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Office of Water

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SRF's Up

A NEWSLETTER FOR THE CLEAN WATER AND DRINKING WATER SRF PROGRAMS

ON THE NATIONAL SCENE

Nationally, significant progress has been made toward meeting the spirit and intent of the Clean Water Act (CWA) and the Safe Drinking Water Act (SDWA). However, much remains to be done under these statutes. This issue's "On the National Scene" discusses water program activities that are on the horizon. Because the DWSRF and CWSRF programs provide funding for critical water/wastewater projects, describing these future activities provides some context and sense of potential future demands on the DWSRF and CWSRF programs.

Meeting the Goals of the Safe Drinking Water Act

The objectives of the DWSRF program are threefold: to protect public health, to ensure compliance with the SDWA, and to provide assistance to those public water systems with the greatest economic need. The second of these, ensuring compliance with the SDWA, already presents a challenge for states and public water systems throughout the country. The scheduled release of new regulations, as required by the 1996 SDWA Amendments, will force states and water systems to redouble their efforts in meeting this challenge. Many of the new regulations will require water systems to upgrade or install new facilities. The DWSRF program is an important tool in helping to finance these costs to water systems. Set-aside funds will also be critical in helping many states address implementation and oversight of new regulations.

Periodically, this newsletter will give an overview of new regulations for which the DWSRF program can help to facilitate compliance. The first two new regulations mandated by the Amendments to be covered in this newsletter are the Interim Enhanced Surface Water Treatment Rule and the Stage 1 Disinfectants and Disinfection Byproducts Rule. Both of these new rules were released December 18, 1998 to address concerns related to the microbial contaminant *Cryptosporidium*, which can cause illness and is resistant to traditional disinfection practices. States are currently developing strategies to help water systems comply with these new regulations.

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The **Interim Enhanced Surface Water Treatment Rule** applies to systems using surface water or ground water under the direct influence of surface water that serve 10,000 or more persons. The rule also includes provisions for states to conduct sanitary surveys for surface water systems regardless of system size. The rule builds upon the treatment technique requirements of the Surface Water Treatment Rule with the following key additions and modifications:

- Maximum contaminant level goal (MCLG) of zero for Cryptosporidium and 2-log Cryptosporidium removal requirements for systems that filter.
- Systems using ground water under the direct influence of surface water now subject to the new rules dealing with Cryptosporidium.
- Inclusion of Cryptosporidium in the watershed control requirements for unfiltered public water systems.
- Requirements for covers on new finished water reservoirs.
- Sanitary surveys, conducted by states, for all surface water systems regardless of size.

The Interim Enhanced Surface Water Treatment Rule, with tightened turbidity performance criteria and required individual filter monitoring, is designed to optimize treatment reliability and to enhance physical removal efficiencies to minimize the Cryptosporidium levels in finished water. In addition, the rule includes disinfection benchmark provisions to assure continued levels of microbial protection while facilities take the necessary steps to comply with new disinfection byproduct (DBP) standards.

While disinfectants are effective in controlling many microorganisms, they react with natural organic and inorganic matter in source water and distribution systems to form DBPs. The **Stage 1 Disinfectants and Disinfection Byproducts Rule** applies to community water systems and non-transient non-community systems, including those serving fewer than 10,000 people, that add a disinfectant to the drinking water during any part of the treatment process. The rule updates and supersedes the 1979 regulations for total trihalomethanes. In addition, it will reduce exposure to three disinfectants and many disinfection byproducts. The rule establishes maximum residual disinfectant level goals (MRDLGs) and maximum residual disinfectant levels (MRDLs) for three chemical disinfectants - chlorine, chloramine, and chlorine dioxide. It also establishes MCLGs and maximum contaminant levels (MCLs) for total trihalomethanes, haloacetic acids, chlorite and bromate.

The rule also includes a treatment technique for removal of DBP precursor material. Water systems that use surface water or ground water under the direct influence of surface water and use conventional filtration treatment are required to remove specified percentages of organic materials, measured as total organic carbon (TOC), that may react with disinfectants to form DBPs. Removal will be achieved through a treatment technique (enhanced coagulation or enhanced softening) unless a system meets alternative criteria.

