

# TAPPING INTO THE DRINKING WATER STATE REVOLVING FUND



**Tuesday, November 4th | 2 p.m. ET**



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## Local Infrastructure Hub

# Tapping into The Drinking Water State Revolving Fund

Cynthia Koehler  
Executive Director  
November 4, 2025



# About WaterNow



Nonprofit network of local water leaders advancing sustainable, affordable, equitable and climate resilient water solutions for communities.

# Overview of the DWSRF Program

# Drinking Water SRF Purpose

Principal Objective: To **facilitate compliance with national primary drinking water regulations** or significantly **advance the public health protection** objectives of SDWA.

States are required to prioritize DWSRF project funds to:

- Address the most serious risks to human health
- Ensure compliance with the requirements of the SDWA
- Assist systems most in need -- unlike Clean Water SRF, affordability is a specific purpose of the DWSRF program



# How the DWSRF Works

- Congress allocates annual funding
- EPA allocates to states
- State SRFs prepare annual IUPs
- Utilities submit loan applications
- SRF Program provides funds on a reimbursement basis



# DWSRF Rates: The Big Picture

**State SRF Programs are authorized to make loans on the condition that the rate is at or lower than market.**

**National DWSRF loan average interest rate: 1.47% (2023)**

**State DWSRF Administrators define “market rates”**

**Current national average rates on muni bonds, ~ 4.45%**

# EPA and State Roles in the CWSRF

## EPA

- **Awards funding to states:**
  - Allotments based on needs survey conducted every 4 years
- **Oversight:**
  - Provides oversight of state use of loan awards
- **Support:**
  - Provides workshops, fact sheets, tools
  - Eligibility and compliance questions

## States

- **Prepare annual Intended Use Plans (IUPs)**
- **Design application processes**, select projects
- Set **interest rates and terms**
- Define **green projects, disadvantaged and affordability criteria**
- Determine how any **additional subsidies are distributed to recipients**



# Green Projects Permitted, Not Required

Unlike the Clean Water SRF, Drinking Water SRFs are no longer required have a “Green Reserve,” a portion of funds mandated to go to “greener” projects.

However, states have the authority to prioritize and fund green projects at their discretion. These can include green infrastructure, water efficiency, and energy efficiency improvements, etc.



# Additional Subsidy

- Principal forgiveness as of part of an SRF loan can be provided to “disadvantaged communities” (DACs)
- Special provisions as part of the BIL made more AddSub available, mainly for LSLRs and PFAs  
**Expiring in FY 2026**



# DWSRF Eligible Projects

Capital investments that help drinking water systems achieve or maintain compliance with the SDWA



