

Empower Communities to Leverage EPA Water Infrastructure Investments

Office of Wastewater Management

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Themes: Natural Resources and Environment, Community and
Regional Development

Overview

Goal Statement

- **Empower communities to leverage EPA water infrastructure investments.** By September 30, 2019, EPA will increase by \$16 billion the non-federal dollars leveraged by EPA water infrastructure finance programs (Clean Water and Drinking Water State Revolving Funds and the Water Infrastructure Finance and Innovation Act).¹
 - Repairing and modernizing the outdated water infrastructure upon which the American public depends is an Administration priority. This measure will demonstrate the power of EPA's water infrastructure programs to leverage funding from non-federal resources by focusing on increasing the amount of non-federal funds leveraged by the programs.

Challenge

- The state run and implemented Clean Water and Drinking Water SRF programs (102 total) are a clear example of cooperative federalism. These programs have unique environmental, public health and economic priorities that shape program implementation and investment decisions.
- Increasing the amount of non-federal dollars leveraged to support water infrastructure projects will require buy-in from states, local municipalities and utilities, and private entities.

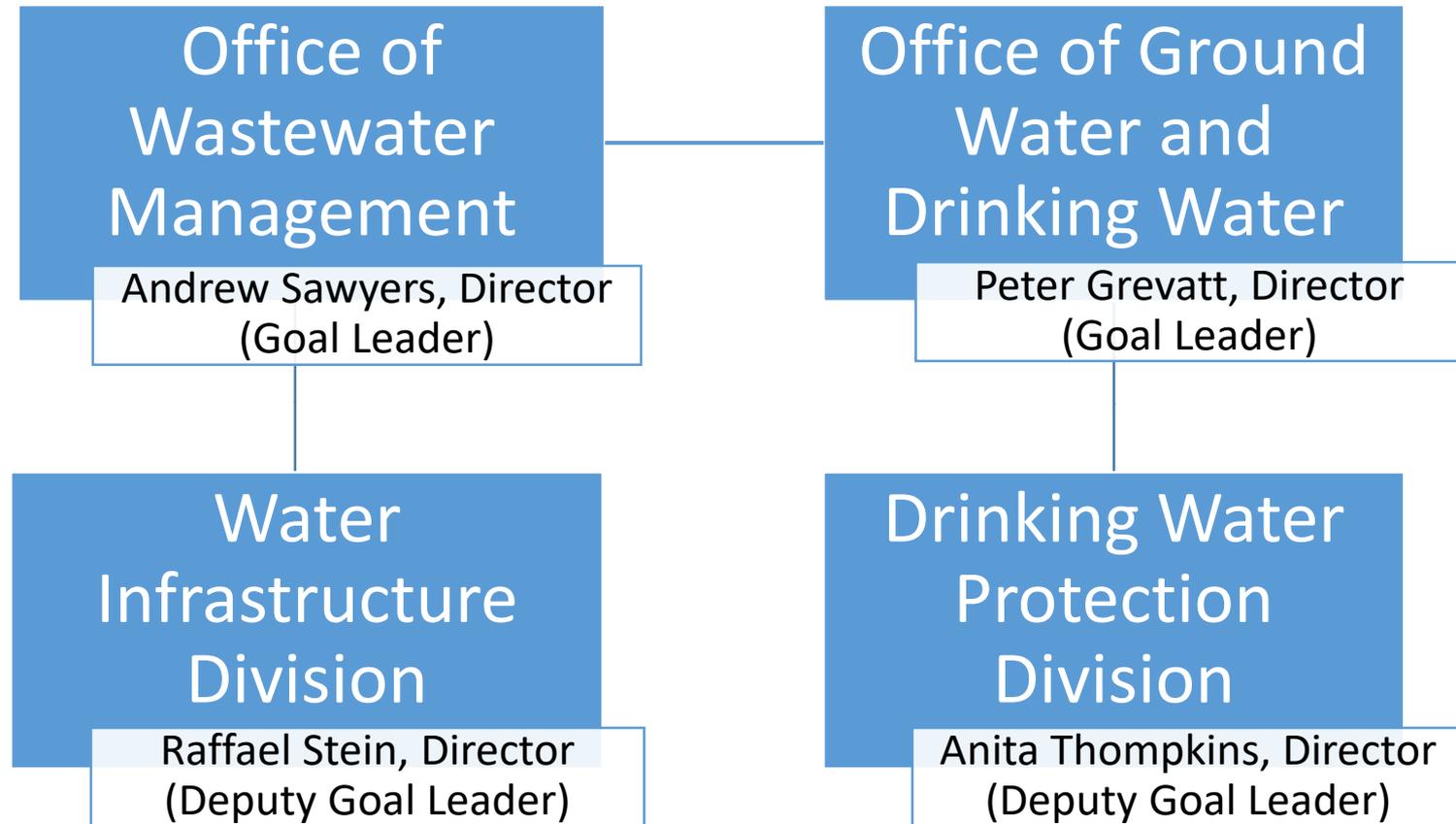
¹ Refer to Slide 14 for additional information on historical performance and target setting.

