

**Connecticut Department of Public Health Drinking Water Section's
Drinking Water State Revolving Fund (DWSRF)
Frequently Asked Questions (FAQ)**

Category 1: What is the Drinking Water State Revolving Fund, who is eligible to apply for funding and what types of drinking water infrastructure projects are eligible for funding?

1. What is the Connecticut Department of Public Health's Drinking Water State Revolving Fund?

The Drinking Water State Revolving Fund (DWSRF) was created through the 1996 Amendments of the federal Safe Drinking Water Act and provides long-term (up to 20 years), low-interest (half of market rate) financing, through a loan program, to community and non-profit non-community public water systems.

2. Who is Eligible for a CT DPH DWSRF Loan?

All community water systems (CWS) and non-profit non-community water systems (NCWS) regulated by the CT DPH are eligible for DWSRF loans. Of the 2,400 DPH regulated public water systems (PWS), there are an estimated 725 that are eligible for DWSRF funding including approximately 493 CWS and 232 non-profit NCWS. For-profit non-community PWS, such as a small business served by its own groundwater well, are not eligible. Homeowners with their own private wells are also not eligible borrowers under the DWSRF program.

3. What types of drinking water projects are eligible for funding from the CT DPH DWSRF Program?

DWSRF loans may be provided to fund public drinking water infrastructure improvement projects that are necessary to primarily address 3 federal priorities:

1. Safe drinking water and public health protection, project examples: upgrade drinking water treatment, identify and replace lead service lines, extend water mains to areas with private well contamination, and/or;
2. Compliance with Safe Drinking Water Act regulatory requirements, project examples: drinking water treatment to address water quality violations, and/or;
3. Aging infrastructure sustainability projects, project examples: water main replacement/rehabilitation, pump station replacement/rehabilitation, storage tank replacement/rehabilitation, large scale drinking water treatment plant replacement/rehabilitation.

The DWSRF may also be used to improve water system security and resiliency including climate change adaptation. Security improvements to drinking water facilities, redundancy of facilities or equipment for critical water delivery services and relocation of facilities that are vulnerable to climate change are also projects which are likely to be eligible for DWSRF funding.

4. What types of drinking water projects are not eligible for DWSRF funding?

The DWSRF loan program is prohibited from providing financing drinking water infrastructure projects that are primarily intended for water system expansion for economic development purposes or fire protection. Projects like expanding water service for a new housing development **are not** eligible for DWSRF funding.

5. How do I apply for DWSRF funding and how long does it take to get a DWSRF loan?

Annually the DPH publishes a "[Call for Projects](#)" notice on its website requesting the submission of new DWSRF [Eligibility Applications](#). This Call for Projects period generally runs from January through the end of March each year. Only applications submitted during this period are considered for inclusion in the annual Intended Use Plan's (IUP) Fundable Project Priority List (PPL). Following this application period, the

DPH prepares a draft IUP, which includes a draft PPL, and publishes the IUP on its website for a 30 day public review and comment period. A public hearing is scheduled at the end of the public comment period allowing for oral or additional written testimony to be provided on the IUP. Comments received during the public comment period and during the public hearing are considered by the DPH Commissioner prior to finalizing the IUP. Loans cannot be offered to any project until such time as that project is placed on the PPL in a finalized IUP. The annual IUP is typically finalized in the Fall of each year at which point DPH may begin processing loan applications. There are many levels of review and approvals necessary before a project may proceed so the length of time associated with obtaining a loan is different for every project.

6. How do I apply for DWSRF funding if I missed the Call for Projects period?

Outside of the annual Call for Projects, the DPH will accept project Eligibility Applications at any time. Applications received after Call for Projects deadline will be assigned appropriate priority points according to the Priority Ranking System and periodically (expected to be done quarterly) added to the DPH's Comprehensive Project List (CPL) via a formal amendment to the Annual IUP.

7. Is there a minimum or maximum loan size that an eligible public water system can apply for?

There is no minimum or maximum loan that an eligible public water system can apply for; however, there are certain State and Federal requirements that must be applied to DWSRF loans which should be considered when evaluating DWSRF funding for your project. See question #10 below.