# DWSRF Ineligible Projects

O&M

Routine  
Testing

Water  
hauling/bottled  
water

System  
expansion

Growth-driven  
projects

Fire  
protection-only  
projects

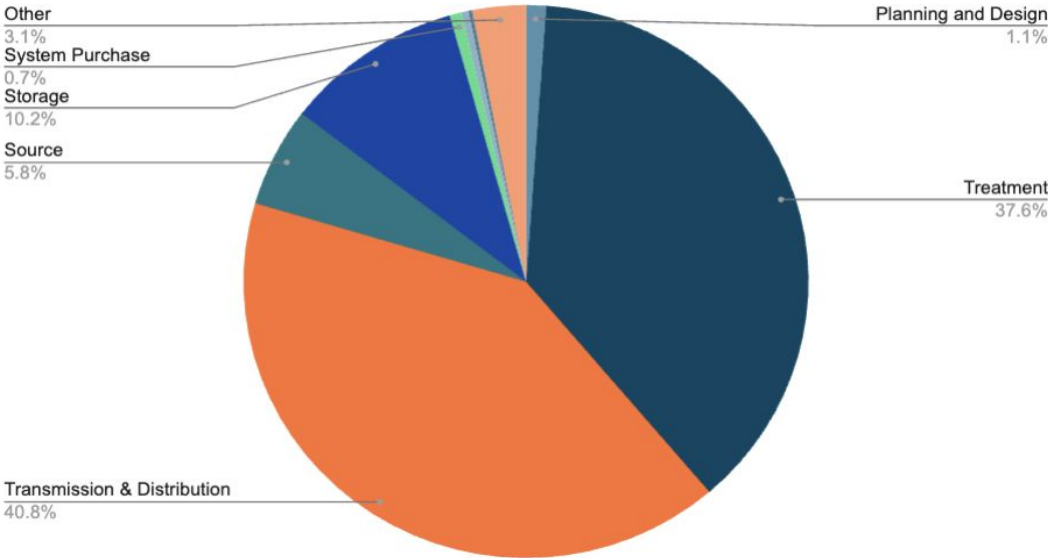
Land  
purchase/ease  
ment

Deregulation

Premature  
asset failure

# DWSRF Assistance by Project Type

Assistance by Dollars 1997-2020

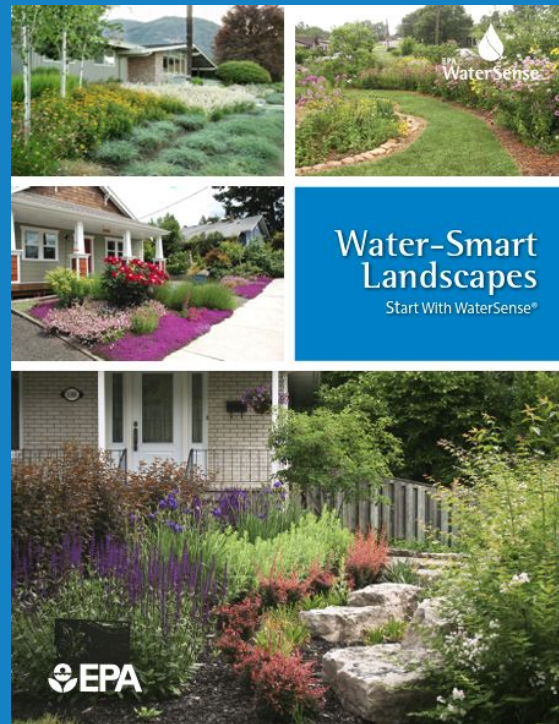


# Eligible Projects: Drought Mitigation

## Capital Project Funding

- Water efficient fixtures, equipment
- Water efficient management practices, techniques
- Aquifer recharge, storage, recovery