Overview, continued

Opportunity

- Increasing the amount of non-federal dollars leveraged to support water infrastructure projects is critical to meeting the national need to repair and modernize outdated water infrastructure. Combined, EPA's three primary water infrastructure programs, Clean Water State Revolving Fund, Drinking Water State Revolving Fund and Water Infrastructure Finance and Innovation Act program, are the largest source of federal funds to assist states and localities in the repair and modernization of outdated infrastructure nationwide. Combined, they represent a powerful opportunity to leverage non-federal dollars. EPA's Water Finance Center – whose core focus is to assist states and localities across the nation by providing tools and resources that encourage innovative financing strategies – also presents opportunities to further strategies to increase leveraging of non-federal dollars. Through these programs, the Agency has developed strong partnerships with states, local municipalities and utilities, and private entities. These partnerships will play a vital role in successfully promoting increased leveraging of non-federal dollars.

Leadership



Goal Structure & Strategies

- **Strategy 1: Engagement With Water Infrastructure Community** (states, local municipalities and utilities, private entities, etc.)
 - Maximize engagement with the water infrastructure community with a focus on opportunities to drive discussions about the vital role that non-federal dollars play in the repair and modernization of water infrastructure across the country.
 - Promote innovative water infrastructure financing opportunities, including state and local equity and private funding.
 - Engage water finance experts to identify ways to promote the leveraging of non-federal dollars to complement federal SRF and WIFIA funding for projects.
- **Strategy 2: Tools, Training and Resources**
 - Promote transformative predevelopment practices that help utilities plan for financing water infrastructure improvements such as full-cost pricing, asset management, effective utility management, etc.
 - Promote existing and new tools and resources that educate communities across the country about federal and non-federal funding opportunities, project eligibilities, and financial leadership strategies.
 - Work with partners to promote tools, training and resources focused on water infrastructure finance innovations at the state and local government levels.
 - Provide training opportunities that focus on innovative financing strategies to federal, state and local stakeholders.
 - Provide information on alternative governance and peer-to-peer support.

Goal Structure & Strategies, continued

- **Strategy 3: Program Oversight**

- Integrate into program oversight activities an emphasis on growing the non-federal component of overall funding for infrastructure projects.
- Discuss ongoing and potential actions with the state SRF programs that support the leveraging of the federal investment.
- Facilitate cross-state communication on leveraging the federal investment by sharing success stories from other SRF programs.

EPA will be using a new EPA Lean Management System (ELMS) to achieve the results set forth in the Strategic Plan. As part of ELMS, EPA will conduct multi-day process improvement events to make progress in priority areas identified in the Strategic Plan. Visual management will then be used to ensure that improvements from the events are sustained over time. Poster boards with regularly updated performance data will serve as visual management for monitoring progress towards meeting the targets set forth in the Strategic Plan, while additional poster boards will be used to track the flow of the work that needs to be performed to achieve the targets. Staff will have weekly stand-up huddle meetings in front of their visual management boards to discuss performance. In addition, National Programs and Regional Offices will hold monthly business reviews to review the strategic measures tracked on scorecards, and the implementation plans tracking progress on Strategic Plan and priority area projects identified for EPA under President Trump's Executive Order on a Comprehensive Plan for Reorganizing the Executive Branch. The Administrator will hold quarterly reviews to monitor overall progress on the agency's Strategic Plan and priority area projects. ELMS is designed to make sure that EPA is regularly monitoring progress towards meeting the targets set forth in the Strategic Plan, and taking immediate action if expected performance is off track.

