



Developing Water System Partnerships with the Drinking Water State Revolving Fund

Communities may use the Drinking Water State Revolving Fund (DWSRF) to develop partnerships for their drinking water systems.

BACKGROUND

Partnerships among drinking water systems address common challenges that water systems face, further increasing public health through leveraging of existing resources. Through partnerships, water systems may reduce costs, increase operational efficiency, and decrease vulnerability to disaster and emergency situations. There are four general categories of water system partnerships: informal cooperation, contractual assistance, joint power agency, and ownership transfer. Partnerships can be created through informal agreements, contracting for operations and maintenance services, or mergers and acquisitions. Overall, partnerships have the ability to strengthen the technical, managerial, and financial capacity of water systems, as well as provide more reliable services to customers.

DWSRF ASSISTANCE

The DWSRF can provide financial assistance to publicly owned and privately owned community water systems and non-profit non-community water systems

for drinking water infrastructure projects. Projects must either facilitate the system's compliance with national primary drinking water regulations or significantly further the health protection objectives of the Safe Drinking Water Act (SDWA).

Each of the 50 states and Puerto Rico operates its own DWSRF program. They receive annual capitalization grants from the U.S. Environmental Protection Agency (EPA), which they use to provide low-interest loans and other types of assistance to water systems. Repayments of DWSRF loans begin up to 18 months after project completion, with loan terms up to 30 years for most communities, or up to 40 years for disadvantaged communities.

Additional Resources on Partnerships:

Resources for Beginning a Partnership:
<https://www.epa.gov/dwcapacity/water-system-partnerships>
DWSRF Set-Aside Handbook:
https://www.epa.gov/sites/production/files/2017-10/documents/final_dwsrf_2017_report_508compliant.pdf
DWSRF Eligibility Handbook:
<https://www.epa.gov/dwsrf/dwsrf-eligibility-handbook>

Additionally, states may use a portion of their capitalization grant from EPA as “set-asides” to help communities build the technical, managerial, and financial capacities of their systems. With an emphasis on small systems, these funds help ensure sustainable infrastructure and public health investments.

Infrastructure

DWSRF assistance can be used for partnership-related projects involving infrastructure. The most common projects include the purchase of a water system and all its assets (including land and water rights) or the physical interconnection of two or more water systems. Additionally, the creation of a new regional water system, which combines several existing water systems under one new management structure, would be eligible.

Set-Aside Activities

DWSRF set-asides can be used to assist with a wide variety of activities – from evaluating water system alternatives, to negotiating partnership agreements, to developing resources to promote water system partnerships.

Planning

Planning activities to evaluate alternatives can include a study of consolidation (managerial and physical) potential, the assessment of a regional water supply to evaluate options for meeting the long-term water supply needs of underserved areas in a state, or the development of a preliminary engineering report for regionalization assessments between two or more systems. Since these evaluations are likely to result in a capital improvement project, assistance can also be provided from the loan fund. States can also conduct a state-wide regionalization study to map out a plan for which water systems need technical, managerial, and/or financial capacity assistance.

Negotiation

States can provide assistance to water systems to develop partnership agreements. States can contract with technical assistance providers to assist water systems in physical and/or managerial restructuring, including rate studies. Set-asides can also be used to assist with legal costs, connection fees, or any permitting that might be required.

Outreach

Set-asides can also be used to develop targeted outreach to water systems that may need to consider consolidation or other forms of partnerships. States can develop training or state guidance for purchase agreements, in order to assist with promoting water system partnerships.

Emergency Response

DWSRF set-asides can also be used for emergency response planning and related partnership opportunities. These activities can include, but are not limited to, facilitating emergency preparedness training for drinking water program emergency response teams, contracting with technical assistance providers or water associations for aid to systems during emergencies and disasters, and preparing guidance regarding collaboration and coordination with community emergency management agencies and sharing of resources.

APPLY FOR FUNDING

Water systems receive DWSRF assistance directly from state agencies. Each state has its own application procedure. Contact information for each state is posted at: <https://www.epa.gov/dwsrf/statedwsrf-website-and-contacts>.

Water System Partnerships Handbook

The Handbook is an interactive tool to assist state drinking water programs in identifying, assessing, and implementing water system partnerships. A copy can be found [here](#).



For more information, visit: [epa.gov/dwsrf](https://www.epa.gov/dwsrf)

An overhead view of three construction workers wearing hard hats and safety vests, gathered around a table to review large-scale blueprints. One worker is wearing a yellow hard hat and vest, another a blue hard hat and vest, and the third a white hard hat and orange vest. They are in a brightly lit, industrial setting.

