

Funding Class V Injection Well Closures with the Clean Water State Revolving Fund

New EPA regulations require closure of all large-capacity cesspools and many motor vehicle waste disposal wells by 2007. As many as 8,000 of these Class V injection wells, often owned or operated by small businesses or small communities, must be closed or upgraded. The Clean Water State Revolving Fund (CWSRF) can help finance closure or upgrade of Class V wells.

Class V Injection Wells

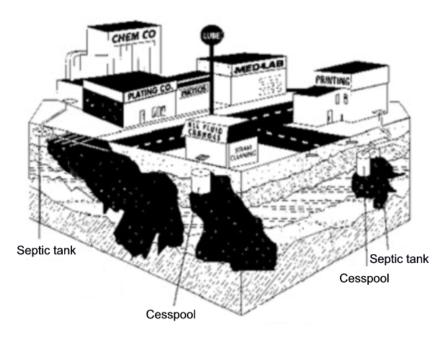
Class V wells are typically shallow disposal systems for placing liquid waste underground. Large-capacity cesspools, a type of Class V well, receive sanitary waste from 20 or more people per day. They are typically associated with rural churches and schools, strip malls, office parks, and housing developments receiving waste from multiple buildings. Motor vehicle waste disposal wells, another type of Class V well, collect fluids from vehicular repairs or maintenance activities. Class V wells exist in every state, especially in unsewered areas where residents are likely to depend on groundwater for their drinking water. The Safe Drinking Water Act requires regulation of all types of injection wells.

Problems Associated with Class V Wells

Class V wells can be a significant source of groundwater contamination. These "low-tech" systems perform little or no waste treatment, and the wastes placed in them may be highly toxic. With 89% of America's public water systems using groundwater as a drinking water source, Class V injection wells can pose a significant health risk.

Class V Wells Rule Requirements

- New large-capacity cesspools and new motor vehicle waste disposal wells are banned nationwide as of April 5, 2000.
- Existing large-capacity cesspools will be phased out nationwide by April 5, 2005. They must be replaced with an alternative type of treatment.
- Existing motor vehicle waste disposal wells in regulated areas will be phased out as dictated by states. To determine the regulated areas, states must assess and delineate groundwater protection areas, according to the Safe Drinking Water Act source water assessment plan guidelines, and must delineate any other sensitive groundwater areas they deem



necessary. Assessments for groundwater protection areas must be completed by January 1, 2004, and existing motor vehicle waste disposal wells will be regulated in these areas one year later. Delineations for other sensitive groundwater areas must be completed by January 1, 2004. Owners/operators have until January 1, 2007, to meet the rule requirements. Exceptions to these requirements:

- < States may apply for a one-year extension for completing both the assessments and the delineations, which, if approved, would extend the compliance deadline for owners/operators.
- If a state fails to meet the deadline or the extended deadline for completing the groundwater protection area assessments, the rule applies statewide, and owners/operators have one year to comply.
- If a state fails to meet the deadline or the extended deadline for completing the other sensitive groundwater area delineations, the rule applies statewide, and owners/operators must comply by January 1, 2007 (or January 1, 2008, if the state received an extension).
- Owners of motor vehicle waste disposal wells can apply for a waiver from the ban and obtain a permit. Permits require use of best management practices, monitoring of the injectate and sludge, and that fluids meet maximum contaminant levels at the point of injection.
- < Owners/operators of motor vehicle waste disposal wells may receive up to a one-year extension if the most efficient compliance option is connection to a sanitary sewer or installation of treatment technologies.

The Clean Water State Revolving Fund

The CWSRF can ease the financial burden of complying with the Class V rule. Each of the 50 states and Puerto Rico have CWSRF programs which operate like banks. Federal and state contributions are used to make low- or no-interest loans for important water quality projects. Funds are repaid over terms as long as 20 years. Repaid funds are then recycled to fund other water quality projects. Nationally, the CWSRF has in excess of \$30 billion in assets and funds approximately \$3 billion of

water quality projects annually. Over 8,000 loans have been provided since 1988.

Getting a Project Funded

Class V wells can be a source of nonpoint pollution, and projects to address these sources are eligible for CWSRF funding under both the nonpoint source section (§319) and the estuary section (§320) of the Clean Water Act. To obtain CWSRF funding, a project must be identified in a state's Nonpoint Source Management Plan or in an estuary's Comprehensive Conservation and Management Plan.

Viable replacements for large-capacity cesspools include large-capacity septic systems with leach fields, sewer connections, and small-scale onsite treatment plants, many of which have been funded by the CWSRF. Alternatives for motor vehicle waste disposal wells include holding tanks, pretreatment systems to meet permit requirements, and filtering/pretreatment with connection to sewers. In addition, the CWSRF has provided loans for underground storage tank remediation, which is similar to replacing or upgrading motor vehicle waste disposal wells.