Summary of Progress – FY 18 Q1

Strategy 1: Engagement With Water Infrastructure Community:

- EPA conducted 3 WIFIA outreach sessions in Colorado, Tennessee and Kansas, with 71 attendees.
- EPA jointly sponsored the Council of Infrastructure Financing Authorities (CIFA) 2017 SRF National Workshop, addressing CW and DW SRF streamlining, sharing resources, promoting partnerships, water privatization, private-public partnerships, and co-funding opportunities.
- EPA held a State/EPA SRF Workgroup Meeting, a partnership between EPA Headquarters, Regions, and State CW and DW SRF programs, addressing programmatic implementation issues and innovative financing approaches and facilitating cross-state communication.
- EPA held a webinar, featuring USDA-Rural Development, highlighting DWSRF infrastructure and technical assistance eligibilities and funding mechanisms available to drinking water systems.

Strategy 2: Tools, Training and Resources:

- EPA released *Water Infrastructure Financial Leadership: Successful Financial Tools for Local Decision Makers*. The document, developed by EPA's Water Finance Center in partnership with the Environmental Council of the States (ECOS), highlights successful strategies that local decision makers have used to fund and finance water infrastructure.
- EPA conducted 3 WIFIA nationally accessible and attended webinars on accessing infrastructure financing offered by the WIFIA program.

Strategy 3: Program Oversight:

- The CWSRF and DWSRF programs each conducted 14 state reviews. The state reviews are an opportunity for EPA Headquarters and the Regions to discuss national priorities with the state-run programs, including increasing the non-federal dollars leveraged by EPA water infrastructure finance programs.

Key Milestones: Engagement with Water Infrastructure Community

- This strategy encompasses a wide range of activities across a number of programs and includes meetings, conferences, workshops, information sessions, finance forums, etc.

Milestone Summary					
Key Milestone	Milestone Due Date	Milestone Status	Change from last quarter	Owner	Comments
WIFIA Outreach, in-person event, Denver, Colorado	Q1 FY18 11/8/2017	Completed		OWM	WIFIA staff presented on four key topics: WIFIA program overview, benefits of WIFIA loans, the application process, and letter of interest tips (32 attendees).
WIFIA Outreach, in-person event, Nashville, Tennessee	Q1 FY18 11/16/2017	Completed		OWM	WIFIA staff presented on four key topics: WIFIA program overview, benefits of WIFIA loans, the application process, and letter of interest tips (21 attendees).
WIFIA Outreach, in-person event, Lenexa, Kansas	Q1 FY18 11/29/2017	Completed		OWM	WIFIA staff presented on four key topics: WIFIA program overview, benefits of WIFIA loans, the application process, and letter of interest tips (18 attendees).
2017 Council of Infrastructure Financing Authorities (CIFA) SRF National Workshop	Q1 FY18 10/29-11/2/2017	Completed		OWM, OGWDW	Joint EPA and CIFA sponsored annual conference. Topics included: SRF trends, SRF streamlining, SRF financing developments, sharing resources, promoting partnerships, maximizing resources, water privatization and regionalization, public-private partnerships, and co-funding opportunities.
State/EPA SRF Workgroup Meeting	Q1 FY18 10/31-11/1/2017	Completed		OWM	Meeting discussions included: AIS implementation, streamlining the SRFs, and innovative financing approaches that help SRFs reach a wider range of projects. The meeting fosters cross-state communication.
Webinar: Use of DWSRF Set-asides and the DWSRF Eligibility Handbook	Q1 2018 11/29/2017	Completed		OGWDW	EPA staff described ways that DWSRF funds can be used for infrastructure improvements as well as programmatic activities and technical assistance through the set-asides, including state examples (355 attendees).
WIFIA Outreach, in-person event, Washington, DC	Q2 FY18 1/17/2018	Completed		OWM	WIFIA staff presented on four key topics: WIFIA program overview, benefits of WIFIA loans, the application process, and letter of interest tips (79 attendees).
Webinar: CWSRF: A Flexible Tool for Advancing Clean Water	Q2 FY18 1/30/2018	Completed		OWM	The Environmental Council of the States (ECOS) webinar featured projects from three states demonstrating unique uses and dispersion of CWSRF funds, and offered case studies to build state capacity and knowledge of innovative financing mechanisms using multiple public and private funding sources. The webinar was a joint ECOS and EPA effort.