Additional information on the rules, including links to implementation guidances and information on future rules can be found by going to the *Drinking Water Standards Program* or Topic Index on the Office of Ground Water and Drinking Water website at www.epa.gov/safewater.

Proposed Revisions to CWA Total Maximum Daily Load Regulations

Despite tremendous progress in the years since the CWA was passed, 40 percent of America's surveyed waterways remain impaired. Through the National water quality inventory reporting process, states, territories and authorized tribes (the "states") have identified over 20,000 individual river segments, lakes and estuaries that are too polluted for fishing and swimming. These polluted waters include approximately 300,000 miles of river and shoreline and approximately 5 million acres of lakes.

The last issue of this newsletter described the Clean Water Action Plan and the national efforts to take key actions (e.g., unified watershed assessments) to address these significant problems. The discussion below describes newly proposed regulatory changes that strengthen the states' ability to address

impaired water bodies on a watershed basis. These changes are important because they will accelerate the implementation of priority projects, many of which will benefit from SRF funding.

In August 1999, the EPA issued proposed revisions to the Total Daily Maximum Load (TMDL) regulations (40 CFR Part 130) to provide states with a clear, consistent and balanced approach to addressing impaired water bodies. Under Section 303(d) of the Clean Water Act, states are required to develop lists of impaired waters. These are waters that do not meet water quality standards even after point sources of pollution have installed the minimum required levels of pollution control technology. States must establish a priority ranking and develop TMDL levels for these water bodies. The Agency's efforts to evaluate the TMDL process was initiated in 1996 when the Office of Water convened a committee under the Federal Advisory Committee Act to review the 303(d) listing and TMDL programs and recommend changes. In July 1998, the committee submitted a report with more than 100 consensus recommendations that helped guide the development of the proposed regulations.

Under the proposed rule, states would undertake a number of important activities including the following:

- Prepare comprehensive assessments of waterways, identifying those exceeding clean water standards, and pinpointing those facing the greatest pollution threats. The new format would organize the 303(d) lists into four priority level categories.
- Set a cap on the pollution entering a given water body, and decide how much of that pollution can come from sources like factories, sewage treatment plants, farms, and urban runoff.
- Develop detailed implementation plans and set timetables for implementing them. The plans could entail tighter pollution limits for individual factories, sewage treatment plants or other point sources and limits on urban and agricultural runoff or other non-point sources. For high priority waters, including those where pollution threatens drinking water sources or endangered species, states are encouraged to adopt plans within five years.

In developing and implementing these new watershed-based cleanup plans, all pollution sources would participate in the restoration effort–from factories to farms, sewer systems to city streets. Pollution reductions would be shared among point and non-point sources of pollution and would be achieved using detailed implementation plans required under the proposed regulations. In order to provide reasonable assurance that water quality standards will be met, the proposal clarifies the authority of the states and EPA to regulate certain sources of polluted runoff where necessary to restore clean water. EPA is also proposing revisions to the NPDES and water quality standards regulations to achieve reasonable further progress toward attainment of water quality standards in impaired waterbodies after listing and pending TMDL establishment, and to provide reasonable assurance that TMDLs, once completed, will be adequately implemented. The comment period for the proposed rules will end January 20, 2000. Detailed information on this topic including the draft rules can be found on the TMDL website: http://www.epa.gov/owow/tmdl.

DWSRF Implementation

As the DWSRF program enters its third year, states and EPA continue to face challenges in implementation. While many states have made tremendous progress in their programs, several others have experienced difficulties. The 1999 CIFA SRF Workshop included a session on marketing the DWSRF program, and EPA is working on several case studies describing elements of state programs. EPA hopes that sharing examples will help states that are experiencing difficulties. In this issue of the newsletter, we asked the director of a successful program to give an overview of his program and explain what steps the state took to get out of the gate so quickly.

