

TAPPING INTO THE DRINKING WATER STATE REVOLVING FUND



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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

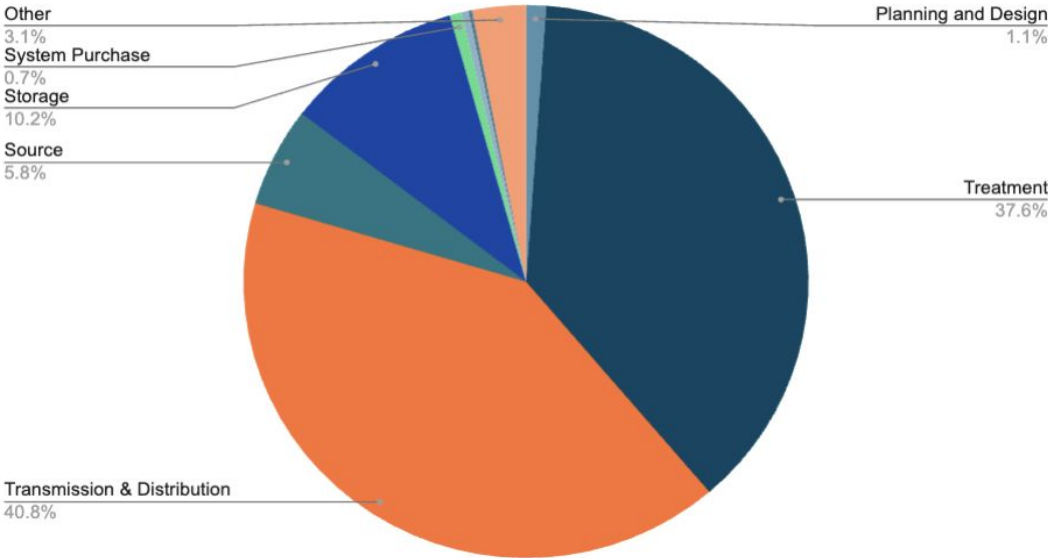
Land
purchase/ease
ment

Deregulation

Premature
asset failure

DWSRF Assistance by Project Type

