

# Coalfield Water Development Fund

EPA Water Sustainability Forum

June 15, 2016

# Goals of the Coalfield Water Development Fund (CWDF)

- To provide grant assistance for water system construction in the Virginia Counties of Lee, Scott, Wise, Dickenson, Russell, Buchanan, Tazewell Counties and the City of Norton;
- To expedite water development by providing gap financing;
- To encourage regional water system development and local investments in water; and
- To address public health problems related to the quantity and quality of water.

# Type of Organization and Funding

- The CWDF is a 501 c(3) non-profit organization. It was created when a national demonstration project through the Safe Drinking Water Act of 1996 was approved.
- The demonstration was supported by EPA, the Virginia Department of Health (VDH), Mountain Empire Community College, federal, state, and local elected leaders, and the CWD's board of directors. The organization is administered by the MECC Foundation through an administrative contract.
- The CWDF has a \$8.2 million endowment originating from a \$10 million loan with a 30 year term from the Virginia Safe Drinking Water Revolving Loan Fund. It also has a \$294,000 endowment originating from an EPA grant. Zero coupon bonds insure repayment of the loan to VDH.
- Private gifts also have been made by individuals, companies and foundations associated with the coal industry.

# Governance

The CWDF has a 17 member board of directors, primarily from the coal industry (11 members), and also representatives from regional planning agencies (2), higher education (1), and funding agencies (3).

# Purpose and eligibility for funding

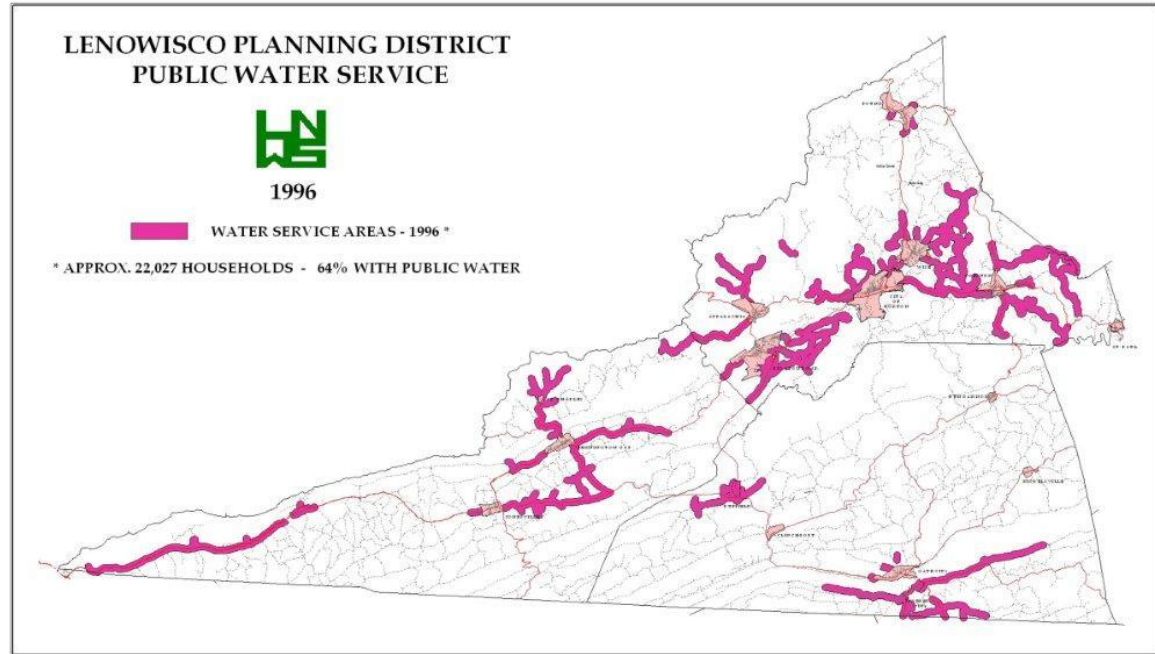
- A grant solicitation is scheduled at least annually.
- Local governments, as well as public and private water operators, are eligible to apply for grants.
- The typical grant “fills in the gaps” in a funding package to allow a water project to go forward.
- Priority has been given to projects establishing new water service; in the future it is expected that the focus will be on rehabilitating or upgrading existing service.