8. Can the DWSRF be used to finance planning projects or for other professional engineering services?

Yes, the DWSRF may be used to finance engineering services for planning, design and construction oversight purposes related to a construction project which is eligible for DWSRF funding. For planning only projects, as long as the planning efforts will produce construction projects that are likely to be financed with DWSRF funding at a later time, these projects are generally eligible for DWSRF funding. The preparation of an Asset Management Plan for a community public water system's drinking water infrastructure is an example of a planning project that is eligible for DWSRF funding.

9. Are land purchases eligible for DWSRF loans?

Land purchases and or easement agreements are eligible for DWSRF financing **only** if they are directly related to an eligible drinking water infrastructure construction project. If the purchase of land is necessary to accommodate the relocation or rehabilitation of an existing drinking water facility (storage tank, pump station, treatment plant) then the purchase of the land would likely be eligible for DWSRF financing.

10. Are there specific state or federal requirements which need to be followed for projects which receive DWSRF funding?

Yes, there are a number of both state and federal requirements which are applicable when a project receives any amount of DWSRF funding, even if only for a portion of a project. These requirements include [American Iron and Steel](#) provisions, State and Federal prevailing wage rates for construction workers and fair share sub-contracting goals for minority and women-owned businesses. In addition, there are procurement requirements related to all professional service (engineering) and construction contracts that must be adhered to. A Preliminary Engineering Report will also be required to be submitted to DPH for most construction projects. In most cases, a DWSRF applicant that does not have in-house engineering services will need to hire an engineering consultant to assist them with DWSRF funding. Due to these requirements, the DWSRF tends to be more attractive for larger construction projects. Please visit our DWSRF [Project Steps and Information](#) webpage for more information on these requirements.

11. Is it cost-effective for small public water systems to utilize the DWSRF to finance projects costing less than \$100,000 ?

The DWSRF has implemented two streamlined programs for eligible small public water systems for **non-construction** projects costing **less than \$100,000**. Our [Emergency Power Generator Program](#) provides financing for the installation or replacement of smaller emergency back-up power generator systems to operate critical water system facilities during power outages. Our [Small Loan Program](#) provides financing for the installation or replacement of new water system equipment (examples: pumps, drinking water treatment systems) that do not require the use of heavy equipment or construction work (i.e. building modifications, additions, new facilities). These programs are intended to make it easier, quicker and reduce the costs for small water systems to access DWSRF funding for smaller funding needs.

CATEGORY 2: Where does the DWSRF funding come from?

12. What Federal grant funding supports the CT DPH DWSRF?

EPA provides an annual Capitalization Grant (Cap Grant) funding opportunity to each state agency that has regulatory primacy over EPA's Safe Drinking Water Act (SDWA). The DPH is the SDWA primacy agency for the State of Connecticut. This Cap Grant funding supports and maintains the CT DWSRF program including its administration costs. The amount of funding available each year is based upon annual Congressional appropriations.

13. Does the CT DPH DWSRF program receive additional funding support above and beyond EPA's annual capitalization grant?

Yes, the CT DPH DWSRF is a leveraged loan program, working with the Office of the State Treasurer, Office of Policy and Management, and the Department of Energy and Environmental Protection under Connecticut General Statutes 22a-475 to 22a-483 which provide additional funding support toward drinking water projects. DPH DWSRF benefits from the provision of State of Connecticut Revenue Bonds to increase available loan funds and from General Obligation Bonds per CGS 22a-483f to provide for additional State grant funding for qualifying drinking water projects. As loans are repaid to the DWSRF, those funds are also recycled for new loans.

14. Is the DPH DWSRF loan funding revolving?

Yes, as loans are repaid to the DWSRF those funds are recycled and made available for new drinking water projects.

