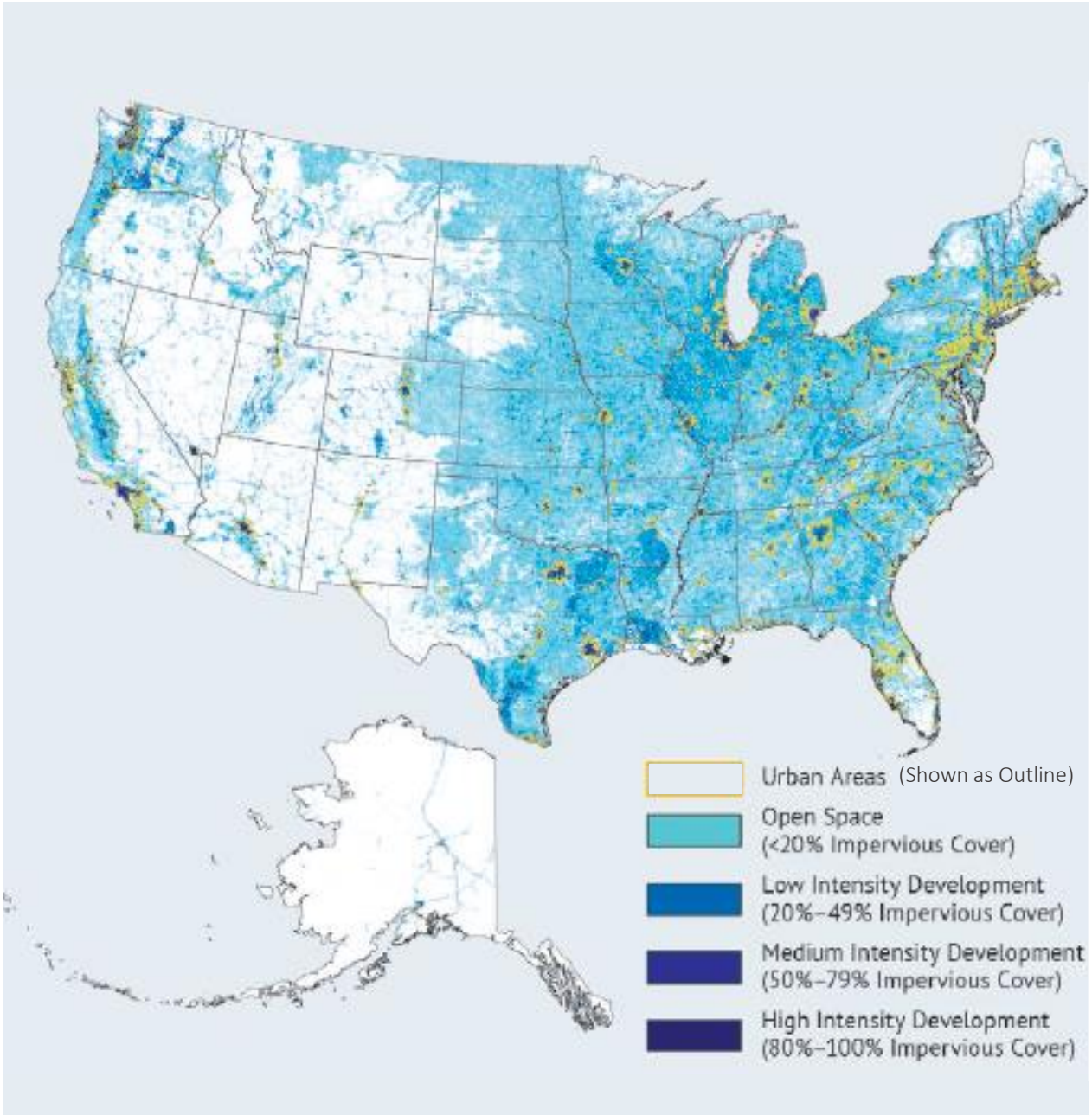
- Any source of water pollution that doesn’t meet point source definition
- Polluted runoff from rain or snowmelt carrying natural and anthropogenic pollutants to waters
- Includes: agriculture stormwater discharge, irrigation return flows, urban runoff

