

Funding Brownfield Remediation with the Clean Water State Revolving Fund



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Communities can use EPA's Clean Water State Revolving Fund (CWSRF) as a powerful financial instrument to address the water quality aspects of brownfield site assessment and cleanup. A brownfield is a property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant. It is estimated that there are more than 450,000 brownfields in the United States. Cleaning up and reinvesting in these properties increases local tax bases; facilitates job growth; utilizes existing infrastructure; takes development pressures off of undeveloped, open land; and both improves and protects the environment.

What is the Clean Water State Revolving Fund?

The CWSRF was established by the 1987 amendments to the Clean Water Act (CWA) as a low-interest source of funding for a wide range of water infrastructure projects. The program represents an effective partnership between the EPA and the states, as it has the flexibility to fund a variety of projects that address their highest priority water quality needs. CWSRF programs in each state and Puerto Rico operate like banks. Federal and state contributions are used to capitalize the programs. These assets are used to make low-interest loans for water quality projects. Funds are then repaid to the CWSRFs over terms as long as 30 years. Repayments are recycled into the fund to finance other water quality and public health projects.

EPA's Brownfields Program provides grants and technical assistance to communities, states, tribes, and others to assess and safely clean up brownfield properties with real or perceived contamination. State and Tribal Response Programs also provide assistance to ensure protective and sustainable site cleanups. In addition, the CWSRF can augment resources currently available to assess and clean up brownfield sites. The assessment and cleanup of a brownfield site to correct or prevent water quality problems may be eligible for CWSRF assistance. Eligible Brownfields activities include, but are not limited to:

- excavation and disposal of underground storage tanks;
- constructed wetlands;
- excavation, removal, and disposal of contaminated soil or sediments;
- well abandonment;
- site assessments;
- cleanup of contaminated groundwater or surface water;
- environmental insurance premiums; and
- collection/remediation of stormwater generated at the site.

Who May Qualify?

The CWSRF may provide assistance to any public, private, or non-profit entity for water quality projects that require brownfields assessment and cleanup. Eligible loan recipients may include municipalities, state agencies, individuals, citizen groups, and nonprofit organizations. Since the CWSRF program is managed by the states, project eligibility may vary according to the priorities, policies, and laws within each state. Contact your state's CWSRF program for details.

Getting a Project Funded

The EPA encourages states to open their CWSRFs to the widest variety of water quality projects while still addressing their highest priority projects. Those interested in assessing and/or cleaning up a brownfield site should contact their CWSRF program, gain an understanding of how their state program works, and participate in the annual process that determines which projects are funded. The CWSRF program in your state can guide potential assistance recipients through the application process. The list of CWSRF state programs can be found on our website at: <http://www.epa.gov/cwsrf>.

Sources of Loan Repayment

Potential borrowers must identify a repayment source before a loan is approved. Many recipients demonstrate a high level of creativity in developing sources of repayment. Though finding a source of repayment may prove challenging, it does not have to be burdensome. The source of repayment need not come from the project itself. Some potential repayment sources include:

- fees paid by developers on other lands;
- recreational fees (e.g., fishing licenses, entrance fees);
- dedicated portions of local, county, or state taxes or fees;
- property owner ability to pay (determined during loan application);
- donations or dues made to nonprofit groups;
- stormwater management fees; and
- wastewater user charges.

Learning by Example

The Delaware Department of Natural Resources and Environmental Control (DNREC) Division of Waste and Hazardous Substances (WHS) received \$3.3 million in CWSRF financing for the removal of zinc-contaminated soils from the former National Vulcanized Fiber manufacturing facility brownfield site. The first of its kind in Delaware, this brownfield to wetlands conversion project will use natural systems to remediate water bodies impaired by decades of industrial activity. The wetlands will improve water quality, store stormwater to mitigate flooding, help flush the remaining zinc-impacted groundwater to the recovery trench, and support the economic redevelopment of the Fiber Mills District in Yorklyn. An additional \$1 million loan will create another series of wetlands around the project site to protect residents and buildings from flooding and runoff. The loan will be repaid from Hazardous Substances Control Act (HSCA) tax revenues and is secured by a revenue pledge in the form of a Master-Lease Purchase Agreement with DNREC as the lessee and the CWSRF as the lessor. A memorandum of understanding between the parties gives DNREC the right to withhold HSCA tax revenues to pay annual CWSRF lease payments. Without the financing and spirit of partnership made possible by the Delaware CWSRF, the remediation of the site was estimated to take another 40 years and cost an additional \$10.7 million.

Combination of Brownfields and CWSRF Loan Funding Benefits City of Columbus

In December 2011, the City of Columbus, Indiana received \$1.2 million in Brownfields Revolving Loan Fund funding for remediation activities at the former Columbus Wood Treating Plant. This loan was coupled with a \$600,000 CWSRF loan, totaling \$1.8 million in loan funding. Additional financial assistance for this site includes an estimated \$1.5 million in private and public investment and approximately \$315,000 in Housing and Urban Development grant funding.

The 1.24-acre brownfield site was identified by the Columbus Redevelopment Group as a source of soil and groundwater contamination. It is contaminated with a variety of petrochemicals and other hazardous materials from the operations of the former Columbus Wood Treating Facility. The project will remediate the site and eliminate hazardous contaminants in soils, eliminating the discharge of these contaminants and protecting the Flat Rock River. This site will be reused as a parking lot for an indoor sports complex.

For more information on the CWSRF, contact:

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For more information on Brownfields, contact:

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