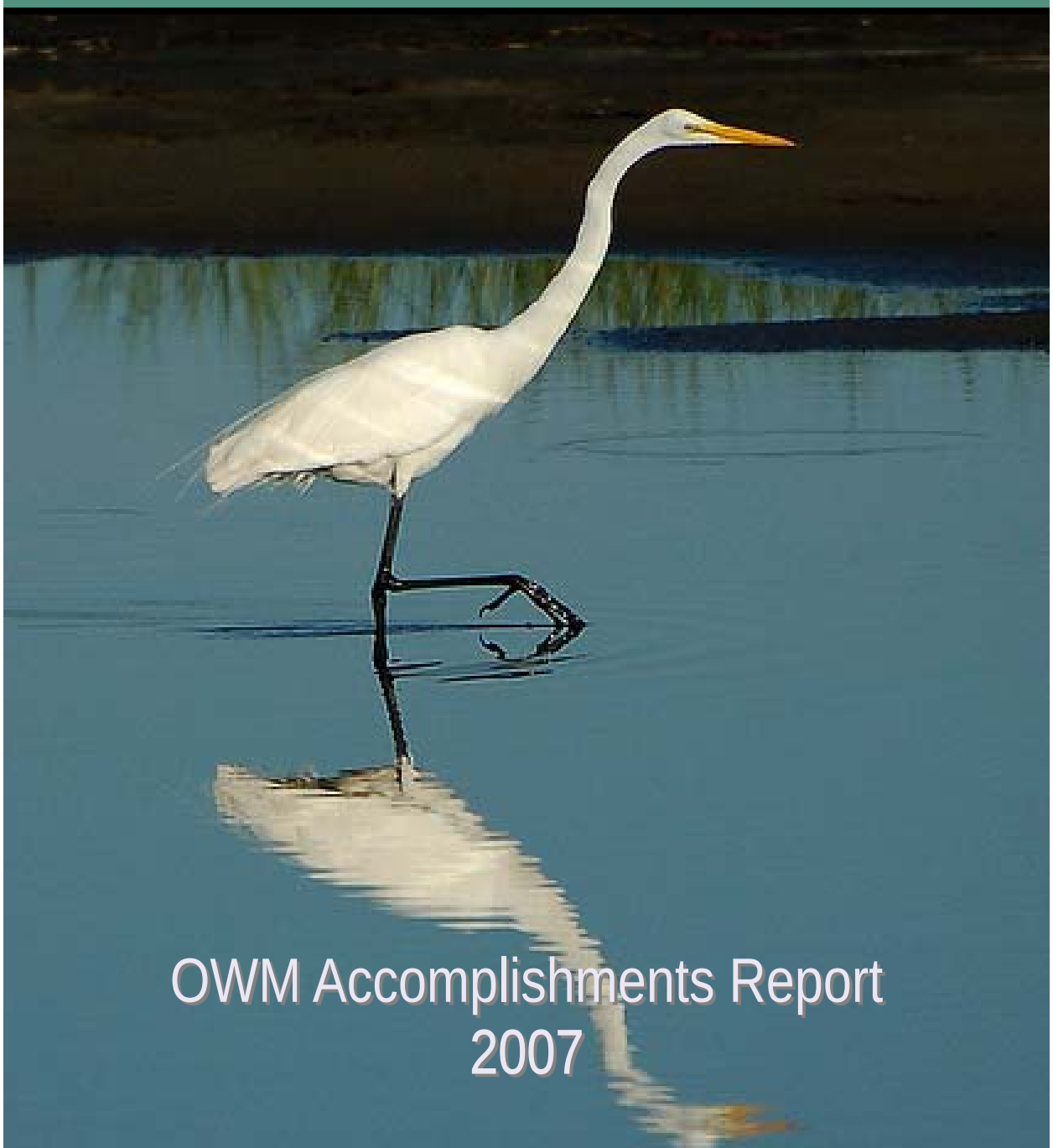
U.S. Environmental Protection Agency

Office of Wastewater Management



OWM Accomplishments Report 2007

Message from the Director

February 2008

The *OWM 2007 Accomplishments Report* provides a snapshot of the most significant performance milestones for the Office of Wastewater Management (OWM) during the year. New initiatives and accomplishments in areas such as green infrastructure, energy management and water efficiency will help our nation keep our water clean and protect the health of future generations.

With the assistance of our partners, including state and local governments, tribes and non-government organizations, OWM has made great progress in meeting the goals of the Office of Water and the Environmental Protection Agency (EPA). But it is our talented and dedicated staff who create the energy to keep us moving forward to meet those goals and hold true to its core mission: to keep our water clean.

Jim Hanlon
Director
Office of Wastewater Management

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OWM Mission

To help meet the nation's clean water goals by ensuring that appropriate regulatory standards, voluntary management approaches, information, financial resources, and technical assistance are provided to states, communities, and regulated entities.

