

EPA SRF Webcast Training Series

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SRF Planning for the Green Project Reserve in the American Recovery and Reinvestment Act of 2009 (ARRA)

New Opportunities & Challenges for the Clean Water State
Revolving Fund (CWSRF) and Drinking Water State Revolving Fund
(DWSRF) Programs

March 12, 2009

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Getting to Know Live Meeting



- Having problems with the audio or Web portion of today's event: Contact Customer Care by pressing *0 on your telephone keypad
- Press "control H" on your keyboard to toggle your screen between regular view and expanded view
- Want to submit a question? Send it to us via the Question and Answer console. Also, at the end of the presentation we will allow for "live" questions.
- Handouts can be downloaded via the Encounter registration page



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Just a Reminder...

- Target Audience:
 - State CW and DW SRF Staff and Managers
 - EPA Regional Staff
 - Regional and State stormwater, energy efficiency, water efficiency and nonpoint source colleagues
 - State Associations

If you are not a State, EPA Regional or State Association staff member we ask that you please disconnect from the webcast at this time.

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Please Note:

We are planning to hold another webcast next week!

Date/Time: Tuesday March 17th from 2-4 PM Eastern Time.

Topics: EPA Final Guidance
Additional information on the
green reserve projects
Several Q&A Sessions

How to Sign Up:
Additional information and registration will be
provided immediately following today's webcast.

Presenters for Today...

- Phil Metzger, Attorney-Advisor, US EPA, DWSRF Team
- Matt Millea, Acting President, New York Environmental Facilities Corporation
- Peter Shanaghan, Team Leader, US EPA, DWSRF Team
- Stephanie vonFeck, Environmental Protection Specialist, US EPA, CWSRF Team

Additional Resources to Answer Questions...

Travis Creighton	–	Program Analyst, US EPA, DWSRF Team
Jordan Dorfman	–	Attorney-Advisor, US EPA, CWSRF Team
Howard E. Rubin	–	Financial Analyst, US EPA, DWSRF Team
Sheila Platt	–	Team Leader, US EPA, CWSRF Team

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Agenda

- I. Introduction and Overview of the 20% Green Project Reserve (Stephanie vonFeck)
- II. EPA Guidance on the Implementation of the Green Project Reserve (Phil Metzger)
- III. Q & A
- IV. EPA and State Roles in Implementation (Peter Shanaghan)
- V. Q & A
- VI. Green Reserve Timeline (Stephanie vonFeck)
- VII. Q&A
- VIII. New York's Approach to the Green Reserve (Matt Millea)
- IX. Q & A
- X. If States Need Help (Stephanie vonFeck)

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Polling Question

- **How many folks do you have on the line with you today?**
 - A. 1-2
 - B. 2-4
 - C. 4-6
 - D. 6-10
 - E. 10 or more

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Introduction and Overview of the 20% Green Project Reserve

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ARRA SRF Green Reserve

- 20% of each State's capitalization grant must be used for "Green Reserve" projects
 - Applies to both the Clean Water and Drinking Water SRFs
- Green Reserve is defined as
 - Green (stormwater) infrastructure
 - Energy Efficiency Projects
 - Water Efficiency Projects
 - Innovative Environmental Projects

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American Reinvestment and Recovery Act (ARRA)

- EPA Administrator Jackson's Goals
 - Create/Save Jobs
 - Fund Infrastructure
 - Make the most of the opportunity for Green Reserve Projects
- Goal: No states certify insufficient applications

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20% Green Reserve

- Planning, Design and Building Activities are Eligible
- Portions of an SRF eligible project may count toward the Green Reserve
- All of an SRF eligible project may count toward the Green Reserve
- Green Reserve projects do not have to be part of a larger capital improvement project

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20% Green Reserve

- Some projects will clearly qualify “categorically”
 - if the primary purpose of the project or applicable portion is listed in the ARRA SRF Guidance Appendices as Green Infrastructure, Water or Energy Efficiency, or decentralized treatment (under “Environmentally Innovative Activities”)
 - Projects that qualify categorically do not need a business case developed for the file
 - States or EPA can request a business case be developed for a particular project if it considers the project not to qualify categorically
- If projects are not clearly listed as qualifying “categorically” in the Green Reserve appendices
 - States must develop a business case identifying substantial green benefits before they can be counted toward the Green Reserve

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EPA Guidance on the Implementation of the Green Project Reserve

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Guidance: Implementation of Green Project Reserve

- Green Project Reserve (GPR):
 - “[T]o the extent there are sufficiently eligible project applications, not less than 20 percent of the funds appropriated herein for the Revolving Funds shall be for projects to address green infrastructure, water or energy efficiency improvements or other environmentally innovative activities”

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Guidance: Implementation of Green Project Reserve

