

EPA FUNDS AVAILABLE FOR FORESTRY PROJECTS

State Foresters, Landowners, and Private Organizations Are Eligible



A VARIETY OF FOREST MANAGEMENT PROJECTS CAN BE FUNDED THROUGH EPA

Managers of State and private forests as well as private organizations (for example, conservation groups, watershed councils, and environmental organizations) can use funding available through the Environmental Protection Agency (EPA) for forest management projects and practices that reduce water pollution.

As part of the Nation's 747 million acres of forested land, State and private forests are important to the environment, especially water quality. Besides providing habitat for wildlife, forests filter carbon dioxide from the air, and help prevent soil erosion. In addition, forest buffer strips along streams and lakes can

significantly reduce the amount of sedimentation and pollutants reaching waterways.

Nonpoint source (NPS) pollution has long been recognized as a leading cause of water pollution. To help reduce the negative effects that nonpoint source pollution has on water quality, Congress has made funds available to EPA. These funds are distributed to States, tribes, and territories to help achieve and maintain beneficial uses of water, such as swimming or fishing. Since forest resource management and tree planting projects can help curb NPS pollution, they are eligible for funding. To take advantage of this funding, State foresters, private landowners, and private organizations are working together to improve water quality. Through these partnerships, funds authorized in the 1987 Amendments to the Clean Water Act—the Nonpoint Source Pollution Program (Section 319) and the Clean Water State Revolving Fund (CWSRF) (Section 601)—are being applied creatively to pay for a wide range of projects that either directly or indirectly reduce nonpoint source pollution and improve water quality.



#1 Cause of Water Pollution

NPS pollution is the Nation's largest source of water quality problems—the main reason 40 percent of the surveyed water bodies in the United States are not clean enough for basic uses such as fishing and swimming. NPS pollution comes from many diffuse origins. Examples include excess fertilizers, herbicides, and insecticides from agricultural lands and residential areas; oil, grease, and toxic chemicals from urban runoff; sediment from construction runoff; and bacteria and nutrients from livestock, pet wastes, and faulty septic systems. As rainfall or snowmelt moves over and through the ground, it picks up and carries away natural and human-made pollutants, depositing them into lakes, rivers, wetlands, coastal waters, and aquifers. Today, the most common NPS pollutants causing water quality impairments are nutrients and sediments.

GRANTS VS LOANS... DECIDE WHICH IS BEST FOR YOUR PROJECT

During the early stages of project planning, applicants will need to decide whether to pay for the project using a Section 319 grant or through a CWSRF loan. Generally most State and local water quality officials are more familiar with grants and may be more comfortable with pursuing Section 319 funds to pay for a project. However, a CWSRF loan may be a better deal. Most grants will require a cost share of up to 40 percent while a CWSRF loan can cover 100 percent of project costs with no upfront money. Another important consideration is the total cost of project funds. CWSRF loans can provide significant cost savings over the life of the loan. An interest-free CWSRF loan is equivalent to receiving a 50-percent grant (where the remaining 50 percent is financed at market rate). In addition, it may be possible to combine a CWSRF loan with grant dollars from other sources.

SECTION 319 FUNDS FOR FOREST MANAGEMENT ACTIVITIES

Since 1990, Congress has annually appropriated funds to help States, tribes, and territories implement activities detailed in their nonpoint source pollution management programs. During 2004, the total



Section 319 budget was approximately \$238 million. Of this, \$2.4 million was used to support forestry activities.

Generally, Section 319 funds are monies distributed by EPA to State, tribal, and territory water quality agencies, which then award grants to State foresters, private landowners, and private organizations. The grants do not have to be repaid. However, the Federal share of a 319 grant is 60 percent. The grantee must pay the remaining 40 percent. This repayment, which must be made from non-Federal sources, can come in the form of supplies, equipment, funding, etc. Section 319 grants can be used for an array of projects that reduce NPS pollution.



States Have Flexibility Using Section 319 Funds

A wide variety of projects can be funded with monies available under Section 319. Regulatory and nonregulatory programs that assess the success of specific nonpoint source projects are eligible for funding. In addition, enforcement, technical assistance, financial assistance, training, technology transfer, demonstration projects, and monitoring may be funded. To apply for 319 funds, State foresters, landowners, and private organizations should:

- Consult with their State NPS coordinator (see <http://www.epa.gov/owow/nps/contacts.html>);
- Meet all deadlines;
- Follow applicable guidance;
- Review proposals to assure they are well written.