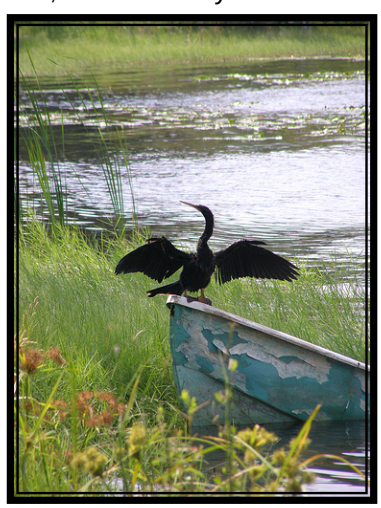
About the Office of Wastewater Management

Clean Water is the ultimate goal of all OWM programs. Overall, our programs are designed to ensure that not only is our water safe to drink, but that our surface waters and aquatic ecosystems protect human health, support economic and recreational activities, and provide healthy habitat for fish, plants, and wildlife. Our office supports EPA's goals for clean and safe water, and healthy communities and ecosystems.

While OWM helps regulate and promote effective and responsible wastewater treatment, our programs consist of more than just wastewater management:

- Our **Clean Water State Revolving Fund** finances a wide range of water quality protection projects for nonpoint source pollution control, and watershed and estuary management, in addition to wastewater treatment projects.

- One of our newest programs, **WaterSense**, makes it easy for consumers to find products and services that save water while ensuring product performance.



- Our **Green Infrastructure** initiative focuses renewed attention on a blossoming approach to stormwater management and treats stormwater as a valuable resource rather than as a problem. It promotes the use of green roofs, rain gardens, porous pavements and other techniques that result in improved water and air quality, energy and costs savings, enhanced water supplies, habitat creation and source water protection.

- The **National Pollution Discharge Elimination System (NPDES) Program** controls water pollution by regulating point sources that discharge pollutants into our surface waters.

- Our **Stormwater Program** oversees the control of stormwater runoff through the issuance of NPDES stormwater permits and provides outreach and support to EPA regions and states on issuance and oversight of those permits. It also educates local governments, industries, builders, and the public about the impact stormwater has on our local waterways and how to keep pollutants out of stormwater.

- Under our **Sustainable Infrastructure Initiative**, OWM is promoting widespread adoption of better management practices, water efficiency, full cost pricing and watershed approaches to reduce costs and increase system investments.

OWM Leadership

James Hanlon, Director
Judy Davis, Deputy Director

Planning, Information & Resources Management Staff
Len Bechtel, Director

Municipal Support Division
Sheila Frace, Director
Sylvia Bell, Deputy Director

Municipal Assistance Branch
Benjamin Hamm, Chief

Municipal Technology Branch
Phil Zahreddine, Chief

State Revolving Fund Branch
George Ames, Chief

Water Permits Division
Linda Boornazian, Director
Elaine Brenner, Assoc. Director

State/Regional Branch
Tom Laverty, Chief

Municipal Branch
Donald Brady, Chief

Rural Branch
Allison Wiedeman, Chief

Industrial Branch
Deborah Nagle, Chief

Budget

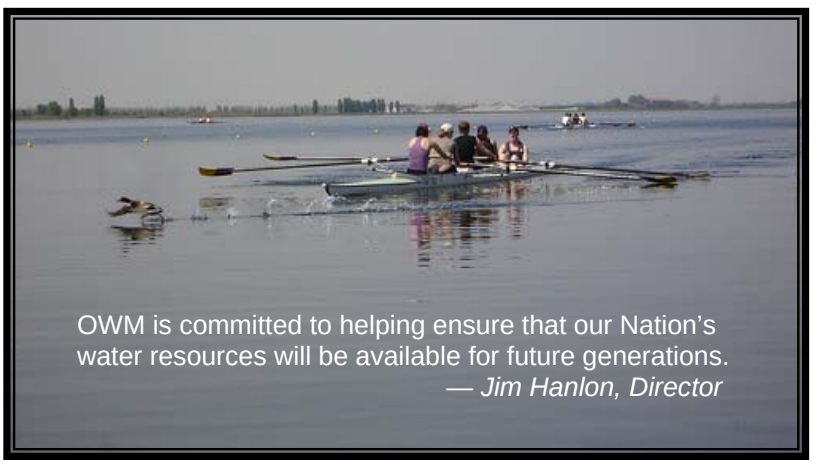
OWM accounts for more than $1.4 billion or nearly one-fifth of the EPA's budget. Through its programs and initiatives, OWM promotes compliance with the requirements of the Clean Water Act (CWA). Under the CWA, OWM works in partnership with EPA's regions, states, local governments and tribes to regulate point source discharges into surface waters such as wetlands, lakes, rivers, estuaries, bays and oceans.

Our Partners

- EPA Regional Offices
- State, Interstate, Tribal and Local Programs
- Water and Wastewater Agencies
- Non-government Organizations
- Private Industry
- Regulated Community
- Academic Institutions
- Private Citizens

How We Do Our Work

The Office of Wastewater Management and its staff of more than 110 employees promote effective and responsible water use, treatment, disposal and management, and encourage the protection and restoration of watersheds. OWM is comprised of an Immediate Office of the Director, the Water Permits Division (WPD), the Municipal Support Division (MSD) and the Planning, Information and Resources Management Staff (PIRMS).