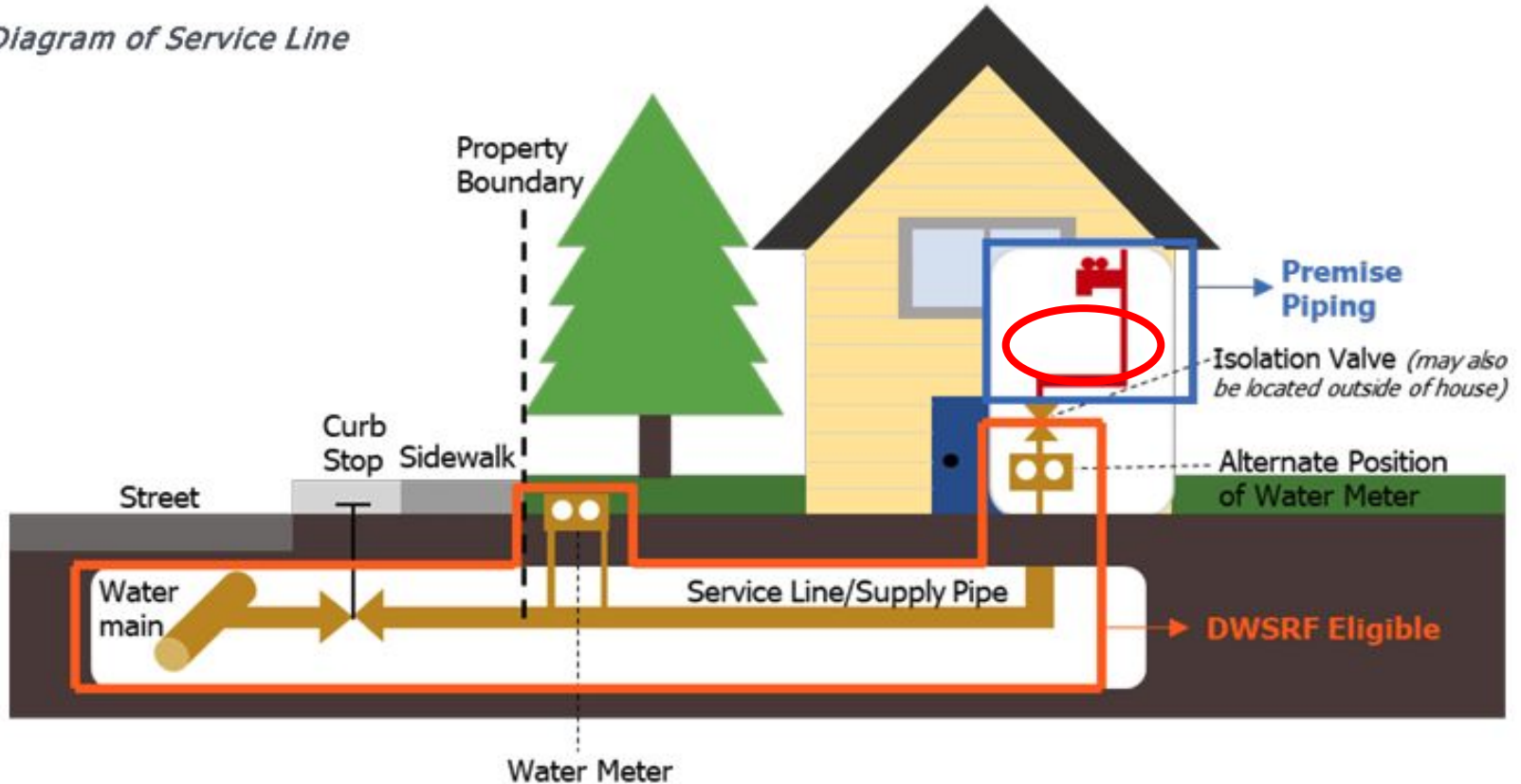
State SRFs can also “set aside” funding to support communities with technical assistance, capacity development, administration, planning, etc.





# Eligible Projects: Lead Service Lines

Figure 1: Diagram of Service Line

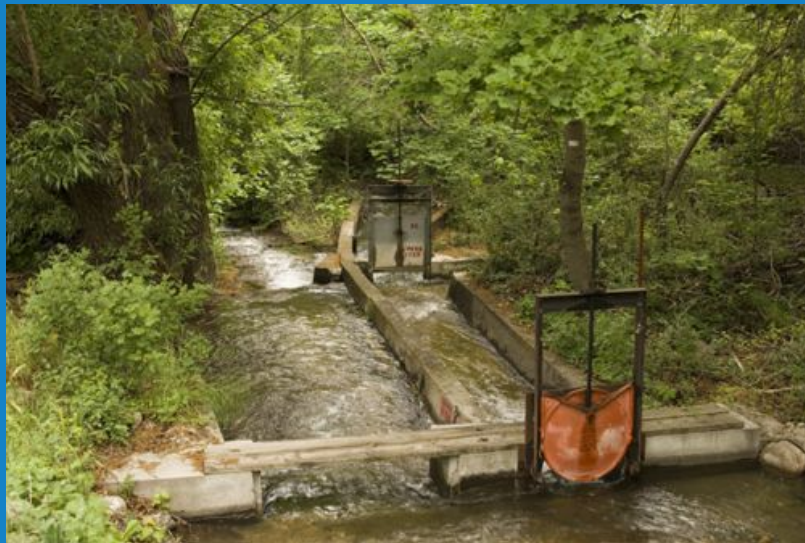


# Eligible Projects: PFAs - Emerging “Forever” Contaminants

- Construction or upgrade of treatment facility to address addresses emerging contaminants.
- Development of a new water source (e.g. new intake or well)
- System consolidation
- Pilot testing for treatment alternatives.
- Creation of a new community water system

