



FACT SHEET

National Environmental Performance Track and the Clean Water State Revolving Fund

The Opportunity

EPA encourages states to target Clean Water State Revolving Fund (CWSRF) assistance to projects that achieve sustained water quality improvements and address priority water quality problems. States could increase the environmental benefits of their CWSRF funding by making projects from facilities that are enrolled in EPA's Performance Track Program more competitive in the funding eligibility process. Performance Track member facilities have committed to continuous environmental improvement through performance enhancement.

A Performance Track facility could be eligible for a CWSRF loan if it works to:

- expand or upgrade a municipal wastewater treatment plant;
- reduce unregulated runoff;
- reduce regulated runoff by public agencies;
- expand acres of wildlife habitat;
- donate or acquire conservation easements;
- remediate a brownfield site; or
- help suppliers to reduce water quality impacts (e.g., food processors working with farmers that supply their raw materials to also reduce farm runoff).



The Performance Track Program

EPA's Performance Track Program recognizes and supports facilities that are top environmental performers. As a voluntary, performance-based program, it has worked since June 2000 to coordinate with EPA's Regional offices and the states. Performance Track member facilities must:

- operate beyond regulatory requirements;
- demonstrate commitment to continuous improvement;
- successfully develop and implement an environmental management system (EMS) that has been through one complete cycle (typically one year); and
- be actively involved with their communities.

Qualifying EMSs include these elements:

- policy;
- planning;
- implementation and operation;
- checking and corrective action; and
- management review.

The Performance Track Program currently has over 300 facilities and is growing. Facilities commit to four environmental improvements, chosen from categories in regulated and non-regulated areas: e.g., material procurement; suppliers' environmental performance; material use; water use; energy use; land use; air emissions; discharges to water; waste; and products. Small facilities (less than 50 employees) commit to two improvements.

Performance Track application reviews include compliance checks. Membership is for three years, provided facilities submit annual reports summarizing and measuring progress on commitments and continue to comply with environmental regulations.

To support environmental improvements at member facilities and to encourage others to join, EPA continues to develop benefits including:

- public recognition;
- networking opportunities;
- low priority for routine inspections; and
- administrative and regulatory incentives (e.g., reducing reporting requirements).

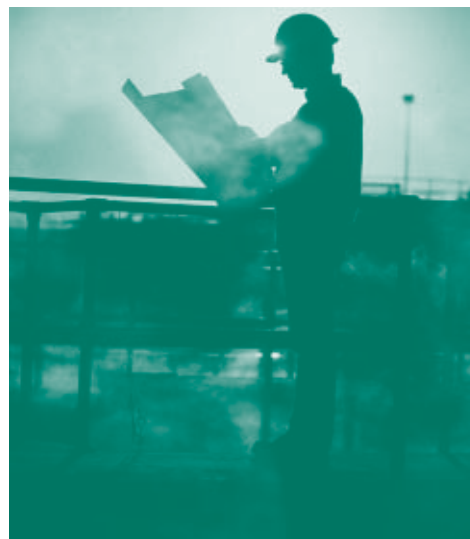
Performance Track has been developing incentives in the air, water, and waste programs. These incentives will benefit facilities by recognizing environmental accomplishments, encouraging performance beyond regulatory requirements, and improving their bottom lines. In addition, some socially responsible investment firms use Performance Track membership as a criterion when developing investment ratings.

EPA has partnered with many states (and in several cases has developed memoranda of agreement to reinforce these commitments), trade associations, and non-governmental organizations to help promote the value of Performance Track, recruit facilities, and deliver incentives to members. Performance Track has attracted facilities of various sizes from a wide range of sectors across the U.S. While 80% of member facilities are manufacturers, EPA is working hard to increase program benefits for the public sector.

Performance Track facilities commit to reduce their environmental impacts by improving performance in a range of categories. The most common choice is waste generation, followed by materials use, air emissions, energy use, water use, discharges to water, and habitat preservation/restoration.

Why EMSs?

The most challenging aspect of the Performance Track program is the environmental management system (EMS) requirement for member facilities. An EMS is a management framework based on specific policies, procedures, and practices for reducing environmental impacts. EMSs are not limited to regulated activities. A number of publicly owned treatment works (POTWs) have



developed EMSs for their operations and are achieving significant benefits, including better performance, reduced costs, improved regulatory compliance, and increased credibility with their communities. Some financial interests are beginning to consider POTW use of EMSs when they set bond ratings.