OWM is committed to helping ensure that our Nation's water resources will be available for future generations.
— Jim Hanlon, Director

MSD conducts activities related to the national management of the Clean Water State Revolving Fund (CWSRF) programs, assistance to small communities and Indian tribes, US-Mexico Border communities and Alaska Native Villages, and special appropriations acts projects. The division maintains and regularly updates inventories and cost estimates of existing and needed future municipal wastewater treatment works and capital investments to meet the goals of the CWA. In addition, the Division publishes technical information about conventional and innovative municipal wastewater collection systems and treatment technologies, and provides support and technical assistance to EPA Regions and states to promote the proper management of on-site and decentralized wastewater systems nationwide. It also is promoting a national ethic of water efficiency and enhancing the market for water-efficient products, programs, and practices through the new WaterSense program.

WPD provides national program direction to the National Pollutant Discharge Elimination System (NPDES) permit, pretreatment, and sewage sludge management programs under sections 401, 402, and 405 of the Clean Water Act, including: development of regulations, policy and guidance, development of national strategies, implementation management, compliance assurance and overview of regional and state operations. The division also coordinates with the Office of Science and Technology (OST) in the development of national standards for point source controls, indirect dischargers, and biosolids use and disposal.

Highlights — 2007 Results

Clean Water State Revolving Fund — CWSRF programs provided $5.3 billion in 2007 to fund water quality protection projects for wastewater treatment, nonpoint source pollution control, and watershed and estuary management. CWSRFs have funded over $63 billion, providing over 20,700 low-interest loans to date.

Green Infrastructure — OWM orchestrated a statement of intent, signed by EPA Administrator Stephen L. Johnson, with four national organizations to promote the use of "green infrastructure" approaches, such as rain-catching roofs and gardens, to lessen sewer overflows and runoff after storms. We also initiated a pilot project with the West Virginia Department of Environmental Protection to develop language in a small general MS4 permit to advance infiltration, reuse and evapotranspiration concepts in municipal stormwater programs.

Priority Permits — More than 95% of Priority Permits targeted for FY 07 were issued. OWM also revised the Priority Permit measure for FY08 to include an expanded universe of environmentally significant permits.

NPDES Permit Backlog Reduction — On a national basis, approximately 90% of all individual and non-stormwater general permits are now current.

Sustainable Management — OWM orchestrated a ground-breaking agreement with six national associations to promote effective utility management to help sustainable infrastructure operations. The agreement is based on *Attributes of Effectively Managed Utilities, Keys to Management Success,* and *Utility-Specific Performance Measures.*

Combined Sewer Overflows (CSO) — Authorized states and EPA regions exceeded the goal for NPDES permits for CSO communities with enforceable schedules for implementation of a long-term control plan based on other requirements of the CSO Control Policy. The goal was a total of 532 permits with enforceable schedules by the end of FY07. That goal was exceeded by 27 permits – a total of 559 permits, or 67% included schedules consistent with the CSO Control Policy.

Water Efficiency — The WaterSense program released final specifications for both high efficiency toilets and faucets. In order to earn the WaterSense label, these products must use less water and also meet performance standards for quality, confirmed through third-party testing. Projected annual savings of 128 billion gallons of water per year are expected once our target-market penetration (ten percent replacement of existing fixures) is met.

Mexico Border — OWM worked with OCFO, OIA, and Regions 6 and 9 to finalize the US-Mexico Border Fiscal Policy to optimize Border Environment Infrastructure Fund (BEIF) project completions and improve fiscal management of program funds. Sixty-seven BEIF projects certified as of September 2007 provide the capacity to eliminate nearly 300 million gallons per day of untreated or inadequately treated wastewater discharges. The Mexicali wastewater treatment plant, completed in 2007, is treating an estimated 15 million gallons per day of sewage that once flowed untreated into the New River and into the United States.

Our Work

- The NPDES Permit Program
- Clean Water State Revolving Fund (CWSRF)
- Clean Watersheds Needs Survey
- Sustainable Infrastructure
- WaterSense water efficiency program
- Onsite/Decentralized Wastewater Systems Program
- Innovative Management Systems (EMS, Asset Management, CMOM, etc.)
- Infrastructure Grants (Congressional Earmarks)
- Outreach, Technical Assistance, and Training Programs
- State and Tribal Program Assistance (CWA Section 106)
- Small Communities
- U.S./Mexico Border
- Wastewater Treatment Technologies
- Water Quality Cooperative Agreements (104(b)(3))

Clean Water State Revolving Fund

Clean Water State Revolving Fund (CWSRF) programs provided $5.3 billion in 2007 to fund water quality protection projects for wastewater treatment, nonpoint source pollution control, and watershed and estuary management. CWSRFs have funded over $63 billion, providing over 20,700 low-interest loans to date. CWSRFs offer low interest rates, flexible terms, significant funding for nonpoint source pollution control and estuary protection, assistance to a variety of borrowers, and partnerships with other funding sources.