- Green Project Reserve (GPR) (continued)
 - EPA Guidance attachments identify projects that qualify in whole or part
 - States may have had limited chance to prepare their projects lists for this BUT it is a “shall”
 - Conferees report requiring States to certify lack of projects is basis for grant condition: States must make timely and concerted solicitation for projects if 20% not in IUP as approved

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Guidance: Implementation of Green Project Reserve

- Green Project Reserve (GPR) (continued)
 - If sufficient qualifying projects not identified in (amended) IUP by 8/17/09, State may certify lack of projects to EPA to use reserve shortfall for other non-GPR projects
 - States cannot use funds from this 20% Reserve for non-qualifying projects prior to certification and EPA approval
 - States may move forward with eligible (non-GPR) projects with the other 80% of funds at any time

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Many traditional projects have green benefits (BUT...)

- Many traditional projects, especially for repair and replacement, generally have water and/or energy efficiency benefits. For example,
 - Replacing/relining a water main creates a smooth surface, reduces friction, maintains pressure, and reduces the energy required to move water through that section of pipe.
 - Replacing/relining a water main eliminates leaks, can save substantial amounts of water
 - Building something new and using contemporary technology **may** result in a more energy or water efficient facility

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For ARRA, green benefits must be a substantial part of project basis, more than incidental benefit

- To count as “green,” need clear, documented business case for investment in the project
 - includes clear, identifiable and substantial benefits
 - requires the presence and some basic analysis of substantive components
 - a simple, quantitative “bright line” not sufficient to determine that a business case has been made
 - For example, having more than a certain % of water loss from leaky pipes in a Drinking Water distribution system is not an automatic qualification

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How do you make a “business case” to qualify as a GPR project?

- Two Components:
 - Technical and Financial
- Technical component:

Using information from maintenance or operations records, engineering studies, project plans, etc.

 - that identify problems (including any data on water and/or energy inefficiencies) in existing facility
 - that clarify the technical benefits from project in water and/or energy efficiency terms

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How do you make a “business case” to qualify as a GPR project?

- Financial component:
 - Some estimate of cost and water savings from project based on technical analysis of benefits
 - Assessment within total project cost that these savings comprise a substantial part of financial justification for project

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Examples of Projects that Qualify as a GPR project Categorically

- Water meters
 - Clean Water and Drinking Water
- Rain Gardens and Green Roofs
 - Clean Water for watershed, Drinking Water for the water system facility
- Water Conserving Fixture Retrofit
 - Clean Water (publicly owned 212 or privately owned 320)
 - Drinking Water (eligible public water system)
- Solar Panels for POTW or Public Water System

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Question & Answer Section

Have a question?
Submit it using the Q&A console.

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EPA and State Roles in Implementation

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State Role in Implementing the GPR

- **State Role: Directly responsible to**
 - Comply with ARRA's 20% GPR requirements
 - Consider building in a margin of safety recognizing that you may lose projects
 - Ensure adequate information to support categorical or "business case" qualification for GPR

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State Role in Implementing the GPR

- **State determination on GPR qualification**
 - Ascertain projects adequately supported as categorical or "business case" before counting project or portion towards the 20%
 - Must, where project does not qualify as categorical, keep "business case" documents in State files, provide to EPA as needed
 - Environmentally Innovative (only decentralized wastewater treatment projects qualify categorically)
 - Traditional (not inherently GPR) infrastructure project

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EPA Role in Implementing the GPR

- EPA is ultimately responsible to ensure State compliance with GPR requirements
 - Through grant approval (including IUP review)
 - Through implementation oversight
- Compliance components in program approval and oversight: must ensure
 - State assessments of project qualifications were proper
 - adequate project descriptions to qualify categorically
 - calculating what in project counts towards the 20%
 - “Business case” documentation, where needed, supports projects’ qualifications as “green”

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EPA Role in Implementing the GPR

- EPA Program Approval/Oversight decisions may occur at multiple stages:
 - IUP review/approval, if projects in the IUP are presented as meeting the 20% requirement
 - after 180 days, if State seeks EPA approval of certification, to identify characteristics of projects accepted in GPR vs. not accepted and review of state efforts to solicit projects
 - after 180 days, if projects in IUP amendment are presented as meeting 20%, no certification is sought
- Importance of ongoing oversight to ensure 20% obligation is met

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EPA Role in Implementing the GPR

- EPA must oversee State's core 20% obligation
 - GPR requires States to fund maximum value of eligible, qualifying projects available, up to at least 20%
 - If State includes projects $\geq 20\%$ in approved IUP (as awarded/amended), State has an ongoing obligation to ensure that 20% is achieved in practice
 - If State obtains certification after solicitation that allows the shortfall of $< 20\%$; State must still fund qualifying projects it did identify

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Question & Answer Section

Have a question?
Submit it using the Q&A console.