State Focus: Kansas' Efforts to Implement the DWSRF Program

Dave Waldo, Kansas Department of Health and Environment

When the Kansas Department of Health and Environment (KDHE) began meeting with stakeholders in the fall of 1996 to prepare the Kansas Public Water Supply Loan Fund (KPWSLF, Fund), it quickly became apparent there were many questions to be answered. How much money could be made available? At what interest rates? Is there a demand for loans? Can the application process be simplified to make the Fund accessible to small systems? How will the state match be provided? Will rural water districts, with only water system revenues to pledge for loan repayment, have the same access to the Fund as cities, who have ad valorem taxing authority to pledge as a backstop for loan repayment in addition to water system revenues? A workgroup, consisting of the League of Kansas Municipalities, the Kansas Rural Water Association (KRWA), the Kansas Section of AWWA, contractors, consulting engineers, and several state and federal agencies, met several times during the next year. Its input was instrumental in answering these and many other questions and in developing a program that has been well received. Fortunately, the state's statutory authority for a loan program was already in place, with passage of the KPWSLF act by the 1994 Kansas legislature.

The question of potential demand for loan funding was answered by a KDHE survey of 845 eligible public water systems in January of 1997. The questionnaires asked for a five-year listing of planned capital expenditures, with no mention made of potential low interest rate financing. Responses were received from 464 water systems, indicating total planned capital improvements of $479 million through the year 2001, which suggested a strong potential demand for loan funds. Interestingly, 103 water systems indicated that no capital expenditures were planned.

Ongoing discussions with stakeholders revealed strong support for maximizing the amount of loan funds which could be made available. While there was some indication of support for separate loan pools for rural water districts and cities, with each pool having different application requirements and interest rates, it was thought a single pool with equal access to all potential applicants would be more acceptable politically. Privately owned water systems are not eligible for funding under Kansas law, and are not a significant segment of the Kansas water supply infrastructure.

The workgroup voiced support for requiring those applicants with taxing authority to pledge that taxing authority as a condition of receiving a loan, or to buy bond insurance. It was believed this would make the Fund's revenue bonds more attractive to investors. There was precedence for this as the state's water pollution control loan fund had a similar require-

ment. The Kansas Rural Water Finance Authority (KRWFA), with experience in rural water district financing, suggested applicants without taxing authority should be required to purchase bond insurance, or to provide a debt service coverage ratio of 125 percent along with a 10 percent reserve account, or a debt service coverage ratio of 140 percent with no reserve account.

In addition to the requirement of complying with one of the two debt service coverage ratio options, all applicants without taxing authority and some applicants with taxing authority are required to enter into a financial integrity assurance contract (FIAC) with the KRWFA to provide for ongoing financial and management oversight. Under the FIAC, quarterly financial and management reports, an annual audit and proposed budgets are submitted to KRWFA for review and approval. If the audit or quarterly reports suggest existing or potential problems in meeting loan covenants, KRWFA will make recommendations for correction of the deficiencies and provide ongoing assistance to the loan recipient to assure the deficiencies are corrected.

Input from the program's finance team, along with the Kansas Development Finance Authority, was invaluable in structuring the Fund. The state selected a reserve account leveraging model to maximize the amount of available funding by allowing for 4 to 1 leveraging, with interest rates equal to 80 percent of the Bond Buyer's 20 Bond Index. Lower interest rates were examined, but none provided sufficient cash flow to allow 4 to1 leveraging.

The program has benefitted from strong partnerships with several state agencies and associations. The state Division of Accounts and Reports provides accounting services, including provision of loan amortization schedules, tracking of financial transactions, provision of status reports of cash and loan balances, and coordination of the annual audit. In addition to providing the ongoing financial review of loan recipients, the KRWFA is under contract to the program to evaluate the financial condition of all applicants and make a determination of the ability to repay the loan. This financial screening and strong financial oversight of loan recipients contributed to the program's first revenue bond issue receiving underlying ratings of A- from Moody's Investors Service and A+ from Fitch IBCA. The second bond issue received an upgrade to AA- from Fitch, while the Moody's rating remained at A-.

The KRWA, sister association to the KRWFA, and the League of Kansas Municipalities co-hosted four training seminars in July of 1997 which focused on the upcoming loan program. The seminars were attended by representatives of more than 300 water systems and were successful in generating significant interest in the program. KDHE received requests from 145 water suppliers for a total of $190 million in response to its initial request for projects to be considered for funding. Both organizations hosted presentations on the loan fund at their annual conferences. Interest in the program continues to be strong.

