



Expanding the Conversation



working for environmental justice

EPA National Environmental Justice Community Engagement Call


October 26, 2021

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Housekeeping




PLEASE JOIN BY PHONE OR COMPUTER, NOT BOTH



YOU ARE ON MUTE. ENTER COMMENTS INTO THE Q&A POD



IF SELECTED DURING THE DIALOGUE, LIMIT COMMENT TO 1 MINUTE



RECORDING & TRANSCRIPT WILL BE AVAILABLE ONLINE IN THE NEAR FUTURE.

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En Español

Tenemos interpretación en español disponible para aquellos que prefieren escuchar en español.

- Cómo cambiar el canal de audio en español
- Las personas pueden agregar preguntas en español al módulo de preguntas y respuestas
- Los materiales de la reunión estarán disponibles en español.



Spanish-language interpretation is available for those who prefer to listen in Spanish.

- How to switch to Spanish language audio channel*
- Individuals can add questions in Spanish to the Q&A Pod*
- Meeting materials will be made available in Spanish.*

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Agenda

Welcome

Featured Topic: *Justice 40 – A focus on EPA’s Drinking Water and Clean Water State Revolving Funds and Reducing Lead in Drinking Water Program*

EJ Program Update: *EPA FY2022-26 Strategic Plan – EJ and Civil Rights – Continuing the Conversation*

Update on Oil and Natural Gas Rule

Closing Remarks

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EPA Drinking Water and Clean Water State Revolving Fund Programs and Reduction in Lead Exposure Via Drinking Water Grant Program

Overview of Justice40



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Presentation Overview

- SRFs
- WIIN Reduction in Lead Exposure Via Drinking Water Grant Program
- Justice40 Approach & Program Benefits
- Stakeholder Engagement Opportunities
- Q&A
- Focused Questions for Stakeholder Engagement



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Introduction: SRF Role in the Water Sector

- **Drinking water systems: 148,000 public water systems in the US**
 - 50,000 Community Water Systems (CWS)
 - More than half serve fewer than 500 customers.
 - 18,000 Non-Transient Non-Community Water Systems (NTNCWS)
 - E.g., schools, offices
 - 80,000 Transient Non-Community Water Systems (TNCWS)
 - E.g., gas stations
- **Wastewater systems: More than 16,000 wastewater treatment plants serving over 238 million people**
 - 800,000 miles of public sewers
 - Approximately 20% of Americans rely on septic systems
- **SRF role:** Increase access to low-cost financing for critical water-and wastewater-related public health and environmental needs
- **SRF portion of the market:** Total water infrastructure capital expenditures was \$48 billion in 2019
 - SRFs funded \$9 billion in new projects that year

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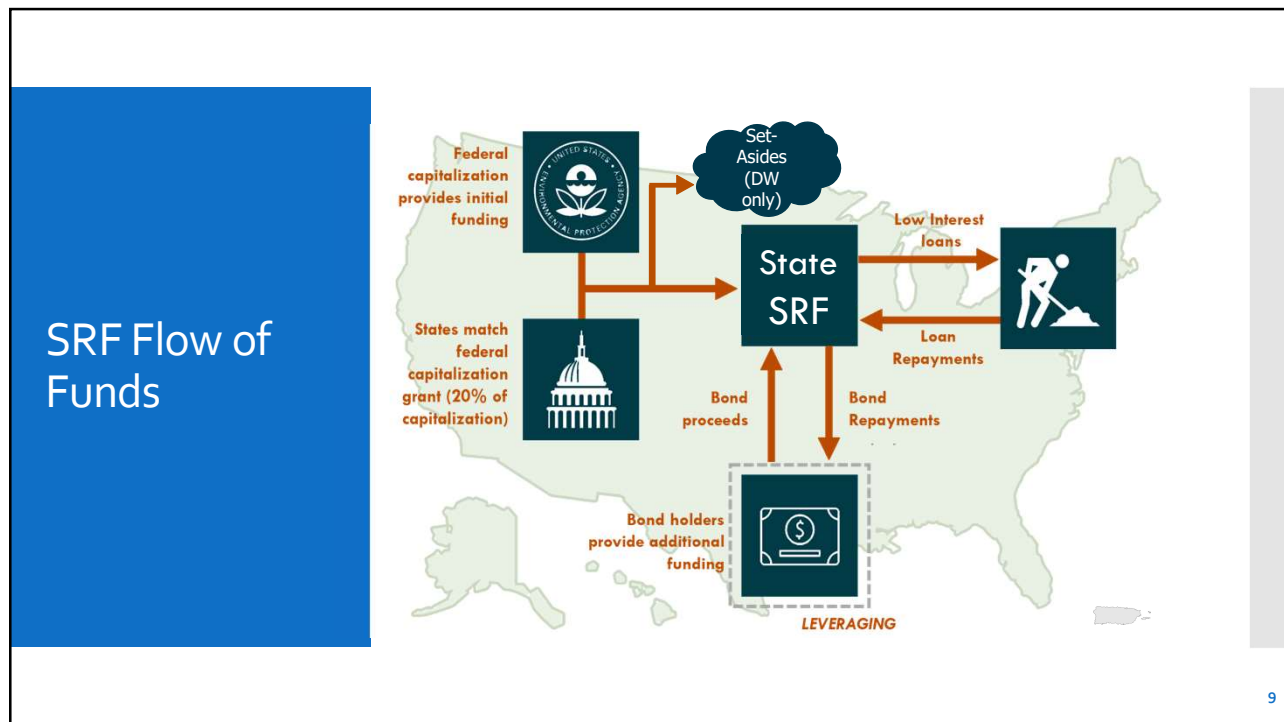
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The State Revolving Funds (SRFs)

