

The *Clean Water Exchange* is pleased to provide you with this *February News Alert*, providing updates on important legislative, regulatory, and legal issues affecting the clean water community.

## **Clean Water Sector Succeeds in Garnering SRF Funds, Improving Provisions in Stimulus Bill**

The House and Senate agreed to a final compromise on the American Recovery and Reinvestment Act (ARRA) this week providing \$787 billion to stimulate the economy, including \$4 billion for the Clean Water State Revolving Funds (CWSRF) and \$2 billion for the Drinking Water State Revolving Funds (DWSRF) administered by the Environmental Protection Agency (EPA). Passage of this important piece of legislation represents a significant victory for the clean water community and was greatly aided by organizations such as those in the Water Infrastructure Network (WIN). The House approved the final package today and the Senate is expected to vote tomorrow. The final package is expected to be ready for President Obama to sign it into law on President's Day. Though Congress and President Obama should be applauded for their efforts, it is important to understand that enactment is merely the first step in an ongoing effort to ensure a long-term sustainable source of funding.

To expedite use of the funds, the bill waives the mandatory 20 percent state matching requirements for both SRFs; directs EPA to reallocate SRF funding not committed for projects that are not under contract or construction within 12 months of the date of enactment; and gives priority to projects on state priority lists that are ready to proceed to construction within 12 months of enactment. The package also requires states to give preference to activities that can be started and completed expeditiously and calls for using at least 50 percent of the funds for activities that can be started within 120 days of enactment. This provision also requires states to use grant funds in a manner that maximizes job creation and economic benefit.

Most notably, the package mandates that a minimum of 50 percent of the SRF funds be in the form of principle forgiveness, negative interest loans, or grants, or any combination of these. In addition, up to 20 percent of the SRF funding will be made available for projects to address to green infrastructure, water and/or energy efficiency, and other innovative water quality improvements. The final version of the bill did not contain provisions originally proposed by the House that would have required communities to meet affordability criteria in order to be eligible for the SRF funds. However, the conference report to the bill directs states to target, as much as possible, additional funds to communities that could not otherwise afford an SRF loan.

The ARRA targets several other funding programs for investments in water resources: \$3.8 billion is targeted for water and wastewater investments for small communities under 10,000 through the Rural Utility Service of the U.S. Department of Agriculture (USDA). This money will provide additional assistance to small, rural communities that need help financing their water and wastewater projects, relieving some degree of pressure for financing these projects using solely State Revolving Fund programs. Another \$4.6 billion is targeted to authorized U.S. Army Corps of Engineers projects under the Water Resources Development Act of 2007, including local community wastewater infrastructure investments. Other funding in the stimulus package includes \$1 billion for Bureau of Reclamation water resources projects in western states including \$126 million for water reclamation and reuse and \$60 million for rural water projects. An additional \$340,000 is provided through the USDA for watershed protection and flood prevention.

---

For more information, contact:

APWA  
Julia Anastasio  
[janastasio@apwa.net](mailto:janastasio@apwa.net)

WEF  
Sam Hadeed  
[shadeed@wef.org](mailto:shadeed@wef.org)

NACWA  
Byron DeLuxe  
[bdeluxe@nacwa.org](mailto:bdeluxe@nacwa.org)