Kansas received capitalization grants of $14,095,000 and $10,008,100 in FY97 and FY98 respectively. After set-asides, deposits to the reserve account totaled more than $20,304,000. Revenue bond sales for the first two years totaled more than $85 million, with a net of $82,660,000 available for loans. The program also benefitted from contributions from Kansas of state money made available by Senate Bill 487 to the reserve account. A deposit of $1 million was made to the reserve account in July 1998 and leveraged an additional $4 million in FY98 revenue bonds. An additional $4 million was deposited in July 1999 and will be used to leverage $16 million in revenue bonds this fall.

By the end of October 1999, the Fund had completed 31 loan agreements for a total of $68,001,344. Systems serving

less than 10,000 received 24 of these loan agreements, for a total of $35,197,868. Interest rates range from a low of 3.98 percent in January 1999 to a high of 4.35 percent in September 1999. Work is underway on the FY99 IUP, which will make an additional $53,500,000 available to Kansas cities and rural water districts.

The smallest loan was to the city of Spivey (population 93) for $78,000, to construct a 6,000 foot pipeline connecting with Harper RWD #5, allowing the city to abandon two wells exceeding the nitrate MCL. The largest loan was to the city of Parsons for $9,200,000 to construct a micro filtration plant which will provide for compliance with the enhanced surface water treatment and disinfection by-products rules. Finney RWD #1 received a loan of $2,400,000, which allowed for connection of 11 mobile home parks, several of which had experienced ongoing compliance problems.

For more information about the Kansas DWSRF program, contact Dave Waldo at KDHE or David Shupe at KRWFA.

State Focus: New York CWSRF Funds Innovative Deicing Runoff Project for the Albany Airport

Robert Davis, Ajit Pannu and Kumar Nepal, New York State Environmental Facilities Corporation

According to information provided by the Albany County Airport Authority, there are 192 airports in the U.S., including 11 in New York State, that apply at least 1,000 gallons of pure deicing product in a typical season. The operating results of the anaerobic treatment system of this project are expected to advance the knowledge of treatment of airport runoff that can be applied to many of those airports.

The Albany County International Airport (ACIAP) is owned by Albany County and is operated by the Albany County Airport Authority (ACAA) under an Airport Lease Agreement with the AC. The Airport is the sole provider of commercial air transportation serving the Eastern upstate region of New York State. Propylene Glycol (PG) is applied to aircraft for

deicing purposes during the winter months. In order to abate the impact of the deicing runoff on Shaker Creek, the ACAA completed construction of a collection, equalization and conveyance system for deicing runoff at ACIAP in early 1990.

Deicing runoff collected from a 37.1 acre collection area was directed through trench drains to two equalization basins of 2.3 MG and 6.0 MG capacity during the deicing season. As the basins filled, deicing runoff was discharged via a four inch force main to a pump station in the Village of Colonie and then on to Albany County Sewer District (ACSD) for treatment and disposal.

ACAA had reduced treatment costs payable to ACSD during 1996 and 1997 by incorporating aerobic microbial treatment during summer months on the runoff remaining in the large basins at the end of the deicing seasons with ultimate discharge to airfield irrigation areas. However, the bulk of the deicing runoff had still to be pumped to the ACDS during the winter for expensive treatment.

Stormwater runoff and uncaptured deicing runoff from the airport discharge into Shaker Creek, which in turn empties into the Mohawk River at a point not far above the water plant intake for the Latham Water District (LWD) in the Town of Colonie. In order to address the concerns of the LWD on the impact of the deicing runoff, the New York State Department of Environmental Conservation (NYSDEC) issued a SPDES Permit which requires that the ACAA deicing runoff discharge to Shaker Creek shall not result in a total glycol level in the creek exceeding 1mg/L at any point and at any time. In order to comply with the SPDES Permit, and to further reduce the ACSD

costs for treating the deicing runoff, the ACAA initiated a Deicing Runoff Improvement Project in 1998. This paper reviews the 1998 Deicing Runoff Improvement Project.

Project Description

The assessment process considered several alternatives for long term management of the deicing runoff and selected two alternatives for a detailed analysis: (1) containment and transport to the ACSD in winter coupled with aerobic treatment/ airfield irrigation during warm weather months, and (2) containment and anaerobic treatment with discharge to the ACSD throughout the deicing season coupled with airfield irrigation during warm weather. The analysis indicated a present worth cost of aerobic treatment as $11.7 million and $8.7 million for anaerobic treatment. Therefore, the anaerobic treatment technology was chosen to treat the deicing runoff.

