

**WYOMING WATER POLLUTION CONTROL  
STATE REVOLVING FUND SYNOPSIS  
January 24, 2014**

**EPA 201 Construction Grants**

The State of Wyoming and Environmental Protection Agency (EPA) have been actively involved in the funding of wastewater treatment improvements and construction for many years. The first program was the Federal Water Pollution Control Act Title II Construction Grants Program (EPA 201 Construction Grants). That program, which was administered by the Water Quality Division (WQD) of the Wyoming Department of Environmental Quality (WDEQ), provided funding for wastewater treatment improvements projects in Wyoming. State funds from the Mineral Royalty Trust Account and Coal Excise Tax Grants Program were used to provide a significant share of the local match required by the former EPA 201 Grants Program. Because of that effort, Wyoming was the first state in the nation to have all major municipal wastewater dischargers in compliance with the Federal Clean Water Act (CWA) secondary treatment requirements.

**State Revolving Fund**

In 1987, Congress enacted the Water Quality Act of 1987 (Public Law 100-4), which made changes to the wastewater treatment improvement funding program (Title VI of the CWA). The emphasis shifted from grant funding to a loan program with the creation of the State Revolving Fund (SRF). As the EPA 201 Grants Program phased out, a new SRF program was created at the state level that was initially funded by Federal Capitalization Grants matched with 20% state funds. This pool of money was available as a self-sustaining, permanent source of financial assistance for water pollution control projects to municipalities; water, sewer, and conservation districts; and state agencies.

In early 1988, WDEQ/WQD and the Wyoming Association of Municipalities conducted a statewide survey of all municipalities and known water and sewer districts. The survey identified potentially eligible projects that would qualify to receive assistance from an SRF program. Because all Wyoming communities were either in compliance with or had projects under construction to bring them into compliance with the CWA, a significant number of projects did not exist to justify an immediate need to implement the SRF program. However, it was recognized that as treatment plants age and sewer service expands to new developments, upgrades would be needed. The SRF program would provide a mechanism to handle these future needs.

In 1990, state legislation authorized the establishment of the SRF (Wyoming Statutes, Title 16, Chapter 1, Article 2) (<http://legisweb.state.wy.us>). Legislation required the SRF to have a separate account, or series of accounts, dedicated solely to providing financial assistance (no grants) for water pollution control projects with the state providing a 20% match of the Federal Capitalization Grant.

To receive the Federal Capitalization Grant, specific projects that will receive SRF assistance must be identified in an Intended Use Plan (IUP). Binding commitments for financial assistance must be entered into within 1 year after receipt of the Federal Capitalization Grant for 100% of the grant amount plus the 20% state match of the grant. A state has up to 2 years after Congressional appropriation of the funds to submit the IUP. If a state does not establish an SRF program or identify enough projects in the IUP to meet the grant requirements, the non-

committed grant funds are returned to EPA for reallocation to other states. After the funds have been committed, used for a project, and paid back to the SRF, the principal and interest are indefinitely retained in the state fund. The state may then use the money for eligible project assistance as determined by program objectives.

Assistance from the SRF can be in the form of a loan, refinancing existing debt, state guarantee, purchase of insurance for local debt obligations to improve market access, reduce interest rates on municipal bonds, or any combination of these. Recipients must repay the SRF, with interest, based on the financial assistance agreements and management of the pooled funds. The State Lands and Investment Board (SLIB) receives the Federal Capitalization Grant and establishes recipient interest rates below existing market rates. Recipients must repay the SRF within 20 years, with repayment commencing 1 year after completion of the improvement project.

### **Storage Tank Program – Remediation Projects**

Because the state had met its SRF first-time use requirement for secondary wastewater treatment and there was little need for continued use of the funds for wastewater treatment project modifications, a remediation program at leaking tank sites was established within the non-point source management plan. This remediation program, which is part of the Storage Tank Program (STP), is within the WDEQ/Solid & Hazardous Waste Division (SHWD). State legislation (W.S. 16-1-201 through 16-1-207) established the SRF program with first-time use of the funds for corrective action at STP sites. There is also a provision that allows initial use of the SRF for wastewater treatment plant improvements at plants not in compliance with the CWA. The SLIB administers the SRF and receives the 20% state match from the STP Corrective Action Account (CAA). The CAA funds are derived from an offset from the state Mineral Royalty Trust Account equal to an amount generated by a 1-cent tax on gasoline and special fuels marketed in Wyoming.

The SLIB makes annual loans (approximately \$11 million per year) to the WDEQ for use in making contract payments to consultants and contractors working at program-eligible STP sites. The WDEQ is responsible for project management and contract administration for the remediation work, the annual SRF status report to EPA, and development of the IUP for remediation work. Repayment of the WDEQ's SRF loan comes from the CAA. Unexpended funds in the SRF account are invested by the State Treasurer with earned interest returned to the account. The principal and earned interest from loans made out of the account are also returned to the SRF.

After funds have been used for program-eligible STP projects and have been repaid to the account, those repaid funds are available for multiple reuse, low interest loans to municipalities or other state agencies for water pollution control projects.

A flow chart showing the SRF and STP cash flow is attached. Questions should be directed to Ms. Karen L. Halvorsen, P.E., Storage Tank Program Manager, at 307-777-7244 or email to [karen.halvorsen@wyo.gov](mailto:karen.halvorsen@wyo.gov).