15. Are Federal grant funds available for drinking water projects through the DWSRF?

In recent years the DPH has been required to use a certain amount of its annual federal Capitalization Grant to subsidize drinking water loans made through the DWSRF. This subsidization is typically provided in the form of loan principal forgiveness which is not required to be repaid to the State. The amount of federal subsidy funds that will be made available may vary from year to year. Certain drinking water projects may qualify for higher levels of subsidization than others and projects that will benefit [distressed communities](#) may also qualify for greater subsidization. A description of the amounts and use of federal subsidy funding is detailed each year the DPH's annual DWSRF Intended Use Plan which is published on the [DWSRF website](#).

16. Are State grant funds available for drinking water projects through the DWSRF?

Connecticut General Statutes Section 22a-483f provides additional State grant funding support to the DWSRF through a Public Water System Improvement Program (PWSIP). Large community water systems serving greater than 10,000 people are eligible to receive up to 30% State grant funding towards an eligible

DWSRF drinking water project. Small community water systems are eligible to receive up to 50% State grant funding towards an eligible DWSRF drinking water project. Only 4 categories of drinking water projects are currently eligible for these grant funds:

1. Small community water system consolidation projects
2. Regional interconnection projects between community water systems
3. Drinking Water Lead Service Line Replacements
4. Projects that address Emerging Contaminants

A more detailed description of the PWSIP program is provided in the annual DWSRF Intended Use Plan which is published on the [DWSRF website](#). It is important to note that all State grant funding must be approved by the State Bond Commission before it is made available to any DWSRF project.

17. Can I apply to the DWSRF for only grant funding or do I also need to take out a DWSRF loan to receive a grant?

A DWSRF loan must be taken out in order to receive any grant funding. Grant funding, when available, is typically provided in the form of loan principal forgiveness which do not need to be repaid to the State by the borrower.

18. Can I repay my DWSRF loan early?

The minimum repayment period for loans that exceed \$100,000 is 10 years. Loans less than \$100,000 may be repaid at any time without penalty.

CATEGORY 3: How does the DPH determine which drinking water projects get funded?

19. What is the DWSRF Intended Use Plan:

CT DPH is required by State and Federal Law to include an annual Intended Use Plan (IUP) as part of its annual Capitalization Grant application to EPA. The IUP provides information on how the CT DPH will comply with federal Capitalization Grant requirements along with how it intends to use the federal DWSRF grant funds. The IUP must include the drinking water projects DPH intends to finance during the State Fiscal Year (SFY). The IUP includes, as attachments, the following lists of projects for this purpose:

- **Fundable Project Priority List (PPL)** which details the projects that DPH intends to fund during the SFY. Projects on the PPL are listed in priority order.
- **Carryover List** which details the projects from the prior SFY's PPL that DPH intends to finance during the SFY. Since older DWSRF funds are "reserved" for these projects they are listed in order by Town rather than by priority.
- **Comprehensive Project List** which details all of the projects that have applied for DWSRF financing (with the exception of the projects on the Carryover List) including projects that DPH expects will be considered for DWSRF funding in future SFYs.

20. Which projects in the DPH's annual DWSRF Intended Use Plan does DPH intend to finance during the State Fiscal Year?

The DPH intends to finance projects that are listed on the DWSRF Intended Use Plan's Carryover List and Fundable Project Priority List. These lists are provided as attachments to the IUP.

21. How are drinking water infrastructure projects prioritized for DWSRF funding each year? What is the Fundable Project Priority List?

The DWSRF does not have an unlimited amount of loan and subsidy funds available. DPH's annual federal Capitalization Grant requires DPH to have an objective [Priority Ranking System](#) (PRS) document

to be included in its annual Intended Use Plan (IUP). The PRS is a point-based ranking system that is required to be weighted towards drinking water projects that address, in priority order:

- Public health protection
- Safe Drinking Water Act regulatory compliance
- Aging infrastructure

DPH's PRS gives additional priority points to projects located in [distressed communities](#) that are more in need of the low-cost financing offered through the DWSRF. The PRS is amended from time to time to reflect new State or federal priorities and is made available for public review and comment as an attachment to the annual IUP.