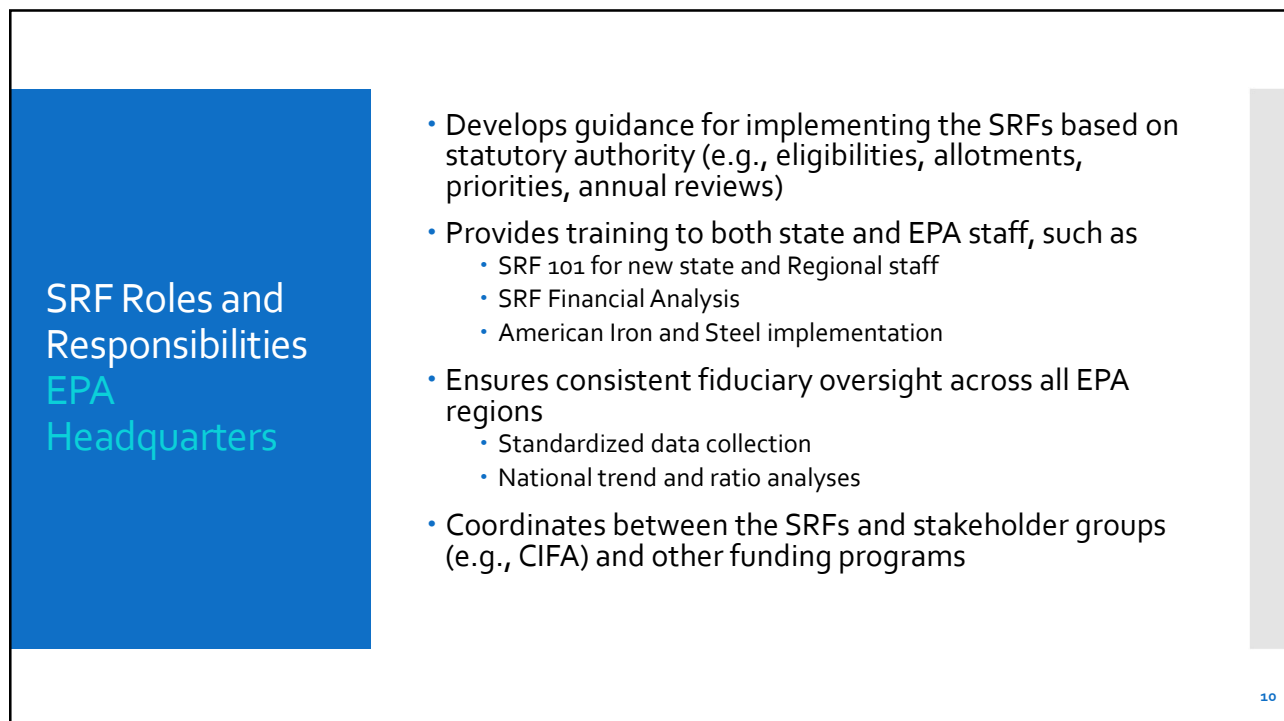
- Federal/state partnerships designed to create, in each state, a perpetual source of financing for drinking water and wastewater infrastructure
- Mission: reduce the cost of critical public health and environmental infrastructure
- Combines federal and state funds to provide low-cost financing to water and wastewater systems
- State implemented and operated
 - EPA provides grant terms and conditions, guidance, and program oversight
- Flexibility in assistance provided
 - Type of assistance: loans, refinancing, loan guarantees, technical assistance
 - Set-asides (DWSRF): provide non-infrastructure support to states and drinking water systems
 - Examples: technical assistance, planning and design, lead service line inventories
- Availability of special financing terms to disadvantaged communities to help address equity and affordability
 - This feature has evolved over the years