High Return on Federal Investment

The ratio of CWSRF project disbursements (i.e., total cash out to pay invoices) compared to total federal outlays for projects (cash drawn from federal funds) is a measure of return on the federal investment to date. Over the past 5 years, for every federal dollar invested, the CWSRFs have provided twice as much funding for high priority water quality projects.

Paying for Sustainable Water Infrastructure: Innovations for the 21st Century

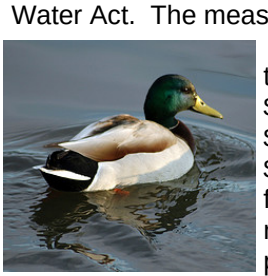
OWM organized a national conference in March that brought together over 600 stakeholders from all levels of government and the private sector to explore creative methods to pay for sustainable water infrastructure in addition to the SRF programs. It is the first of its kind to address the challenge of integrating the many diverse tools and strategies to pay for sustainable water infrastructure.

Tapping the Untapped Potential of the CWSRF

In collaboration with the State/EPA Work Group, OWM has developed a white paper, “Tapping the Untapped Potential of the CWSRF,” looking at underutilized eligibilities and options for using CWSRF financing in innovative ways. The paper was discussed in a series of headquarters and regional roundtable sessions and at the State/EPA Work Group meeting in November.

Environmental Benefits

In 2005, EPA began collecting environmental and health-related data to document how the CWSRFs directly support the goals of the Clean Water Act. The measures link each project to a river, lake, or stream and to the beneficial uses of that waterbody. Of the $12.3 billion of financed projects reported: $8.9 billion targeted water quality improvements, $6.6 billion was directed to achieve compliance, $8.2 billion focused on protecting and restoring freshwater fisheries, $2.1 billion protected and restored drinking water sources, and $8.6 billion protected and restored recreational uses.



PISCES Awards

The Performance and Innovation in the SRF Creating Environmental Success (PISCES) Awards were created in 2005 to recognize the extraordinary successes of the states' CWSRF programs. The 2007 awards recognize and showcase the outstanding, innovative achievements of one state in each of the 10 regions.

These states further the Agency’s water quality goals by their exemplary performance, integrity, and creativity in improving infrastructure sustainability, leveraging resources, establishing innovative partnerships, implementing innovative lending practices, and promoting creative use of technologies. Winners are listed at: www.epa.gov/owm/cwfinance/cwsrf/2006pisces.htm

FACT

A new financing comparison tool developed by EPA will help states, municipalities, utilities and other borrowers identify the most cost effective method to fund water quality projects. The Financing Alternatives Comparison Tool (FACT) calculates and compares costs associated with financing options for infrastructure projects. In 2007, FACT was widely distributed and lauded by a wide range of local, municipal and state officials as being exceptionally useful in weighing potential water infrastructure financing options.

Rural Program

The rural program strives to protect and improve water quality by developing and implementing NPDES programs that target rural areas and rural populations. The program develops regulations and policies; develops technical implementation guidance and outreach for EPA regions, states and the general public. Significant achievements in 2007 include the following:

Grant for Environmental Assistance to Livestock Operators

EPA requested applications from organizations for a $7.9 million grant to provide environmental assessments and technical assistance to livestock operators, including animal feeding operations, for the prevention of water discharges and reduction of air emissions. Two awards were made, with each grantee receiving $3.95 million. Western states will be served by one grantee, and eastern states will be served by the other, with work beginning in 2008.

Concentrated Animal Feeding Operations Rulemaking

In July, OWM finalized a rule extending certain compliance dates necessary to allow the agency time to respond adequately to public comments on issues raised by the February 2005 *Waterkeeper* decision before those compliance dates take effect. It extended the date by which facilities newly defined as CAFOs under the 2003 rule must seek NPDES permit coverage to February 27, 2009. In addition, all permitted CAFOs now have until February 27, 2009, to develop and implement nutrient management plans. The extensions provide time for states and the agricultural community to adjust to the new requirements once they are finalized.

Pesticides

OWM promulgated the final NPDES regulation for application of pesticides over, in, or near waters of the U.S. in November 2006. Since then, petitions from both environmental groups and industry were filed and the case will be heard in the 6th Circuit. EPA supported the Department of Justice in their development of the initial brief to the court which was submitted on November 6, 2007.

Water Quality Trading Awards Program

Connecticut Department of Environmental Protection's Nitrogen Credit Exchange Program won EPA's first Blue Ribbon Water Quality Trading Award. The program allows 79 publicly-owned treatment works to trade pounds of nitrogen in order to cost-effectively reduce hypoxia in the western end of the Long Island Sound. The EPA award highlights programs which have achieved environmental and economic benefits and also showcases programs that align well with EPA's Water Quality Trading Policy.