The 1998 Deicing Runoff Collection, Storage, Treatment and Disposal Facilities project involved planning, design and construction of a pump station and a force main to transmit the deicing runoff from the new air cargo facility to a new 2.3MG tank and existing equalization basins, I/I Correction, improvements to the existing deicing runoff collection system and purchase of a vacuum truck to remove traces of deicing fluid. Additionally, it included the installation of a high concentration anaerobic waste treatment system for treating the deicing runoff prior to discharge to the ACSD or to airfield irrigation.

The treatment system commenced operation for the 1998-99 deicing season. As part of the acceptance protocol, the glycol-contaminated stormwater treatment system was operated for 30 consecutive days. During that period the system was able to achieve over 99.99 percent propylene glycol (PG) removal. This resulted in effluent glycol concentrations averaging less than 0.3 mg/L, well below the discharge criterion of 1 mg/L. COD removal averaged over 98 percent; the effluent BOD5 averaged 57 mg/L, significantly lower than the BOD5 associated with domestic sewage. The system is a net energy producer, with biogas production equivalent to 46 million BTU/day. Over 13 million BTU/day of this biogas was in excess of the heating requirements of the treatment process.

The glycol recovery and treatment project at the Albany County Airport was the first such project to be financed by the New York State Environmental Facilities Corporation (EFC). Finance Division staff at EFC, which is responsible for reviewing a borrower's ability to repay a loan, focused its review on the Authority's financial condition and legal structure/constraints relating to Airport finances. General economic data was reviewed to establish the condition of the local economy, which drives demand for Airport services. Staff gathered market information relating to enplanements, origination and destination traffic, carriers and alternative airports. Staff analyzed several years of financial audits and operational information to evaluate the Airport's financial management practices. Finally, official statements, the trust indenture, lease agreements and other contract information were reviewed to gain an understanding of the legal factors influencing the facility's creditworthiness. The Authority issued revenue bonds to EFC, secured in part by a debt service reserve fund.

Based on the results of a pilot study funded by the New York State Energy Research and Development Authority and conducted by the ACAA, the aerobic treatment component of the project was selected as an Innovative Technology Demonstration Project by the EFC under the New York CWSRF Program and as a result, it received a 20 year interest free direct loan of $3,000,000. The other components of the project, which were also financed under the New York CWSRF, received a 20 year low interest loan in the amount of $5,423,609. For further information on this project contact Robert Davis of the EFC.

State Activities and Trend Briefs

EPA, States and Cosponsors Hold NPS/Estuary Workshop

In June, over 100 representatives from government and non-profit organizations attended a Region 9 SRF workshop: *"Protecting Our Waters: Funding Nonpoint Source and Estuary Projects with the CWSRF."* In contrast to previous similar EPA-sponsored events held last year, the Region 9 workshop focused on end users of the program including cities, counties, regional planning and conservation districts and non-profit organizations. Twenty-two organizations cosponsored the two-day event that included sessions covering a range of topics including: SRF funding opportunities for agriculture, habitat protection, urban/suburban issues and estuary protection.

Wisconsin Kicks-Off Land Recycling Loan Program (Brownfield) SRF Loan Program

This summer, Wisconsin finalized rules to implement a brownfields loan program through their CWSRF program. The program earmarks $20 million for brownfield projects that show an immediate or imminent threat to water quality. To attract borrowers and provide a subsidy for these projects, the state has settled on interest rates below the going rate for loans (now 55 percent of market rates.) Loans will be provided at 0 percent and repaid over twenty years (may be shorter). Projects that have shown interest in the program to date will address contamination in auto service stations, railroad yards, food processing plants, and other industrial/commercial sites.