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Green Reserve Timeline

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Green Reserve Timeline

- Borrowers Apply to their State SRF with eligible projects
 - State establish application process and timeline
 - Projects must be eligible under the existing SRF programs
 - Projects must satisfy all program requirements
 - Environmental review, compliance with federal crosscutters, wage rate
 - If State chooses to provide additional subsidization through a grant
 - Comply with 40CFR Part 30 and 31, as well as DBE Part 33
 - Does not need to follow EPA's guidance for Competitive Grants
 - Projects that are ready to proceed (i.e., ready to start construction) within 120 days of enactment or June 17, 2009 will be given priority

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Green Reserve Timeline

- States submit application to EPA for capitalization grant
 - Application includes an IUP with a specific list of projects equal to at least the cap grant amount
 - States can apply for conditional grants based on a draft IUP
 - States can apply for partial grants with partial project lists.
 - If a State has traditional projects equal to 80% of the grant but specific projects are not listed for Green Reserve projects, the IUP must describe what the state is doing to solicit applications from these projects. Then:
 - Grants for 100% of a State's allotment can be awarded. Funds for Green Reserve projects can only be drawn for Green Reserve projects after EPA approval of project list.
 - States may move forward with projects associated with the 80% after grant award.

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Green Reserve Timeline

- If a state has sufficient projects to satisfy the 20% Green Reserve, there is no requirement to solicit additional green projects.
 - States should plan for a safety margin in case projects fail to move forward.
- If states do not have sufficient applications when applying to EPA for their grant, they must make a timely and concerted solicitation for applications
 - IUP must include a description of the plan to solicit projects
 - Plan must include at least:
 - Notice of funds availability via normal SRF communication channels
 - » Web
 - » Mailing lists
 - State SRF should work with the green stormwater, water efficiency, and energy efficiency experts in the State to identify projects
 - Meetings/presentations/webcasts with associations and other groups involved in projects targeted by the Green Reserve

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Green Reserve Timeline

- States cannot limit eligible Green Reserve project types, if doing so will result in insufficient applications
 - If possible, relax state requirements that are more stringent than the Federal requirements
 - Including limits on privately owned projects
 - Consider strengthening efforts to solicit Green Reserve projects that are eligible in State
 - Consider providing additional subsidization to Green Reserve projects

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Green Reserve Timeline

- August 17, 2009 is the earliest date a State can certify to EPA that they have insufficient applications for the Green Reserve
 - May not reject applicants if, through that rejection, less than 20% of the appropriated funds will address Green Reserve projects
 - Certify in writing to EPA
 - Upon EPA approval, State will be permitted to utilize the un-used portion of the Green Reserve funding for traditional projects
 - After certification, State must fund Green Reserve projects that have been identified
 - If EPA disapproves the certification, State can
 - solicit additional Green Reserve projects
 - Funds not attributed to Green Reserve projects will be reallocated after February 17, 2010.

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Question & Answer Section

Have a question?
Submit it using the Q&A console.

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New York Environmental Facilities Corporation Green Innovations Grant Program

**Matt Millea, Acting President
New York Environmental Facilities Corporation**

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NY Works with Pipeline and Solicits New Green Projects

- Total "Green" Allocation = \$86.5 million
- Two pronged approach to disbursement
 - \$51.5 million for traditional CWSRF Program (In Category)
 - \$35 million for new Green Innovations Category

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Expanding the NY CWSRF

- \$35 Million Green Innovations - New Category
- Call For Projects April 1
 - Seeking applications for Green Infrastructure Projects, Energy Efficiency Projects, Water Efficiency Projects, and Green Innovations as defined by EPA in their March 3, guidance
- Eligible Applicants: School Districts, Privates, Not-For-Profits, Municipal Governments, etc.
- All ARRA Conditions Apply

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Redesigning Projects

- \$51 Million Green Innovations - Traditional Program
- For ARRA Eligible Projects Listed on 2009 IUP
- To Support:
 - Energy Efficiency Improvements
 - Renewable Energy Projects
 - Water Efficiency Improvements
 - Green Infrastructure
 - Technological Innovations
- "Green Grants" in addition to SRF ARRA Financing

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Leveraging ARRA

- Leveraging ARRA Funds
- EFC to Partner with NYSERDA
 - Additional \$14 million for energy efficiency improvements
 - Qualified Energy Efficiency Improvements and Carbon Mitigation projects may receive 50% ARRA funding and 50% NYS RGGI Funding.
- Will Stretch ARRA Monies to More Projects in NYS!

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Question & Answer Section

Have a question?
Submit it using the Q&A console.