The *Water Quality Trading Toolkit for Permit Writers*

Published in August, it is EPA's first "how-to" manual on designing and implementing water quality trading programs. The toolkit helps NPDES permitting authorities incorporate trading provisions into permits and provides stakeholders with detailed guidance on the fundamental concepts of trading which can accelerate water quality improvement and reduce compliance costs. It will help improve the quality and consistency of all trading programs across the nation.

Training on Water Quality Trading

OWM provided several training sessions to USDA, the public, and EPA regions on how to apply trading to nutrient reduction programs and permits. This training program complements the Water Quality Trading Toolkit that was published in August. The toolkit and the training, combined, help the regulated community design and implement voluntary water quality trading programs consistent with EPA's National Water Quality Trading Policy.

Sustainable Infrastructure

Our nation's water infrastructure systems are aging and many will be reaching the end of their useful lives in the next 20 to 40 years. To keep pace with infrastructure needs of the future, OWM is focusing efforts on the *Four Pillars of Sustainable Infrastructure* – better management, full cost pricing, water efficiency, and watershed approaches. Using the tools of technology, innovation, and collaboration, we are committed to helping ensure that our water resources will be available for future generations.

Sustainable Management

OWM led efforts resulting in the signing of a ground-breaking agreement with six national associations to promote effective utility management in the water sector. The agreement is based on ten *Attributes of Effectively Managed Utilities, Keys to Management Success, and Utility-Specific Performance Measures.* EPA and the associations are now working on a resource toolbox, new materials to help utilities pursing the attributes, and a targeted list of utility performance measures to gauge progress.

Energy Management

In partnership with EPA Region 1, OWM completed a workbook to help water and wastewater utilities develop an energy management system to manage their energy costs and reduce environmental impacts from energy use.

Clean Watersheds Needs Survey (CWNS)

OWM worked with EPA, state and local partners and various EPA offices to develop a new Data Entry Portal for CWNS 2008. The data entry portal provides significant efficiency and quality improvements, and for the first time, enables local community access for updating their needs data directly.

Asset Management

More than 2500 personnel have now participated in the Advanced Asset Management workshops provided by OWM. EPA's reputation for excellence in this training is recognized by other federal agencies. Eight two-day advanced Asset Management Workshops were held in 2007: Virginia, New Mexico, Kansas (2), Washington, Iowa, Florida, California, and Colorado.

In addition, OWM worked with the Local Government Advisory Committee to produce and distribute a video on water infrastructure sustainability which is receiving national acclaim. *Water Infrastructure: Successful Strategies for Local Leadership* presents the perspective of local officials on the importance of water infrastructure and has been extremely well received, receiving a 2007 Telly Award for Film/Video.

Municipal Technology Reports

OWM published a three-part series of reports that present technical and cost information to assist municipal wastewater system owners and operators evaluate and select innovative and sustainable technologies. The reports are: *Emerging Technologies for Conveyance Systems: New Installations and Rehabilitation Methods; Emerging Technologies for Wastewater Biosolids Management* and, *Emerging Technologies for Wastewater Treatment and In-Plant Wet Weather Management*.

EPA WaterSense

In less than two years, WaterSense has already become a national standard for water efficiency among utilities, plumbing manufacturers, retailers, and consumers. More than 125 toilets and 30 faucets have earned the WaterSense label, which helps consumers make informed decisions when buying water-efficient products. More than 600 manufacturers, retailers, utilities, and irrigation professionals have partnered with the program. Highlights for 2007:

Toilet Specifications

WaterSense released a final specification for the latest generation of water-saving, high-efficiency toilets. Those that use less than 1.28 gallons per flush and meet strict performance standards can earn the WaterSense label.

Faucet Specification

WaterSense labeled faucets and faucet aerators use about 30% less water than standard faucets with no sacrifice in product performance.

Landscape Irrigation Professionals

OWM issued its first WaterSense label for landscape irrigation. As part of the agency's new water-efficiency partnership program, four certification programs for landscape irrigation professionals received the WaterSense label for their adherence to water-saving techniques.

Wet Weather / Stormwater Program

Urban wet weather sources remain an important EPA priority because of the potential impacts on human health and the environment. Among the sources for which the CWA provides us with regulatory tools, urban wet weather sources are the most significant sources of water pollution today. Adverse effects from wet weather are typically tied to the condition, type and extent of the infrastructure.

Green Infrastructure

EPA launched a significant effort to promote the use of "Green Infrastructure" techniques to solve stormwater, CSO, and nonpoint source water quality problems. This effort was launched at an Earth Day ceremony in April with Administrator Stephen Johnson. EPA and four national organizations signed a statement of intent to promote the use of green infrastructure approaches. An accompanying statement of support has been signed by over 50 organizations. A draft green infrastructure strategy that highlights projects and activities that will be completed over the next several years was also published. A green infrastructure web site highlighting the many activities is available at www.epa.gov/npdes/greeninfrastructure.