Examples of reduction of NPS pollution include:

- Design and implement best management practices;
- Publish educational materials;
- Conduct training courses on forestry practices for professionals, landowners, and other interested parties;
- Establish vegetative filter strips in riparian areas;
- Install stream crossings;
- Purchase and use low-impact logging equipment;
- Plant trees;
- Conduct integrated pest management;
- Produce tree seedlings; and
- Carry out many other activities aimed at improving the ability of public and private forest managers to protect water resources.



Application Process for Section 319 Grants

The best way to start the application process for Section 319 funds is to contact your State, tribal, or territorial environmental or water quality agency. See <http://www.epa.gov/owow/nps/319hfunds.html>.

The Section 319 grant application process for State foresters, private landowners, and private organizations varies among States, tribes, and territories. Generally, grantees must follow a two-step process to qualify for Section 319 funds. First, a work plan is needed. Second, an estimated project cost is needed.

Normally, States, tribes, and territories will request work plans once each year from potential grantees.

The work plan should:

- Address an important or high-priority watershed;
- Have feasible, realistic, and measurable project goals addressing water quality;
- Contain an action plan with an implementation schedule;
- Contain on-the-ground implementation components;
- Include community involvement (e.g., partnerships, stakeholder input, public outreach); and
- Describe how the project will be monitored and evaluated for success.

Best Management Practices

Best Management Practices (BMPs) are used to control nonpoint source pollution. Since traditional end-of-pipe pollution control methods are not appropriate for nonpoint source pollution, an alternative concept of land management practices as pollution control tools has emerged. This concept relies upon the use of specific BMPs identified by the State or authorized tribe as the most effective means of preventing or reducing water pollution from nonpoint sources such as agriculture or timber harvests. An example of a BMP is the installation of a forest buffer strip between a stream and an agricultural field to filter out fertilizers and other pollutants before they enter surface waters. To be effective, BMPs must be properly installed and monitored to determine if water quality goals are being achieved. If not, the BMPs can be modified.



The estimated project cost documentation should:

- Itemize a tight budget;
- Fully budget administrative costs;
- Present reasonable and appropriate costs;
- Assure all matching requirements for the non-Federal share are met.

THE CLEAN WATER STATE REVOLVING FUND

The CWSRF, which operates like a bank, is another source of funding for forestry projects that help minimize NPS and improve water quality. The EPA has been encouraging States to open their CWSRFs to a wide variety of water quality projects and to use their CWSRFs to fund high-priority projects in targeted watersheds. As a result, CWSRFs are an excellent resource for funding forest-related NPS projects. The CWSRF provides low or no-interest loans to State foresters, private

landowners, and private organizations that have eligible projects and can identify a dedicated loan repayment source. Repayment terms can be up to 20 years. All 50 States and Puerto Rico have a CWSRF.

However, each is managed individually and has its own application process and project priority list. Generally, the Federal Government and the State provide seed money each year to capitalize each respective CWSRF. In addition, repayments from existing loans are added to the pool of money used to fund new projects.

AN IMPORTANT RESOURCE FOR FORESTERS, LANDOWNERS, AND PRIVATE ORGANIZATIONS

The CWSRF can be used for virtually any type of nonpoint source project, including polluted run-off abatement, wetlands protection and enhancement, riparian buffers, and





estuary protection. Thus, the CWSRF is the EPA's largest water quality financing source. This significant source of financing allows State foresters, landowners, and private organizations to undertake critical water quality projects that otherwise might not be addressed.

The CWSRF has more than \$47 billion in assets and funds over \$4 billion of water quality projects each year. The funding of NPS projects, including forest conservation and restoration projects and forestry practices initiated to control NPS pollution is gaining momentum. Since 1989, the CWSRF has funded more than \$1.7 billion in NPS projects. The loans can cover 100 percent of eligible costs, depending upon State policies. No local up-front funding match is necessary.

