



**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**  
WASHINGTON, D.C. 20460

OFFICE OF  
WATER

September 20, 2000

**CWSRF 00-13**

**MEMORANDUM**

**SUBJECT:** Policy on Using the CWSRF on Water Efficiency/Conservation Measures

**FROM:** Richard T. Kuhlman, Chief  
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**TO:** Municipal Program Managers  
Regions I - X

**Purpose**

This memorandum clarifies water efficiency/conservation measures eligibilities under the Clean Water State Revolving Fund Program (CWSRF). We continually get questions regarding this matter from partners and stakeholders.

**Background**

The CWSRF program was established to replace traditional grant funding of publicly owned treatment works, as well as to expand funding to the correction of additional water quality problems included in non point source (NPS) management plans (§319 of the Clean Water Act (CWA)) and estuary Comprehensive Conservation and Management Plans (CCMPs) (§320 of the CWA). Recently, we have issued memoranda regarding eligibility of various NPS/Estuary activities under the CWSRF.

The EPA policy and guidance document, "The Clean Water SRF Funding Framework" (Funding Framework), establishes guidelines for funding traditional CWSRF projects and sets national policy for states that wish to make use of their CWSRF to fund innovative non-traditional projects. The focus of the Funding Framework is the use of planning and priority setting to establish relative funding priorities among point and NPS/estuary projects and to clarify their water quality benefits.

## Eligibilities

In “Funding Water Conservation and Reuse with the Clean Water State Revolving Fund” (EPA 832-F-99-050, June 1999), we have already indicated that the following structural and non-structural measures are eligible for funding as §212 treatment works projects under §601(a).

### Structural Measures

- o Installation of meters
- o Plumbing fixture retrofits or replacements (*e.g.*, in government buildings, public housing)
- o Recycling gray water (in municipal buildings)
- o Reuse of wastewater (public purposes)

### Nonstructural Measures

- o Use of incentive-based wastewater service charges
- o Use of ordinances or regulations to conserve water use
- o Public education programs

Under §601(a)(1), we are now interpreting that certain publicly-owned programs that provide incentives to conserve water and thereby reduce wastewater flows are fundable as a part of a §212 treatment works project. These incentive programs must encourage wastewater service customers in the service area of the proposed project to purchase water-efficient equipment, appliances or plumbing fixtures that reduce wastewater flow to the project. These programs are considered non-structural alternatives and qualify as treatment works under §212(2)(B) as a method or system for reducing municipal waste. Types of incentives include payments such as rebates, tax breaks, vouchers, and bill modifications, or financing such as low-interest loans or shared savings. The cost of the incentives themselves and the cost of administering the program are eligible as long as the incentive program is the most cost-effective alternative for complying with §301 or §302 of the Act by reducing the size of, or delaying the need for, the proposed project.

We encourage you to provide us information on the costs and environmental benefits of any such projects funded so that we might develop case studies for posting on our web site. General information on incentive programs can be found in “Customer Incentives for Water Conservation – A Guide” (EPA 230-R-94-001, Feb. 1994), available from EPA’s Water Resource Center. States can obtain further information regarding water efficiency/conservation/reuse measures from EPA Regional Offices and Headquarters ([www.epa.gov/owm/genwave.htm](http://www.epa.gov/owm/genwave.htm)) or from WaterWiser – the Water Efficiency Clearinghouse at [www.waterwiser.org](http://www.waterwiser.org).

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