Developing Your Stormwater Pollution Prevention Plan (SWPPP): A Guide for Construction Sites

This new guide is designed to help improve the quality of stormwater pollution prevention plans at regulated construction sites. Applicable nationwide, it contains detailed information on all aspects of preparing an effective SWPPP and selecting, operating, and maintaining best management practices for the site to minimize erosion and control sediment. The guide also contains a detailed SWPPP template and sample inspection form that construction site operators can tailor to meet the requirements of their permit and the conditions at their site.

Guide for Evaluating Municipal Stormwater Programs

OWM published a new guide to assist regions and states in their effort to evaluate Phase I and II local stormwater programs. This new evaluation guide contains detailed information on conducting an audit or evaluation of a municipal stormwater program, including detailed questions on each of the six minimum measures and worksheets to help document the evaluation. The evaluation guide may also be used by local governments to conduct self-audits of their programs.

Stormwater Webcast Series

OWM hosted six very well attended (average audience 1000+) webcasts for stormwater managers across the country in 2007 on topics such as financing local stormwater programs, social marketing, and illicit discharge detection and elimination. All 11 webcasts in this series were recorded and are now available on the NPDES website (www.epa.gov/npdes/training). The webcasts have been attended by over 17,000 people and downloaded over 100,000 times.

CSO Long-Term Control Plans

Authorized states and EPA regions exceeded the goal for the number of CSOs having permits or other enforceable mechanisms in place to implement Long Term Control Plans (LTCP). A total of 559 were in place by the end of FY07—27 more than the original goal of 532.

LTCP-EZ Template for Small Communities

EPA developed an interactive form to assist the many small communities that must develop CSO Long-Term Control Plans as a requirement of the NPDES permits. The "LTCP-EZ" guides small communities in a question and answer format, through the process of developing an LTCP.

Report to Congress on CSO Discharges to the Lake Michigan Basin

This EPA Report to Congress provides an assessment of the occurrences of combined sewer overflows from Publicly Owned Treatment Works (POTWs) into the Lake Michigan basin. The report also provides information about the enforcement of existing regulations concerning discharges and the future steps EPA plans to take to minimize such overflows.

CSO Training

OWM conducted several successful training events for CSO communities. In May, a two-hour webcast on the CSO program was conducted for approximately 1000 attendees.

State & Regional Program

The state and regional program provides technical and policy support to help implement the NPDES program. Through coordination with states and EPA regions, the program guides consistent and effective translation of water quality goals and standards into permit limits and conditions. It resolves legal barriers that prevent optimal program implementation and provides proactive and consistent management of external legal drivers. It also provides timely information on the integrity of the NPDES program implementation while working cooperatively to produce efficient processes and measurable results.

Watershed-Based NPDES Permitting Technical Guidance

OWM published a new technical guidance that will help integrate NPDES permits into watershed management plans. It is a follow up to the 2003 implementation guidance and leads NPDES authorities and other interested parties through the analysis of watershed data and helps them develop a framework for implementing an NPDES program. The guidance supports approaches to permitting that may help target the watershed's most pressing environmental needs. The approaches will help achieve water quality-based effluent limitations based on water quality standards while providing opportunities for cost reductions and improved efficiencies such as water quality trading. The guidance includes case studies describing how watershed approaches involving NPDES permitting have been implemented across the country.

Methylmercury Fish Tissue Criterion: Draft Implementation Guidance

This draft document provides technical guidance to states and authorized tribes about how to use the January 2001 fish tissue-based recommended water quality criterion for methylmercury in related to water quality standards adoption (e.g., site-specific criteria, variances) and its implementation in surface water protection programs (e.g., monitoring TMDLs, NPDES permitting). OWM worked collaboratively with the Office of Science and Technology and other Office of Water programs to ensure that the draft guidance addresses questions related to NPDES permitting, including developing guidance on how to determine when a water quality-based permit limit is needed, and where appropriate, how to express that limit including recommendations for mercury pollutant minimization programs.

Alaska and Other Program Approvals

OWM continued to work closely with Region 10 and the State of Alaska as it seeks authorization to administer the NPDES program. It is anticipated that Alaska will receive authorization in FY08.

Compliance Schedules

OWM resolved a very complicated set of legal, policy and technical issues to produce a memo that succinctly explained when compliance schedules could be used in NPDES permits. It provided 11 principals for determining whether a compliance schedule to implement water quality-based effluent limits is consistent with the Clean Water Act.

Priority Permits

For three consecutive years (FY2005 - 2007), states and regions have issued over 95% of the priority permits to which they committed. In addition, OWM conducted a preliminary review of how states and regions determined which permits were high priority. Criteria that were evaluated include location on an impaired waterbody, change in water quality standards, permits expired greater than ten years, and the issuance of new general permits. Final results will be available in early 2008.

Permit Quality Reviews

In ongoing efforts to ensure the integrity of the national permitting program, OWM established a Permit Quality Review (PQR) process. OWM developed a strategy that targets both geographic and topical areas for review. In 2007, PQRs were conducted in Regions 1, 7, & 9.

Permit Backlog Reduction

For the first time since OWM began tracking the backlog in 1999, states and regions met the national goal of 90% current for individual and non-stormwater general permits.