# Eligible Projects: Water Rights

- For the most part, DWSRF **not available** for purchase of water rights.
- DWSRF can fund purchase of water rights **only if**
  - Protects public health
  - Addresses a compelling, imminent threat
  - Not future population growth or investment
  - Cost-effective
  - System is able to deliver purchased water
- Example projects
  - Water transfers
  - Groundwater credits
  - Storage capacity in an existing reservoir



# Eligible Projects: Dams and Reservoirs

- For the most part, DWSRF funds **not available** for dams and reservoirs.
- DWSRF can fund rehabilitation of dams and reservoirs **only if**
  - Protects public health
  - Addresses a compelling, imminent threat
  - Cost-effective
  - Not for new supplies for population growth
  - Reservoir's primary purpose is supply & publicly owned
- Example projects
  - Spillway reconstruction or repair
  - Dam resurfacing or repair
  - Replacement or repair of drainage systems
  - Sedimentation dredging



# Types of Drinking Water SRF Assistance

## LOANS

Loans may not exceed 30 years or the life of the project

## DEBT PURCHASE

DWSRF program may refinance or buy previously issued debt

## GUARANTEES

Loan guarantees and insurance can result in improved market access and/or reduced interest rates

## “ADDITIONAL SUBSIDY”

DWSRF programs can convert part of the loan into principal forgiveness or other forms of affordability support

## EARN INTEREST

DWSRFs can invest available funds in short-term investments that can generate interest

# DWSRF Application Process



# DWSRF Eligible Entities

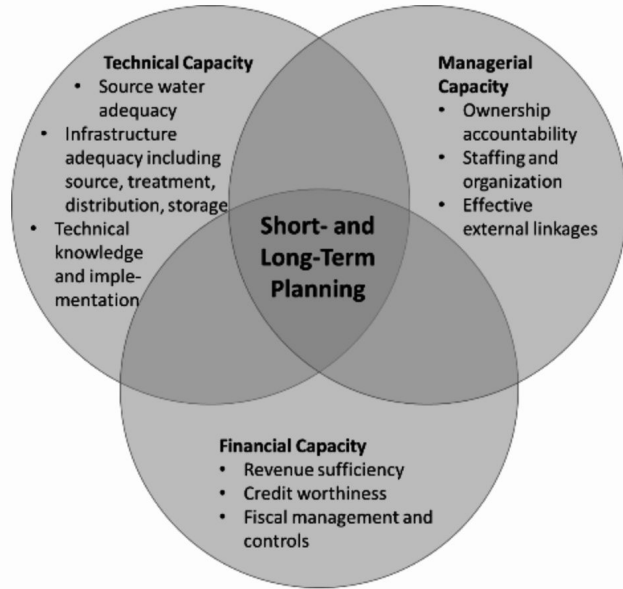
Eligibility varies by state and project type

- **Public or private\* community water systems:** A system serving at least 15 service connections used by year-round residents, or regularly serves at least 25 year-round residents
- **Non-profit, non-community water systems** (including schools, publicly-owned campgrounds, parks, churches)
- **New community water systems** to address serious risks caused by:
  - Unsafe drinking water from wells, surface water sources within service area affected by contamination
  - TMF difficulties resolved by consolidation

\*Some states do not fund private systems/private entities.



# DWSRF Eligible Entities: Technical, Managerial, Financial (TMF) Capacity



- Applicants must have TMF capacity to ensure compliance with SWDA
- If not, could receive a loan or TA to make critical changes in operations, e.g.:
  - Ownership
  - Management
  - Accounting
  - Rate
  - Maintenance
  - Consolidation

# Getting Familiar with Your State's Approach

## State DWSRF website and contact(s)

DWSRF assistance is provided directly from state agencies. Contact your DWSRF program in your state for information on how to apply.

