



**Memorandum of Agreement Between the
United States Environmental Protection Agency and the
United States Department of Agriculture – Rural Development Rural Utilities Service**

Promoting Sustainable Rural Water and Wastewater Systems

Objective

The U.S. Department of Agriculture-Rural Development Rural Utilities Service (USDA-RD-RUS) and the U.S. Environmental Protection Agency (EPA) support increasing the sustainability of drinking water and wastewater systems nationwide to ensure the protection of public health, water quality, and sustainable communities. To ensure that rural systems have a strong foundation to address 21st century challenges, USDA-RD-RUS and EPA are committed to work together to help these systems face the challenges of aging infrastructure, increased regulatory requirements, workforce shortages, increasing costs and declining rate bases. Together, EPA and USDA-RD-RUS can assist rural systems in implementing innovative strategies and tools to allow them to achieve short- and long-term sustainability.

Background

More than 97% of the nation's 160,000 public water systems serve fewer than 10,000 persons, and 78% of the nation's 15,000 wastewater treatment plants are less than one million gallons per day. These systems face unique challenges in providing affordable drinking water and wastewater services that meet federal and state regulations. Many of these systems lack financial resources and have difficulty obtaining financial assistance, have management limitations, lack long-term planning activities, have aging infrastructure, and lack the ability to attract qualified and certified operators. Reliable and affordable water and wastewater treatment can help rural areas improve the quality of life for rural residents. Investments in small system infrastructure support our long-term national goal of ensuring that rural communities have the basic infrastructure to become sustainable and protect the rural economy and public health.

EPA made a commitment via the 1996 Amendments of the Safe Drinking Water Act to assist small systems in achieving the technical, managerial and financial capacity needed to attain sustainability. These efforts are coordinated under the Capacity Development and Operator Certification Programs. Funding for both infrastructure improvements and technical assistance are provided through the Drinking Water State Revolving Fund (DWSRF). EPA provides annual capitalization grants to each state DWSRF program to promote safe and affordable drinking water as authorized by the Safe Drinking Water Act. States may also use a portion of their capitalization grants for other eligible activities that emphasize enhanced water system management and source water protection. EPA also provides annual capitalization grants to the states to be used for loans to municipalities under the Clean Water State Revolving Fund (CWSRF) for various wastewater projects authorized by the Clean Water Act. The CWSRF program allows states the flexibility to target resources to their particular environmental needs,

including contaminated runoff from urban and agricultural areas, wetlands restoration, groundwater protection, brownfields remediation, estuary management, and wastewater treatment. Additionally, EPA provides targeted assistance to federally recognized Indian tribes and native villages as well as communities along the U.S.-Mexico Border to support infrastructure development for drinking water and wastewater systems. EPA also provides technical assistance through grants to small system technical assistance providers.

USDA-RD-RUS, Water and Environmental Programs (WEP) assists eligible applicants in cities, towns and unincorporated areas that have a population of no more than 10,000 inhabitants with drinking water, sanitary sewer, solid waste disposal and stormwater facilities needs. Direct loans and grants and guaranteed loans may be provided to applicants who are unable to finance their needs through their own resources or with reasonable credit from other resources. USDA-RD-RUS also provides technical assistance through circuit riders and non-profit technical assistance providers to assist rural water systems with their infrastructure needs. This much needed assistance is critical to rural areas, particularly those in lower income or economically challenged areas that may not have the resources or expertise to prepare a project proposal, effectively identify funding resources, develop a governance structure and keep systems operating in compliance with federal regulations. These programs revitalize rural communities with a variety of infrastructure improvements and help create economically sustainable communities in rural America.

Actions

EPA and USDA-RD-RUS established a four-year agreement in 2002 to coordinate activities to provide assistance to small drinking water systems needing help complying with the new Arsenic standard. This new memorandum of agreement builds upon these partnership efforts and incorporates wastewater utilities in order to achieve more sustainable rural communities. EPA and USDA-RD-RUS will focus on coordinating activities and financial assistance resources on particular project areas to increase the technical, managerial and financial capacity of rural water and wastewater systems nationwide.

1. Sustainability of Rural Communities

Sustainable water and wastewater systems are critical to ensuring the sustainability of rural communities. Emphasis on promoting asset management planning, water and energy efficiency practices, and other sustainable utility management practices are important to ensuring long-term technical, managerial and financial capacity. EPA and USDA-RD-RUS will work together on the following activities:

- Encourage system-wide planning that takes into consideration sustainability goals, including asset management and the evaluation of green solutions such as green infrastructure, water reuse strategies, energy management and water conservation, to help ensure that projects and communities are sustainable.
- Share and distribute resources, tools and trainings that promote long-term sustainability. This includes tools such as EPA's Check Up Program for Small Systems (CUPSS), the Environmental Finance Centers Financial Dashboards and

other resources, energy audit tools, WaterSense partnerships and tools, water loss prevention tools, and rate setting tools to assist rural systems.

