



Clean Water State Revolving Loan Funds: Opportunities for Watershed Protection

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Healthy Watersheds Consortium

U.S. Endowment for Forestry & Communities

Healthy Watersheds Consortium Grant Program

A partnership to accelerate
watershed protection



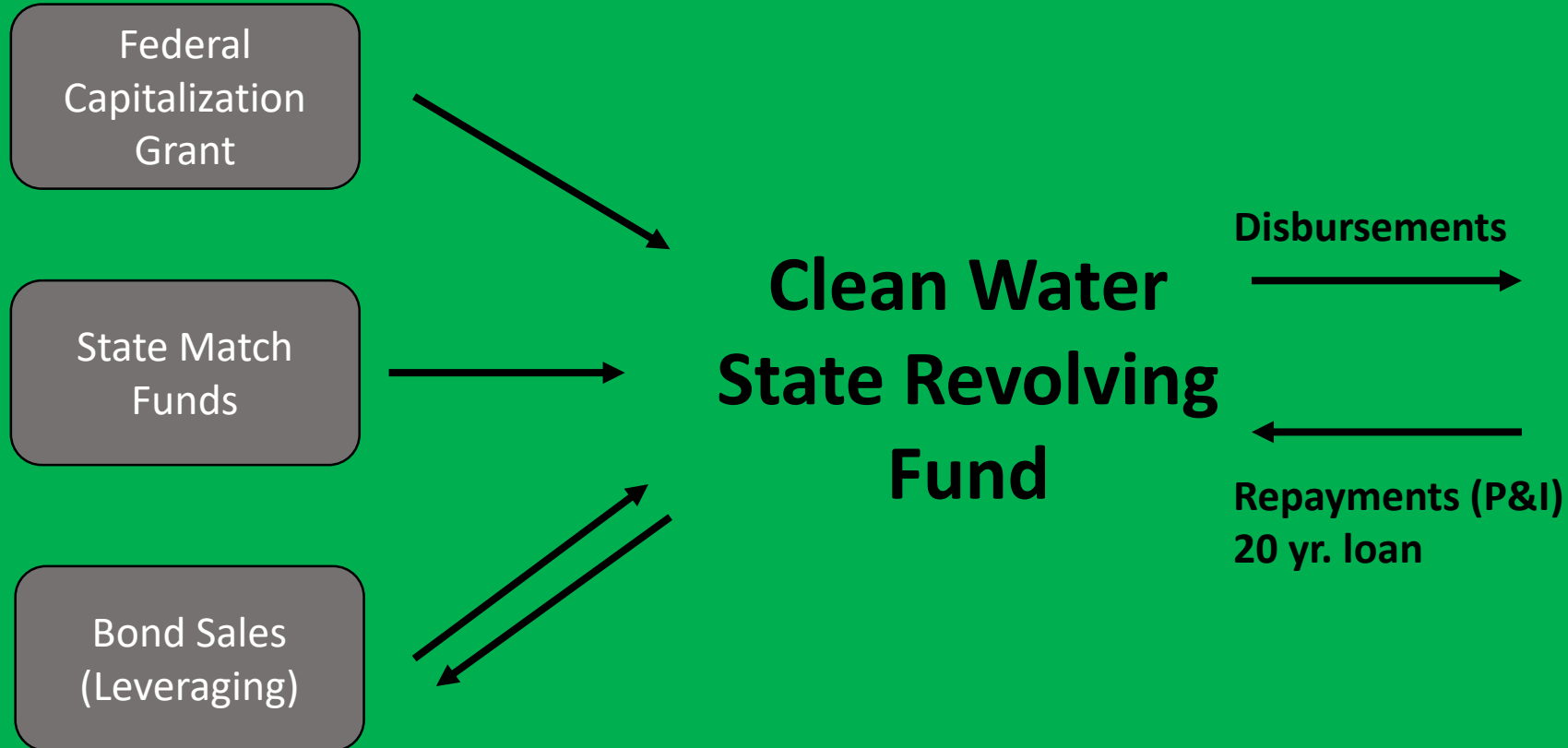
HWC Overview

- Management: U.S. Endowment for Forestry & Communities
- Funding: EPA Office of Wetlands, Oceans, and Watersheds
USDA Natural Resources Conservation Service
Endowment
- Focus on watersheds in good condition
- Prevent landscapes from deteriorating
- Accelerate landscape protection
- Community of Learning
- Finance Mechanisms