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SRF Roles and Responsibilities EPA Regions

- Award and manage capitalizations grants to states
 - Review Intended Use Plans and capitalization grant applications
 - Ensures grants are awarded in a timely manner
 - Ensures that all programmatic requirements are met prior to closing out the capitalization grants
- Conduct programmatic oversight
 - Review state annual performance reports
 - Conduct onsite annual reviews
 - Discussions with state staff covering program management and strategic planning
 - Transaction testing and project file reviews
 - Document the annual review in the Program Evaluation Report
- Provide technical support to states and coordinate with HQ when appropriate

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SRF Roles and Responsibilities States

- Develop Intended Use Plans and Project Priority Setting Systems to submit in capitalization grant applications
- Solicit projects and make funding decisions based on state priorities
- Set loan terms (including interest rates and additional subsidization)
- Manage the day-to-day operations of the SRF programs including managing loan portfolio
- Responsible for the long-term planning and financial health of the state's SRF - statutory perpetuity and timely and expeditious use requirements
- Provide EPA Annual Reports that document the performance of the SRF
- Ensure the SRF undergoes an Annual Audit

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DWSRF-Eligible Entities

- Public or private* community water systems
 - A system serving at least 15 service connections used by year-round residents, or regularly serves at least 25 year-round residents
- Nonprofit non-community water systems
 - Including schools, publicly-owned campgrounds, parks, churches

*Some states do not fund private systems/private entities. 14

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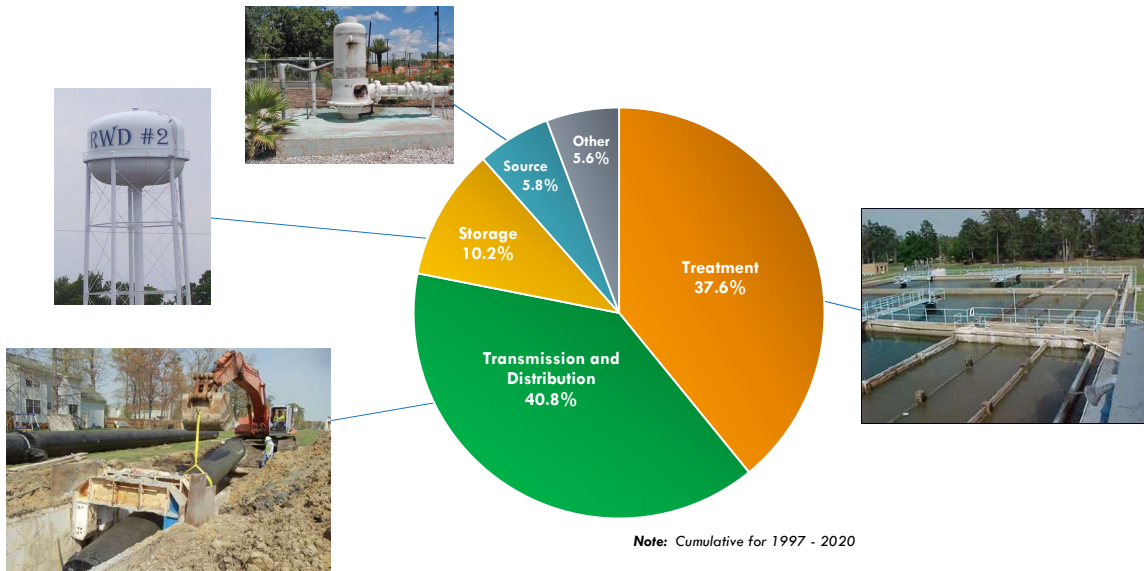
DWSRF-Eligible Project Categories

- Treatment
- Transmission & Distribution
- Storage
- Source
- Consolidation
- Creation of New Systems
- Planning & Design



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DWSRF Cumulative Funding by Project Type



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Drinking Water Grant Programs

Enacted in 2016, the Water Infrastructure Improvements of the Nation (WIIN) Act addressed the need to improve America's drinking water infrastructure.