States are required to match the EPA funds received for CWSRF. However, this match requirement is not passed on to loan recipients. There is also an opportunity to leverage other funding sources such as Section 319 grants and USDA cost-share programs. Check with your State for details. See <http://www.epa.gov/owm/cwfinance/cwsrf/> and <http://www.epa.gov/owow/nps/319hfunds.html>.



Sources of Loan Repayment

Many users of the CWSRF have demonstrated creativity in identifying sources of loan repayment. While the ultimate source of repayment for CWSRF loans may often be the loan recipient, the repayment source can, and often is, entirely independent from the recipient and the water quality project. Possible sources include:

- Recreational activity fees;
- Park entrance fees;
- Storm water management fees;
- Monies received from plant sales;
- Landowner income;
- Donations received by non-profit groups;
- Fees paid by developers of the land; and
- Dedicated portions of local, county, and State fees or taxes.

Use Internet To Start Application Process

Since the CWSRF is managed by each State and Puerto Rico, project funding priorities may vary. The EPA encourages its program administrators to use watershed planning and develop integrated priority setting systems to choose projects that address the highest priority environmental challenges.

If you are interested in protecting forest resources or reducing polluted runoff using forestry practices like

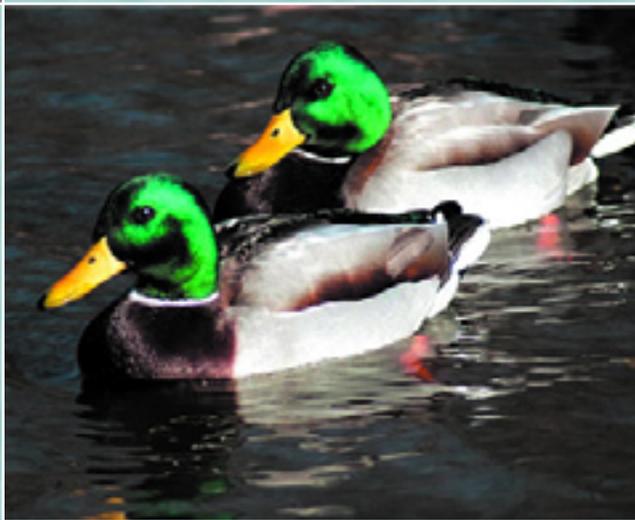


riparian buffers, contact your State CWSRF programs, learn how the program works, and participate in the annual process that determines which projects are funded. The list of CWSRF State representatives can be found at <http://www.epa.gov/owm/cwfinance/cwsrf/contacts.htm>

CWSRF Application Process

Each State and Puerto Rico has a similar process for selecting projects to receive CWSRF financing. In general, the CWSRF loan process consists of these steps:

- Discuss the project with a CWSRF representative and obtain an application if appropriate.
- Complete an application form. This may require applicants to:
 - Identify the environmental needs and cost of the project.
 - Describe the proposed project and complete project-specific documents, such as design documents, engineering plans, permits, State agency approvals, and contract documentation.
- Identify a dedicated revenue source to repay the loan.
- Include project financial information such as project capital and operating and maintenance costs.



EXAMPLES OF FORESTRY PRACTICES AND PROJECTS FUNDED THROUGH SECTION 319 AND CWSRF

The Section 319 and CWSRF programs have been used to support a number of forest management efforts and could potentially support many more.

SECTION 319 CASE STUDIES



Vermont

The Vermont Department of Forests, Parks and Recreation has received Section 319 funding for preparation of booklets that describe the Acceptable Management Practices (AMPs). The information provided by the AMPs booklets is considered crucial to improving logging practices as they relate to water quality protection. The booklets, distributed to the logging and land-owning communities, serve as a benchmark for protecting surface waters before, during, and after logging operations.

Washington

An innovative coalition in central Washington State has used Section 319 funds to manage and protect resources on forest lands while maintaining a viable forest products industry. This coalition, the Yakima Resource Management Cooperative, is a voluntary group of private forest landowners, government agencies, representatives from environmental groups, and the Yakima Indian Nation. After identifying sediment from logging roads as the single largest threat to water quality, the cooperative initiated corrective actions that included reconstructing and improving roads, obliterating more than 50 miles of road, adopting forest practices to reduce sediment, and using erosion control matting. In addition, Section 319 funds have helped provide technical support staff and ongoing training for area loggers.