Action Items

Regions, states and territories have committed to approximately 300 action items (or “to do” items) resulting from the Permitting for Environmental Results review of state and regional permitting authorities. By the end of FY 2007, 184 of the items (62%) were completed.

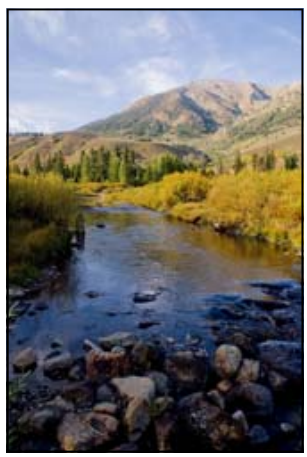
State & Tribal Capacity Building

Section 106 of the Clean Water Act authorizes EPA to provide federal assistance to states (including territories, the District of Columbia, and Indian tribes) and interstate agencies to establish and implement on-going water pollution control programs.

Prevention and control measures supported by state water quality management programs include permitting, pollution control activities, surveillance, monitoring, and enforcement; advice and assistance to local agencies; and the provision of training and public information.

Funding for Indian Tribes

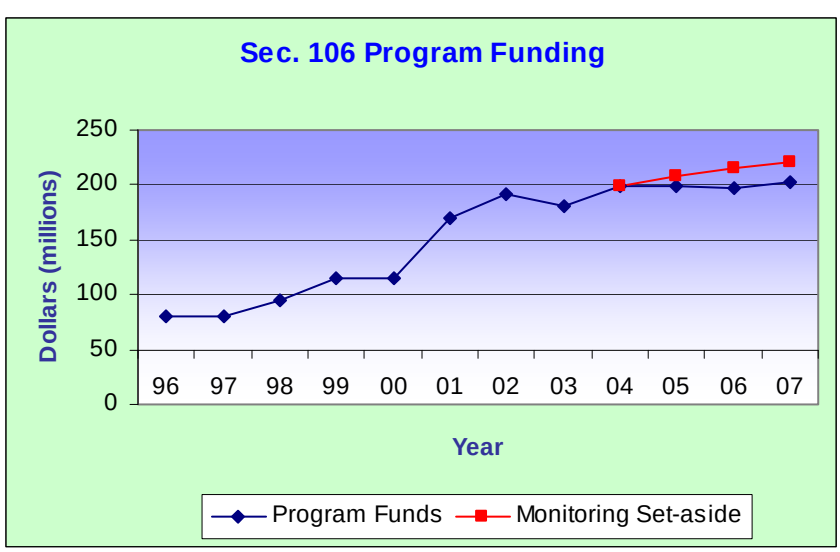
During the past 10 years, EPA has increased funding available for Section 106 grants to Indian tribes from $3 million to $25 million per year.



Permit Fee Incentive Program

OWM proposed a rule that would provide a financial incentive to states to charge fees to support a clean water permit program. EPA's rule would allot up to three percent of state water pollution control grant funds to states that have adequate National Pollutant Discharge Elimination System (NPDES) permit fee programs.

The increased cost of administering water permit programs has prompted some states to levy permit fees to cover shortfalls. Certain states, however, still operate with little or no reliance on permit fees. The proposed *NPDES Permit Fee Incentive for Clean Water Act Section 106 Grants; Allotment Formula* is designed to create financial incentives to prompt more states to implement adequate fee programs and shift part of the financial burden to those who benefit from the permits. It will also allow states to move funds to other critical water quality program activities.



Guidance on Use of CWA Section 106 Grant Funds for FY 07 and Out-Years

OWM issued a draft guidance for the use of grant funds provided to states and interstate agencies under Section 106 of the Clean Water Act. The draft guidance is intended to support states and interstates in allocating Section 106 funds among those clean water program activities that best fit the needs of the state or interstate agency and are most likely to attain clearly defined and measurable goals for water quality improvement. In addition, it identifies priority areas where states should focus in order to align their activities with national goals and objectives.

Under Goal 2 (Clean and Safe Water) of its *Strategic Plan for 2006 – 2011*, EPA developed a priority strategic target aimed at attaining water quality standards for impaired waterbodies. In particular, by 2012, EPA hopes to attain water quality standards for all pollutants and impairments in more than 2,200 waterbodies identified in 2002 as not attaining standards.

Industrial Program

Wastewater discharges from industrial sources may contain pollutants at levels that affect the quality of receiving waters. OWM's industrial program works to protect and improve water quality through technology-based and water quality-based permitting. Stormwater, pretreatment, and industrial permitting are within its scope. As part of the NPDES permit program, it establishes specific requirements that control the pollutant discharges from industrial sources.

Proposal for NPDES Permitting of Vessels

In June, OWM issued a Federal Register notice seeking information from the public on vessel characteristics, the nature of discharges incidental to their normal operation, and control technologies and practices. Comments were solicited to assist EPA in developing an NPDES permitting framework for discharges incidental to the normal operation of vessels. During 2008, OWM will develop draft permit(s) and will again seek public comment. Unless there are changes to an existing court order vacating the permit exclusion, our goal is to have permits in place prior to the court's September 30, 2008 vacatur date.