- Focusing on public health and the protection of the environment

Through the WIIN Act, the grant programs were initiated to prioritize the following:

- Disadvantaged communities
- Underserved Communities (lack household water or wastewater services)
- Small communities (population of less than 10,000 individuals) and communities that lack the capacity to incur debt sufficient to finance a project)
- Communities and facilities that are more likely to contain a higher risk of lead exposure through infrastructure, plumbing
- Low-income areas
- Schools with at least 50% of the children receiving free and reduced lunch and Head Start facilities
- Including vulnerable subpopulations such as those facilities primarily caring for children six years and under.
- Tribal communities and Indian Nations

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Drinking Water Grant Programs

Water Infrastructure Improvements for the Nation (WIIN) Act

- **Reduction in Lead Exposure Via Drinking Water:** Competitive grants to reduce lead in drinking water in disadvantaged communities, including in schools and childcares (e.g., replacing lead service lines and replacing drinking water fountains).
- **Lead Testing in Schools and Childcare Facilities:** Noncompetitive grants to states, territories and tribal consortia to assist with drinking water lead testing.
- **Assistance to Small and Disadvantaged Communities:** Noncompetitive grants to states, territories and tribes to assist communities that lack adequate household drinking water or violate SDWA standards.

America's Water Infrastructure Act (AWIA)

- **Drinking Water Resiliency to Natural Hazards:** Competitive grants for projects in underserved and disadvantaged communities with populations of less than 10,000 individuals to increase drinking water system resiliency to natural hazards.
- Inaugural RFA competition is anticipated for announcement in fall 2021

To date Congress has appropriated over \$260 million for these programs.

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Drinking Water Grant Program Responsibilities and Objectives

Develop competition or noncompetitive grant guidance, based on statutory authority (e.g., eligibilities, priorities, and administrative restrictions)

Collaborate with Federal partner and other EPA programs to support financial support to communities impacted by grants, such as

- USDA, HHS, HUD, etc.
- SRF, WIFIA, etc.

Conduct outreach to stakeholders, including state and EPA staff, such as

- Regional Program and Grant Mgmt Office staff
- State programs
- Tribal communities

Ensure risk assessment management and oversight across all EPA regions

- Homogenous information and data gathering
- Structured framework to identify, assess and provide oversight of grant management and implementation risks


Prioritize water infrastructure improvements, revitalization of communities, and protection of public health.

- Emphasize funding in underserved and disadvantaged communities
- The grants are Justice40 Pilot programs


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CWSRF Over the Last 33 Years...




42,842
Loans Signed




\$ 130.5 Billion
in Project Disbursements






\$145.4 Billion
in Projects Funded



\$5.5 Billion
in cumulative additional subsidy



\$5.2 billion to Address nonpoint sources of pollution

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CWSRF- Eligible Entities

- Municipalities, intermunicipal, interstate, or State agencies
- Nonprofit entities*
- Private, for-profit entities*
- Watershed groups*
- Community groups*
- Homeowners Associations*
- Individuals*