Illinois

The Cache River Reforestation Project was implemented using Section 319 funds in a cooperative effort by the Illinois EPA, the Illinois Department of Natural Resources and the Shawnee Resource Conservation Development Area. This project accelerated the conversion of environmentally sensitive croplands to forest by planting native hardwoods. Fields that were designated “prior converted cropland” or “farmed wetland” were targeted, with an emphasis on plantings in riparian corridors that provide stream-bank stability and connect fragmented habitats. Technical assistance was also provided for the improvement of already existing timber stands, along with an information/ education program.

Guam

Section 319 funds are helping to finance an interagency Water Planning Committee (WPC). The work group is comprised of representatives from 11 agencies and interested organizations. The WPC pooled its resources and completed a unified watershed assessment for Guam. Once completed, the WPC then developed restoration strategies for the Northern and Ugum watersheds. These strategies identified measurable project goals, sources of water pollution, planned restoration actions, monitoring and evaluation plans, funding sources, and a process for public involvement. One specific action plan targeted soil erosion in the Ugum watershed, which is a key drinking water resource. To minimize soil erosion the WPC encouraged actions that maximize vegetative cover, particularly forest. Goals were to conserve and protect the ravine forest, revegetate badlands with the savanna grasslands, minimize fires, and increase public involvement and education. To achieve this, 319 funds were used to plant approximately 50,000 trees in a 50-acre area within the Ugum watershed.



Texas

The Texas Forest Service, working in cooperation with the Texas State Soil and Water Conservation Board and the Texas Commission on Water Quality, has used Section 319 funding together with State matching funds to implement a successful voluntary Best Management Practices program involving local foresters, landowners, and silvicultural contractors. The success of this voluntary program is based on education. The Texas Forest Service and these cooperators have implemented this education program through television and radio appearances, newspaper articles, brochures, newsletters, meetings, workshops, and special events to promote the importance of using forestry Best Management Practices

to control NPS pollution. The Texas educational program has already reached over 20,000 foresters, landowners, loggers, silviculture contractors, and citizens. Program efforts are continuing with six primary objectives:

1. Educate the forestry community.
2. Integrate Best Management Practices into all relevant Texas forestry management programs.
3. Demonstrate various Best Management Practices using two demonstration areas developed as educational tools.
4. Foster cooperation between agencies and the forestry community for a coordinated, effective program.
5. Evaluate the program and revise as needed.
6. Monitor Best Management Practice implementation and effectiveness through on-site inspections of silvicultural activities.



CWSRF CASE STUDIES

Ohio

The Ohio EPA and Ohio Department of Natural Resources-Division of Forestry are using Ohio's CWSRF to finance low-interest loans to qualifying Master Loggers and Certified Foresters for the purchase of logging and tree planting equipment. The intent of this program is to create a voluntary, financial incentive for the use of Best Management Practices (BMPs) on logging operations, and to support successful, ongoing silvicultural NPS strategies—all directed toward preventing nonpoint source pollution from logging operations. The type of equipment financed can include equipment used in the implementation of BMPs such as bulldozers or tractors; new technology, such as tracked forwarders and hydro-bunchers that will lead to less sedimentation; and specialized equipment designed particularly for BMP construction or use, such as timber bridges and mulching machines.



California

California CWSRF provided funds to implement the Tahoe Re-Green Project. This project was part of the Tahoe Basin-wide effort to reduce the risk of catastrophic fire. Huge numbers of dead and dying trees were located on public and private land throughout the Tahoe Basin. While public managers had accelerated efforts to address fuel loads on public lands, Tahoe Re-Green addressed private lands. CWSRF funds provided financial assistance to private landowners in the Tahoe Basin to facilitate the removal of dead and dying fuels in a manner that minimized erosion and fully protected water quality.



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American Toad on page 6—**Jason Osenkowski**

Mallards on page 7—**Gary Armstrong**

Logging road on page 8—**Bill Baron, Vermont**

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Guam reforestation on page 9—**Michael Lee**

Beavers on page 9—**Margaret St. Claire**

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