



## Protecting Source Water with the Clean Water and Drinking Water State Revolving Funds

Each of the 50 states and Puerto Rico operates its own Clean Water and Drinking Water State Revolving Fund (SRF) programs. They receive annual capitalization grants from EPA, which in turn are used to provide low-interest loans and other types of assistance to eligible recipients for water infrastructure and water quality projects. Under the Drinking Water State Revolving Fund (DWSRF), states have the option to keep a portion of their capitalization grant as “set-asides” to fund DWSRF and related programs (e.g. capacity development, source water protection) and provide non-infrastructure support to communities. As recipients repay their loans, the repayments and interest earnings flow back into the dedicated revolving fund. These funds may then be used to make additional loans to other eligible recipients. These funds can also be leveraged with other public and private financing sources to create a powerful, innovative financing solution for water infrastructure and water quality projects. With the historic investment in national infrastructure through the Bipartisan Infrastructure Law, there are increased opportunities for source water protection through the SRFs.

Both the Clean Water SRF (CWSRF) and DWSRF programs are capable of financing source water protection (SWP) activities in different ways. The CWSRF may provide financing to public, private, or nonprofit entity for many types of SWP projects, including both grey and green infrastructure. The DWSRF differs, in that SWP is financed through the set-asides. States may use the set-asides for various SWP activities. They can administer the state SWP program, provide technical assistance, and fund implementation activities. DWSRF set-aside assistance can be provided to water systems or other entities depending on the activity.

### ADDITIONAL RESOURCES

This factsheet complements the following documents that describe CWSRF and DWSRF eligibilities for source water protection activities:

- [Expanded Source Water Protection-Related Eligibilities Under the DWSRF’s Local Assistance and Other State Programs Set-Aside](#)
- [Protecting Source Water with the DWSRF Set-Asides](#)
- [Using the DWSRF Set-Asides for Source Water Protection Loans](#)
- [Protecting Source Water with the Clean Water State Revolving Fund](#)

# Source Water Eligibilities

## Source Water Protection Eligibilities by Fund

Clean Water State Revolving Fund Loan Fund	Drinking Water State Revolving Fund Set-Asides
<ul style="list-style-type: none"> <li>• Development and updates of SWP plans</li> <li>• <a href="#">Land conservation</a> through acquisition or conservation easements</li> <li>• <a href="#">Agricultural best management practices</a></li> <li>• <a href="#">Decentralized wastewater treatment</a> (e.g., septic tank repair and replacement)</li> <li>• Remediation or prevention of contamination from resource extraction sites</li> <li>• Habitat restoration</li> <li>• Shoreline/riparian buffers</li> <li>• Stormwater management</li> <li>• <a href="#">Contaminated site clean-up</a></li> <li>• Forest thinning for wildfire risk management</li> <li>• Development and initial delivery of public outreach and education materials</li> <li>• And more</li> </ul> <p>For a comprehensive list of CWSRF eligibilities, see: <a href="#">Overview of Clean Water State Revolving Fund Eligibilities</a></p>	<ul style="list-style-type: none"> <li>• Development, updates and implementation of SWP plans</li> <li>• Development and updates of source water assessments</li> <li>• Purchasing land or conservation easements for the purpose of SWP</li> <li>• Agricultural best management practices (such as cover crops or fences to protect water sources)</li> <li>• Well abandonment</li> <li>• Septic system surveys and replacement</li> <li>• Outreach and education</li> <li>• Development of local ordinances to protect source waters</li> <li>• Data collection and analysis to define a threat to source water quality or quantity</li> <li>• And more</li> </ul> <p>For a comprehensive list of DWSRF Set-Aside eligibilities for source water protection, see: <a href="#">Using the DWSRF Set-Asides for Source Water Protection Loans</a></p>

### LEVERAGING SRF FUNDS

CWSRF and DWSRF funds can be leveraged with each other and other funding programs that protect and improve freshwater resources and public health. For example, several states have used funds from their DWSRF set-asides to develop source water assessments, appraisals, and plans to meet application requirements for CWSRF loans and Clean Water Act Section 319 Nonpoint Source (NPS) Management grants. In some states, CWSRF repayment funds are used by borrowers to help initiate projects by matching other federal grants, like Clean Water Act section 319 nonpoint source management grants and United States Department of Agriculture financing. Savings offered through SRF financing also offers a way to help disadvantaged communities achieve access to safe drinking water.

### LEARN MORE ABOUT FUNDING

SRF programs are managed by the states and assistance is distributed directly from state agencies. The procedures and funding of eligible projects may vary according to the priorities of each state.

Those interested in source water protection should seek out their state’s CWSRF and DWSRF programs to determine whether these types of projects are eligible in their state and to participate in the annual process that determines which projects are funded. The SRFs in your state will be able to guide potential assistance recipients through the application process.

CWSRF program website: [www.epa.gov/cwsrf/state-cwsrf-program-contacts](http://www.epa.gov/cwsrf/state-cwsrf-program-contacts)

DWSRF program website: [www.epa.gov/dwsrf/state-dwsrf-website-and-contacts](http://www.epa.gov/dwsrf/state-dwsrf-website-and-contacts)

Contact the EPA CWSRF team at [CWSRF@epa.gov](mailto:CWSRF@epa.gov) and the EPA DWSRF team at [safewater@epa.gov](mailto:safewater@epa.gov).



Clean Water  
State Revolving Fund



Skagit River, Washington

## SOURCE WATER PROTECTION CASE STUDY: WASHINGTON CWSRF AND DWSRF COORDINATE FOR LAND CONSERVATION

The Skagit Public Utility District (PUD) provides drinking water to more than 65,000 people in Skagit County, serving three cities as well as suburban and rural areas. The Gilligan Creek area of the Cultus Mountain Watershed provides 45 percent of the PUD's source water for its Judy Reservoir Water System. Until recently, timber companies owned all property around Gilligan Creek. In 2012, Skagit PUD went through a comprehensive updating of its watershed control program and determined that finding a way to protect the water quality of this stream was critical to the success of the Judy System. Impacts from activities such as logging and road construction led the PUD to explore the concept of buying land near the intake for the water system to protect the long-term success of the Judy System. To do this, the PUD secured low-cost financing through a grant from the DWSRF and a CWSRF loan with principal forgiveness.

First, The PUD used a \$45,000 source water protection grant funded by the DWSRF Local Assistance Set-Aside through the Washington Department of Health for the appraisal and survey of the property. Knowing the approximate value of the property helped staff begin the conversation. Interested in receiving a loan for the land acquisition, the PUD, its board of commissioners, local conservation groups, and representatives of Skagit Land Trust all brainstormed ideas for funding sources to repay the loan.

After the appraisal was complete, a well-established relationship with the landowner helped Skagit PUD start the negotiations to buy the property in the spring of 2017. Skagit PUD secured a \$1.5 million loan (with \$397,500 principal forgiveness) with 1 percent interest from the CWSRF to purchase and protect the 250 acres of critical watershed in perpetuity for its customers. The PUD will pay back the loan through customer revenues and proceeds from selective timber harvests. This collaboration between multiple state agencies and both DWSRF and CWSRF funding sources resulted in a successful priority drinking water protection project. The purchase of this 250-acre forest at Gilligan Creek protects the quality of drinking water for Skagit PUD's customers for many years to come.