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Environmental Financial Advisory Board (EFAB) Meeting, Washington, DC	Q2 FY18 2/20- 2/21/2018	Completed		OWM	EFAB, an advisory committee chartered under the Federal Advisory Committee Act, provides advice and recommendations to EPA on creative approaches to funding environmental programs, projects and activities. EFAB is pursuing the following charters that have bearing on leveraging the non-federal dollar: public-private partnership predevelopment protocols and regionalization of water infrastructure.
Webinar: Small System Funding with the DWSRF	Q2 FY18 2/27/2018	Completed		OGWDW	EPA presented DWSRF infrastructure and technical assistance eligibilities and funding mechanisms available to drinking water systems. The webinar was a joint ORD-OW effort, and also featured USDA-Rural Development.
2018 Council of Infrastructure Financing Authorities (CIFA) Federal Policy Conference	Q2 FY18 3/26- 3/27/2018	On Track		OWM	Conference topics will include: recent SRF developments, infrastructure financing, budget and appropriations, and tax and environmental policy.
State/EPA SRF Workgroup Meeting	Q3 FY18 3/27- 3/28/2018	On Track		OWM	Meeting topics will include: SRF streamlining and innovative financing approaches. The meeting fosters cross-state communication.
Water Finance Forum – Region 8	Q3 FY18 4/2018	On Track		OWM	EPA’s Water Finance Center plans to collaborate with Region 8 to host a water finance forum to share community funding successes and increase knowledge of funding solutions sharing among decision-makers, utilities, water infrastructure funders, and technical assistance providers.

Key Milestones: Tools, Training and Resources

- This strategy focuses on providing tools, training and resources that promote innovative financing strategies to federal, state and local stakeholders.

Milestone Summary

Key Milestone	Milestone Due Date	Milestone Status	Change from last quarter	Owner	Comments
Document: Water Infrastructure Financial Leadership: Successful Financial Tools for Local Decision Makers	Q1 FY18	Completed		OWM	EPA's Water Finance Center partnered with the Environmental Council of the States (ECOS) to develop this document that was released in October 2017. The document highlights successful strategies that have been used to fund and finance water infrastructure. The information can help local leaders: identify what is needed for financial planning, determine how to fund and finance a project, and consider which strategic approaches can be used to protect local investments.
Webinar: Overview of WIFIA program	Q1 FY18 12/6/2017	Completed		OWM	The first webinar of a three part series to convey the same information presented at the in-person sessions and allow participation from across the country (195 attendees).
Webinar: Benefits of Financing with WIFIA Loans	Q1 FY18 12/13/2017	Completed		OWM	The second webinar of a three part series to convey the same information presented at the in-person sessions and allow participation from across the country (95 attendees).
Webinar: WIFIA Application Process: Tips for Submitting a Letter of Interest	Q1 FY18 12/20/2017	Completed		OWM	The third webinar of a three part series to convey the same information presented at the in-person sessions and allow participation from across the country (87 attendees).
Webinar: WIFIA Notice of Funding Availability	Q3 FY18 4/2018	On Track		OWM	This webinar is being planned in anticipation of a full year FY18 appropriation for the WIFIA program.

Key Milestones: Tools, Training and Resources

- This strategy focuses on providing tools, training and resources that promote innovative financing strategies to federal, state and local stakeholders.

Milestone Summary					
Key Milestone	Milestone Due Date	Milestone Status	Change from last quarter	Owner	Comments
Webinar: WIFIA Notice of Funding Availability	Q3 FY18 5/2018	On Track		OWM	This webinar is being planned in anticipation of a full year FY18 appropriation for the WIFIA program.
Document: State and Foundation Water Finance Partnerships	Q3 FY18	On Track		OWM	The Water Finance Center expects to release the <i>State and Foundation Water Finance Partnerships</i> document to highlight how public (state) and private (foundation) funding can be combined for water projects and initiatives.
SRF Training for States and EPA Regions	Q3 FY18 & Q4 FY18	On Track		OWM	The trainings will cover various topics ranging from SRF program management to examples of innovative state practices, including topics and state activities related to leveraging non-federal SRF funds. Three sessions are scheduled for Q3. Four sessions are planned for Q4.
Update to Water Finance Clearinghouse	Q4 FY18	On Track		OWM	The Water Finance Center expects to release an update to the Water Finance Clearinghouse, which went live in July 2017. This update will include a suite of Water Finance Learning Modules on financial leadership topics including public-private partnerships and WIFIA.
DWSRF Marketing Strategy	Q4 FY18	On Track		OGWDW	The DWSRF Marketing Strategy will help state DWSRF managers leverage available data (e.g., from the DW Needs Survey, sanitary surveys, the Enforcement Targeting Tool) to target DWSRF assistance in their states to water systems in greatest need.
Environmental Council of the States (ECOS) State Program Analysis	Q4 FY18	On Track		OGWDW	The ECOS State Program Analysis will identify opportunities and best practices between the Public Water System Supervision program and the DWSRF, and highlight ways for them to effectively work together to maximize the value of infrastructure and other investments in the delivery of safe drinking water.