https://adventuresportsjournal.com/nonpoint-source-pollution/

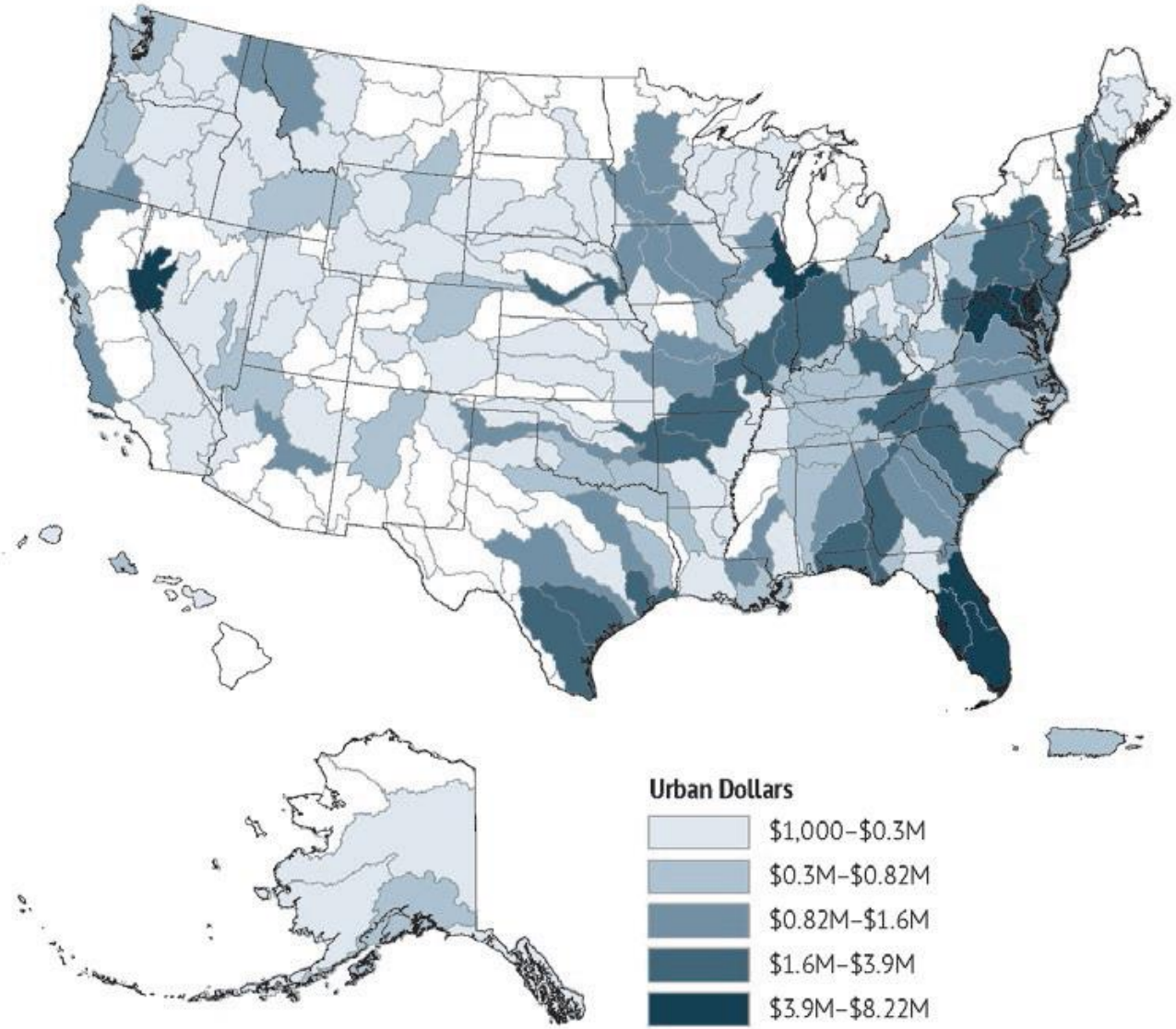
Section 319 Projects by Type 2008-2013



Land use (NLCD and Census)



Urban §319 Investment by Project Type (2008-2013)



Funding Options for Urban NPS Projects

Multiple funding sources can be leveraged with §319 funds in urban areas

- State Revolving Fund (SRF)
- Other infrastructure funding (state, local)
- FEMA – Hazard Mitigation

§319 Program Guidelines for Urban Stormwater Runoff

Generally Eligible Activities

- **Green stormwater infrastructure activities**
- **Watershed Planning**
- **Technical assistance** to state and local stormwater programs
- **Monitoring** needed to design and evaluate the effectiveness of implementation strategies
- **BMPs for pollution prevention, runoff control** (not permit-required)
- **Outreach and education**
- **Technology transfer and training**
- **Development and implementation of regulations, policies, and local ordinances** (may apply to areas covered by NPDES permits, provided that the regulations, policies and ordinances apply to non-permitted areas as well.)
- **Stormwater projects occurring outside of the NPDES permit area**

§319 Program Guidelines for Urban Stormwater Runoff

Section VIII.B of §319 Program Guidelines provides framework for determining eligible uses of 319 funds in urban/MS4 areas:

"States may use § 319 funds for those urban stormwater activities that **do not directly implement a final (municipal separate storm sewer system (MS4)) NPDES permit**

... **may support but do not directly implement activities required by Phase I or Phase II permits**, as well as **activities that go above and beyond permit requirements**.

In addition, states may use § 319 funds for **stormwater management activities that are not subject to NPDES permitting requirements** under either §§ 402(p)(2) or 402(p)(6)."

Questions to Ask When Assessing Project Eligibility for §319 Funds

- Is the proposed project/practice **required by or credited to the NPDES permit**? Does the project fund 'gray' infrastructure?
- Is the project/practice **distinguishable from actions being taken to comply with an NPDES permit**?
- If the proposed practice is similar to actions required by the NPDES permit, **would the §319-funded practices go above and beyond permit requirements** or otherwise not be used to meet permit requirements?