A Fundable Project Priority List (PPL) is prepared based on a project's priority point score (from highest to lowest). Only projects, or portions of projects, that are determined to be "ready to proceed" during the State Fiscal Year (SFY) are considered for inclusion on the Fundable PPL regardless of their priority ranking score. Criteria used to determine a project's readiness to proceed is also provided in the PRS. Ready to proceed projects are listed on the PPL in order of priority ranking scores until the available annual DWSRF funding is depleted, or until there are no additional ready to proceed projects, whichever comes first. If there are more projects than available funding then the lowest ranking projects are held on a Comprehensive Project List and may receive funding if some PPL projects are bypassed due to delays or if they withdraw their funding application.

22. What is the DWSRF Intended Use Plan's Carryover List?

The Carryover list is provided as an attachment to the annual DWSRF Intended Use Plan (IUP) and contains DWSRF drinking water projects that presently have not yet secured a DWSRF loan; however, these projects have already progressed to the point where a DWSRF loan agreement is imminent. These projects all have appeared on a prior IUP's Fundable Project Priority List and have already been vetted through a public participation/hearing process. Funding is reserved for these projects, and these pending DWSRF projects are not listed on the Comprehensive Project List nor the Fundable Project Priority List.

23. How many Drinking Water Lead Service Line (DWLSL) projects are on the State Fiscal Year 2022 Comprehensive Project Priority List? How many of those are moving forward?

There are 12 DWSRF projects for DWLSL inventory/removal on the State Fiscal Year (SFY) 2022 Comprehensive Project List totaling \$134 million. The planning phase of 7 of these projects and the construction phase of 2 of these projects (New London and Bristol) is expected to move forward during SFY 2022, and these projects are listed on the SFY 2022 Fundable Project Priority List (PPL). New London's project is expected to be the first LSLR construction project to receive DWSRF funding and is anticipated to start in the Summer of 2022. Three (3) LSLR projects are not expected to be ready for DWSRF funding during SFY 2022. It is anticipated that many of these projects may ramp up their LSLR efforts with the announcement of LSLR funding in the recently passed federal Bipartisan Infrastructure Law (BIL).

24. What is the current DPH DWSRF's Disadvantaged Community Program? How does this address EPA's new Justice 40 Benefit program?

The DWSRF's Disadvantaged Community Assistance Program (DCAP) offers higher levels of subsidization and extended loan terms (up to 40 years) to communities that are on the Connecticut Department of Economic and Community Development's annual list of "[distressed communities](#)". Small community public water systems in non-distressed towns can also qualify for DCAP assistance if their residents meet the affordability requirements in the DCAP which is provided as an attachment to the DWSRF annual

Intended Use Plan. The DWSRF program is a pilot program for the federal Justice40 program detailed in Section 223 of Executive Order 14008. The Justice40 program aims at achieving a goal that 40 percent of the overall benefits from federal investments flow to disadvantaged communities. Details of how the Justice40 program will be implemented for the DWSRF are still under development by the federal Environmental Protection Agency.

25. Is the public able to review and comment on the annual DWSRF Intended Use Plan and Fundable Project Priority List?

The DPH is required to make the DWSRF annual Intended Use Plan (IUP) available for a 30 day public review and comment period to seek meaningful public input on its contents. This comment period is followed by a public hearing to allow for the opportunity for the public to comment on the draft Fundable Project Priority List. Annually, the Draft IUP is published on the CT DPH website and email notification of its availability is sent to all public water systems eligible for DWSRF funding, Local municipal Chief Elected Officials and Local Directors of Health. Comments on the Draft IUP may be submitted to DPH during the 30 day public comment period (electronically) or provided orally or in writing during the public hearing. The DPH Commissioner takes all public input into consideration prior to finalizing the IUP and Fundable Project Priority List.

26. How Many Safe Drinking Water Loans Have Been Issued Since Inception of the Program?

From 1998-2021 the CTDPH DWSRF has provided approximately \$408 million to finance 286 drinking water projects throughout the State of Connecticut. Financing in the form of loans, with varying degrees of subsidy, have been provided to drinking water projects that range from \$10K to fund a small power generator for a public water system to \$54M to rebuild a drinking water treatment plant serving safe drinking water to 85,000 people.