**Some states do not fund private systems/private entities.*

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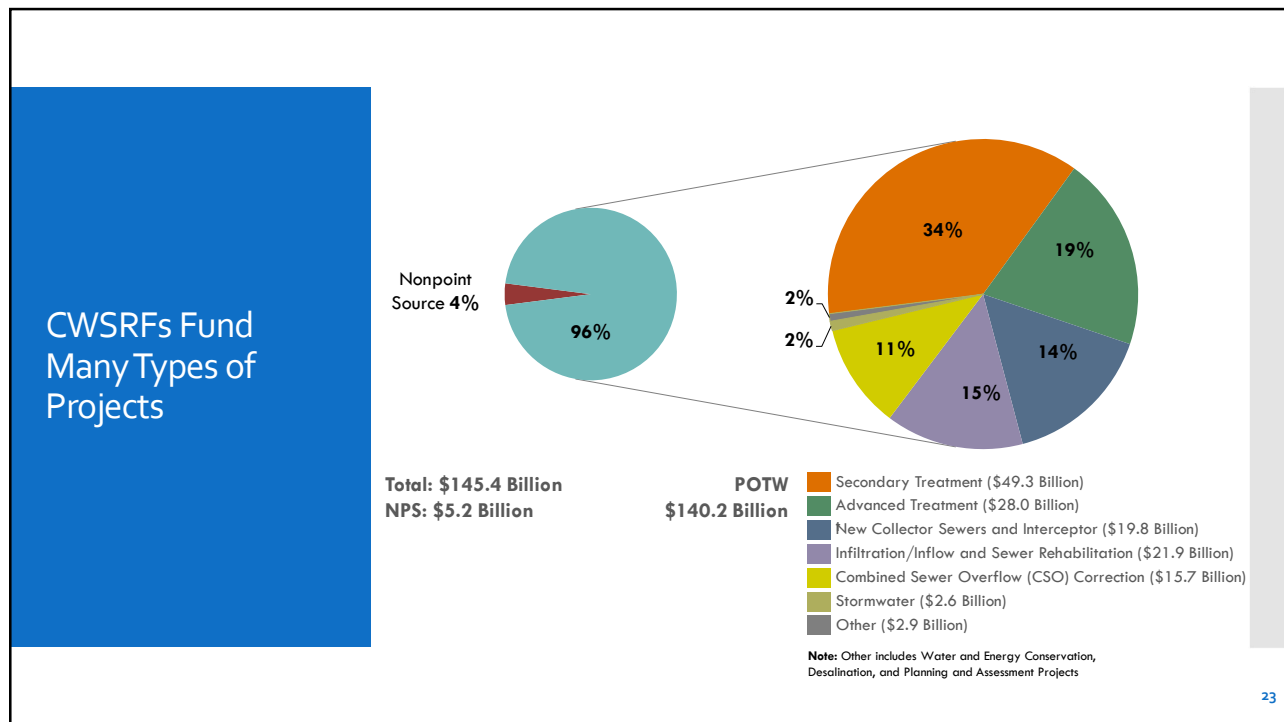
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CWSRF- Eligible Project Categories

- Centralized Wastewater Treatment – POTWs
- Climate Resiliency and Hazard Mitigation
- Energy Conservation and Water Conservation
- Water Reuse
- Decentralized Wastewater Treatment
- Stormwater Management
- Planning/Assessments
- Agricultural Best Management Practices
- Habitat and Ecosystem Restoration and Source Water Protection
- Surface Water Quality
- Groundwater Quality
- Resource Extraction Water Quality
- Landfill Water Quality
- Contaminated Site Remediation

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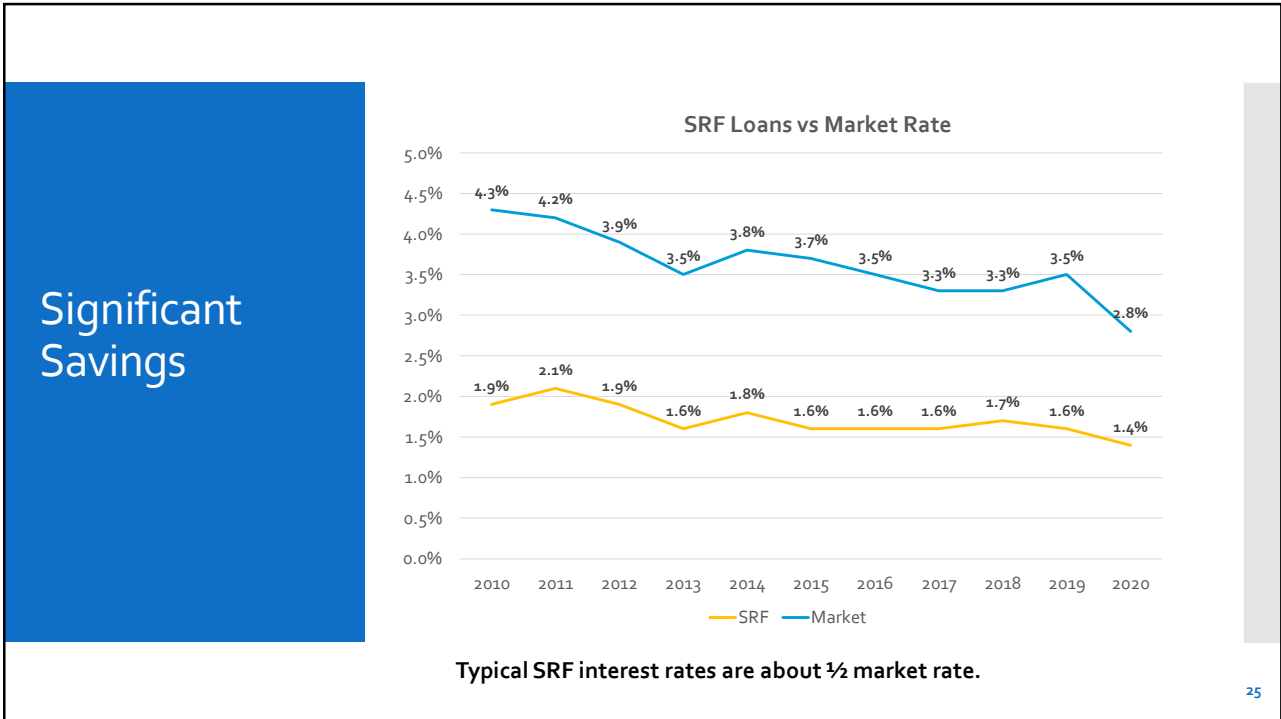
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The SRFs and Equity