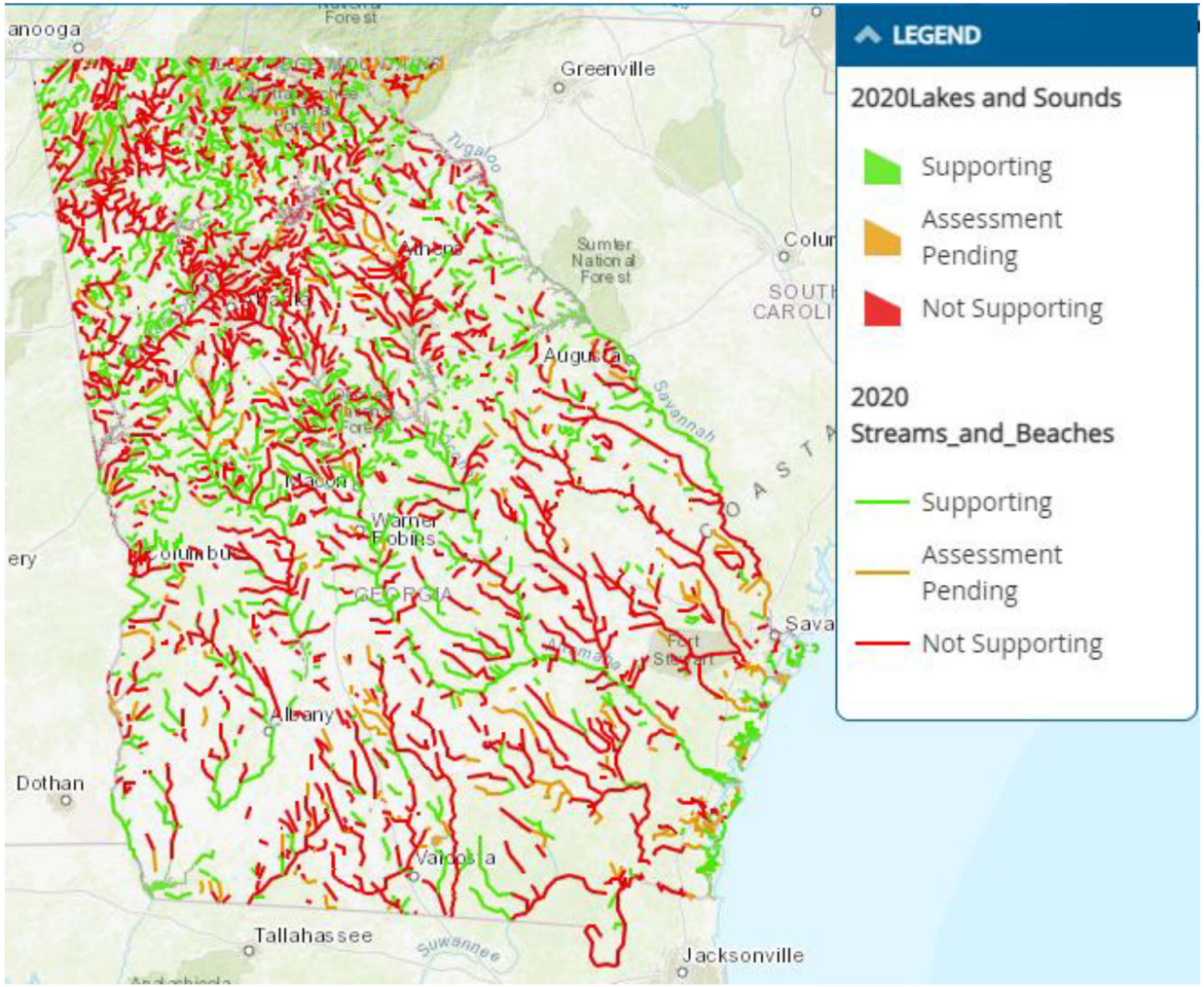
GEORGIA
DEPARTMENT OF NATURAL RESOURCES
ENVIRONMENTAL PROTECTION DIVISION

MS4 + 319(h) =

Joy Hinkle
Grants Unit Manager
Nonpoint Source Program

FUNDING STORMWATER IN GA

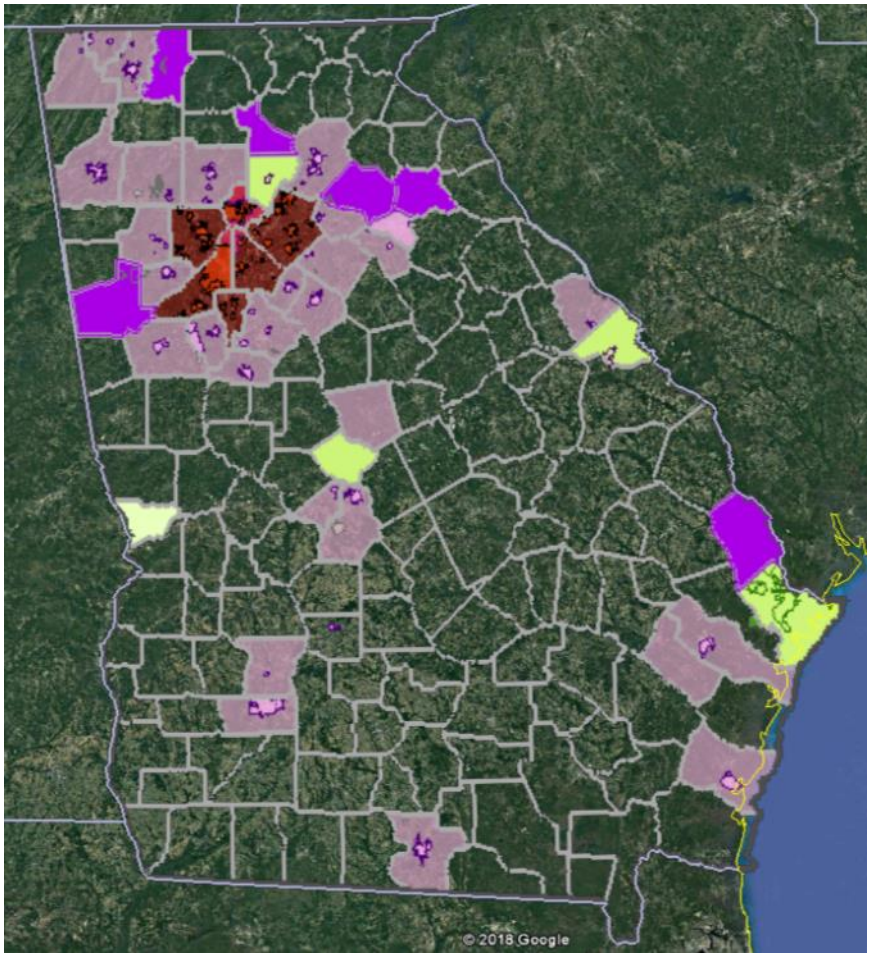
STORMWATER ACROSS GEORGIA



STORMWATER PERMITTING IN GEORGIA

- 1972: Federal Clean Water Act and NPDES
- 1987: Federal Clean Water Act Amendments
- November 16, 1990: US EPA promulgated Phase I Stormwater Regulations
- December 8, 1999: US EPA promulgated Phase II Stormwater Regulations

STORMWATER – MS4 PERMITTEES



National Pollutant Discharge Elimination System (NPDES)

- Georgia authorized by EPA to administer the NPDES program
- Phase I Large – 45 municipalities
- Phase I Medium – 12 municipalities
- Phase II Small – 107 municipalities
- Phase II also includes GDOT and 6 DOD facilities

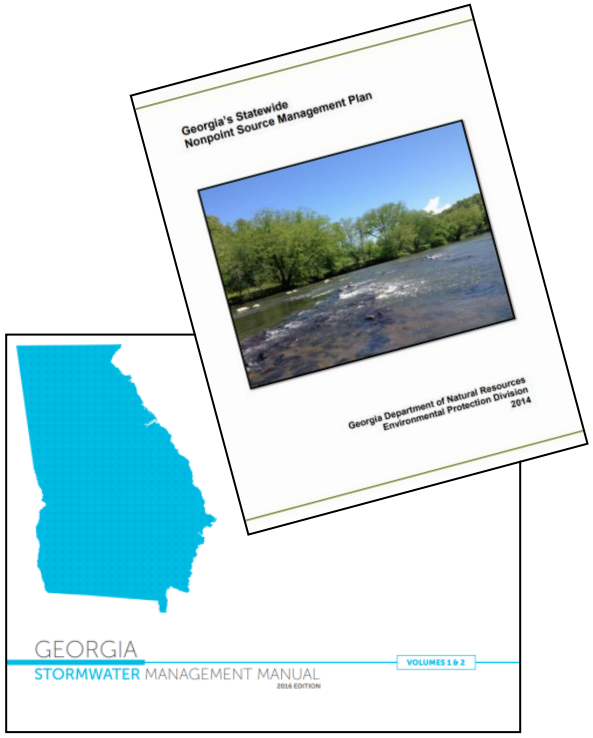
GREEN INFRASTRUCTURE & LOW IMPACT DEVELOPMENT

Green infrastructure –stormwater management systems that mimic nature by soaking up and storing water (neighborhood or site scale)