Assistance by Dollars 1997-2020

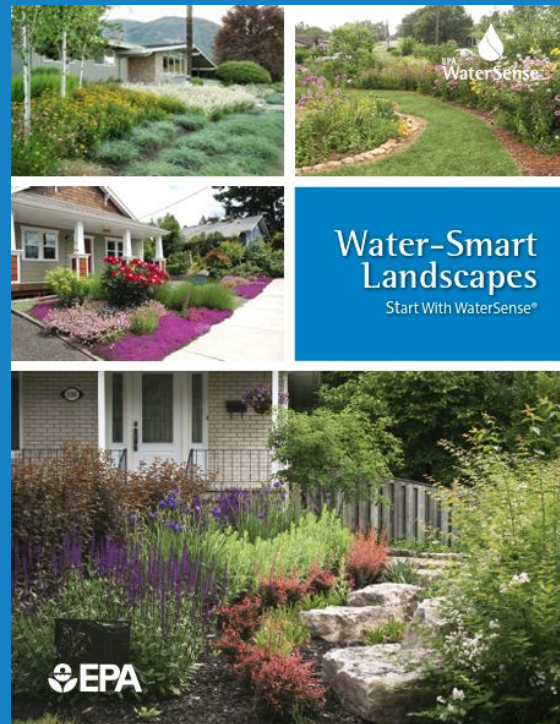


Eligible Projects: Drought Mitigation

Capital Project Funding

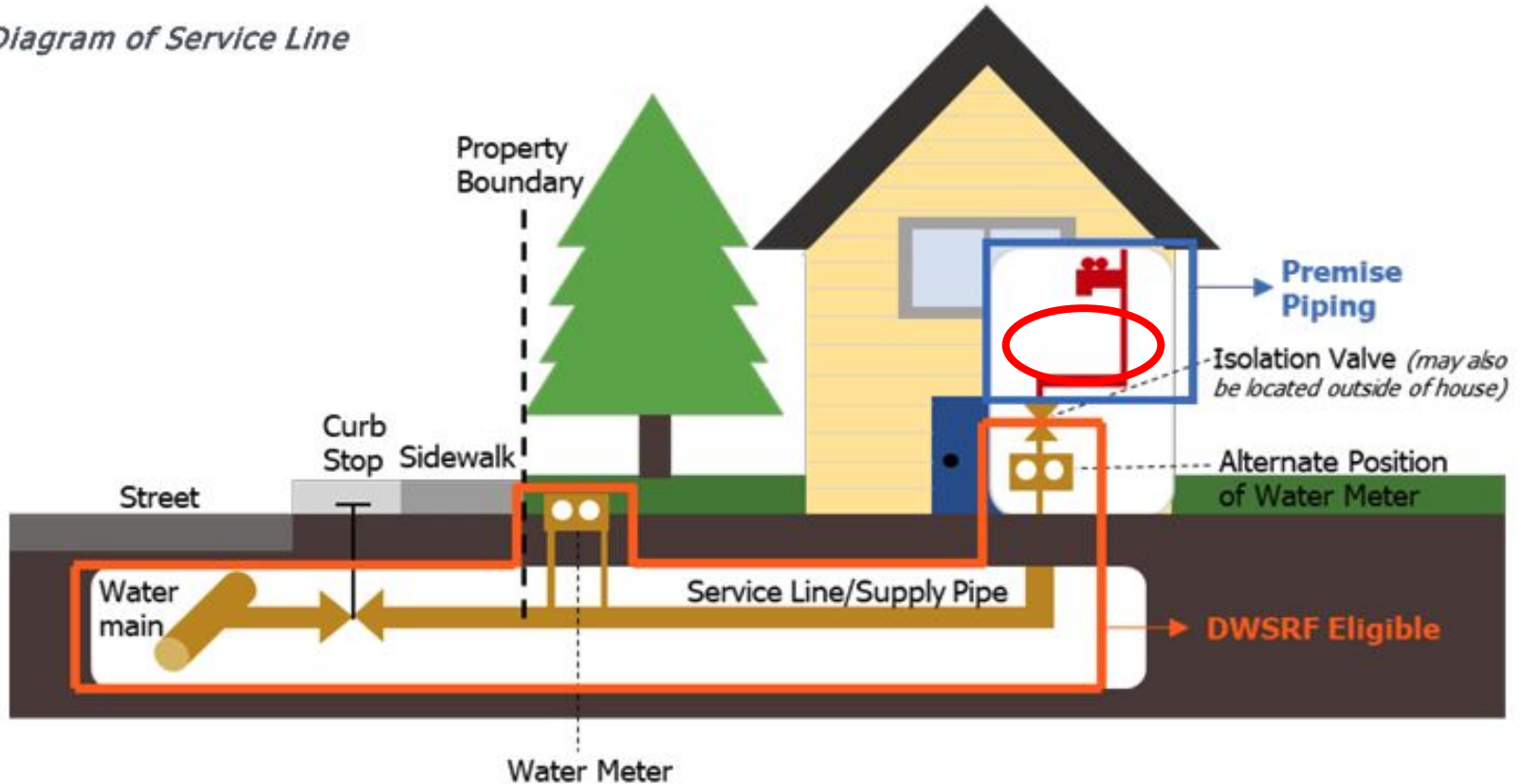
- Water efficient fixtures, equipment
- Water efficient management practices, techniques
- Aquifer recharge, storage, recovery