Water Infrastructure Financing

- **Construction Grants: 1972 -1987**
- **CWSRF: 1987 – Present**
- **Non-Traditional Eligibilities: ARRA (Green Projects, etc.)**
- **DWSRF: 1996 - Present**
- **DWSRF Set Asides: Admin, Small Systems, Source Water Protection**
- **Magnitude of Funding:**
 - **\$135 Billion – CWSRF**
 - **\$38 Billion - DWSRF**
- **The Opportunity: Non-point source pollution control or source water protection using natural infrastructure are ELIGIBLE for funding.**

How CWSRFs Work



**Water Quality
Improvement Project**



WESTERN RIVERS
CONSERVANCY

Western Rivers Conservancy - California



- Protecting Blue Creek and the Klamath River
- Goal: 47,000 acres; \$60 million
- SRF loan, Carbon offsets, NMTCs
- Jobs in rural northern California
- Yurok Tribe partnership
- Create Community Forest and Salmon Sanctuary
- Bonus: Large-scale, replicable funding

Pennsylvania DCNR - Pennsylvania



- **Develop Forest Conservation Easement Program**
- **Develop forest practitioner enrollment program for sustainable forest management**
- **Goal: 100,000 acres of working forests in Susquehanna Basin**
- **Bonus: \$50 million SRF loans to conserve 60,000 acres of forests in north central PA**

National Funding of Green Projects through CWSRF

- Funding spiked in recession recovery years
- Green Project Reserve mandate has persisted –at least 10% of lending must be for “green” projects
- Green has fairly broad interpretation
- Only 1-2% of CWSRF funds have been lent to Nonpoint Pollution Projects

