



DWSRF Infrastructure Bill Funding

331-685 • Updated 3/28/2022

Congress established the Drinking Water State Revolving Fund (DWSRF) in August 1996 as part of the reauthorized federal Safe Drinking Water Act (SDWA). The DWSRF Program finances drinking water projects and activities to protect public health and achieve or maintain compliance with the SDWA.

New federal funding

Under the Bipartisan Infrastructure Law (BIL) (a.k.a., Infrastructure Investment and Jobs Act), Washington State will receive a significant increase of federal funds into DWSRF over the next five years. These funds will allow the DWSRF to fund more as well as larger capital projects. There are three parts to this funding that EPA is authorized to award to the states from federal fiscal year 2022 through 2026.

- ◆ **Stimulus—increases broad program levels totaling \$11.7 billion nationally.**
 - Requires 10 percent state match for first two years and 20 percent for the last three years.
 - Forty-nine percent of these funds must be forgiven
- ◆ **Funding for Lead Service Line Replacement \$15 billion nationally.**
 - Forty-nine percent of these funds must be forgiven.
 - No state match required.
- ◆ **Funding for Emerging Contaminants totaling \$4 billion nationally.**
 - One-hundred percent of these funds must be forgiven.
 - No state match required.
- ◆ **Reauthorization of the base DWSRF funding levels.**
 - Twenty percent state match required.
 - At least 30 percent of these funds must be forgiven.

Washington Anticipated Allocated Annual Amounts*

Amounts in Millions	SFY 23	SFY 24	SFY 25	SFY 26	SFY 27	Total
Stimulus DWSRF Grant						
Grant Amount	40.1	46.9	51.2	55.5	55.5	242.9
DWSRF Lead Service Line Replacement						
Grant Amount	63.3	63.8	63.8	63.8	63.8	318.4
DWSRF Emerging Contaminants (PFAS)						
Grant Amount	16.8	17.0	17.0	17.0	17.0	84.8
Base DWSRF Grant						
Grant Amount	15.6	64.9	70.4	75.8	75.8	244.3

We have two years to apply and present a priority project list for each grant in full. If we are unable to present projects for the full amount within two years, EPA will make any remaining funding available to other states.

How will DOH make this funding available?

To apply to EPA for this funding, DOH must present a project priority list (PPL) of eligible projects and activities in an Intended Use Plan. To establish our PPL, we will solicit applications for the first year of all available funding, except lead service line replacements, between October 1, 2022, and November 30, 2022. Applicants will not need to specify the funding. Instead DOH will match applications with funding, to use as much funding as possible and fully meet subsidy requirements. All DWSRF project and entity eligibility requirements remain, including planning, land control, water rights, and underwriting conditions. We are currently updating our construction loan guidelines to reflect new funding requirements. We will post our updated draft guidance on our [DWSRF webpage for public review and comment](#) at least 60 days prior to any funding cycle.

We plan to make the lead service line replacement funding available through a separate application cycle. We hope to make some of this funding available for service line inventories and are working closely with EPA to determine requirements.

Beyond EPA's requirements to apply for funds, we must also expend the funds within two years. To meet this expectation DOH will continue to emphasize readiness to proceed. We are reviewing our readiness to proceed criteria and bonus points to elevate projects that are most ready. To improve readiness to proceed we offer preconstruction loans at 0 percent interest to water systems for planning, design, cultural and environmental review for an eligible DWSRF project.

New federal requirements

Build America Buy America (BABA) Act applies to all federal agencies, and expands domestic preference purchasing requirements for SRFs and other EPA funding to include iron and steel products, manufactured goods, and construction materials such as glass, concrete, lumber, and plastics. BABA includes a prohibition on waivers of general interest, such as de minimis and plans and specifications. BABA must be implemented in mid-May 2022. We are still awaiting implementation guidance on these requirements.

Congress established that 49 percent of funding allocated to the SRF programs through the General Supplemental and Lead Service Line Replacement (LSLR) capitalization grants must be provided as additional subsidization to eligible water systems that meet the state's disadvantaged community criteria as defined by the state. Also, for the DWSRF Emerging Contaminants funding, states must direct at least 25 percent of these funds to disadvantaged communities. We are evaluating our rules and criteria to determine if rule or guidance changes to our disadvantage community definition are necessary.

Planning underway

New resources provide opportunity to expand and enhance our assistance to community drinking water projects. We identified the following priority areas to focus on, with ongoing planning to increase eligible projects through the additional five years of funding.

- ◆ Assist water systems with lead service line inventories.

- ◆ Provide subsidized funding to remove PFAS and emerging contaminants found in drinking water.
- ◆ Provide additional resources to help water systems prepare for DWSRF funding through development of water system planning documents, engineering reports, and construction documents.
- ◆ Identify ways to assist small system provide project management and construction oversight for DWSRF loans.
- ◆ Promote the DWSRF program to improve our demand for funding in the next funding cycles.
- ◆ Consider staffing levels needed to manage additional funding, federal requirements, more and larger projects.

Contact Information

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