



# Funding Decentralized Wastewater Treatment Systems with the Clean Water State Revolving Fund



The U.S. Environmental Protection Agency's (EPA) Clean Water State Revolving Fund (CWSRF) is a low interest source of funding for the installation, repair, and upgrading of decentralized wastewater treatment systems. Projects that may be eligible for CWSRF funding include:

- New system installation (single and cluster systems).
- Replacement, upgrade, or modification of inadequate or failing systems.
- Costs associated with the establishment of a centralized management entity (e.g., permitting and legal fees).
- Capital associated with management programs (e.g., trucks, storage buildings, spare parts)

## 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- or no-interest loans for important water quality projects. Funds are then repaid to the CWSRFs over terms as long as 30 years and are recycled to fund other water quality and public health projects.

## WHO MAY QUALIFY

The CWSRF may provide assistance to any public, private or non-profit entity for decentralized projects. Eligible loan recipients include community groups, farmers, homeowners, small businesses, conservation districts, and nonprofit organizations. Since the program is managed by the states, project funding and eligibility requirements vary according to the priorities, policies, and laws within each state.

## GETTING A PROJECT FUNDED

The EPA encourages states to open their CWSRFs to the widest variety of eligible water quality and public health projects. Those interested in implementing or upgrading a decentralized treatment system should seek out their CWSRF program to determine whether their state CWSRF has the legal authority to make loans for decentralized projects, 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:

[www.epa.gov/cwsrf](http://www.epa.gov/cwsrf)

Here are some questions to ask the CWSRF in your state:

- Does the state have the legal authority to use its CWSRF for decentralized systems?
- Does the state CWSRF enabling legislation provide the legal authority to provide loans to an individual or private entity?
- Has the state committed to funding decentralized systems in its CWSRF Intended Use Plan (IUP)?
- If not, what can I do to help get these systems listed on the IUP?
- Can an individual or private entity receive a CWSRF loan for a decentralized system?
- If not, can I receive a CWSRF loan through a pass-through entity?

The CWSRF in your state will be able to guide you through the application process.

## SOURCES OF LOAN REPAYMENT

Potential borrowers must identify a repayment source before a loan is approved. Though finding a source of repayment may prove challenging, it does not have to be burdensome. Many recipients demonstrate a high level of creativity in developing sources of repayment. The source of repayment need not come from the project itself.

Some potential repayment sources include:

- Property owner's ability to pay (determined during loan application)
- Fees paid by developers
- Recreational fees (fishing licenses, entrance fees)
- Dedicated portions of local, county, or state taxes or fees
- Donations or dues made to nonprofit groups
- Stormwater management fees
- Wastewater user charges

## CLEAN WATER SUCCESS STORIES

### *Rhode Island*

The Rhode Island Clean Water Finance Agency (CWFA) successfully developed innovative partnership programs and lending practices such as the Community Septic System Loan Program (CSSLP). To expand its borrower base, the Rhode Island CWFA crafted CSSLP in cooperation with the Rhode Island Department of Environmental Management and Rhode Island Housing. The CSSLP puts low interest SRF funds within reach of all communities and allows them to access the SRF to repair or replace septic systems when necessary. Thus far, the Rhode Island CWFA has made CSSLP loans totaling \$2.95 million. Approximately 400 septic systems have been repaired or replaced to date, improving water quality in communities across the state.



A CWSRF-funded decentralized wastewater treatment system in Lincoln County, West Virginia.

### *Alabama*

The Alabama Department of Environmental Management made \$15 million in financial assistance available to the South Alabama Utilities using funds from the Clean Water State Revolving Fund (CWSRF) loan program. The proposed work is expected to cost about \$1.25 million and will consist of the construction of decentralized wastewater treatment systems in three subdivisions: Colleton, Labrador Run, and Johnson Road. Proper use of decentralized treatment and disposal is a cost-effective, environmentally sound option for meeting public demand for sewer service and avoiding potential health concerns related to the use of septic tanks.

For more information about the CWSRF please contact us at:

United States Environmental Protection Agency  
Clean Water State Revolving Fund Branch  
Office of Water, Office of Wastewater Management  
1200 Pennsylvania Avenue, NW (mail code 4204M)  
Washington, DC 20460

EPA 832F16006  
JUNE 2016  
[www.epa.gov/cwsrf](http://www.epa.gov/cwsrf)