Source: EPA May 2017

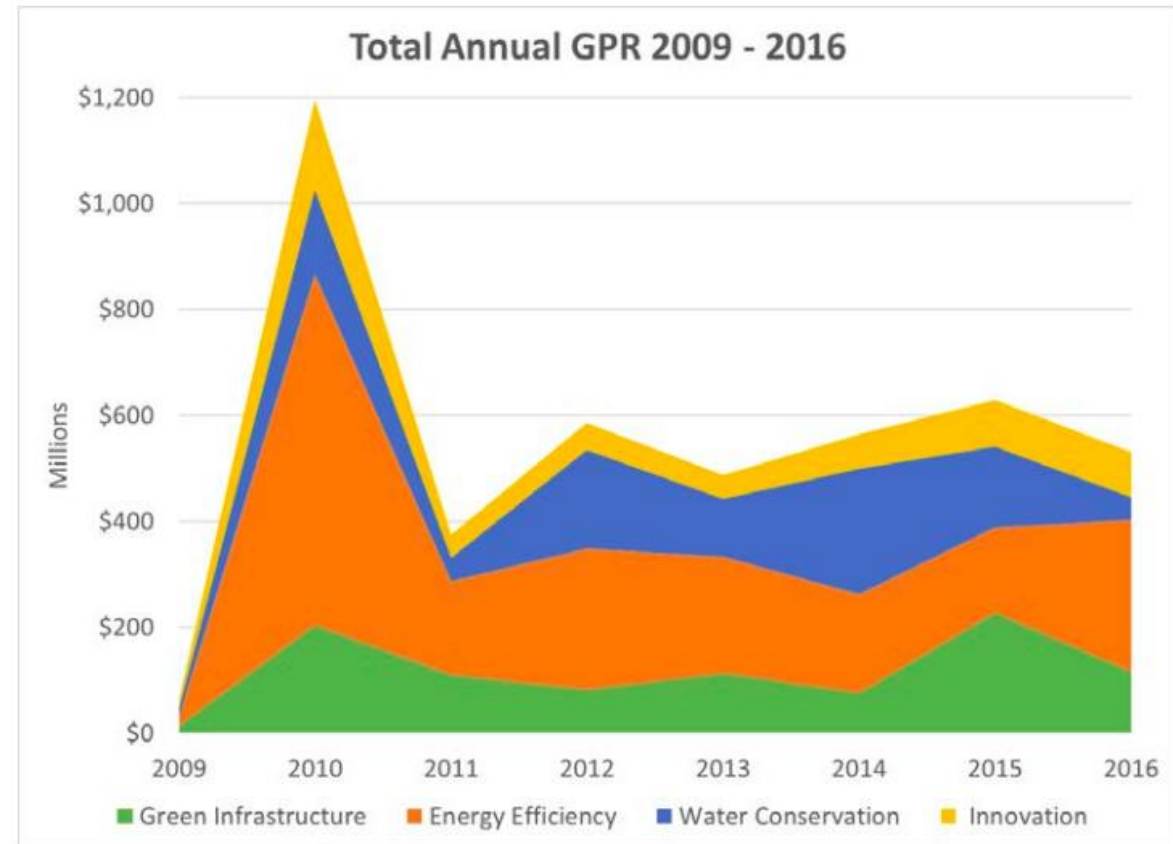


Figure 1 - Green Project Reserve

Problem with a Loan Program

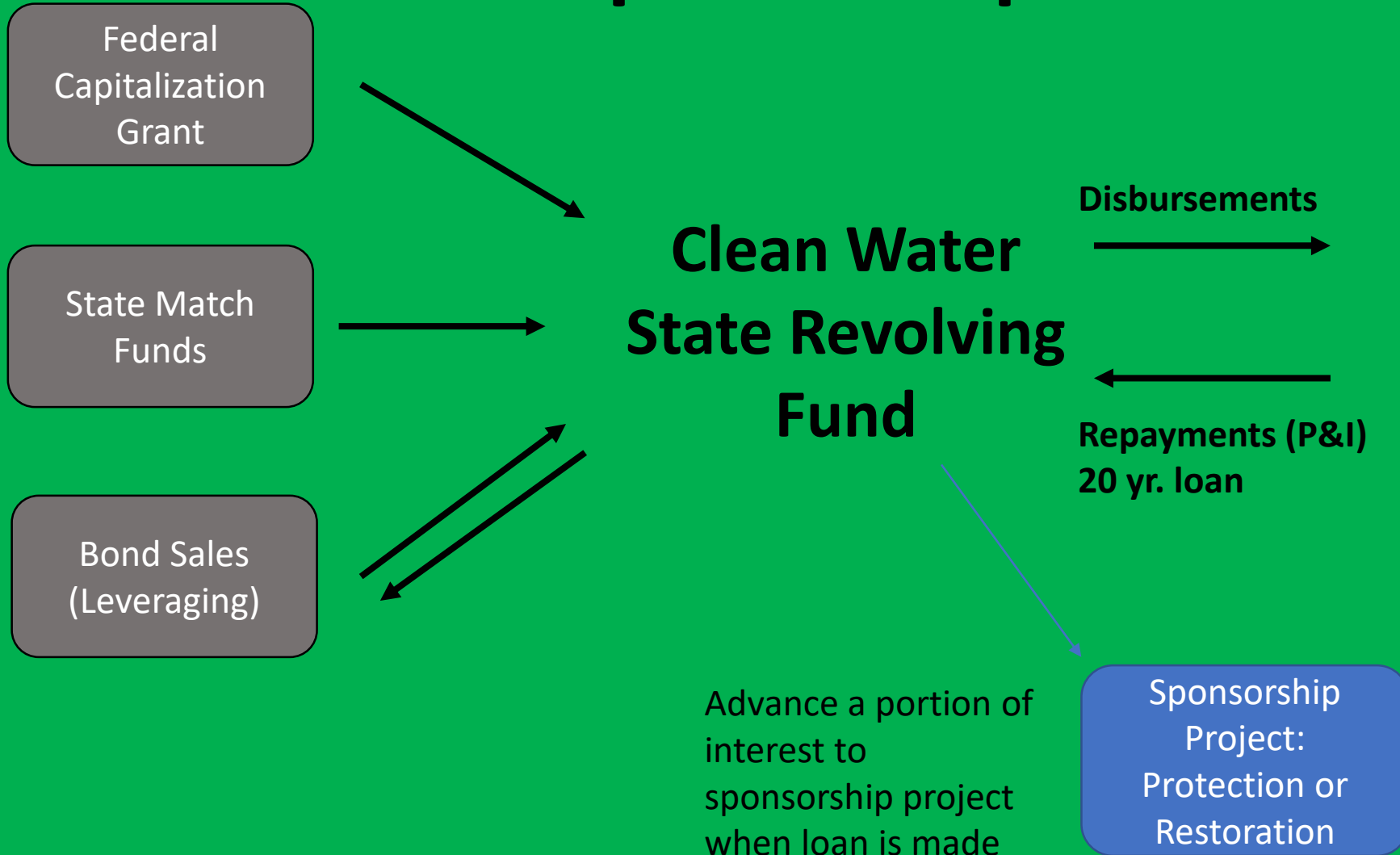


This generates revenue through
sewer bill payments



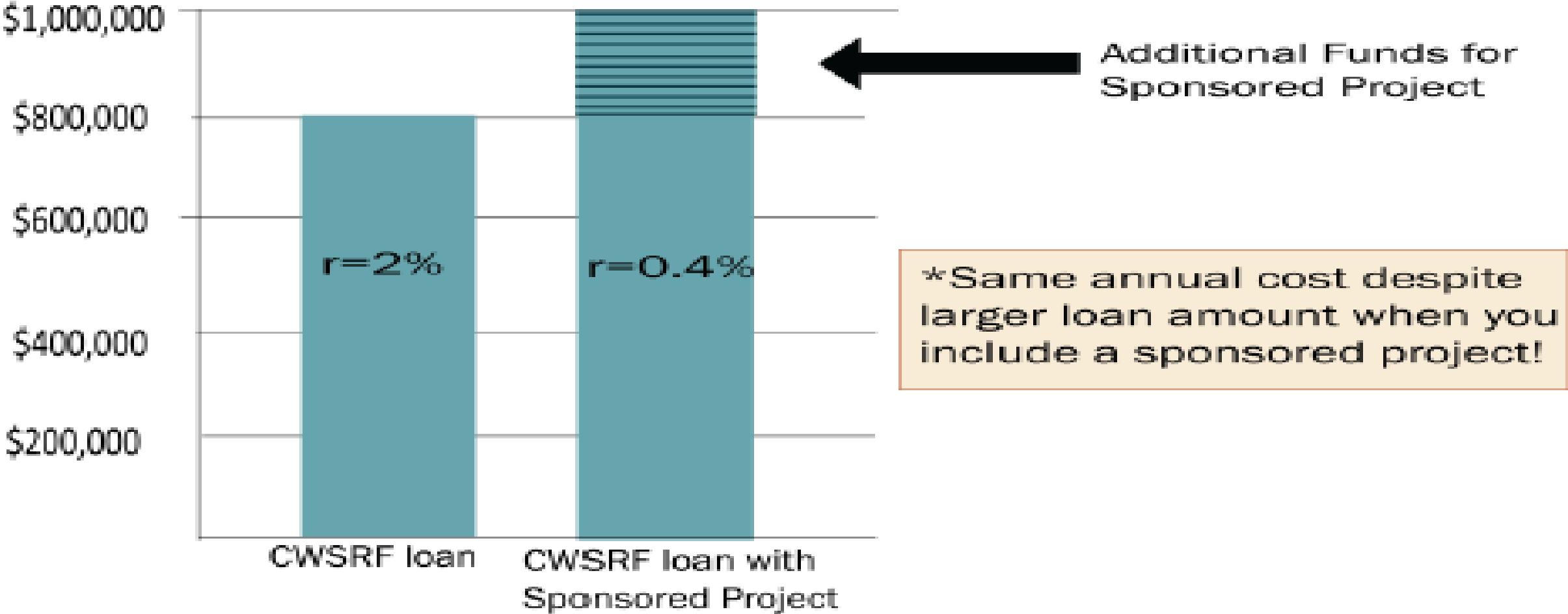
This doesn't

Sponsorship Model



Water Quality Improvement Project

	Loan Amount	Interest Rate (r)	Annual Amortized Cost*
CWSRF Loan	\$800,000	2%	\$35,484
CWSRF Loan with Sponsored Project	\$1,000,000	0.4%	\$35,376



Water Resource Restoration Sponsor Program (WRRSP)

“the goal of the WRRSP is to counter the loss of ecological function and biological diversity that jeopardizes the health of Ohio’s water resources”

- Initiated in 2000
- \$185,000,000 provided to projects
- 5,000 acres of wetlands protected; 700 acres restored
- 90 miles of stream protected; 22 miles restored
- 12 dams removed
- Program provides \$15 million each year divided equally between protection and restoration

Chagrin River Watershed Partners - Ohio



- Work with 75 local communities to protect watersheds through local decision-making
- Goal: 30,000 acres of watershed lands, 425 miles of streams (over 300,000 acres long term)
- Bonus: Use of Clean Water SRF funds for protection

Clean Water State Revolving Loan Funds

The Opportunity

- Non-point source protection and restoration projects using water infrastructure financing

The Challenge

- Repaying loans
- Scale of projects

The Solutions

- Traditional revenue streams – ratepayers, donors, etc.
- Non-traditional revenue streams – timber, carbon
- Sponsorship model – variable interest rates as an incentive

Healthy Watersheds Consortium

- <http://www.usendowment.org/rfps/healthywatersheds.html>
- Sign up for newsletter
- Contact:

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