Low Impact Development –an approach to land development or redevelopment that seeks to emulate the natural water cycle and reduce the negative impacts of impervious cover (regional scale)

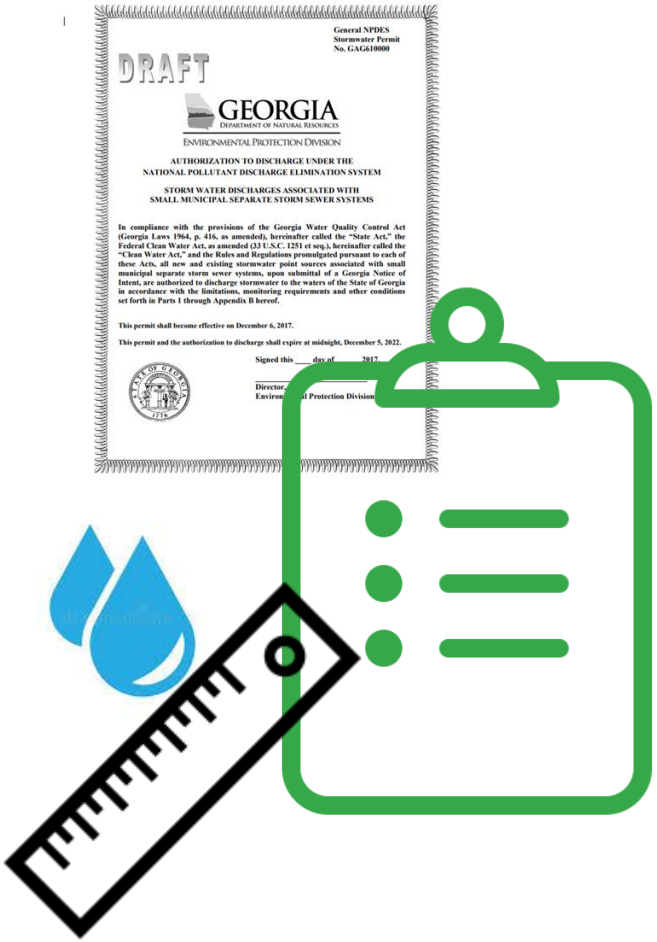
MOVING TO GREEN INFRASTRUCTURE

- **2014 Nonpoint Source Management Plan**
  - Dedicated section for GI/LID
  - Urban runoff management beyond MS4 permitting
- **2016 Second version of the Georgia Stormwater Management Manual**
  - Big focus on LID
  - New GI BMPs
- **2017-2019 MS4 stormwater permit reissuances**
  - Water quality/runoff reduction standard



MS4 PERMIT REQUIREMENTS

- **Post-Construction Stormwater Management**
  - For all MS4s, new and redevelopment projects that disturb at least 1 acre of land or create at least 5,000 square feet of impervious surface must:
    - Protect water quality by:
      - Retaining the first 1 inch of rain onsite, or
      - Treating the first 1.2 inches of rain to reduce pollutants by 80%
    - Protect stream channels from getting eroded
    - Protect downstream areas from flooding from 25 year and 100 year storms



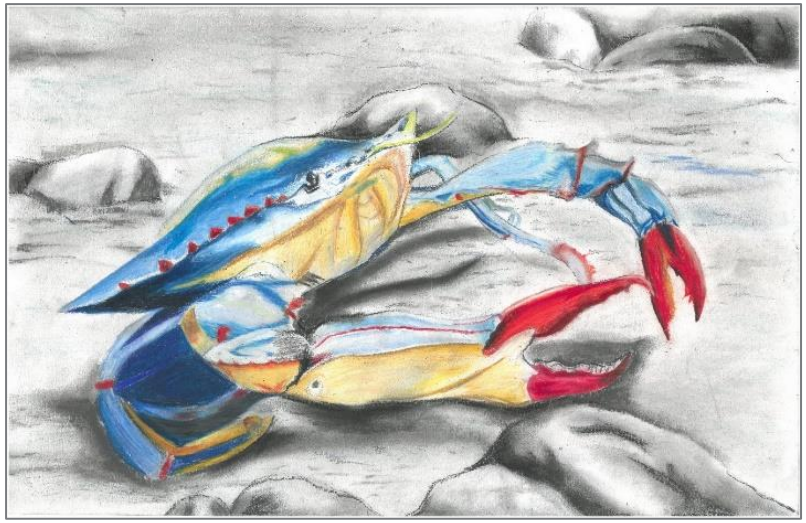
MS4 PERMIT REQUIREMENTS

3.3.11(b) Green Infrastructure/Low Impact Development

The permittee must implement a program to address post construction runoff. At a minimum, the program must contain the elements listed in Table 3.3.11(b)(2) below to address post-construction runoff and descriptions of how they are implemented:

- Legal Authority
- GI/LID Program
- GI/LID Structure Inventory
- Inspection and Maintenance Program

“ABOVE AND BEYOND” WITH 319(H) GRANTS



1. Add to Specified Number of Activities or Tasks Quoted in the NPDES Permit

2. Propose completely new activities or approaches not included in the NPDES Permit.

EAST ALLEY - HISTORIC ROSWELL

Historic District GI/LID

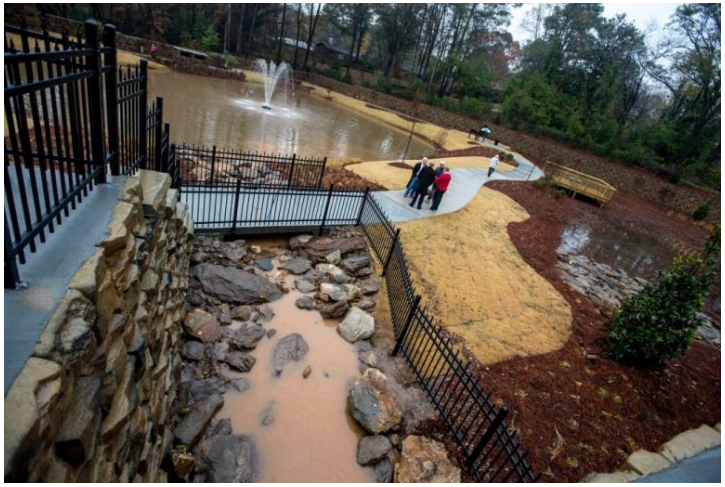
- Streets and ROW
- Permeable Pavers
- Additional Benefits – sewer system upgrades