Who May Qualify

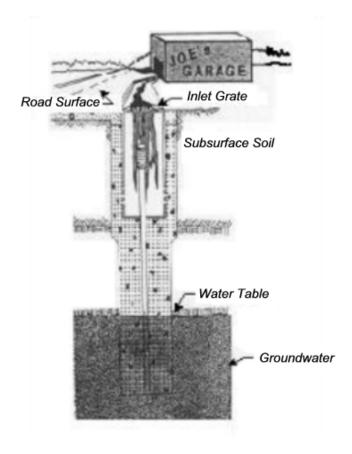
A variety of entities could be eligible for a CWSRF loan for nonpoint source and estuary projects. Recipients have included community groups, individuals, businesses, municipalities, conservation districts, and nonprofit organizations. CWSRF programs have used a variety of funding mechanisms, including direct loans from the CWSRF, loans to municipalities who then lend to individuals, and linked-deposit programs that lend through banks. Since the CWSRF is managed by the states, project funding and eligibilities vary according to the priorities, policies, and laws of each state. Contact your state's CWSRF program for details.

Sources of Repayment

Each state must approve a source of loan repayment as part of the application process. Though finding a source of repayment may prove challenging, CWSRF users have identified many creative repayment sources, which need not come from the project itself. Some possibilities include:

Recreational fees (fishing licenses, park entrance fees)

- C Fees paid by developers on other lands
- C Donations made or dues paid to nonprofit groups and associations



Success Stories

The following descriptions illustrate just some of the examples of similar projects ongoing in states.

In August 1997, the **Ohio EPA** created a linked-deposit program to make low-interest loans available through participating counties to individual homeowners needing to upgrade or replace their home sewage disposal systems. To receive a CWSRF loan:

- The homeowner obtains a county permit which specifies the proper installation, operation, and maintenance of the onsite system.
- The homeowner takes a certificate to any bank that participates in the Linked-Deposit Program.
- Using its own criteria, the lending institution decides whether to offer the applicant a loan and at what interest rate and term.
- · The lending institution notifies the Ohio EPA of

- approved loans, and the Agency deposits the loan amount in the institution at a reduced interest rate.
- Savings from the reduced interest rate are passed on to the loan recipient.

Thus far, 18 loans in two counties have been made totaling \$111,500. Several more counties in the state are planning their own programs.

In 1995, **Delaware** began making CWSRF loans directly to low- and moderate-income homeowners for septic system repairs. The loans of up to \$10,000 carry a 3% interest rate and have a repayment period of up to 20 years. The state performs a financial capability analysis on the applicant including a personal credit report. A lien is placed on the property to secure the loan. Once the repairs are made, a Department of Natural Resources representative inspects the system. So far the program has loaned \$1.2 million to 158 homeowners.

The state of **Wyoming** makes CWSRF loans to the Leaking Aboveground & Underground Storage Tank (LAUST) Remediation Program. The program uses the money to fund all stages of LAUST site cleanup from initial testing through operation and maintenance. The state's Mineral Royalty Trust Account provides a 20% match for these loans. Since 1990, six loans have been issued from the CWSRF totaling over \$57 million.

Minnesota's Department of Agriculture operates a Best Management Practices loan program which has funded a variety of water quality projects including feedlot upgrades, manure storage and handling improvements, soil erosion prevention, conservation tilling equipment, sewage treatment system repair, and abandoned well closures. The state issues interest-free CWSRF loans to counties and soil and water conservation districts. The county or district, through banks acting as agents, lends the money to farmers, businesses, or landowners at up to 3% interest for a 2- to 10-year term. Local governments determine environmental priorities, and the banks determine the financial feasibility of the targeted projects. counties and districts pay the principal back to the state within 20 years. Since the program's inception in 1995, Minnesota has issued \$41 million in loans and funded over 2000 projects.

Challenges Ahead

EPA encourages states to use their CWSRF resources to finance high-priority water quality projects. Those interested in obtaining funding for closing and upgrading affected Class V wells are encouraged to seek out their CWSRF programs and apply for funding to address these water quality projects.

For more information on the CWSRF, or for a program representative in your state, please contact:

The Clean Water State Revolving Fund Branch U.S. Environmental Protection Agency 1200 Pennsylvania Avenue, NW (Mailcode 4204) Washington, D.C. 20460

Phone: (202) 260-7360 Fax: (202) 260-1827 Internet: http://www.epa.gov/OWM/finan.htm

For more information on Class V injection wells please contact:

Underground Injection Control Program
Office of Ground Water and Drinking Water
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue (Mailcode 4606)
Washington, D.C. 20460
Phone: (202) 260-1993

http://www.epa.gov/safewater/uic/classv.html

