

FACT SHEET

Funding MTBE Prevention and Remediation Projects with the Clean Water State Revolving Fund

The Problem

Methyl Tertiary Butyl Ether (MTBE) is an automobile fuel additive, introduced in the late 1970's during lead phase-out as an octane enhancer. It has been used in increased quantities during the 1990's to help gasoline meet the requirements of the Federal Reformulated Gasoline and Oxyfuels programs required by the Congress in the Clean Air Act Amendments of 1990. MTBE has been detected in ground water and surface water with increasing frequency throughout the country and in some instances these contaminated waters have been the sources of drinking water. Due to its high solubility in water and small molecular size, MTBE can move rapidly through ground water when introduced by a leak or spill. EPA is working with its research partners to determine the specific human health effects of MTBE. However, because of its unpleasant taste and odor, drinking water contaminated with MTBE is unacceptable to the public. The presence of MTBE has caused some water suppliers in affected areas to stop using water supplies or incur costs of treatment and remediation. The major source of ground water contamination has been from leaking underground and above ground gasoline storage tanks. Other sources have included gasoline spills and recreational water craft.

MTBE Projects and the Clean Water State Revolving Fund

The Clean Water State Revolving Fund (CWSRF) programs primary mission is to promote water quality. For more than 10 years the CWSRF has been helping communities improve the quality of their water and protect it from sources of contamination. Besides financial savings, loan recipients can realize significant environmental benefits, including protection of public health and conservation of local watersheds. The state CWSRF programs in every state and Puerto Rico work like banks. Federal and state contributions are used to capitalize or set up the programs. These assets, in turn, are used to make low or no-interest loans for important water quality projects. Funds are repaid to the

CWSRF's over terms as long as twenty years. Repaid funds are then recycled to fund other quality projects.

The MTBE Blue Ribbon Panel on Oxygenates in Gasoline has encouraged states to consider targeting State Revolving Funds to help accelerate treatment and remediation in high priority areas. These CWSRF resources can help augment the financial resources currently available to fund the following types of MTBE prevention and remediation projects:

- ✓ Control runoff from leaking pipelines and spills
- ✓ Land acquisition to protect drinking water sources
- ✓ Best Management Practices to safeguard drinking water supplies
- ✓ Public education programs targeting marinas and boating facilities
- ✓ Spill prevention and remediation at publicly owned fueling stations
- ✓ Funding LUST (Leaking Underground Storage Tank) prevention and remediation projects

Capacity of the CWSRF

Nationally, the CWSRF has in excess of \$30 billion in assets (includes loans already made and current funds available to make loans). Currently, the CWSRF is funding approximately \$3 billion in water quality projects each year.

Since 1989, the CWSRF program has funded over 1,600 nonpoint source projects, investing more than \$1 billion to clean up polluted runoff.

Getting a Project Funded

The Clean Water Act (CWA) of 1987 authorized the CWSRF to fund point source (§212), nonpoint source (§319), and estuary (§320) projects. As stipulated in §603(c) of the CWA, §212 projects must be publicly

owned to receive CWSRF funds. Nonpoint and estuary projects, however, do not have this restriction. Included in a long list of eligible CWSRF loan recipients for NPS and estuary projects are community groups, individuals, agricultural associations and nonprofit organizations. Since the program is managed by the states, project funding varies according to the priorities, policies, and laws within each state. Eligible applicants also vary by state. The necessary first step in obtaining CWSRF funding is to see if the state CWSRF will fund nonpoint source or estuary projects or support them as a pilot project. Next, get the activity/project in a state's Nonpoint Source Management Plan or Estuary Comprehensive Conservation and Management Plan. Contact your state's CWSRF, NPS, or Estuary program for details

Sources of Loan Repayment

Each state must approve a source of loan repayment as part of the application process. Though finding a source of repayment may prove challenging, it does not have to be unnecessarily so. Many users of the CWSRF have demonstrated a high degree of creativity in identifying sources of loan repayment. The sources of repayment need not come from the project itself. Some possibilities include:

- Fees paid by developers on other lands
- recreational fees (fishing licenses, park entrance fees)
- Stormwater management fees
- Wastewater user charges
- Donations or dues made to nonprofit groups and associations
- Tax on potential contaminants such as gasoline and other fuels
- Permit fees on tank owners

Learning by Example

The following are examples of leakage prevention and remediation work for petroleum storage tanks. Although MTBE was not involved, similar approaches can be used for petroleum products containing MTBE.

The Wyoming State Lands and Investments Board has provided \$57,042,155 in 0% CWSRF loans to the Wyoming Department of Environmental Quality (WDEQ). The WDEQ then contracts with private firms and contractors to perform site investigations and corrective action contamination cleanup work at approximately 300 leaking underground gasoline storage tank sites. The source of loan repayment for this innovative approach is from an account called the Corrective Action Account (CAA). The CAA funds

are derived from a gas severance tax equal to one cent per gallon on gas and special fuels sold or distributed in the state.

The New York State Environmental Facilities Corporation provided a CWSRF loan in 1996 to the New York State Office of General Services for the remediation of over 700 leaking petroleum tanks at approximately 360 State facilities. The CWSRF loan was in excess of \$23 million. The CWSRF allowable work included testing, site assessment, tank removal, disposal and site remediation. Tank upgrade, replacement or consolidation costs were not financed by the CWSRF per EPA policy. The loan is being repaid by appropriated State funds.

The Nebraska State Revolving Fund loaned the Petroleum Release Remedial Action Fund \$10.7 million in 1996 to conduct remediation work on leaking petroleum storage tanks. The work covered costs of site assessment, sampling, monitoring, and remediation. The loan has been repaid from permit fees on tank owners and gallonage fees on petroleum products.

Challenges Ahead

EPA has been encouraging the states to open their CWSRF's to the widest variety of water quality projects, while addressing high priority projects in targeted watersheds. Those interested in preventing and remediating MTBE leakage and spills should seek out their CWSRF programs, gain an understanding of how their state program works, and participate in the annual process that determines which projects are funded.

For more information:

▶ on the CWSRF, or for a program representative in your state, please contact: the Clean Water State Revolving Fund Branch U.S. Environmental Protection Agency 1200 Pennsylvania Avenue, NW (Mail Code 4204) Washington D.C. 20460 Phone: (202) 260-7359 Fax: (202) 260- 1827, Internet: <http://www.epa.gov/OWM>

▶ on MTBE and EPA activities related to MTBE in drinking water, call the Safe Drinking Water Hotline at 1-800-426-4791 or visit the Internet address: <http://www.epa.gov/safewater/mtbe.html>

