

FUNDING

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EXISTING PROGRAMS AND FUNDING SOURCES

Because nonpoint source pollution, or polluted stormwater, is a major contributor to the degradation of the nation's waters, local, state and federal governments have initiated programs to abate such pollution through financial assistance. The impetus for these programs has been the desire to protect especially valuable water bodies, such as Long Island Sound.

Local and state governments have taken action because most existing federal programs are not intended to address the wide range of problems caused by nonpoint source pollution. Although federal agencies, such as the Department of Agriculture and the Environmental Protection Agency (EPA), have limited available resources to address some nonpoint source pollution categories and provide some funding for state and local programs, these programs are very small compared to the magnitude of the nonpoint source pollution problems across the nation.

The purpose of this section is to describe particularly effective local, state and federal nonpoint source pollution funding mechanisms. This will give municipalities an understanding of these mechanisms as they implement and seek funding for their own nonpoint source pollution control programs.

Background

Only recently have government agencies begun in a more comprehensive way to identify types of nonpoint source pollutants, measure the volume of nonpoint source loadings affecting surface and ground waters, and design effective watershed projects and regulatory programs to abate nonpoint source pollution. Only a few municipalities, counties and states have been implementing nonpoint source pollution control projects to reduce loadings and improve water quality for more than five or ten years.

In 1989, Congress appropriated the initial funds for the Environmental Protection Agency to award demonstration grants to states to develop and implement statewide nonpoint source pollution management programs under Section 319 of the Clean Water Act. Section 319 specifies that states shall, "to the maximum extent practicable, develop and implement a management program under this subsection on a watershed-by-watershed basis within such State."

Section 319 grants provide sufficient funding to allow local and state agencies to hire nonpoint source pollution control staff to carry out several projects or programs each year. These grants can be considered an initial step toward a national effort to assist states in abating nonpoint source pollution. This effort is spearheaded by the U.S. Environmental Protection Agency. However, it is clear that much more will be necessary if the nation as a whole is to succeed in abating nonpoint source pollution.

Prior to the initial appropriation of funds from Section 319, other federal agencies, most notably the Department of Agriculture (USDA), provided funding and technical assistance to producers, such as farmers and coal operators, to encourage voluntary reduction of nonpoint source

pollution created by their economic activities. USDA, for example, provides direct grants (cost sharing) to individual farmers to pay part of the cost of selected practices used by the farmer to reduce runoff. Technical assistance to the farmer which facilitates implementation of these practices is often provided by the USDA-Natural Resources Conservation Service (NRCS) and local Soil and Water Conservation Districts.

In some cases, state and local governments have decided not to rely on national solutions and have developed their own, often unique, programs for controlling non point source pollution and equally unique means to pay for the control programs. An understanding of selected nonpoint source pollution control programs operated by local and state governments can assist other communities in developing and funding effective nonpoint source pollution abatement programs in the future.

NYS Clean Water/Clean Air Bond Act

The New York State Clean Water/Clean Air Bond Act, passed in 1996, provides an additional source of funding for water quality improvement projects. Of the \$1.75 billion Bond Act, \$200,000,000 had been earmarked for Long Island Sound. Projects under this funding include wastewater treatment improvement projects, nonpoint source abatement and control program projects, and aquatic habitat restoration projects. In 2000, \$20 million had remained from this fund for Long Island Sound.

Revolving Funds

Regarding state revolving funds, which already exist in every state (funded by EPA grants and a state match), each state decides whether to use its fund for nonpoint source pollution programs, municipal treatment plants or estuarine projects. Consequently, state environmental officials and legislators currently have the authority to decide whether or not to use the very large, existing sums in revolving loan funds for nonpoint source pollution purposes.

The existence of large state revolving funds (SRFs), which have been established since the Clean Water Act Amendments of 1987, by annual capitalization grants from the EPA and state matching funds, provides all states the opportunity to use these funds to finance local and state nonpoint source pollution control projects. SRF loans are particularly suitable for funding structural best management practices (BMPs), such as extended detention and retention basins. Generally, these loans are not suitable for other program costs, such as salaries and indirect costs.

SRFs were originally established to assist states to upgrade their sewage systems, but the authorizing statute also specifies that nonpoint source pollution control activities are eligible for revolving fund loans. As the number of states meeting performance levels for municipal waste treatment increases, additional states will have the option of using all or part of their revolving fund resources for nonpoint source pollution abatement.

Use of Special Fees and Taxes

An example of special fees and taxes is the Iowa Ground Water Protection Act. It is a good example of a user fee/tax program established to fund nonpoint source pollution projects and programs. The Iowa law places fees and taxes on the sale of fertilizers and pesticides, waste disposal and underground storage tanks. In this type of program, there is a delicate balance between establishing an economic disincentive which results in water quality benefits and an

economic hardship which may be a critical factor for business survival. In Iowa, the fees on the sale of pesticides and fertilizers were balanced with an extensive technical assistance and education program which actually resulted in substantial savings to many of the users.

RECOMMENDATIONS

Grants – Municipalities should apply for state and federal grants to implement nonpoint source pollution control and public outreach and education programs, as well as natural resource restoration and protection programs. Some of these grant programs are:

State: (1) New York State Clean Water/Clean Air Bond Act (eligible projects under this funding include wastewater treatment improvement projects, nonpoint source abatement and control program projects, and aquatic habitat restoration projects); (2) Environmental Protection Fund (EPF) (the WAC 4 plan has been prepared using an EPF grant). These grant programs are administered by the DEC and New York Department of State.

Federal: (1) Sections 319 and 404 of the Clean Water Act, administered by the New York Department of Environmental Conservation (DEC) and United States Environmental Protection Agency (EPA); (2) EPA's Environmental Education Grants Program and Wetlands Protection Program; (3) Long Island Sound Study's Public Education Small Grants Program; (4) U.S. Fish and Wildlife Service's (FWS) Challenge Cost Share Program; and (5) other federal grants are available through the EPA, EPA-Long Island Sound Office, USDA-Natural Resources Conservation Service, and FWS.

State Revolving Funds (SRF) - Use the SRF, which is particularly suitable for funding stormwater management basin retrofits and construction of structural best management practices, including detention, extended detention and retention basins.

Special Fees and Taxes - Determine if special fees and taxes would be appropriate for the communities in the WAC 4 study area.

Clean Vessel Act Pump-out Grant Program - Propose new marina pump-out facilities or improvements to existing facilities for funding through the Clean Vessel Act Pump-out Grant Program.

Contacts:

EPA-Long Island Sound Office:

(203)977-1541; Web Site: <http://www.epa.gov/region01/eco/lis/>

New York Department of Environmental Conservation:

(518)457-6559; Web Site: <http://www.dec.state.ny.us>

New York Department of State:

(518)474-6000; Web Site: <http://www.dos.state.ny.us/cstl/cstlwww.html>

United States Environmental Protection Agency:

(212)637-3408; Web Site: <http://www.epa.gov>

United States Fish and Wildlife Service:

(413)253-8200; Web Site: <http://northeast/fws.gov>

USDA-Natural Resources Conservation Service:

(315)477-6504; Web Site: <http://www.nrcs.usda.gov>