Drinking Water State Revolving Fund Case Studies: Partnerships in Action

How communities are using the Drinking Water State Revolving Fund to develop partnerships for their drinking water systems.

FRAZIER PARK PUBLIC UTILITY DISTRICT, CA

Three disadvantaged communities in Kern County formed a regional water system to serve the needs of about 4,000 people. Previously, the Frazier Park Public Utility District's water system had aging water mains with wells that either needed to be repaired or replaced. The Lake of the Woods Mutual Water Company had water shortage problems and violations with the nitrate and fluoride maximum contaminant levels (MCLs), and Lake of the Woods Mobile Village had been out of compliance with the nitrate MCL. Furthermore, groundwater levels had dropped in the area due to drought, but accessible groundwater remained on the eastern side of the valley/basin in this area. For this reason, in addition to the size and technical, managerial, and financial capacity of the district, the communities decided to form a regional water system. Using approximately \$1 million in DWSRF assistance, the district designed

and drilled two new test wells (with budget for a third should one fail) and interconnected the water systems with distribution and transmission mains, storage tanks, and booster pump stations, as needed.

TILLAMOOK, OR

Using approximately \$20,000 in DWSRF funding, the City of Tillamook procured consulting services to develop a methodology for the consolidation of 12 nearby drinking water systems into the city's drinking water system. This evaluation included identifying equitable costs for each party and the additional costs the city would incur with the consolidation. Further serving this community of 5,000 people, the city was required by the state to complete an asset management plan and community engagement.

Check out EPA's interactive website for water system partnerships from across the country [*here*](#).

WILDERNESS PUBLIC SERVICE DISTRICT, WV

A feasibility study that was developed for the WV Department of Environmental Protection's Office of Abandoned Mine Lands determined that pre-1977 mining had impacted half of the White Water Road project area's water sources. The conclusion of this study was to interconnect The Wilderness Public Service District (PSD) with Gauley River PSD Potable Water System, which uses the Summersville Regional Water Plant as their source of water.

Nicholas County received over \$2 million in DWSRF funding to conduct this study, as well as to construct a water distribution system for the White Water Road Interconnect Project, which connects the Wilderness PSD to the Gauley River PSD's 8-inch waterline. This project included installing a 100-gallon per minute booster pump station with telemetry and an emergency power generator, as well as approximately 1.4 miles of 8-inch PVC water main along White Water Road. This connection now provides service for about 5,000 people.

LINDENHURST, IL

The Village of Lindenhurst was facing an uncertain future with regards to its water supply. The village's water came from underground aquifers that had limited capacity and were susceptible to contaminants. Therefore, the village received two DWSRF loans totaling \$17 million for water distribution system improvements. This project allowed the village, a community of about 14,500 people, to connect to the Central Lake County Joint Action Water Agency, a nearby regional water system supplied with surface water from Lake Michigan. The first phase of the project included site preparation work to remove contaminated soil and the removal of 15,000 linear feet (LF) of existing water mains. The second phase of this project included 23,000 LF of new water mains, as

well as valves, service lines, a one million-gallon storage tank with mixing system, and other appurtenances.

CLIFTON, NY

The Town of Clifton received \$1.2 million in DWSRF assistance to consolidate one of the water systems it operates, the Woodhaven Water District, with the Town of Fine's Star Lake Water District. The Star Lake Water District was extended to the Newton Falls Water District, another system that the town of Clifton operates, to provide services to the former J&L site, Benson Mines, and the Hamlet of Newton Falls. This project allowed the town to decommission their existing surface water treatment plant, a 272,000-gallon storage tank, as well as eliminate mechanical and electrical equipment that was at the end of its useful life. This project ensured a sustainable source of safe, potable water to the roughly 350 residents of the Woodhaven Water District for many years to come. By consolidating these water systems, this project reduced operating expenses by 47 percent and eliminated future equipment replacement costs.

INCENTIVES FOR CONSOLIDATION IN WASHINGTON

For several years, Washington used the Local Assistance Set-Aside (i.e. 15 percent) to encourage water system consolidation by providing funding for water system connection fees, developing feasibility studies for water systems considering consolidation, and offering pre-construction grants that cover some of the costs of planning and design. While these activities used to be funded through DWSRF set-asides, they are now funded using loan origination fees. The intent is to provide greater public health protection by switching service from a water system lacking capacity to one that can provide clean and safe drinking water reliably.