# Drinking Water conditions in the 1990s

- Tremendous water quality and quantity problems existed, with associated health risks.
- Expensive rural projects were difficult to address with the grant funding available; little debt service could be assumed by water entities and still provide affordable water rates.
- Grant requirements for projects exceeded the grant maximums for various state and federal programs.
- Many projects required phasing and more “flexible” money was needed for planning and construction.

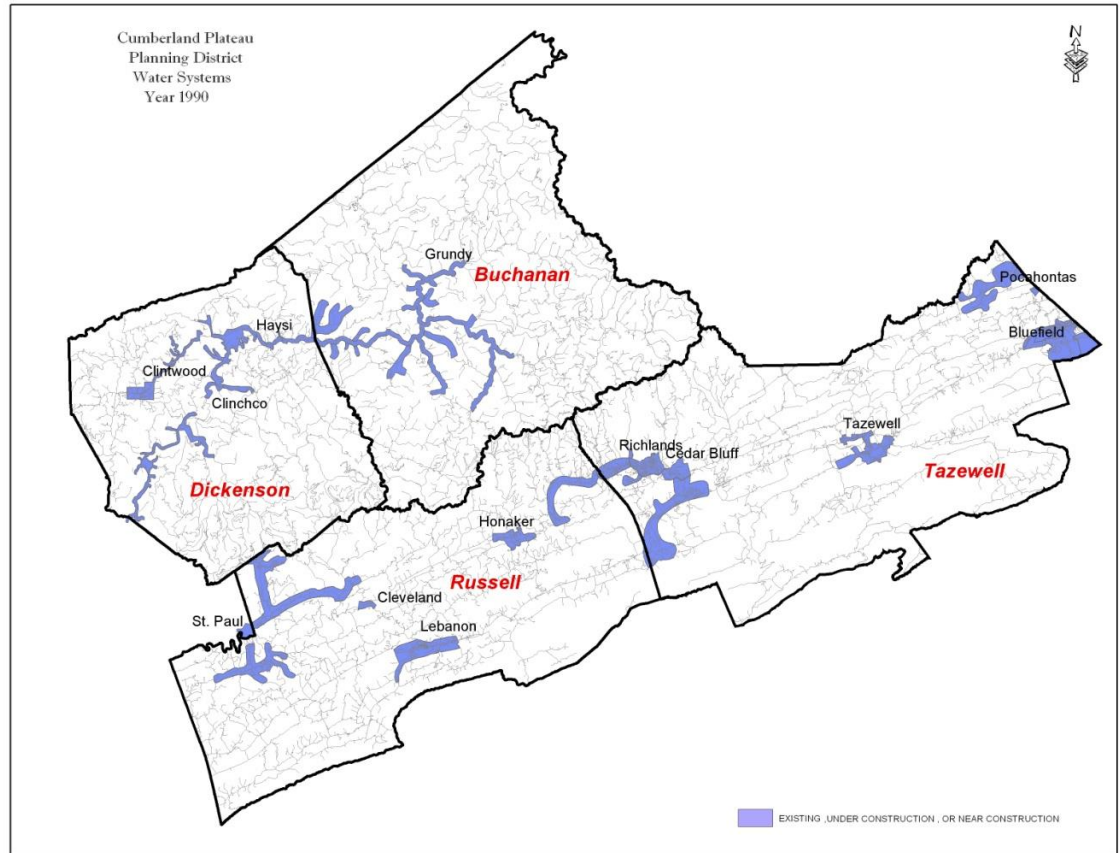
# Baseline at start of CWDF – LENOWISCO PDC

Water service was limited to population centers in the LENOWISCO Planning District Commission service area in 1996.



## Baseline at start of CWDF – Cumberland PDC

Water service was limited to population centers in the Cumberland Plateau Planning District Commission region in 1990





# Construction progress was helped by new “flexible” sources of grant funding

Late 1980's:

- AML funds became available
- Coal severance funds could be used for water

1996 and later:

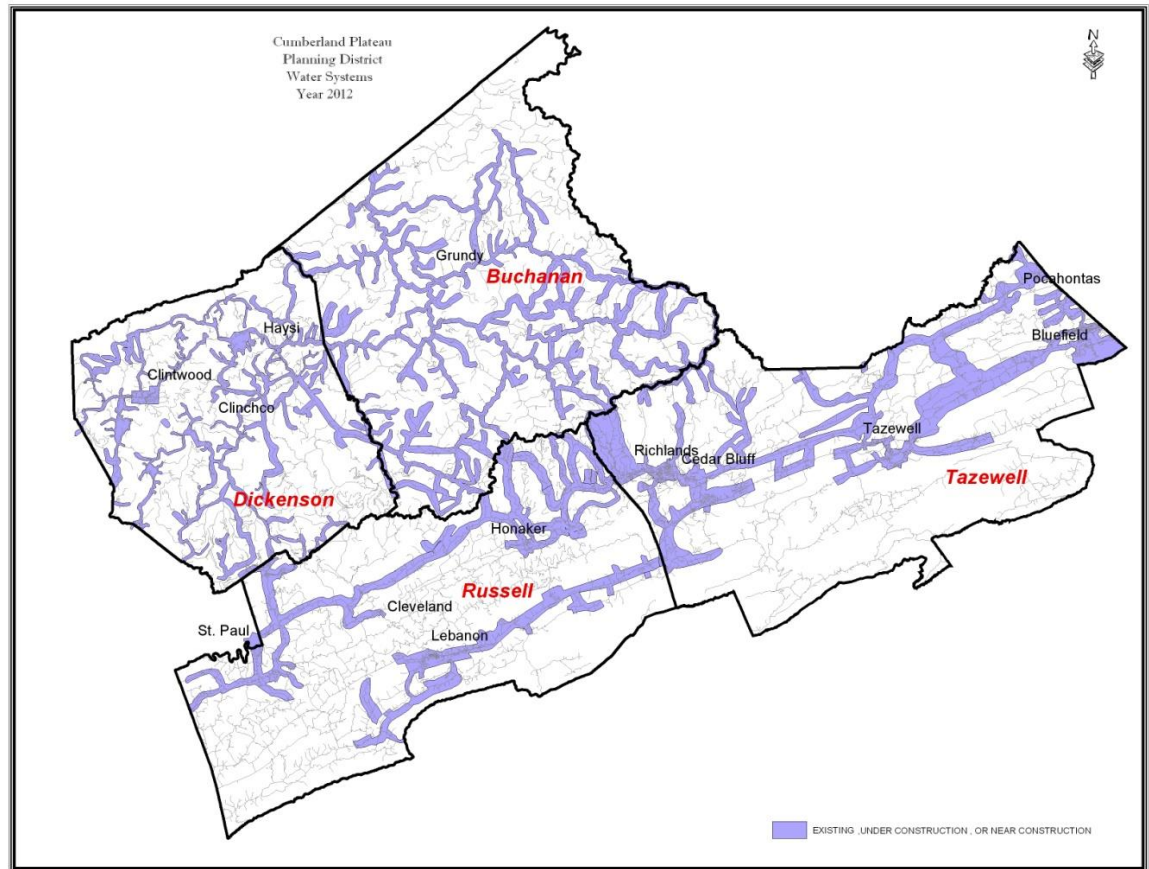
- Coalfield Water Development Fund
- Annual appropriations from the Virginia General Assembly



## The result – Cumberland Plateau PDC

Water service was expanded to many rural areas by 2012.

Cumberland Plateau Planning District Commission estimated that its four county region received \$206,300,000 in state and federal grants for water project construction between 1990-2012.



The Coalfield  
Water  
Development  
Fund has  
contributed to  
service  
expansion

- As of 11/15, the CWDF had given \$7,026,637 in grant funding to 77 projects, benefiting 4,138 households and 10,016 persons with new water service.
- \$4.2 million from Virginia Drinking Water endowment;  
\$280,109 from EPA endowment;  
\$2.4 private funds
- **\$77,778,592 in other funds leveraged**

# What the CWDF has learned

- Expand stakeholders in infrastructure development – the CWDF engaged the coal industry and private funders;
- Think regionally – award limited grant funding to the best projects and only to the extent needed to make them affordable and to leverage other funding;
- Use existing capacity for reviewing/monitoring projects;
- Recruit a quality board of directors that is focused on removing barriers in meeting local needs.
- *Revolving loan money can be used more creatively to benefit low income communities that can't afford high debt; and*
- *The CWDF has focused on adding value by expanding grant assistance – which is the most pressing local need.*

# For more information

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