AFTER

BEFORE

MARSH CREEK – SANDY SPRINGS

- Stormwater
- Bioretention Pond
- Education
- Additional Benefits – park/neighborhood amenity

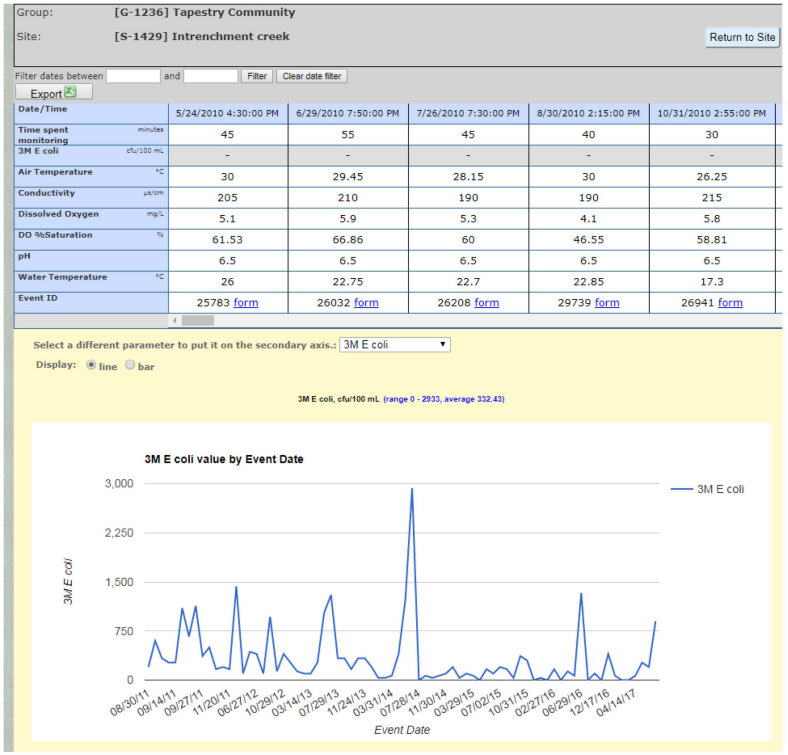


PUBLIC INVOLVEMENT AND PARTICIPATION WITH 319(H) GRANTS

Minimum BMPs Required Per NPDES Permit:

- <10,000: 2 BMPs
- >10,000: 4 BMPs
- Each BMP must be executed annually
- Each BMP must have measurable goal

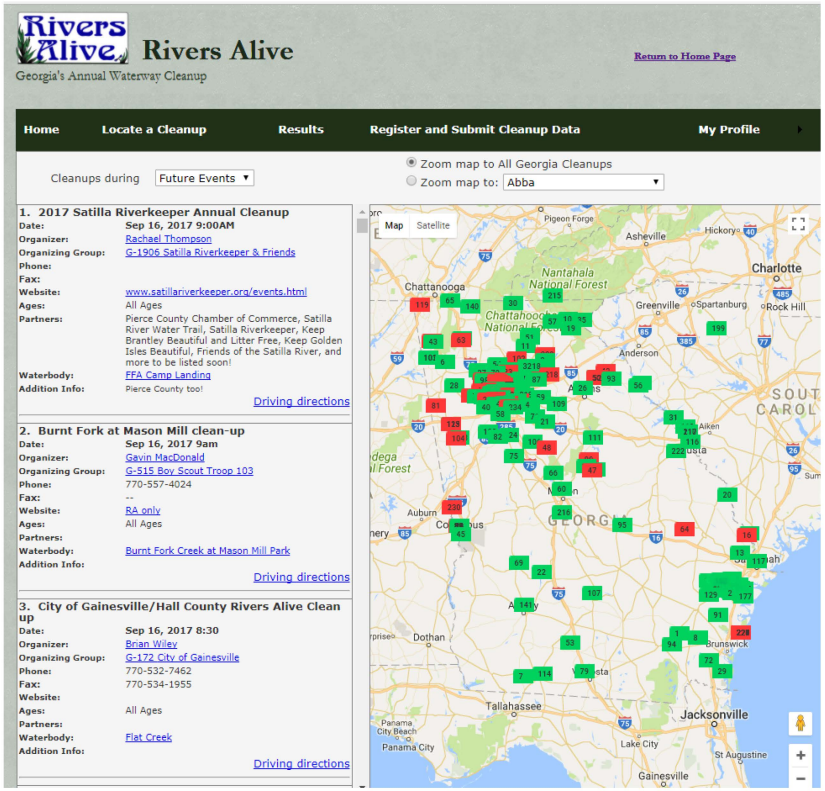
GEORGIA ADOPT-A-STREAM



Date/Time	5/24/2010 4:30:00 PM	6/29/2010 7:50:00 PM	7/26/2010 7:30:00 PM	8/30/2010 2:15:00 PM	10/31/2010 2:55:00 PM
Time spent monitoring (minutes)	45	55	45	40	30
3M E coli (cfu/100 mL)	-	-	-	-	-
Air Temperature (°C)	30	29.45	28.15	30	26.25
Conductivity (µs/cm)	205	210	190	190	215
Dissolved Oxygen (mg/L)	5.1	5.9	5.3	4.1	5.8
DO %Saturation (%)	61.53	66.86	60	46.55	58.81
pH	6.5	6.5	6.5	6.5	6.5
Water Temperature (°C)	26	22.75	22.7	22.85	17.3
Event ID	25783 form	26032 form	26208 form	29739 form	26941 form

