

**Wetlands Purchase** - The California Nature Conservancy combined private money with an \$8 million CWSRF loan to purchase 12,362 acres of rangeland in southeast Sacramento County. The Conservancy was able to protect the rangeland from vineyard and residential development. A conservation easement to prevent future development has been placed on the land. This is the first time a CWSRF loan has been used specifically to purchase property to preserve wetlands, which include vernal pools, and riparian habitat.

### Challenges Ahead

Currently, most states use their CWSRF resources to finance large municipal wastewater systems. We need to work with them to increase their familiarity with wetlands issues and experience in issuing loans to those interested in protecting or restoring wetlands. A few states have legislative barriers to funding non-public entities which could restrict the variety of fundable wetlands projects at present.

EPA has been encouraging states to open their CWSRFs to the widest variety of water quality projects and to use their CWSRFs to fund the highest priority projects based on water quality problems. If you are interested in wetlands protection and are interested in the CWSRF program, call the CWSRF program coordinator. You should gain an understanding of how the program works in your state, what programs are eligible to receive the loans, and participate in the annual process that determines which projects are funded.

**For more information, contact your state CWSRF program, listed below:**

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EPA 910-R-01-001



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# Protecting Wetlands with the Clean Water State Revolving Fund



*With the serious threats to wetland resources across the country, it is important to take advantage of all the programs that can provide funding for wetlands protection. The Clean Water State Revolving Fund is one of those programs.*

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## **What is the Clean Water State Revolving Fund program and how does it work?**

The Clean Water State Revolving Fund program (CWSRF) was created to help address growing needs for water pollution control funding. EPA provides grants to the states to provide local assistance for water quality projects according to the state's program and priorities. The CWSRF programs work like banks.

Federal and state contributions are used to "set-up" the banks and this money is used to make low or no-interest loans for important water quality projects. The loans are issued at below market rates (0% to less than market). Funds are then repaid to the CWSRF over the term of the loan, which may be as long as twenty years. Repaid funds are then placed back into the CWSRF to fund other water quality projects.

## **How much money does the CWSRF program have?**

The CWSRFs have in excess of \$34 billion in assets and have issued more than \$30 billion in loans since 1988. Right now, the CWSRFs are funding over \$3 billion worth of water quality projects each year. That's more than 200 times the available EPA grant funding for the wetlands program!

## **Loans vs. Grants**

Many people believe they would rather have a grant than a loan. However, a loan may be a better deal. Why?

**No cash up-front.** Most grant programs require significant cost shares (40% or more). A CWSRF loan can cover 100% of project costs with no cash up front.

**Significant Cost Savings.** CWSRF loans provide significant cost savings over the life of the loan. A 0% CWSRF loan will cost approximately 50% less than the same project financed by a commercial loan at 7.5%. Additionally, a 0% CWSRF loan is equivalent to receiving a 50% grant (where the other 50% (match) is financed at market rate).

**Streamlined Federal Requirements.** Financing a project with a CWSRF loan means fewer federal requirements than any other federal grant. The state programs are experienced in helping applicants through the loan application process and providing technical assistance.

## **Where do wetland projects fit into the CWSRF?**

The CWSRF has three major categories of eligible projects: publicly-owned wastewater treatment facilities, nonpoint source projects (publicly or privately owned), and estuary management projects (publicly or privately owned).

Wetland projects typically fall under approved state nonpoint source management plans or are included in national estuary management plans. Constructed wetlands may be considered wastewater or storm water management projects and are also eligible for funding. CWSRF fundable projects can include: wetlands restoration and enhancement, exotic species management, wetlands protection through land-use setbacks or conservation easements, wetland purchases and nonpoint source best management practices, and constructed wetlands for treatment of storm water or wastewater.

## **How do CWSRF users repay the loans?**

Though finding a source of repayment may be challenging, it need not be burdensome. Many users of the CWSRF have demonstrated a high level of creativity in developing sources of repayments. The source of repayment doesn't need to come from the project itself. Some possible sources include: fees paid by developers on other lands; recreational fees (fishing license, entrance fees); dedicated portions of local, county, or state taxes or fees; donations or dues made to nonprofit groups; and storm water management fees or wastewater user charges.

## **What are some examples of using CWSRF for Wetlands Protection?**

**Wetland Enhancement and Expansion** - Des Moines, Washington is using CWSRF to purchase, enhance, and expand a degraded wetland and construct two sediment trap/pond facilities. This project enables the City to meet two goals it has struggled to achieve: flood protection, and wetlands preservation and enhancement. When complete, area storm water will enter one of two sediment traps, and flow over low containment berms into the adjacent expanded wetlands. The majority of sediment and associated heavy metals will be removed in the sediment traps. Enhanced wetlands will act as a final filter, further removing additional impurities and helping protect against floods. The water will exit the wetlands through artificial outlets that lead to Barnes Creek, which eventually flows into Puget Sound. This \$262,500 project is part of the National Estuary Program.

**Wetlands Construction** - Oregon has used CWSRF funds for several wetland projects. In Lakeview, CWSRF is funding a project to expand and upgrade a lagoon wastewater treatment system. This project includes constructing a wetland to improve the natural treatment system. The CWSRF also funded the construction of a wetland in Mount Angel to polish effluent from another lagoon treatment system.

**Wetlands Purchase** - Port Townsend, Washington was able to meet storm water management objectives and preserve wetlands by obtaining funding from CWSRF to purchase the Winona Wetlands. This wetland acts as a critical storm water basin for the area and provides valuable wildlife habitat. Potential development of the area threatened the wetlands and would have resulted in storm water management problems. By purchasing the wetlands, the City was able to protect a natural storm water management system as well as a wildlife refuge. The City purchased 6.5 acres in Phase I and is planning to borrow additional CWSRF funds for a Phase II purchase of nine acres. This \$400,000 project is part of the National Estuary Program. A portion of the City's storm water utility fee from households is being used to repay the CWSRF.