STATE	CONTACT(s)	PHONE NUMBER(s)	EMAIL	WEBSITE
AL	Eric Reidy	(334) 271-7805	<a href="mailto:eric.reidy@adem.alabama.gov">eric.reidy@adem.alabama.gov</a>	<a href="#">State of AL Website</a> ☑
AK	Young Ha	(907) 269-7544	<a href="mailto:young.ha@alaska.gov">young.ha@alaska.gov</a>	<a href="#">State of AK Website</a> ☑
AR	Debby Dickson	(501) 682-0548	<a href="mailto:debra.dickson@agriculture.arkansas.gov">debra.dickson@agriculture.arkansas.gov</a>	<a href="#">State of AR Website</a> ☑
AZ	Lindsey Jones	(602) 647-3865	<a href="mailto:LJones@azwifa.gov">LJones@azwifa.gov</a>	<a href="#">State of AZ Website</a> ☑

→ Visit [EPA's State DWSRF website](#) to help determine which agencies administer the DWSRF in your state.

- Record your state's contact, email, and phone number
- Explore your state's SRF website in detail

# Getting Familiar with Your State's Approach, contin'd.

- Review your state's Intended Use Plan (IUP) to get clear on current funding priorities
- Check your state's eligibility and application guidance & timeline(s).
  - ◆ Does your state require an "eligibility survey," "intake form" or other threshold submission?
  - ◆ Does your state accept applications on a rolling basis or on a deadline?
  - ◆ Review available education resources, e.g., webinars, fact sheets, manuals, handbooks, etc.



# Determining Your Eligibility: As An Applicant

- Consider your utility's' TMF capacity.
  - ◆ Some resources include:
    - The EPA's [Technical, Managerial and Financial \(TMF\) Capacity Resources for Small Drinking Water Systems](#)
    - Your regional [Environmental Finance Center](#).
- Is your system is in **significant non-compliance** with the Safe Drinking Water Act?
  - ◆ You can search for this at the [Enforcement and Compliance Data database](#) or the [SDWIS Fed Reporting Services system](#).

# Determining Your Eligibility: Project Readiness

- ◆ Is the primary purpose of your project to provide safe drinking water?
- ◆ Where are you in the planning and design process?
- ◆ Has your project gone through environmental reviews?
- ◆ What is the project budget / estimated cost?



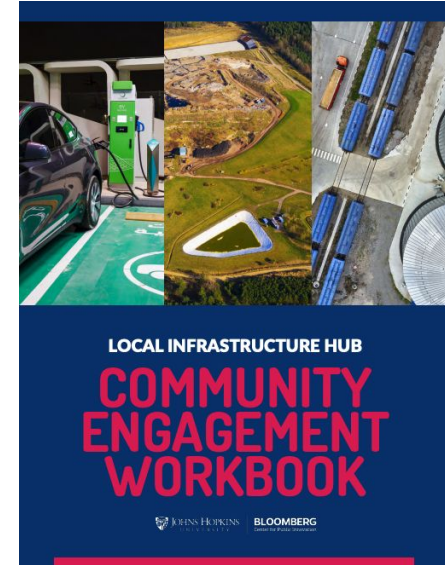
# Getting Started: Community Engagement

**Community engagement is required by the SRFs on a state-by-state basis**

- Typically part of pre-application process (e.g., requirement to hold a public meeting)

**Community engagement strengthens a project's credibility and eases implementation**

- Projects may struggle without community buy-in



**Thank you!**  
**Cynthia Koehler**  
**Executive Director**

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**www.waternow.org**



# Speakers



**Dr. Mona Becker**  
Mayor  
Westminster,  
Maryland



**Mary Lou Pauly**  
Mayor  
Issaquah,  
Washington



**Sam Smalley, P.E.**  
Deputy Director  
Detroit Water &  
Sewerage Dept.



**Zachary Schafer**  
Assistant Secretary  
for Policy  
Maryland  
Department of the  
Environment



**Cynthia Koehler**  
Executive Director  
WaterNow Alliance

## RESOURCE

# How to Access Low-Cost Loans for Clean Water and Drinking Water



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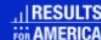


**UPCOMING**

# 2026 Workshop on CWSRF and DWSRF Support



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