



Department of
**Environment &
Conservation**

OVERVIEW OF THE DRINKING WATER AND CLEAN WATER SRF PROGRAMS

HOW DID THE SRF GET STARTED?

- In 1987, the federal Clean Water Act was amended to create a Clean Water State Revolving Fund (CWSRF) to provide low-interest loans for wastewater treatment facilities.
- In 1996, the Federal Safe Drinking Water Act was amended to create a Drinking Water State Revolving Fund (DWSRF) to provide low-interest loans for water treatment facilities. The State Revolving Fund Loan Program awarded its first DWSRF loans in March 1998.

Obtain Funding

Tennessee's State Revolving Fund loans are provided by the Tennessee Department of Environment and Conservation (TDEC), State Revolving Fund Loan Program. These funds are for low-interest loans to local governments—cities, counties, utility districts, water/wastewater authorities.

To obtain an SRF loan, the project must be included on a Priority Ranking List via letter from the city, utility district, authority, or consultant and, either concurrently or subsequently, the loan must be requested via letter from the city's, utility district's, or authority's authorized representative.

CLEAN WATER ELIGIBLE PROJECTS

- **Wastewater Treatment Plants**
- **Infiltration/inflow correction**
- **Rehabilitation/replacement of sewer lines, manholes, etc.**
- **New collector and interceptor sewers**
- **Combined sewer overflow correction**
- **Storm sewer construction**
- **Conveyance of recycled water from wastewater facility to end user**
- **Land (Must be integral to the treatment process)**
- **Clean Water Act Section 319 Projects**
Nonpoint source pollution control
- **“Green” Projects Associated with Eligible Wastewater Projects to protect public health and the environment such as non-point source pollution abatement or zoning**
- **Energy Conservation/Energy Savings**

DRINKING WATER ELIGIBLE PROJECTS

- **Water Treatment Plants Upgrades, Expansion, New**
- **Transmission Lines and Distribution System Rehabilitation, Replacement, Extension**
- **Storage Tanks**
- **Creation of New Systems**
- **Pressure Problems**
- **Capacity**
- **Water Loss**
- **Land**
- **Achieve and Maintain Compliance**
- **Protection of Public Health and the Environment**

SRF LOANS

- **INTEREST RATES MAY RANGE FROM ZERO PERCENT TO “MARKET RATE”**
- **SRF RATES TYPICALLY 3 PERCENT BELOW MARKET RATE**
- **SRF LOW-INTEREST LOANS PROVIDE SIGNIFICANT SUBSIDY**
 - **“GRANT EQUIVALENCE”**
- **LOAN REPAYMENT TERM NO LONGER THAN 30 YEARS FOR CWSRF (DWSRF - 30 YEARS FOR DISADVANTAGED COMMUNITIES)**

Average Comparison

50% Ability To Pay Index

\$1,000,000 Loan with SRF 15% Principal Forgiveness

Program	Lender	Effective Rate	Monthly Payment	Annual Payment	Total Interest	Total Repayment	Savings with SRF Loan
SRF 20 Year Loan	SRF	0.83%	\$3,846	\$46,154	\$72,402	\$923,082	\$0
20 Year Loan at Market Rate	Bond Market	3.34%	\$5,718	\$68,613	\$372,252	\$1,372,252	\$449,170
35 Year Loan at Market Rate	Bond Market	3.59%	\$4,185	\$50,223	\$757,793	\$1,757,793	\$834,711
38 Year Loan with a 25% Grant	Rural Development	3.84%	\$4,172	\$50,063	\$902,389	\$1,902,389	\$979,307

The effective rates depicted under the SRF rows include a temporary quarter percent reduction in the SRF's regular rates

These comparisons are for discussion purposes only and do not represent any commitment by the SRF program



TM

QUESTIONS?