Oregon Implements a Cash Flow Based Approach to Loan Origination

Oregon's Clean Water SRF is a direct loan program that is taking an innovative approach to making loan commitments. Initially, like all CWSRFs, Oregon only made loan commitments for funds that were actually on hand. However, with delays in project start-up and long disbursement schedules, Oregon's Department of Environmental Quality (DEQ) experienced long lag times from the point at which funds were initially available to actual project disbursements. As a result, the program was amassing relatively large cash balances and undrawn grant amounts. By examining the inflows and outflows of SRF funds, DEQ discovered that the program could begin to commit funds in anticipation of future cash inflows as long as they closely monitored the fund's projected cash balance. The state now uses a model to track what funds will be available and determine what new loans the program can initiate. The use of this approach allowed the state to commit $37.7 million more to projects through FY 1999. EPA is preparing a State Activity Update on this topic that will provide a detailed discussion on the state's approach. The Update will be available from EPA Regional offices and on CWSRF and DWSRF websites.

Virginia Adopts Leveraging in CWSRF Program

Virginia is in the final stages of issuing debt to leverage the state's CWSRF program. The state plans to use a reserve fund approach to leveraging. The first bond issue will raise approximately $110 million. The debt service reserve fund will be approximately $66 million funded with federal grant funds($27.7 M), state match($5.5 M), repayments ($27.6 M), and earnings($5.3 M). The approach will allow the state to provide over 66 percent more funding for the first year of operation. Due to the strong financial structure of the program, the interest rates on loans provided under the leveraged approach will be even lower than those provided to date through the direct loan program. The support for leveraging the program stemmed from the Governor's desire to make water quality improvements a priority for the state. Adding Virginia to the list, there are now 23 states that have leveraged for at least one year of the program.

Michigan Uses Annuity Insurance Contracts to Provide Subsidies for Privately-Owned Public Water Systems

The Michigan DWSRF program recently received approval for an innovative approach to providing subsidies to privately-owned

Report on Ongoing SRF Activities

public water systems. The state has made arrangements to purchase annuity insurance contracts that provide semiannual payments and insure loan repayment for loans made by financial institutions to private water companies undertaking DWSRF eligible projects. The semi-annual payments are made directly from the insurance company to lending financial institutions and are roughly equivalent to the subsidy provided through DWSRF loans to publicly-owned systems. The lender, in turn, reduces the loan interest rate to the private system by the same amount. This approach is attractive to the state because it provides a subsidy to DWSRF borrowers while the lender is responsible for loan servicing and any credit risks. EPA is developing a State Activity Update on this topic that further describes the program. The Update will be available from EPA Regional offices and on CWSRF and DWSRF websites.

Arizona Modifies Leverage Structure

The Water Infrastructure Finance Authority of Arizona, responsible for the management of the state's Clean Water and Drinking Water SRF Programs, is making significant changes to its program structure in 1999. One of its most unique changes is the refunding of four bond series and the transfer of two additional series into a new cash flow secured common open pool leverage structure. By refunding its earlier bond issues, Arizona will release over $60 million from reserve funds that will then be available for new direct loans. In addition, by refunding or transferring into the common open pool, Arizona will significantly reduce its administrative burden.

DWSRF Information Management System

In the past few years, EPA and state agencies have seen a greater emphasis on linking infrastructure investment with performance. Building on an information survey of state programs conducted by the State of Ohio several years ago, the CWSRF developed a national information management system (CWNIMS) to maintain information on financial and programmatic data related to the CWSRF program. Although the DWSRF program is still in its infancy, EPA has received repeated requests for program information. Last spring, the DWSRF program initiated development of the DWNIMS with the assistance of the state/EPA SRF work group and other state and EPA regional staff. The system is similar to that for the CWSRF, with additions to address set-aside funds and modifications to reflect the differing eligibilities between the programs. This fall six states (ME, MD, OR, VA, OH and KS) participated in a pilot data collection. The data elements and interface will be modified to address issues identified during the pilot collection. It is anticipated that the system will be distributed to all states for collection of fiscal year 1997-1999 data (based on a July-June fiscal year) in February 2000.