- Both SRFs have affordability as a goal and purpose of the programs
- Below-Market Rate Interest Loans are Inherently “Subsidized”
- Both SRFs have statutorily provided “additional subsidy” that states can provide to disadvantaged or hardship communities
- Both SRFs are Justice40 Pilot programs
- States lead implementation of the SRF programs, and many have regulations and policies that determine key drivers for implementation in that state
- Opportunities exist for EPA to move the needle on equity under the SRFs but collaboration across all states will be key to EPA’s strategy

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Below Market Interest Rate Loans are Inherently Subsidized

Example: \$2 million loan; 20-year term; various interest rates

Interest rate	1.5%	2.5%	3.5%
Repayment for 20 Year Loan	\$2,316,218	\$2,543,534	\$2,783,807
Savings Using a 1.5% Rate	—————	\$227,316	\$467,589

The average SRF interest rate in 2020 was 1.3%, compared to the 2.8% market-value interest rate. As shown in the table above, a water system could save over \$227,000 over the life of a \$2 million loan by using the SRF vs. a loan with a market interest rate.

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"Additional Subsidy" Goes Beyond Low Interest Rates

- States must provide certain amounts of their federal capitalization grants as "additional subsidy"
 - Options: principal forgiveness, loans with negative interest rates, or grants
 - FY 2021:
 - CWSRF: between 10-40% (or \$156M - \$623M) of their capitalization grants
 - DWSRF: between 20-49% (or \$220M - \$539M) of their capitalization grants
- *Example:*
 - \$100 loan at 1% interest for 20 years (including \$20 of principal forgiveness)
 - \$80 in principal must be repaid
 - \$20 in principal does not need to be repaid
 - Interest is typically charged on outstanding principal amount

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SRF Benefits

- **Very low-cost financing**
 - Interest is typically charged at half the market rate, saving communities hundreds of thousands of dollars
 - Potential availability of "additional subsidy," which is grant-like funds
- **Extended loan terms**
 - Can go up to 30 years (or 40 years for DWSRF)
 - Repayments begin up to 12 months (or 18 months for DWSRF) after construction completion
- **Serves diversity of communities of all sizes and socioeconomic status**
- **Wide range of project dollar sizes**
- **Availability of technical assistance**
- **Funding can be paired with other sources, including WIFIA and USDA-Rural Development and FEMA**

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Justice40 - Approach for SRFs and Reducing Lead in Drinking Water Programs

- Leverage the significant institutional capacity within EPA, states, partners, and other stakeholders
- Identify and address any structural biases in funding and financing programs leading to inequitable outcomes across race and income
- Ensure that progress is made to achieving 40 percent of the overall benefits of these programs flow to disadvantaged communities



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Stakeholder Engagement Opportunities

- Initial outreach is being conducted with partners such as:
 - Non-Governmental Organizations
 - Relevant Research Institutions
 - Environmental Finance Centers
 - Associations
 - EPA contractors and grantees
- State-EPA Sub-workgroup being created to engage
 - Regional EPA staff
 - State SRF-implementing Agencies
- Direct engagement with disadvantaged communities through all above channels
- Submit comments and questions: SRF_Justice40@epa.gov



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Questions?

Links & Resources:

<https://www.epa.gov/cwsrf>

<https://www.epa.gov/dwsrf>

<https://www.epa.gov/dwcapacity/water-infrastructure-improvements-nation-act-wiin-act-grant-programs>



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Listening Session and Dialogue



**WRITE ANY
COMMENTS/ QUESTIONS
IN THE Q&A POD**



**WHEN PROMPTED, RAISE
YOUR HAND TO ASK A
QUESTION**

**USING A PHONE? PRESS
*9 TO RAISE YOUR HAND**



**PLEASE LIMIT
QUESTIONS OR
COMMENTS TO 1
MINUTE**

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Stakeholder Engagement Questions

- What are some significant barriers or constraints to maximizing benefits to disadvantaged communities?
- What are some opportunities and/or resource needs that may address the identified barriers or constraints?
- How can EPA's technical assistance play a role in maximizing benefits provided to disadvantaged communities?
- Are there additional partners/stakeholders EPA should engage?
- How can the Agency support the empowerment of disadvantaged communities in addressing regional and local challenges in water capacity and infrastructure improvements?



