



State Revolving Fund Loan Programs

Drinking Water, Wastewater, Nonpoint Source

PROGRAM UPDATE

March 2004

As promised in our January update, the SRF Loan Program staff is busy working on SRF programmatic enhancements to better enable Indiana communities to finance wastewater and drinking water infrastructure improvements. This update will focus on the SRF Program's first new initiative: financing non-point source (NPS) water pollution abatement. Many of you noticed that the Program's new interest rate matrix provides each new SRF participant with an opportunity to further reduce its already subsidized interest rate by including a project that reduces NPS water pollution within its watershed. The SRF Program acknowledges the environmental damage caused by NPS water pollution and is pleased to be able to provide financial assistance to those communities willing to address this issue. Please read about SRF's new program in this newsletter and give some thought to the types of NPS water pollution abatement projects your community could include with its next SRF Program Loan.

Jim McGoff, Executive Director
Indiana SRF Programs

New Nonpoint Source Water Pollution Abatement Financing Program

Great strides have been made by communities in addressing water quality problems from point sources, and SRF has provided over \$1.2 billion dollars for wastewater and drinking water infrastructure improvements. SRF recognizes, however that NPS runoff and watershed disturbances are impeding future water quality improvements and threatening past successes. In response to this situation, SRF is expanding financing opportunities to projects that abate or prevent NPS pollution of Indiana's waters. Integrating a NPS project with a wastewater or drinking water project may reduce a community's SRF Program loan interest rate by up to 0.5 percent!

The Need

Indiana has identified NPS pollution as a leading cause of surface water quality problems, including impairments to drinking water supplies, recreation, fisheries and wildlife; thus, SRF is eager to fund NPS water pollution abatement projects. NPS water pollution results when rainfall, snowmelt, or irrigation moves over land or through the ground, picks up pollutants, and deposits them into surface waters or introduces them into ground water. NPS water pollution may cause adverse changes to the vegetation, shape, and flow of streams and other aquatic systems. It can contaminate private and public water wells. Land and/or water disturbing activities such as physical changes to stream channels, habitat degradation, agriculture, forestry, grazing, septic systems, recreational boating, construction, and urban runoff are the widespread sources of NPS water pollution

General Eligibility

Political subdivisions including incorporated cities, towns, counties, conservancy districts, regional water, sewer, and waste districts, and sanitary districts are eligible to apply. **Eligible NPS projects** must provide water quality benefits to their respective communities and may include one or more of the following:

- wetland restoration/protection;
- erosion control measures - vegetative and structural or non-structural;
- groundwater remediation;
- failing septic system- repair, replacement or connection to sewer;
- Storm Water Phase II (Rule 13) best management practices (BMPs);
- source water and wellhead protection;
- conservation easements; and
- agricultural and waste management BMPs.

How it works

A political subdivision submits an NPS project application along with a wastewater or drinking water application. Provided the project is of a type or category that is included in *Indiana's NPS Management Plan*, both projects will be scored, ranked and placed on the project priority list (PPL). Your SRF interest rate can be reduced at closing by up to 0.5% to provide savings (by reducing loan repayments) equal to as much as one-half of the total cost of the NPS project.

For example: Under the current SRF interest rate tier structure, Hoosiertown submits a wastewater application to finance a \$2 million dollar wastewater treatment plant project. Hoosiertown also submits an NPS project application, proposing to restore three acres of floodplain wetland at a cost of \$100,000 on a stream that is impaired for habitat. Upon the approval of both projects, Hoosiertown

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would structure a \$2,100,000 financing at an approved SRF interest rate. Hoosiertown would be permitted to reduce its SRF interest rate up to 0.5%, thus reducing the total amount of all loan repayments by up to one-half of the total cost of Hoosiertown's NPS project.

SFY 2005 NPS SRF Applications Available!

New applications and guidelines for the NPS SRF are now available online at our website, www.SRF.IN.gov. Applications are due to the wastewater program administrator (see left) by April 1, 2004 to be listed and ranked on the State Fiscal Year (SFY) 2005 Project Priority List (PPL). Projects must appear on the PPL to be eligible for SRF financing.

Applications will also be accepted after April 1, 2004 to be listed on the SFY 2005 PPL, but they will not be ranked until SFY 2006

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