DWSRF Implementation Support

The EPA DWSRF program recently posted new documents on its website to assist states in implementation of programs. Documents, which include examples of an Intended Use Plan, Operating Agreement, Biennial Report, and audited financial statements for a direct loan program, are meant to serve as a resource for state and EPA regional staff. The program is also working on a series of case studies which profile how state programs have addressed specific DWSRF implementation issues. Suggestions for additional papers are welcome and can be submitted using the fax-back form at the end of this newsletter. Papers in development include:

- Assessing the technical, financial, and managerial capacity of applicants

- Encouraging public involvement in the DWSRF program
- Evaluating creditworthiness of private applicants
- Disadvantaged assistance programs and evaluating affordability
- Coordinating DWSRF funding with other sources of assistance

Guide to Integrated Planning and Priority Setting in the CWSRF Program

National water quality data indicates that nonpoint sources are the leading cause of pollution in many of our nation's waters. To date, twenty-six states have used CWSRF funds for projects that address nonpoint source pollution. However, many states have found that their planning and priority setting procedures were designed to evaluate wastewater treatment projects, and these procedures are not well equipped to evaluate nonpoint source and estuary projects. An EPA workgroup is engaged in a dialogue to consider how states could address this problem. Nine states used 104(b)(3) grants to develop integrated planning and priority setting systems that equally consider point source, nonpoint source, and estuary projects. A forthcoming EPA document will discuss the integrated planning and priority setting process and provide examples of integrated systems used around the nation.

SRF Planning Model

A new tool will soon be available for states to use to plan and project the financial capacity and performance of their DWSRF and CWSRF programs. The model, under testing at the time of this writing, will give users the option to import historical state data supplied from the CWSRF National Information Management Systems (NIMS) and DWSRF NIMS (once data is available). Developed in Excel 97 as a menu driven program, the model allows users to choose and vary all key assumptions(e.g., loan terms, leveraging frequency, discount rate, interest earning rates, etc.) used in assessing the impacts of a program's financial structure. Users will be able to quickly develop, graph, print, save, and compare differing financial projection scenarios for individual state programs. The model will be distributed through the Regional Offices when completed.

FAXBACK FORM

Please fax to EPA Headquarters:

CWSRF PROGRAM (Attn: S. Hoover) • 202-260-0116

or

DWSRF PROGRAM (Attn: V. Blette) • 202-401-2345

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Suggestions for Articles or Event Announcements in Future Newsletters:

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EVENTS

1. Association of Metropolitan Sewerage Agencies Winter Conference

Date: February 1-4, 2000

Location: Albuquerque, NM

Information: See AMSA website

2. Advancing Water Conservation Issues Through Effective Partnerships

Date: February 06 - 07, 2000

Location: Salt Lake City, UT

Information: See AWWA website

3. Association of State Drinking Water Administrators Mid-winter Conference

Date: March 15-17, 2000

Location: Crystal City, VA

Information: See ASDWA website

4. Association of State and Interstate Water Pollution Control Agencies Mid-winter Conference

Date: March 12-15, 2000

Location: Crystal City, VA

Information: See ASIWPCA website

5. American Water Works Association Infrastructure Conference

Date: March 12-15, 2000

Location: Baltimore, MD

Information: See AWWA website

6. National Utility Contractors Association Convention & Heavy Equipment Show

Date: March 22-26, 2000

Location: Phoenix, AZ

Information: www.nuca.com

SRF LINKS

1. CWSRF/DWSRF@EPA

Both SRFs maintain pages on the EPA website with information on the programs. Both sites contain guidance, policy documents and contact lists for state and regional staff. The URLs are as follows:

- **CWSRF: www.epa.gov/owm/finan.htm**
- **DWSRF: www.epa.gov/safewater/dwsrf.html**

The DWSRF site includes a link to a Local Drinking Water Information page, which has state by state information on drinking water systems and programs. Where available, this page includes a link to state DWSRF Intended Use Plans.

2. National Associations

- **Association of State and Interstate Water Pollution Control Agencies: www.asiwpca.org**
- **Association of State Drinking Water Administrators: www.asdwa.org**
- **American Water Works Association:www.awwa.org**
- **Association of Metropolitan Water Agencies: www.amwa-water.org**
- **Association of Metropolitan Sewerage Agencies: www.amsa-cleanwater.org**
- **National Association of Water Companies: www.nawc.org**

3. State Programs

This newsletter spotlights the Florida SRF program websites.

- **Florida Department of Environmental Protection, Bureau of Water Facilities Funding**
- **CWSRF Link: http://www.dep.state.fl.us/water/wff/cwsrf/default.htm**
- **DWSRF Link: http://www.dep.state.fl.us/water/wff/dwsrf/default.htm**

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