UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

OFFICE OF WATER

JAN 0 6 2016

MEMORANDUM

SUBJECT: Green Infrastructure Policy for the Clean Water State Revolving Fund Program

FROM: Andrew D. Sawyers, Ph.D., Director
Office of Wastewater Management (4201M)

TO: Water Management Division Directors, Regions I-X
Regional SRF Coordinators, Regions I-X

PURPOSE

The purpose of this memorandum is to establish a Green Infrastructure Policy for the Clean Water State Revolving Fund (CWSRF) Program that promotes increased CWSRF financing of green infrastructure projects nationally.[1]

BACKGROUND

Green infrastructure uses vegetation, soils, and natural processes to manage water and create healthier urban environments. At the scale of a city or county, green infrastructure refers to the patchwork of natural areas that provides habitat, flood protection, cleaner air, and cleaner water. At the scale of a neighborhood or site, green infrastructure refers to stormwater management systems (e.g., bioretention, permeable pavements, green roofs, rainwater harvesting) that mimic nature by infiltrating, evapotranspiring, or harvesting rainwater.

Green infrastructure can be an effective approach to addressing the water quality impacts of wet weather events by reducing polluted stormwater discharges and sewer overflows. Research and monitoring of installed practices have demonstrated that green infrastructure's ability to both reduce the volume and flow of stormwater discharges and the concentration of pollutants within stormwater can help to reduce water pollution. In addition, green infrastructure can provide additional environmental and community benefits including reducing urban heat island impacts, decreasing energy use, and improving air quality.

[1] The fiscal year (FY) 2016 omnibus appropriation act sets a goal, subject to eligible projects, that not less than 10 percent of each state capitalization grant be used to fund green infrastructure, water and energy efficiency, and other environmentally innovative projects. In accordance with Administration policy in the FY 2016 President's Budget, subject to eligible projects, we encourage CWSRF programs to fund these activities at not less than 20 percent of the capitalization grant.

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STATEMENT OF POLICY

It is the policy of the United States Environmental Protection Agency (U.S. EPA) to encourage cost efficient investments in sustainable infrastructure that support community needs. Green infrastructure often offers affordable, environmentally suitable, long term solutions to many surface water quality problems. The 51 CWSRF programs are ideally suited to serve as sources of low or no cost financial assistance to a broad and diverse range of publicly and privately owned green infrastructure projects.

In 2009, the GPR was established by the American Recovery and Reinvestment Act (ARRA). This was the first time CWSRF programs were specifically encouraged to invest in green infrastructure. Where there are sufficient projects available, the GPR directs CWSRF programs to provide a variable percentage of financial assistance from their allotments to a range of sustainable water infrastructure projects, including green infrastructure. GPR projects such as water reuse, energy efficient equipment, and natural systems for mitigating storm surge, have helped CWSRFs to address their greatest water quality priorities, including resilience to extreme weather events. The CWSRF programs have been very successful at implementing the GPR, providing an impressive $3.8 billion in assistance to GPR projects since the Agency began reporting in 2010.

In 2010, EPA's *Sustainability Policy for Clean Water and Drinking Water Infrastructure* further encouraged CWSRF investment in green infrastructure. It was the first policy statement that explicitly highlighted "natural or green systems" as a key project alternative to consider in planning sustainable water infrastructure. The policy recognized the important role SRF programs should play in preliminary planning and alternatives assessment and in providing financing to eligible capital projects that integrate natural or green systems[2] into the built environment.

Since the inception of the GPR, CWSRFs have provided $800 million of CWSRF assistance to over 600 green infrastructure projects. This represents just 21 percent of all GPR assistance provided to date. EPA believes that by undertaking several activities to incentivize and encourage green infrastructure projects this percentage can grow. It is not the intent of this policy to reduce funding of other types of efficiency and resiliency projects. Each of these types of projects has an important role to play in supporting sustainable wastewater systems. Infrastructure planning should include the evaluation of all of these alternatives on a life cycle basis.

ACTIONS FOR EPA

EPA will work with its partners to build upon existing efforts that support funding green infrastructure, as described below.

Best Practices Guide: EPA will develop a best practices guide for funding green infrastructure in the CWSRF program. The document will highlight state practices for incentivizing green infrastructure projects, including marketing/outreach, prioritization, financial incentives, technical assistance, leveraging resources, and partnerships.

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[2] "Green systems" refer primarily to green infrastructure.

Marketing: Deploy a targeted green infrastructure marketing campaign in the SRF community with prospective recipients, nonprofits and other stakeholders that includes: the development of outreach materials, messaging and means of delivery; surveys and focus groups; and targeted networking opportunities with key stakeholder groups.

Results: EPA will track states' progress toward funding green infrastructure projects and document success stories. During the annual review, EPA will discuss progress with states, including any challenges or barriers they have faced and the types of green infrastructure projects they have funded.

Recognition: EPA will implement an annual awards program that will include recognition high quality, replicable green infrastructure projects and state programs that successfully market to and incentivize green infrastructure projects.

RECOMMENDED ACTIONS FOR CWSRFs

EPA encourages CWSRFs to implement several actions to support funding green infrastructure as described below.

Prioritization: Integrate green infrastructure into priority systems through ranking criteria and/or bonus points, as appropriate.

Marketing: Develop outreach materials; organize community meetings; and/or participate in workshops, conferences, charrettes, etc. that educate potential borrowers about the availability of CWSRF assistance for green infrastructure projects. EPA will be leading this effort in collaboration with the States.

Financial incentives: Incentivize green infrastructure projects by offering interest rate reductions, additional subsidization, or other appropriate financial incentives.

I look forward to working with you to continue promoting the use of green infrastructure practices. If you have questions about this policy, please contact Kelly Tucker at (202) 564-0608.

cc: Joel Beauvais, Acting Assistant Administrator, Office of Water

This document provides a Statement of Policy to EPA Regions, States and the general public on how EPA intends to work with the CWSRF programs in encouraging greater use of green infrastructure in sustainable water systems. This document does not substitute for any statutory provisions or EPA regulations.