Key Milestones: Program Oversight

- This strategy focuses on how EPA's oversight role of the Clean Water SRF, Drinking Water SRF, and WIFIA financing programs can promote, at the national level, the goal of increasing the leveraging of non-federal dollars.

Milestone Summary					
Key Milestone	Milestone Due Date	Milestone Status	Change from last quarter	Owner	Comments
State CWSRF Reviews	Q1 FY18	Completed		OWM	Conducted 14 State CWSRF reviews.
State DWSRF reviews	Q1 FY18	Completed		OGWDW	Conducted 14 State DWSRF reviews.
State CWSRF Reviews	Q2 FY18	On Track		OWM	Conduct 21 State CWSRF reviews.
State DWSRF Reviews	Q2 2018	On Track		OGWDW	Conduct 21 State DWSRF reviews.
Executed WIFIA Loan Agreement	Q2 FY18	On Track		OWM	Execute 1 WIFIA loan agreement.
State CWSRF Reviews	Q3 FY18	On Track		OWM	Conduct 16 State CWSRF reviews.
State DWSRF Reviews	Q3 FY18	On Track		OGWDW	Conduct 16 State DWSRF reviews.
Executed WIFIA Loan Agreement	Q4 FY18	On Track		OWM	Execute 2 WIFIA loan agreements.

Data Accuracy and Reliability

Milestones Reported in this APG Action Plan:

- Reported and calculated by EPA Headquarters staff.

Agency Priority Goal:

- September 30, 2019: increase by \$16 billion the non-federal dollars leveraged by EPA water infrastructure finance programs (CWSRF, DWSRF and WIFIA)

SRFs

- The current SRF Information Collection Requests (ICRs) allow EPA to collect the data annually from the states.
- Data are reported by the states and EPA Regions to the Clean Water and Drinking Water National Information Management Systems (NIMS) databases.
- A quality assurance project plan (QAPP) exists for the CW and DW NIMS databases.

WIFIA

- Data will be reported after loans are executed based on the WIFIA loan agreement.

Historical Performance and Target Setting

Agency Priority Goal:

- September 30, 2019: increase by \$16 billion the non-federal dollars leveraged by EPA water infrastructure finance programs (CWSRF, DWSRF and WIFIA)

Historical performance

- There has been \$106 billion in non-federal dollars leveraged by the CWSRF and DWSRF programs between FY 1987 and FY 2017. The first WIFIA loans are anticipated in FY2018.

Target Setting

- EPA set its September 30, 2019, target based on the last five years of total non-federal dollars leveraged:
 - \$32 billion in non-federal dollars leveraged between FY2013 and FY2017
- Over the next five years or FY2018 – FY2022, EPA anticipates leveraging an additional \$40 billion in non-federal dollars, which represents a 25% increase over \$32 billion.
- APG target – by September 30, 2019, increase by \$16 billion the non-federal dollars leveraged by EPA water infrastructure finance programs - represents the average annual amount of \$8 billion leveraged between FY2018 and FY2022.

Additional Information

Contributing Programs

Clean Water State Revolving Fund (CWSRF):

- The CWSRF was established by the 1987 amendments to the Clean Water Act as a financial assistance program for a wide range of water infrastructure projects.

Drinking Water State Revolving Fund (DWSRF):

- The Safe Drinking Water Act, as amended in 1996, established the DWSRF to make funds available to drinking water systems to finance infrastructure improvements.

Water Infrastructure Finance and Innovation Act (WIFIA) Program:

- The Water Infrastructure Finance and Innovation Act of 2014 (WIFIA) established a federal credit program administered by the U.S. Environmental Protection Agency. The WIFIA program accelerates investment in water and wastewater infrastructure of national and regional significance by offering creditworthy borrowers loans for up to 49 percent of eligible project costs.

Water Infrastructure and Resiliency Finance Center:

- The Center serves as a resource to communities to improve their wastewater, drinking water and stormwater systems, particularly through innovative financing and increased system resiliency.