

FOR FURTHER INFORMATION

For further information on the State Revolving Fund program, other funding sources, and appropriate technologies for small communities, contact EPA's Small Community Outreach Coordinators or the National Small Flows Clearinghouse at 1-800-624-8301:

BOSTON
(CT,MA,ME
NH,RI,VT)

Mark Malone
EPA Region I
617-565-3492

NEW YORK
(NJ,NY,PR,VI)

Muhammad Hatim
EPA Region II
212-264-8969

PHILADELPHIA
(DE,MD,VA,
PA,WV)

Bob Runowski
EPA Region III
215-597-6526

ATLANTA
(AL,GA,FL,KY
MS,NC,SC,TN)

Roger DeShane
EPA Region IV
404-347-3633

CHICAGO
(IL,IN,MI,
MN,OH,WI)

Al Krause
EPA Region V
312-886-0246

DALLAS
(AR,LA,NM,
OK,TX)

Gene Wossum
EPA Region VI
214-225-7130

KANSAS CITY
(IA,KS,MO,NE)

Kelly Beard Tittone
EPA Region VII
913-551-7217

DENVER
(CO,MT,ND,
SD,UT,WY)

Harold Thompson
EPA Region VIII
303-293-1560

SAN FRANCISCO
(CA,HI,AZ,NV)

Carla Moore
EPA Region IX
415-744-1935

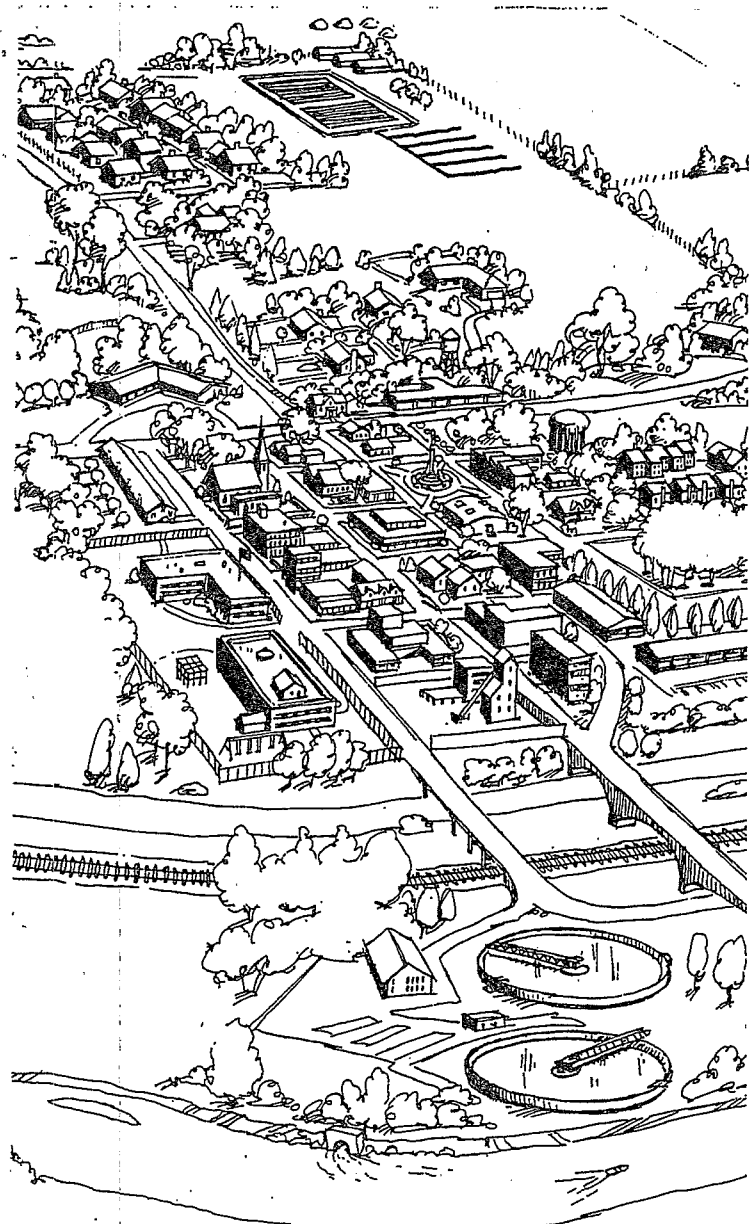
SEATTLE
(AK,ID,OR,WA)

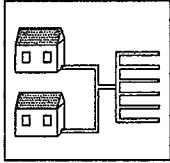
Bryan Yim
EPA Region X
206-442-8575

Printed On Recycled Paper



SRF: Financing For Small Communities





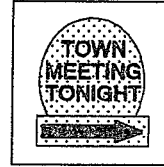
SELECTING THE RIGHT TECHNOLOGY

There are a wide variety of low-tech, lower cost wastewater treatment alternatives available for small communities. These include:

- Small diameter gravity sewers, lagoons, and land application
- Cluster systems combined with soil absorption fields
- Pressure sewers combined with lagoons and land application

Such systems are usually eligible for SRF loans. Using them will often result in lower capital and operation and maintenance costs for communities. They are easier to operate and maintain, and may build on the systems already in use.