https://adoptastream.georgia.gov/

GEORGIA RIVERS ALIVE



https://riversalive.georgia.gov/

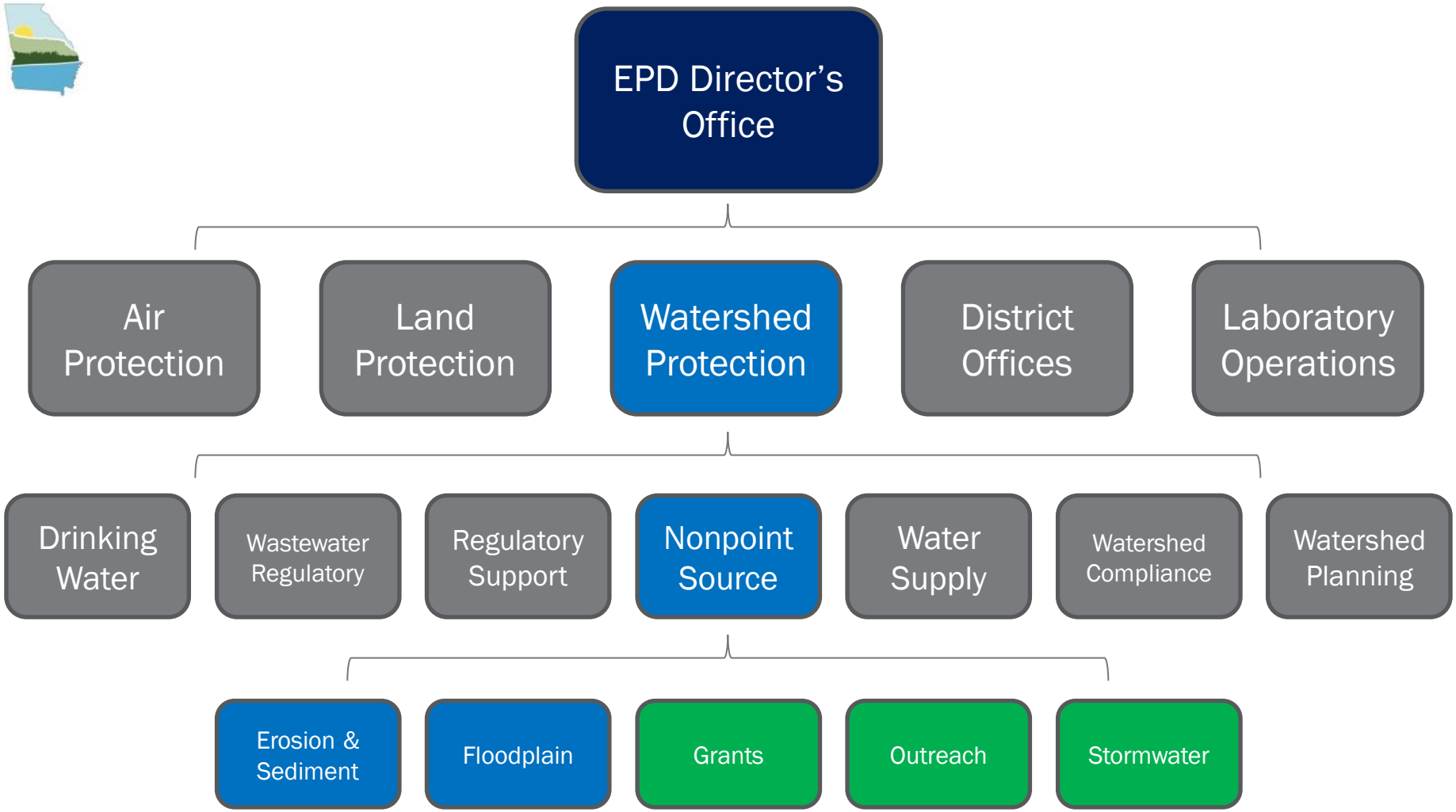
GEORGIA RIVER OF WORDS

RIVER of WORDS

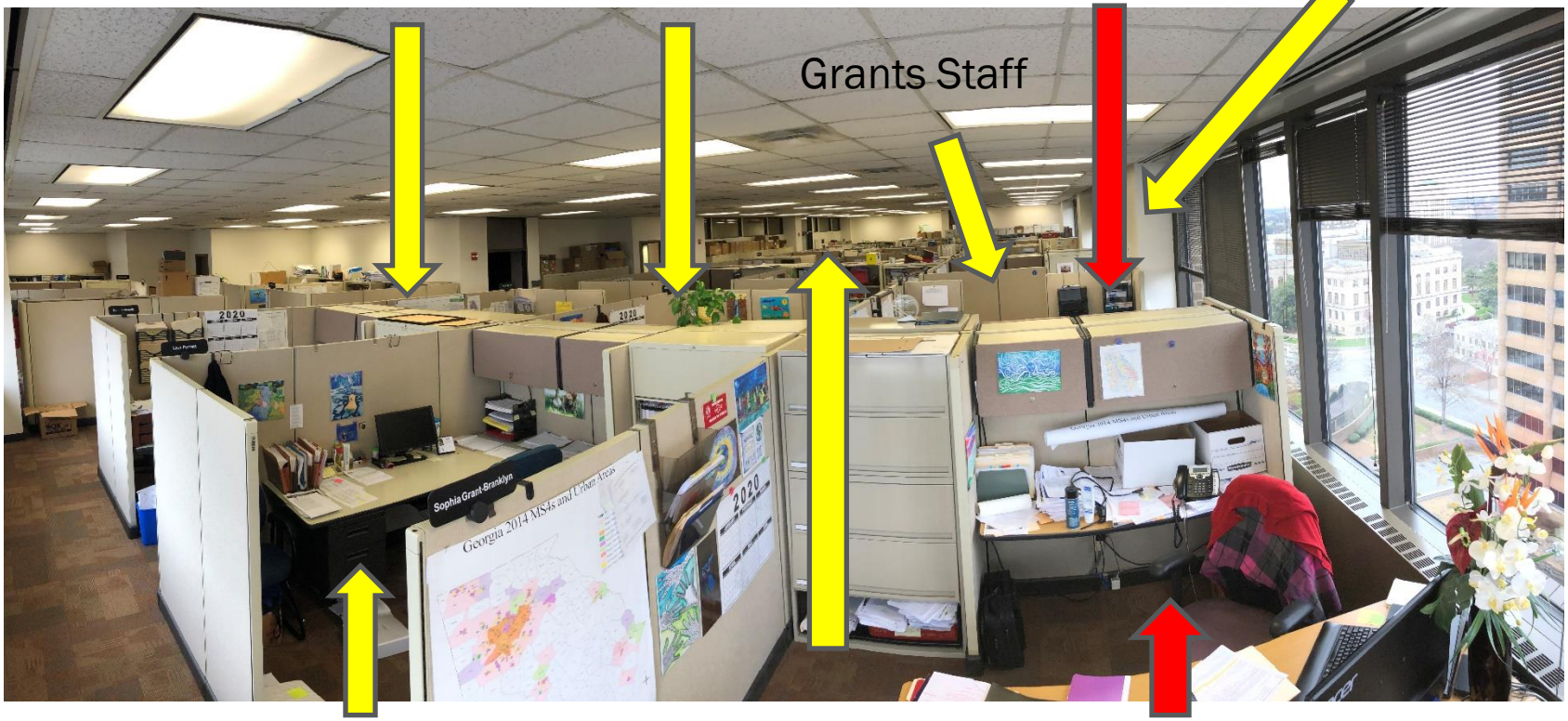
Georgia River of Words

Connecting kids to their watersheds
and imaginations through poetry & art

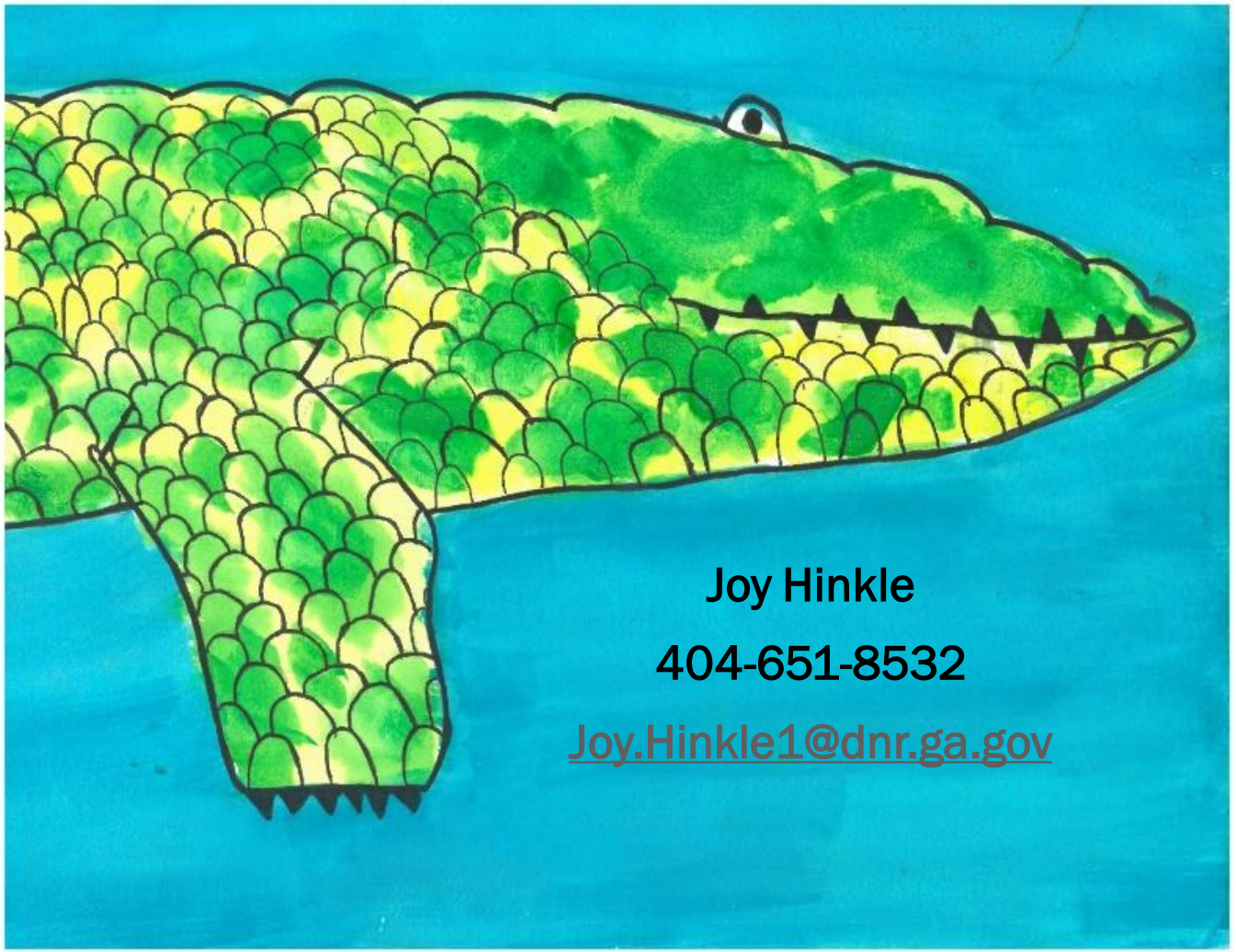
https://projectwet.georgia.gov/ga-river-words


EPD Director's Office
Air Protection
Land Protection
Watershed Protection
District Offices
Laboratory Operations
Drinking Water
Wastewater Regulatory
Regulatory Support
Nonpoint Source
Water Supply
Watershed Compliance
Watershed Planning
Erosion & Sediment
Floodplain
Grants
Outreach
Stormwater

