



# 5 Winning Strategies for Cities to Access Financing from the Clean Water State Revolving Fund (CWSRF)

The Clean Water State Revolving Fund (CWSRF) is a financing tool that supports a [variety](#) of water quality protection projects, including construction of and upgrades to wastewater treatment plants, stormwater management, and energy efficiency. Funding generally takes the form of low-interest loans that cities can access through their state—but the Bipartisan Infrastructure (BIL) made important changes. Specifically, roughly half of the CWSRF funding through BIL is in forgivable loans and grants for disadvantaged communities, making it more affordable than ever to implement meaningful water projects.

[Here is a list](#) of state contacts and deadlines for accessing CWSRF funding, and listed below are five winning strategies for cities to develop and implement clean water projects.

## #1 Understand Financing Options and Benefits for Disadvantaged Communities

Communities have several options to finance clean water projects—in addition to the CWSRF, cities can apply for a [WIFIA loan](#), and some can take out a municipal bond. A prime CWSRF funding advantage is that not only do these loans carry a lower interest rate compared to the private market, but [49%](#) of CWSRF funding under BIL takes the form of grants and forgivable loans for disadvantaged communities (the [definition](#) of disadvantaged communities varies by state). The Environmental Protection Agency (EPA) has developed a [Financing Comparison Tool](#) for cities so they can see if CWSRF funding is the right choice for their communities.

## #2 Promote Equity Through Community Engagement

Community engagement is crucial for equitable clean water projects. Without knowing the issues that residents face, policymakers risk developing solutions that fail to address community needs. Because the rate hikes often required to finance water projects hit low-income communities the hardest, community buy-in is very important for a successful clean water project. To strengthen community engagement, cities should actively promote [programs](#) designed to assist residents facing difficulties in paying their water bills. For example, the City of Atlanta [offers](#) low-income households \$200-\$300 per year to offset water expenses. Additionally, the U.S. Water Alliance has worked with a number of cities to establish



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[Water Equity Task Forces](#), bringing together government and community voices to identify challenges and promote inclusive water projects. For example, the City of Atlanta's Water Equity Task Force [found](#) that the city had a history of one-way communication regarding water issues, and recommended additional support to expand community-based organizations.



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## #3 Forge State Partnerships

Because CWSRF funding is allocated at the state level, cities should meet with and coordinate closely with [their state's Department of Environmental Quality \(DEQ\)](#). If a city is interested in pursuing funding, the project needs to be added to the state's Intended Use Plan (IUP), which lists the projects the state has chosen to receive SRF funding. Additionally, the state can work with the city to better understand how funding can be leveraged effectively, and if there are other complementary programs available to reduce costs.

For [example](#), the City of Hagerman, Idaho requested CWSRF funding for a \$10 million project to upgrade its wastewater treatment plant. After learning that this would lead to monthly per-user rate hikes of \$115, the city worked with the DEQ to identify additional funding options at the state and federal level, thereby reducing the rate hike by more than 50%.



## #4 Leverage CWSRF in Tandem with Direct Pay Tax Provisions

Cities should consider using CWSRF funding in tandem with the recently-announced [Direct Pay](#) tax provisions, which gives cities access to the Inflation Reduction Act (IRA)'s clean energy tax incentives. For example, the Investment Tax Credit or the Production Tax Credit can be used by cities to [support](#) the development of an [anaerobic digester](#) or other energy efficiency upgrades to reduce both costs and carbon emissions at wastewater treatment plants.

## #5 Utilize EPA's Technical Assistance

The EPA provides a free technical assistance service called [WaterTA](#), which helps communities identify challenges, build capacity, and even develop application materials for water infrastructure funding. Cities are encouraged to connect with WaterTA as they seek funding through the CWSRF.