Many small communities have already taken creative approaches to wastewater treatment. Both State and national organizations are available to help. The last page of this brochure lists telephone numbers of EPA Regional contacts to call to obtain more information.



HOW TO GET STARTED

To begin planning a wastewater system, the best first step is to contact the State environmental agency staff that work with small communities. They can help by guiding you through the planning and construction process, identifying alternative financing sources, and offering advice after facility start-up.

The basic steps to take include:

1. Developing a facility plan that shows that present and future conditions have been reviewed, alternative collection/treatment approaches have been identified and assessed, and the best affordable alternative has been selected.
2. Exploring alternative financing sources. You should identify how the SRF program and other state, federal, and local sources can be combined to provide the best financing approach.
3. Building public support for the facilities. Managers should communicate the need for new facilities to residents, identify how the selected approach is well suited for the community, and implement a user fee system to cover the facility costs.

5

6



CONDITIONS CONFRONTING SMALL COMMUNITIES TODAY

Managers of small communities are confronted with a variety of challenges when planning wastewater projects. One major challenge is securing funding for a wastewater project at a time when demands from other environmental programs (e.g., drinking water) and for other community services, such as education, are increasing.

In small communities, per capita income is generally lower than that found in metropolitan communities, costs are higher for traditional wastewater facilities - unit costs (\$/gallon treated) decrease as a system size increases, and many small communities have limited access to long-term credit.

Despite these conditions and challenges confronting small communities, many are addressing wastewater construction needs. Such actions contribute to:

- Reduction of local water pollution and protection of public health
- Compliance with state and Federal laws
- Encouragement of local growth and economic development

With today's competing demands for local resources, it is critical that communities do what ever is possible to make their projects more affordable. Community leaders should consider the use of small scale appropriate technologies for collection and treatment and should explore all available alternative financing sources.

THE SRF PROGRAM WILL HELP SMALL COMMUNITIES ADDRESS FUNDING NEEDS



The State Revolving Fund (SRF) program was authorized by the 1987 Amendments to the Federal Clean Water Act. Through it, EPA makes grants to States to establish their SRF programs. The SRF program replaces the Federal Construction Grant program for wastewater treatment facilities.

SRFs may provide assistance for the construction of publicly owned wastewater treatment works, and the implementation of nonpoint source and estuary management activities included in approved State plans.

The SRF program gives States the flexibility to offer loans and other types of financial assistance for qualified wastewater projects and other qualified water quality management activities. Many States offer SRF loan rates that are two to four percent below market rates. Some States offer even lower rate (e.g., two percent) loans for small economically disadvantaged communities.

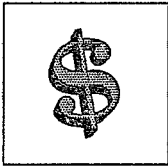
The subsidy provided by these low rates can be substantial. For example, a 20 year zero percent SRF loan is roughly equivalent to a 50 percent grant if the market rate available for a community loan is 8 percent.

Other SRF program benefits include the following:

- Loans may fund appropriate technology approaches (i.e., decentralized, low-tech solutions)
- Loans may fund collection systems, reserve capacity, and projects directed at economic growth

①

②



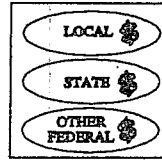
HOW CAN YOUR COMMUNITY RECEIVE AN SRF LOAN?

To receive an SRF loan, communities need to comply with some basic requirements:

- Projects must be eligible for funding under the SRF program.
- Loans must be repaid at an interest rate specified by your State.
- The maximum term for a loan is 20 years.
- An environmental review must be conducted for each project.
- Some communities will also have to comply with project planning and construction requirements. These requirements do not pertain to selection of architectural/engineering firms or to other procurement activities.

Each year States prepare a list of projects that will receive SRF assistance. The list is subject to public review. To participate in the SRF program a community's project must be included on this list.

State SRF program staff are available to help communities understand the SRF program requirements and application process. If necessary, they will also help communities complete an application for SRF assistance.



OTHER FUNDING SOURCES ARE IMPORTANT

It's important that small communities identify all options that are available for funding wastewater construction projects and other water quality management activities. SRF loans can be combined with other Federal and State funding assistance. By combining funding sources, particularly grants, if available, communities can help to make their projects more affordable.

State staff will help communities devise the best approach for their community. For example, it may be possible for a community to obtain a low interest SRF loan in combination with a state grant, to further reduce the cost of the project.

3

4