In addition, EPA and the U.S. Coast Guard entered into a Memorandum of Understanding to collaborate in the development of a programmatic Environmental Impact Statement for the Coast Guard's upcoming proposed rulemaking to establish a ballast water treatment standard. We are a cooperating agency on that document, along with National Oceanic and Atmospheric Administration, the U.S. Fish and Wildlife Service, and, most recently, the Department of Agriculture's Animal and Plant Health Inspection Service.

Pretreatment Streamlining Implementation

OWM issued several fact sheets and updated existing documents designed to help regions, states, and POTWs implement the provisions in the Pretreatment Streamlining rule that was published in the Federal Register on October 14, 2005. The documents currently posted on the OWM pretreatment website are:

- Model Sewer Use Ordinance Checklist: Pretreatment Program Legal Reviews (for Sewer Use Ordinance)
- Summary of Changes
- Required Changes
- Equivalent Mass Limits
- New Classifications for CIUs
- Best Management Practices
- Slug Control Plans

An additional eight implementation assistance documents are scheduled for completion in the next year.

Oversight of SIUs Discharging to POTWs

States and regions report that nationwide, more than 1,600 known categorical industrial users (CIUs) which are significant industrial users (SIUs) discharge to publicly owned treatment works (POTWs) without approved pretreatment programs. In the absence of an approved POTW pretreatment program, approved states or EPA regions serve as the control authority for these CIUs.

On May 18, 2007, OWM issued a memorandum to regional and state permitting authorities that identifies these requirements (e.g., regulatory frequency of inspections and sampling, and other activities) and describes the oversight options for state and regional control authorities.

Sustainable Communities

Small, rural communities (communities with fewer than 10,000 people), Indian reservations, and communities along the U.S.-Mexico border have historically experienced difficulty in achieving Clean Water Act goals, due in part to lack of resources and technical expertise. The Sustainable Communities program aims to provide small and underserved communities with the financial and technical assistance and education necessary to achieve sustainable, appropriate and cost-effective water infrastructure.

State Onsite Wastewater Management Programs Receive EPA Recognition

On February 28, 2007, state onsite wastewater program managers from AL, AZ, FL, IA, NC, NJ, OK, and RI were recognized by the EPA for their role in improving management of onsite systems in their states by adopting EPA's *Voluntary National Guidelines for Management of Onsite and Clustered (Decentralized) Wastewater Treatment Systems*. Recognized as a key component of our nation's waste water infrastructure, onsite (septic) systems are used in 25 percent of all existing homes and 33 percent of new development.

Clean Water Indian Set-Aside (CWISA) Grant Program

The CWISA program awarded $16.2 million in grants to Indian tribes for planning, design and construction of wastewater treatment facilities in Indian Country. Over 7,200 homes in Indian Country received assistance from the CWISA Program to meet basic wastewater needs. A new program brochure will help tribal officials and tribal assistance providers gain a better understanding of the CWISA Program. The *Clean Water Indian Set-Aside Grant Program: Answers to Frequently Asked Questions* provides easy to find information about project eligibility, program administration and regional program contacts.

Operator On-site Technical Assistance Program

Awarded $1.18 million in grants to 47 states and/or training centers to provide technical assistance to small community waste-water treatment facilities to help them comply with NPDES permit requirements. Last year, the program prevented more than 4 million pounds of pollutants from entering into our nation's waters.

Alaska Native Village (ANV) Program

With support from Region 10, the ANV program has coordinated with the Safe Drinking Water Act Program and the Clean Water Act Indian Set-aside Program to increase the percentage of homes in Alaska with drinking water or sewer services from about 60 percent in 1993 to nearly 90 percent in 2008. The program was reassessed by OMB under the PART process and received a significantly improved score. The results reflect substantial changes in program management and accountability. Remaining actions include completion of a web-based project tracking system, development of a more meaningful program efficiency measure, and clarification of program procedures and requirements.

US-Mexico Border Fiscal Policy

OWM worked with OCFO, OIA and EPA Regions 6 and 9 to finalize the US-Mexico Border Fiscal Policy. The policy ensures the responsible fiscal management of program funds and it provides clear guidance that is intended to optimize Border Environment Infrastructure Fund (BEIF) project completions. Eleven new projects, approved for construction in 2007, will benefit more than 300,000 people once completed.

US-Mexico Border Water Infrastructure Program

The program provided $49.3 million for the planning, design, and construction of basic water supply drinking water and wastewater collection and treatment systems in communities along the U.S.-Mexico Border. In FY07, approximately 73,475 homes gained wastewater service connections for the first time and 1,276 homes gained drinking water service connections.

We welcome you your comments!

Thank you for your interest in the OWM annual report. We welcome all comments and suggestions about how we can make this report a more useful and informative document for our readers. Please send comments to barranco.greg@epa.gov or:

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