- Provide training and information to encourage the adoption and adaptation of effective utility management strategies as funding allows.

2. System Partnerships

To attain the necessary technical, managerial and financial capacity to provide clean and safe water in rural communities, small water systems may need to develop partnerships with other systems. These partnerships can provide opportunities to collaborate on compliance solutions, operations and maintenance activities and share costs with other nearby systems, thereby enabling them to become financially sustainable and provide safe and affordable water to their communities. EPA and USDA-RD-RUS will educate communities and utilities on the array of tools that are available and encourage struggling water systems to explore all options that may be available to increase sustainability. EPA and USDA-RD-RUS will work together to implement the following activities:

- Develop a common understanding of system partnerships and coordinate effectively when interacting with communities, utilities, and other stakeholders.
- Work with technical assistance providers to assist communities with system partnership options as well as identify funding opportunities available if collaboration is pursued.
- Coordinate funding, where appropriate and possible, to further system partnership activities, such as shared infrastructure or establishing shared management.
- Work together to further define barriers and refine approaches for encouraging system partnerships.

3. Water Sector Workforce

A well-trained and knowledgeable workforce is vital to the sustainability of water and wastewater systems. However, the report, *Succession Planning for a Vital Workforce in the Information Age (2005)*, published by the American Water Works Association (AWWA) and the Awwa Research Foundation, projected that 37% of water utility workers and 32% of wastewater utility workers will be eligible to retire in the next 10 years. In addition, the U.S. Department of Labor estimates that the demand for water and wastewater operators will increase by 20% from 2008-2018. EPA and USDA-RD-RUS will work together to promote careers in the water sector to attract a new generation of water professionals to rural systems. EPA and USDA-RD-RUS will work together to:

- Raise awareness of rural water sector careers through promotional initiatives.
- Work with other federal agencies, educational institutions and other associations to train new operators through initiatives targeted at specific audiences (e.g., veterans initiative, vocational / high school students).

- Develop strategies for overcoming challenges specific to recruitment and retention of rural utility operators.
- Promote the use of contract operators to fill workforce gaps in rural communities.

4. **Compliance of Small Rural Public Water and Wastewater Systems with Drinking Water and Clean Water Regulations**


EPA and USDA-RD-RUS understand that many challenges face rural water systems just to maintain day-to-day operations. Partnering to ensure that regulation training is provided to public water and wastewater systems in rural areas in a timely manner is essential to systems' compliance. Further, as federal partners, it is important to address funding for projects that aid in the compliance of national drinking water and clean water regulations that protect the nation's public health. The Arsenic Rule, and recently promulgated rules such as the Ground Water Rule (GWR), the Long-Term 2 Enhanced Surface Water Treatment Rule (LT2), and the Stage 2 Disinfectants and Disinfection Byproducts Rule (Stage 2 DBPR) represent ongoing compliance challenges for many rural systems. Future modifications to wastewater regulations may also present challenges for rural systems. EPA and USDA-RD-RUS will work together to implement the following activities:

- Consider funding priority to projects needed for compliance with national drinking water regulations, including the Arsenic Rule, the Ground Water Rule, the Long-Term 2 Enhanced Surface Water Treatment Rule, and the Stage 2 Disinfectants and Disinfection Byproducts Rule.
- Develop and distribute materials to rural water systems that address specific water and wastewater rule requirements and the impact to rural systems.
- Coordinate with technical assistance providers to conduct rule training for rural water systems on specific water and wastewater rule requirements and potential solutions that pose a challenge to rural water systems.
- Share information relevant to rural water systems, including upcoming EPA regulatory actions and timeframes and information that USDA-RD-RUS may have for analyzing impacts, and develop strategies to minimize these impacts.

Expiration

This memorandum of agreement between EPA and USDA-RD-RUS will remain in effect for five years from the date hereof unless terminated earlier by either party.

United States Environmental Protection Agency

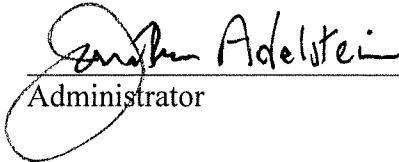


Acting Assistant Administrator for Water

5/27/11

Date

United States Department of Agriculture - Rural Utilities Service



Administrator

6/2/11

Date