



# Funding Water Reuse and Conservation Projects with the Clean Water State Revolving Fund



The U.S. Environmental Protection Agency's (EPA) Clean Water State Revolving Fund (CWSRF) program is the largest public source of water quality financing in the country. The funding flexibility inherent to CWSRF programs allows states to address their unique water quality priorities.

Recent water shortages and droughts have served to remind us how important it is to ensure the protection of the environment and public health through reliable and efficient water systems. With help from the CWSRF, communities across the country have implemented projects and measures to conserve and reuse water.

## HOW THE CWSRF WORKS

CWSRF programs in each state and Puerto Rico operate like banks. Federal and state contributions are used to capitalize the programs. These assets are used to make low interest loans for important water quality projects. Funds are then repaid to the CWSRFs and are recycled to fund other water quality and public health projects.

## TYPES OF CWSRF ASSISTANCE

The CWSRFs offer many types of financial assistance. The programs primarily offer low-interest loans over terms as long as 30 years or the useful life of the project, whichever is less. The CWSRFs can also purchase local debt obligations, refinance previously issued debt, provide credit enhancements in the form of guarantees or insurance, and guarantee sub-state revolving loan fund debt. A small amount of additional subsidization may be available each year in the form of principle forgiveness, negative interest rate loans, or grants. Additional subsidization can be provided to projects that address affordability concerns, stormwater, water and energy conservation, or sustainable project planning, design, and construction.

## ENCOURAGING WATER REUSE AND CONSERVATION

Priority setting systems are an effective tool that states use to encourage water reuse and conservation. Each CWSRF program has a priority system that evaluates and ranks projects. Ranking criteria primarily focus on public health and water quality, but can also address other priorities including water reuse and conservation. States may encourage projects through targeted rating criteria, such as offering priority points, and funding incentives, including reduced interest rates and waiver of fees. For example, some states, like Arizona, New Jersey, and Oregon, not only give priority to projects with water reuse and conservation components, but also offer them financial incentives such as lower interest rates. Additional subsidies in the form of principal forgiveness, negative interest rate loans, and grants, can also be used to encourage water reuse and conservation projects.

## ELIGIBLE PROJECTS

The CWSRF can fund a wide range of water reuse and conservation activities including but not limited to:

- Installation or replacement of water meters
- Installation of water efficient appliances and irrigation equipment
- Plumbing fixtures and retrofit replacements
- Direct potable reuse (public and private)
- Equipment to reuse reclaimed water (public and private)

CWSRFs can also provide assistance to many types of planning activities. In general, planning is eligible if there is a reasonable prospect that will result in an eligible capital project. Some examples relative to water conservation include statewide water infrastructure plans, drought management plans, wastewater facility plans, and water-loss audits.

## GETTING A PROJECT FUNDED

Since the CWSRF program is managed by the states, project funding varies according to their priorities, policies, and laws within each state. Those interested in learning more about CWSRF funding opportunities should seek out the CWSRF program in their state and participate in the annual process that determines which projects are funded. The list of CWSRF state programs can be found on our website at <https://www.epa.gov/cwsrf>.

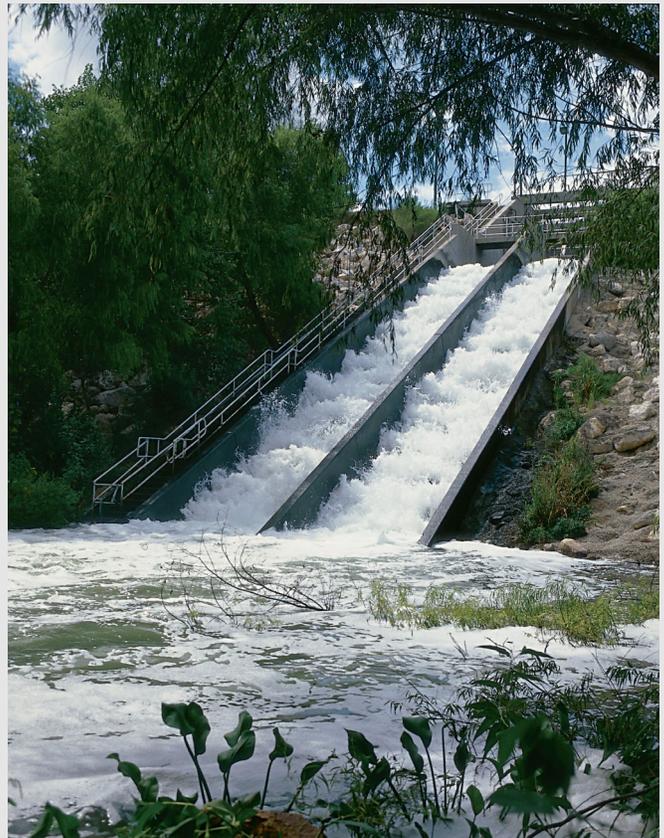
## WATER RECYCLING AND THE CALIFORNIA CWSRF

The California State Water Resources Control Board (CA CWSRF) is continually working to support and restore California's water supply by offering 1 percent financing for recycled water projects. This reduced interest rate is about half of the usual CA CWSRF rate. Originally, in 2014, when the state was facing record-breaking drought, the CA CWSRF approved the 1 percent financing for all eligible water recycling projects that filed a completed application by December 2, 2015; the program allocated approximately \$800 million for these projects. In 2016, the amount of money made available was increased to approximately \$960 million, where 36 eligible projects received 1 percent financing with the potential to produce an additional 150,000-acre feet of recycled water annually. Today, this program continues to be successful with an estimated 35 eligible projects totaling about \$884 million that will receive the reduced interest rate.

## CLEAN WATER SUCCESS STORIES

### Virginia

In 2015, the Virginia CWSRF provided nearly \$6.5 million in funding for a \$9.3 million water reclamation and reuse project that helped construct a system to pump non-potable water to a waste-to-energy facility, golf course, and baseball fields in Fairfax County, Virginia. Now, more than 500 million gallons a year of treated wastewater that would otherwise be discharged into the Chesapeake Bay are instead put to beneficial reuse. This also provides a source of income for the county, while keeping additional nutrients such as nitrogen and phosphorus out of Pohick Creek, conserving drinking water, and offering a bargain to reuse customers on their water bills.



Discharge from the Dos Rios Water Recycling Center to the Medina River in Texas

### Texas

Texas has developed a diversified portfolio of water reclamation, reuse and supply development solutions, which has helped augment community resiliency in the face of severe drought events. In 1996, the San Antonio Water System (SAWS) unveiled a plan to construct the nation's largest water recycling delivery system. This ambition was realized with nearly 130 miles of pipeline delivering high quality treated effluent to parks, golf courses, and numerous commercial and industrial customers in the SAWS service area. Today, this trend continues with the support of more than \$27 million in CWSRF assistance for the development and expansion of the SAWS' water recycling program, composed of three major water recycling centers: Medio Creek, Leon Creek and Dos Rios. Together, these facilities produce 130,000 acre feet (AF) of treated wastewater annually.

For more information about the CWSRF please contact us at:

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