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Stakeholder Engagement Questions



- What opportunities are available to maximize benefits to disadvantaged communities during implementation of a covered program?
 - How can the SRFs better serve and increase benefits to disadvantaged communities?
 - Do you have suggestions on how partnerships can increase our outreach to disadvantaged communities so they are aware of the SRF programs and what they have to offer?"

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Stakeholder Engagement Questions

- What are some metrics EPA should consider when determining “benefits” to disadvantaged communities?
 - What data are available to support the metrics?
- How should EPA account for unintended negative impacts of investments in disadvantaged communities?



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EJ Program Updates

Charles Lee
SENIOR ADVISOR, EPA OFFICE OF ENVIRONMENTAL JUSTICE

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Draft FY 2022-2026 EPA Strategic Plan

GOAL 2 - PROMOTE ENVIRONMENTAL JUSTICE AND CIVIL RIGHTS AT THE FEDERAL, STATE, TRIBAL, AND LOCAL LEVELS

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“Every person in the United States has the right to clean air, clean water, and a healthier life no matter how much money they have in their pockets, the color of their skin or their zip code” EPA ADMIN. MICHAEL REGAN



PHOTO: CAROLINE BREHMAN/CQ ROLL CALL/BLOOMBERG

THIS IS AN UNPRECEDENTED OPPORTUNITY TO SERVE OVERBURDENED AND VULNERABLE COMMUNITIES ACROSS THE UNITED STATES.

WE VALUE YOUR FEEDBACK AND WANT TO MAKE SURE THAT OUR STRATEGIC PLAN MAKES SENSE, SHOWS ACCOUNTABILITY, AND ACHIEVES CLEAR IMPROVEMENTS ON THE GROUND.

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Purpose

Provide a shortened overview of *Draft FY 2022-2026 EPA Strategic Plan* focused on Goal 2 for EJ and Civil Rights

Continue to receive feedback from community leaders, partners, and other stakeholders



Goal 2: Take Decisive Action to Advance Environmental Justice and Civil Rights

Achieve tangible progress for historically overburdened and underserved communities and ensure the fair treatment and meaningful involvement of all people regardless of race, color, national origin, or income in developing and implementing environmental laws, regulations, and policies.

- Objective 2.1: Promote Environmental Justice And Civil Rights at the Federal, Tribal, State, and Local Levels
- Objective 2.2: Embed Environmental Justice and Civil Rights into EPA's Programs, Policies, and Activities
- Objective 2.3: Strengthen Civil Rights Enforcement in Communities with Environmental Justice Concerns

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Key Elements of EPA's Strategic Plan

Element	Definition
Mission Statement	Defines the basic purpose of the agency, consistent with the agency's core programs and activities
Principles	Form the foundation of agency culture and guide operations and decision making now and into the future
Cross-Agency Strategies	Are instrumental to accomplishing EPA's mission work and integral to achieving strategic goals and objectives
Strategic Goal	Articulates the broad outcomes the agency wants to achieve to advance its statutory mission
Strategic Objective	Reflects the outcome or impact the agency is trying to achieve under the strategic goal
Long-Term Performance Goals	Measures the quantifiable outcomes or accomplishments to be achieved for each strategic objective over the four years of the Strategic Plan
Agency Priority Goals	Reflects agency leadership's top near-term performance improvement priorities that can be implemented in two years

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Objective 2.1: Promote Environmental Justice And Civil Rights at the Federal, Tribal, State, and Local Levels

Empower and build capacity of underserved and overburdened communities to protect human health and the environment.

- Building capacity and climate resilience and maximizing benefits to overburdened and underserved communities.
- Engaging and supporting federal, state, and local governments to achieve results in communities.
- Integrating environmental justice principles into the implementation of federal environmental programs in Indian country and in other areas of interest to Tribes, in partnership with federally recognized Tribes.