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

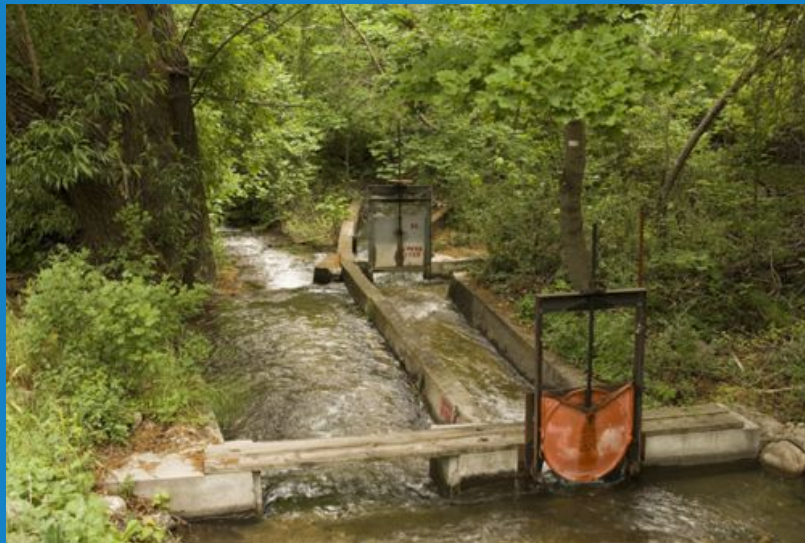


Eligible Projects: PFAs - Emerging “Forever” Contaminants

- 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

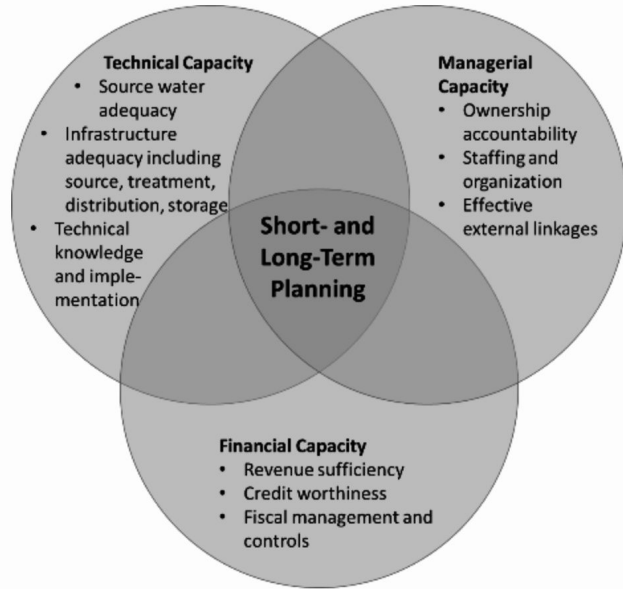
Eligibility varies by state and project type

- **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	eric.reidy@adem.alabama.gov	State of AL Website ☑
AK	Young Ha	(907) 269-7544	young.ha@alaska.gov	State of AK Website ☑
AR	Debby Dickson	(501) 682-0548	debra.dickson@agriculture.arkansas.gov	State of AR Website ☑
AZ	Lindsey Jones	(602) 647-3865	LJones@azwifa.gov	State of AZ Website ☑

→ 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?

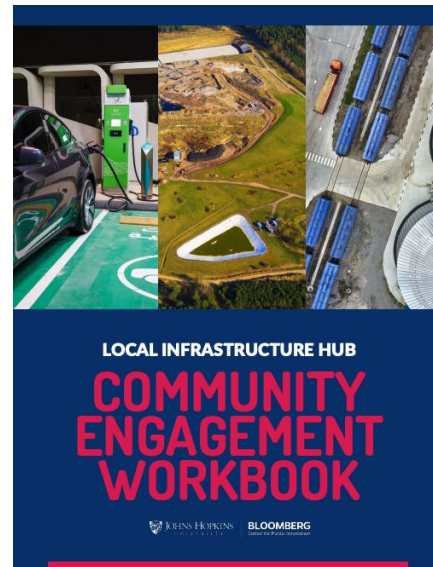
Getting Started: Community Engagement

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!
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Speakers



Dr. Mona Becker
Mayor
Westminster,
Maryland



Mary Lou Pauly
Mayor
Issaquah,
Washington



Bryan Peckinpaugh
Public Affairs 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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