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If States Need Help

- To Find Projects
 - State experts in the Green Infrastructure, energy/climate, water efficiency/reuse and smart growth programs
 - EPA Regional and Headquarters experts
 - EPA webcast Tuesday on project eligibility (post your questions now on this webcast)
 - Additional webcasts on Green Reserve Project types
- Eligibility Questions
 - Regional Coordinator
 - Headquarters
 - Posting eligibility decisions on CWSRF Online Discussion Board
- EPA Contractor Support
 - Outreach/Marketing
 - Project review
 - Work with Communities
 - Consulting on State processes
 - Tell us what will help you

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Thank you for attending
today's Webcast!

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Please Note

- Due to time constraints, we plan to cover the material in Slides #1 through #45 on today's webcast.
- If time permits we will cover the following additional slides.
- If we do not have time to cover the additional slides, this material will be presented on next week's webcast to be held on Tuesday March 17th from 2-4 PM Eastern Time.
- Additional information and registration for Tuesday's webcast will be provided immediately following today's webcast.

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Clean Water SRF Examples

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Clean Water SRF **20% Green Reserve**

- If a State believes they do not have the authority to fund certain categories of projects or privately owned projects targeted by the Green Reserve, call EPA by March 13, 2009 and we will work with you.

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Clean Water SRF 20% Green Reserve

- Publicly Owned 212 Projects
 - Wastewater
 - Also Stormwater
 - Green approaches to stormwater management count towards the Green Reserve
- Public or Privately owned 319 Nonpoint Source and 320 National Estuary Projects
 - Only projects associated with green stormwater infrastructure, water and energy efficiency or environmental innovation count towards the Green Reserve
 - Decentralized approaches to solving failing onsite systems count towards the Green Reserve

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Clean Water SRF 20% Green Reserve

- **Energy Efficiency** – the use of improved technologies and practices to reduce the energy consumption of water quality projects
 - Wastewater utility energy audit
 - Retrofits and upgrades to pumps and treatment processes
 - Additional detail coming in Q&As
 - Producing clean power for publicly owned wastewater treatment works
 - wind, solar, hydroelectric, geothermal, biogas powered combined heat and power systems

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Clean Water SRF 20% Green Reserve

- **Water Efficiency** – the use of improved technologies and practices to deliver equal or better services with less water.
 - Water Meters
 - Fixture Retrofit
 - Landscape/Irrigation
 - Gray Water Recycling
 - Reclamation, recycling and reuse of rainwater, condensate, degraded water, stormwater and or wastewater streams

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Clean Water SRF 20% Green Reserve

- **Green Infrastructure** - Practices that manage and treat stormwater and that maintain and restore natural hydrology by infiltrating, evapotranspiring and capturing and using stormwater.
 - Green streets
 - Water harvesting and reuse
 - Porous pavement, bioretention, trees, green roofs, water gardens, constructed wetlands
 - Hydromodification for riparian buffers, floodplains, wetlands
 - Downspout disconnection to remove stormwater from combined sewers and storm sewers

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Clean Water SRF 20% Green Reserve

- **Environmentally Innovative Projects** - Demonstrate new/innovative approaches to managing water resources in a more sustainable way, including projects that achieve pollution prevention or pollutant removal with reduced costs and projects that foster adaptation of water protection programs and practices to climate change
 - Wetland restoration
 - Decentralized wastewater treatment solutions
 - Water reuse
 - Green stormwater infrastructure
 - Water balance approaches
 - Adaptation to climate change
 - Integrated water resource management

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Question & Answer Section

Have a question?
Submit it using the Q&A console.

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Drinking Water SRF Examples

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Drinking Water SRF 20% Green Reserve

- Energy Efficiency
- Examples
 - On site renewable energy
 - Upgrades to pumps and other higher energy consuming assets
 - Leak detection
- Eligible cost may include
 - Planning and Design
 - Building
 - Energy Audit

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Drinking Water SRF 20% Green Reserve

- Water Efficiency
- Examples
 - Water Meters, Meter Reading Equipment
 - Leak Detection Equipment
 - Water Efficient Fixtures
- Eligible Costs
 - Planning and Design
 - Building
 - Development of a Water Conservation Plan

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Drinking Water SRF 20% Green Reserve

- Green Infrastructure/Environmentally Innovative Projects
- Examples
 - On-site improvement to facilities, such as
 - Green Roofs
 - Porous Pavements
 - New ways to manage water resources in a more sustainable way
- Eligible Cost
 - Planning and Design
 - Building

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Question & Answer Section

Have a question?
Submit it using the Q&A console.

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For More Information

- www.epa.gov/recovery/
- www.epa.gov/safewater/dwsrf/
- www.epa.gov/owm/cwfinance/cwsrf/index.htm
- www.epa.gov/waterinfrastructure/bettermanagement_energy.html
- www.epa.gov/watersense/tips/util.htm
- http://cfpub.epa.gov/npdes/home.cfm?program_id=298 for green infrastructure

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