



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

WASHINGTON, D.C. 20460

FEB 21 2017

OFFICE OF WATER

MEMORANDUM

SUBJECT: Change to the Clean Water State Revolving Fund Green Project Reserve Guidance

FROM: George Ames, Chief
State Revolving Fund Branch

A handwritten signature in black ink that reads "George Ames".

TO: Clean Water State Revolving Fund Branch Chiefs
Regions I-X

The purpose of this memorandum is to inform you of a change to the implementation of the *2012 Clean Water State Revolving Fund 10% Green Project Reserve: Guidance for Determining Project Eligibility* document. States will no longer be required to establish a "business case" for Green Project Reserve (GPR) projects that are not categorically eligible as GPR projects. For all GPR projects that meet the fiscal year 2017 GPR provision and any subsequent GPR provisions, business cases are no longer required.

Since 2012, EPA's Appropriations Acts have included language that states "to the extent there are sufficient eligible project applications, not less than 10 percent of the funds made available...shall be used...for projects to address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities." The 2012 GPR guidance describes many projects by category that can meet the GPR criteria. In addition, the guidance describes the process for establishing a business case for any project not considered "categorically eligible" for GPR.

This requirement was originally put in place to ensure that states were exercising due diligence while implementing what was then a new provision. The process ensured that states selected projects for which the anticipated green benefits had been thoroughly researched. States have been implementing the GPR provision since 2009 and given seven years of experience with business cases, they have served their purpose and we no longer believe that this additional procedure is necessary. In our annual reviews of state programs, we are not aware of any issues that have arisen regarding business cases. Further, the projects subject to business cases are already eligible. States have always had the option of funding such projects outside the GPR with no business case required. States can use the guidance document and their best professional judgement to determine whether a project satisfies the GPR provision.

We intend to update the current guidance to reflect this change, as well as several changes that have occurred related to project eligibility due to the passage of the Water Resources Reform and Development Act of 2014. We plan to have a draft available for review by the Clean Water State Revolving Fund (CWSRF) regional coordinators by June 2017. Please share this information with the state CWSRF programs in your region. We look forward to working with you as we update this guidance document. If you have any questions, please contact Kelly Tucker at 202-564-0608.