



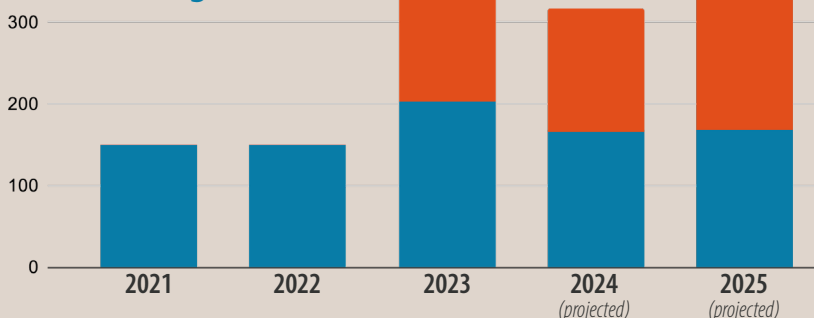
Image: Steve Hardy

# Seizing the moment for investing in Texas' water infrastructure

In November 2021, the Infrastructure Investment and Jobs Act (IIJA) was signed into law, and with it came a historic influx of funding for water infrastructure in Texas. Texas is expected to receive \$2.9 billion over five years to improve water infrastructure across the state, with much of that distributed through the Drinking Water State Revolving Fund (DWSRF) and Clean Water State Revolving Fund (CWSRF). These funds are managed by the Texas Water Development Board. This represents a significant influx of additional funding for water infrastructure projects. The funds began to take effect in September 2022 and will continue to be allocated over 5 years in increasing amounts.

**Green projects in disadvantaged communities could save up to 85% of project costs while IIJA dollars are in effect.**

**Funding for Drinking Water Projects through State Revolving Fund**



*In 2023 The Texas Water Development Board will distribute roughly two times the number of Drinking Water SRF funds than it did in 2021 and 2022. A big part of this funding growth can be attributed to the influx of funds from the IIJA. The amount of funding in the SRFs varies from year to year based on a variety of factors, but funding available from IIJA over the next 4 years is projected to increase annually.*

■ State SRF funds ■ Supplemental IIJA funds



# Incentives to help communities that most need infrastructure upgrades

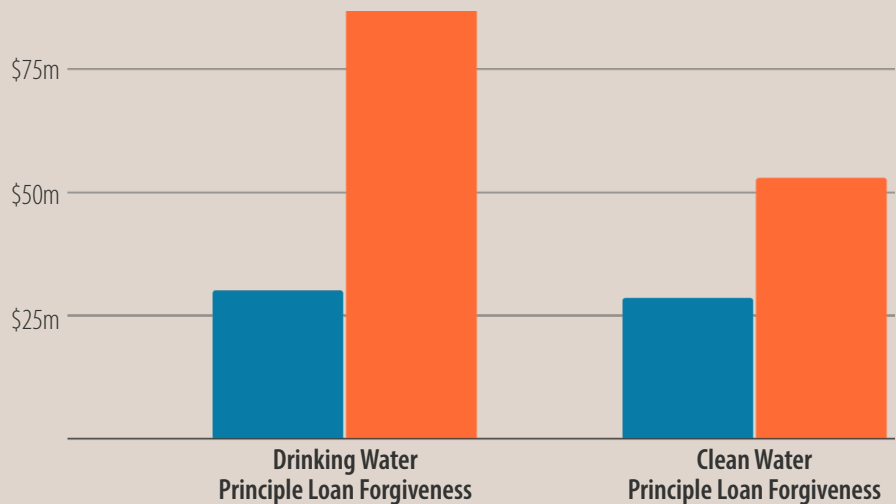
Significantly, 49% of federal funding must be given out as forgivable loans to disadvantaged communities. As a result, there is more funding available for forgivable loans than in previous years. Projects in disadvantaged communities qualify to receive 70% of their funding as forgivable loans, and projects that include green components such as nature-based infrastructure or water efficiency improvements can be eligible to receive up to an additional 15% in forgivable loans for green components through the Green Project Reserve. This means that green projects in disadvantaged communities could save up to 85% of project costs, up to \$10 million per project, while IIJA dollars are in effect.

A disadvantaged community is a community that meets the SRF's affordability criteria based on income, unemployment rates, and population trends. The entity's Annual Median Household Income (AMHI) of the entire or portion of the service area must be less than or equal to 75% of the state's and meet the Household Cost Factor thresholds.

## Funding available for loan forgiveness through the SRF

Because of the requirement that 49% of supplemental federal funding must be given out as forgivable loans, there is more money available for forgivable loans than in prior years.

- 2022 funds
- 2023 funds





# Opportunities to protect and conserve water supplies through the SRF

The influx of funding for water infrastructure represents an important opportunity to rehabilitate and reimagine our water systems for the next generation. In addition to funding the repair and expansion of existing drinking water and wastewater treatment facilities, the state revolving fund can be used to protect drinking water supplies through investments in land conservation that mitigate stormwater, expand water supplies and protect streams from treated effluent by recycling wastewater, and conserving water by fixing leaky pipes.



## PROTECT CRITICAL RECHARGE LAND

The Clean Water SRF can be used to fund land conservation projects that mitigate stormwater and protect rivers. For example, in 2018, the City of San Marcos received \$3.2 million through this program to conserve 246 acres in the San Marcos River watershed and within the Edwards Aquifer Recharge Zone with the goal of protecting the water quality and quantity of water flowing into the San Marcos River. 40%—or roughly \$1.2 million—of that funding came in the form of forgivable loans, and included over \$400,000 from the green subsidy.

## RECLAIM AND REUSE YOUR WASTEWATER

The Clean Water SRF can be used to invest in wastewater treatment facility upgrades that produce reclaimed water. In 2022, the City of Marble Falls was invited to apply for close to \$10 million in loans—70% of which is forgivable—to expand their zero-discharge facility. Reclaimed water is a core element of the city's water supply plan, and it is used to irrigate parks and the golf course. The city is also exploring the possibility of direct potable reuse.



## CURB WATER LOSS

Leak detection studies, water meter installations, and water line replacements to correct water loss problems are all considered “green” projects under the Drinking Water SRF. For example, in 2022 the City of Blanco was invited to apply for over \$3 million in funding to replace leaky pipes. Projects like these save energy from pumping and conserve potable water that would otherwise be lost from the system.





# Taking Action

The additional IJA funding for the state revolving fund is projected to increase every year it is in effect, until the funds end in 2027. Communities ready to take advantage of this opportunity will need to submit a project information form (PIF) to TWDB. **The next round of PIFs are due in early March 2023.**



The Hill Country Alliance is connecting community leaders in the Hill Country with SRF funding experts to help navigate the funding process.

If you'd like to be connected, please email [marisa@hillcountryalliance.org](mailto:marisa@hillcountryalliance.org).



**National Wildlife Federation**  
**Texas Coast and Water Program**

The National Wildlife Federation is connecting community leaders statewide with SRF funding experts to help navigate the funding process.

If you'd like to be connected, please email [goshend@nwf.org](mailto:goshend@nwf.org).