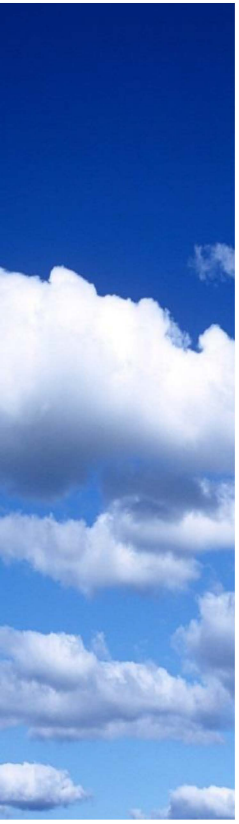
PRE-PANDEMIC PROXIMITY



QUESTIONS

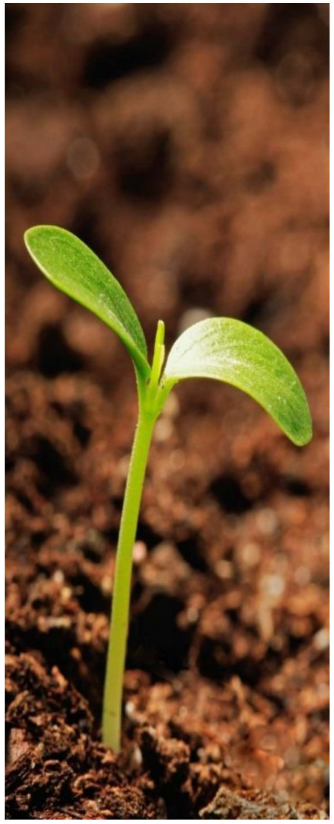


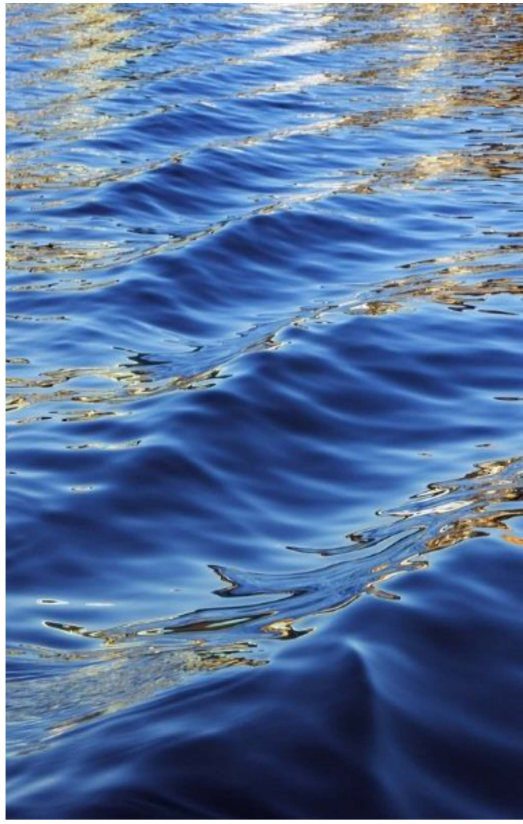
New EPA Grant Program



OSG Program

(Sewer Overflow and Stormwater Reuse Municipal Grant Program)





June 2021

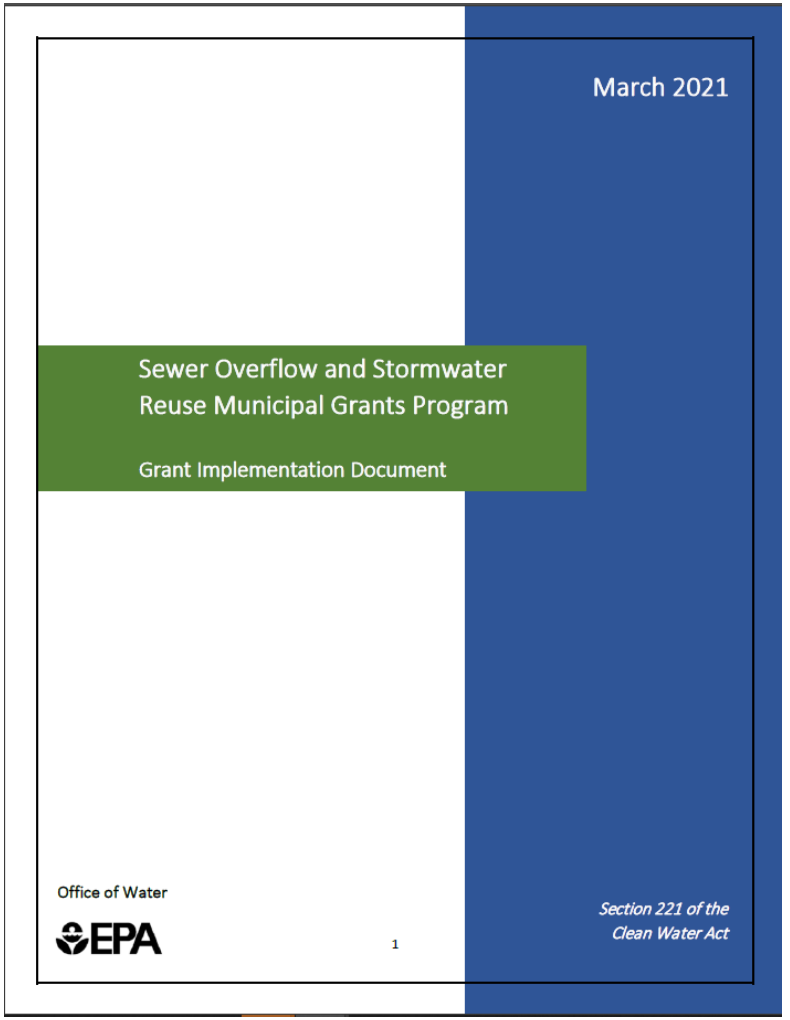


Background

- America's Water Infrastructure Act (AWIA) of 2018 reauthorized and expanded section 221 of the Clean Water Act which initiated the start of the OSG program.
- OSG received an appropriation of $28M in FY2020 and $40M in FY2021.
- EPA will provide grants to states, DC, and the U.S. territories to make sub-awards for planning, design and construction of:
  - treatment works to intercept, transport, control, treat, or reuse municipal combined sewer overflows (CSOs), sanitary sewer overflows (SSOs), or stormwater; and
  - any other measures to manage, reduce, treat, or recapture stormwater or subsurface drainage water.
- States shall give priority to projects that:
  - are in a financially distressed community (as determined by the state)
  - are following a long term municipal CSO or SSO control plan
  - have a CSO, SSO, or Stormwater Grant request on their SRF IUP, or
  - are for an Alaskan Native Village
- There is a 20% Green Project Reserve (GPR) requirement and a 20% state match requirement.

Implementation

- The Office of Wastewater Management issued a Grant Implementation Document in March.
- This document goes over how Regions and States should implement the program.
- Details for eligibilities, cost share, grant requirements, etc.





Status

- EPA proposed an allocation formula and published a Federal Register Notice for public comment in Aug 2020. After comments from the public which were considered, EPA finalized the formula and published a Federal Register Notice in February 2021 describing the final allocation formula.
  - The allocation formula is based off of CSO, SSO, and Stormwater infrastructure needs shown in the latest Clean Watersheds Needs Survey (CWNS) along with additional factors including average annual precipitation, total population, and urban population.
  - Each state, U.S. territory, and DC gets an allocation amount they can apply for.
- In April 2021, grants were posted to Grants.gov so that interested states may apply. States should work with their EPA Regional Office in developing a grant workplan and application.

Flexibility

- OSG grants can support:
- Ongoing overflow or stormwater work
- Cover planning and design costs to help get a project started
- Can support disadvantaged communities and Environmental Justice initiatives
- May be paired with a Clean Water State Revolving Fund project to reduce the project costs for the community

Questions & Answers

Thank you!

- For additional questions and more information, please contact the Water Finance Center: waterfinancecenter@epa.gov

www.epa.gov/waterfinancecenter