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2.1 Long Term Performance Goals

1. By September 30, 2026, all EPA programs that seek feedback and comment from the public will provide capacity-building resources to communities with environmental justice concerns to support their ability to meaningfully engage and provide useful feedback to those programs.
2. By September 30, 2026, EPA will include commitments to address disproportionate impacts in all written agreements between EPA and states and Tribes (e.g., grant work plans) implementing delegated authorities.
3. By September 30, 2026, EPA programs with direct implementation authority will take at least X significant actions that will result in measurable improvements in Indian country.
4. By September 30, 2026, all state recipients of EPA financial assistance will have foundational civil rights programs in place.

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Objective 2.2: Embed Environmental Justice and Civil Rights into EPA's Programs, Policies, and Activities

Integrate environmental justice and civil rights in all of the Agency's work to maximize benefits and minimize impacts to underserved and overburdened communities.

- Making commitments on measurable environmental and public health improvements in overburdened and underserved communities.
- Ensuring that EPA decision making incorporates meaningful community involvement and analyzes for disproportionate impacts.
- Building EPA capacity to support community-driven approaches to building healthy, sustainable, and climate-resilient communities.
- Ensuring consideration of civil rights by EPA programs.

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2.2 Long Term Performance Goals

1. By September 30, 2026, publicly identify and begin to implement at least ten commitments towards improving environmental and public health conditions on the ground for communities with environmental justice concerns.
2. By September 30, 2026, XX% of all significant EPA actions with environmental justice implications will clearly demonstrate how the action is responsive to environmental justice concerns and addresses disproportionate impacts.
3. By September 30, 2026, XX% of EPA programs that work in and with communities will do so in ways that are community-driven, coordinated, and collaborative and will support community revitalization, equitable resilience, and/or implementation of climate justice plans.
4. By September 30, 2026, all EPA programs and regions will identify and implement areas and opportunities to achieve civil rights compliance in their planning, guidance, policy directives, monitoring, and review activities.

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Objective 2.3: Strengthen Civil Rights Enforcement in Communities with Environmental Justice Concerns

Strengthen enforcement of and compliance with civil rights laws to address the legacy of pollution in overburdened communities.

Robust enforcement of civil rights law coupled with EPA's environmental justice efforts provides EPA with the strongest ability to address disparities.

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2.3 Long Term Performance Goals

1. By September 30, 2026, initiate 15 proactive post-award civil rights compliance reviews annually in environmentally overburdened and underserved communities compared with the FY 2021 baseline of one.
2. By September 30, 2026, complete 100 audits annually to ensure EPA financial assistance recipients are complying with nondiscrimination program requirements compared with the FY 2021 baseline of none.
3. By September 30, 2026, complete 25 information sharing sessions, outreach, technical assistance events, and Alternative Dispute Resolution and informal resolution facilitation opportunities with overburdened and underserved communities and environmental justice advocacy groups on civil rights and environmental justice issues, annually, compared with the 2021 baseline of five.
4. LTPG under development on informal resolution agreements under Title VI.

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Major Milestones

MILESTONES	DELIVERABLES
October 4 – November 12	Tribes can request consultations with EPA Public comment via Federal Register Notice (~6 weeks)
October 12 & 26	EJ National Community Engagement Calls
October 14 & 28	Tribal Meetings
November 10	National Environmental Justice Advisory Council (NEJAC) Meeting
November - December	Agency review of public comments to finalize draft EPA Strategic Plan
February 2022	FY 2022-2026 EPA Strategic Plan issued same time as EPA's FY 2023 President's Budget

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To Participate in Public Review/Comment

The *Draft Plan* available at:

<https://www.epa.gov/planandbudget/strategicplan> and
at <http://www.regulations.gov>

Submit comments at: <http://www.regulations.gov> using
Docket # **EPA-HQ-OA-2021-0403**

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Other Program Updates

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Update: Oil and Gas Rule



For more information about the EPA's efforts to control air pollution from the Oil and Natural Gas Industry, please visit: <https://www.epa.gov/controlling-air-pollution-oil-and-natural-gas-industry>

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Closing

- ❑ **Next Steps**
- ❑ **Next National EJ Community Engagement call:**
 - November 9, 2021, at 2 p.m. Eastern
 - <https://www.epa.gov/environmentaljustice/national-environmental-justice-community-engagement-calls>
- ❑ **Subscribe to EPA's Environmental Justice listserv** for up-to-date information about EJ funding opportunities, events, and webinars:
 - Send a blank email to: join-epa-ej@lists.epa.gov
- **Follow us on Twitter:**
 - [@EPAEnvJustice](https://twitter.com/EPAEnvJustice)
- ❑ **Send follow-up questions or comments to:**
 - Environmental-Justice@epa.gov



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