CWSRF funds can support EMS development that is part of construction, modification, or expansion of a POTW. EPA is encouraging POTWs to consider applying to Performance Track and is leading several efforts to assist POTWs and other public agencies adopt EMSs. EPA has developed a number of tools to help public agencies, including POTWs, develop EMSs. EPA also plans to complete an EMS Implementation Guide geared specifically to the needs of POTWs in 2004. This guide will be made available through the websites listed below.

The Clean Water State Revolving Fund

CWSRFs are operated by States and provide loans at below-market interest rates to finance projects that address water quality problems. Loans support a wide range of projects, including those dealing with municipal wastewater treatment plants, nonpoint source (NPS) pollution (e.g., agriculture, wetlands, underground storage tanks, mines, brownfields, and wildlife habitat), and estuaries. Recipients have included municipalities, utilities, businesses, community groups, and private individuals.

Every state and Puerto Rico has a CWSRF program with more than 10 years of operation. Each CWSRF works like a bank. Federal and state contributions provide additional capital to the CWSRFs to make low-interest loans for key water quality improvement projects. (In 2003, the average interest rate was 2.2 percent.) Repayment over a loan term of up to 20 years flow back into the fund where they finance additional water quality improvement projects. CWSRFs provide between \$3-4 billion each year in assistance. Nationwide, the CWSRF program has provided over \$43 billion in more than 14,000 loans since 1987.

States have great flexibility in managing their CWSRFs to best meet water quality needs. Subject to Title VI of the Clean Water Act, states determine their own project eligibility requirements and set interest rates. 32 states have funded NPS projects, often with innovative partnership models. Over 600 NPS projects receive funding each year, totaling nearly \$2 billion.

Linking CWSRF to Performance Track

By targeting eligible Performance Track facilities for CWSRF loans states would gain additional benefits from their support for water quality improvements. The CWSRF subsidy would help Performance Track members achieve environmental commitments that may well be important to local and state environmental priorities (e.g., air pollutant transfers to waterbodies). This support would also encourage facilities to increase community involvement, perhaps linking facilities with watershed groups.

Working with Performance Track facilities also allows states to support activities beyond regulatory requirements, and thus could expand funding opportunities to help make full use of available SRF funds. Supporting Performance Track members can reduce the need for inspections by establishing greater trust between states and facility operators. This could help states focus inspections on noncompliant facilities or support other environmental projects.

Performance Tracked on EMS Success: Eugene, Oregon's Wastewater Division

The Wastewater Division of Eugene, Oregon's second largest city, implemented an EMS for its 49 million gallon-per-day regional secondary wastewater treatment plant, biosolids processing facility, vegetable cannery wastewater land application site, and 49 local sewage pumping stations. The EMS framework has knitted together existing efficiency and training efforts by cultivating environmental decision making throughout the organization. Employees now view the Wastewater Division's mission of protecting public health and the environment as part of their daily responsibilities.

With permit renewal approaching and a newly listed endangered species in the receiving river, the EMS strengthened integration of the regional wastewater program's functional components to optimize environmental benefits. The focus moved beyond compliance with specific targets for more efficient use of natural resources and improved effluent quality. A new documentation system improved staff productivity and allowed tracking of 65 discrete activities that have significant environmental impacts. Significant staff time and \$50,000 in development costs were needed to prioritize environmental impacts, create, and implement the EMS. Savings on electricity and paper use and waste disposal nearly recouped the costs within two years.



*On track
over the
Willamette
River near
Eugene
Oregon.*

In early 2004, EPA awarded Eugene's efforts by selecting the Wastewater Division for the Performance Track Program. The reduced regulatory, administrative, and reporting burden conferred by the program's status will allow additional improvements and assistance to other wastewater facilities. For more information contact Wastewater Division Director Peter Ruffier at (541) 682-8606 or peter.j.ruffier@ci.eugene.or.us, or visit www.ci.eugene.or.us/pw/ww/pdf/ems.pdf.

Performance Track facilities interested in reducing water pollution and applying for CWSRF funds should:

- seek out their state CWSRF program and contact;
- learn how the state program works;
- learn about their state's water quality priorities;
- determine if they are eligible;
- request inclusion on the project priority lists and intended use plans; and
- submit applications for CWSRF funding.

For more information about Performance Track, please visit EPA on the web at www.epa.gov/performancetrack

For more information about EMSs including POTWs that have adopted EMSs, please visit www.epa.gov/ems or www.peercenter.net, or contact Jim Horne at 202-564-0571 or at horne.james@epa.gov.



For more information about the Clean Water Revolving Fund, or for a program representative in your State, please contact:

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