



**ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER
300 SOWER BOULEVARD
FRANKFORT, KENTUCKY 40601**

Funding Sources for Drinking Water Projects

Drinking Water State Revolving Fund (DWSRF or 'Fund F')

[KIA.KY.gov → Financial Assistance](https://kia.ky.gov/financial-assistance)

- What: Low-interest loan program; some forgivable loan principle forgiveness may be provided to qualifying disadvantaged communities
- Who administers: Co-administered by Kentucky Infrastructure Authority (KIA) and Division of Water
- Who for: Available to all public water systems, with additional prioritization for disadvantaged communities.
- Application deadlines: Look for Call for Projects in September on the KIA website, or contact regional [Area Development District Water Coordinators](#).
- Materials needed to apply:
 - First, fill out the [Drinking Water Project Profile](#) from Water Resource Information System (WRIS) as a pre-application.
 - Second, compile these materials for the full application: [Loan Condition Checklist](#)
 - Forms that are required can be found under 'Form F' on [KIA's Financial Assistance](#) page.
- Key information:
 - The Bipartisan Infrastructure Law (BIL; also called Infrastructure Investment and Jobs Act, IIJA), a federal law, has allocated additional funds under this program. There are five additional capitalization (CAP) grants, along with the two base DWSRF and CWSRF CAP grants, each of which will be available for 5 years, starting in FY2023:
 - Supplemental: adds to the annual DWSRF and Clean Water State Revolving Fund (CWSRF) and may be used for various water system improvement projects, similar to previous SRF funds.
 - Lead service line: projects that are specific to lead service line inventories and replacements.
 - Emerging contaminants: drinking water and clean water projects focused on the removal or study of emerging contaminants, prioritizing PFAS
 - 49% of Supplemental and Lead Service Line BIL/IIJA SRF funds will be eligible for loan forgiveness. 100% of Emerging Contaminants BIL/IIJA SRF funds will be eligible for loan forgiveness. There is a 2-stage process to apply for and receive loan forgiveness.
 - In order to be eligible, the water system must have at least one to three years of financial audits; the same applies for most of the funding programs on this list.

USDA Rural Development (RD) Water and Waste Disposal Loan and Grant Program

Call: Kentucky State Office – Community Programs Dept. **859-224-7336**

For information: <https://www.rd.usda.gov/programs-services/water-environmental-programs/water->

[waste-disposal-loan-grant-program](#)

To apply: <https://www.rd.usda.gov/programs-services/rd-apply>

- What: Long term, low interest loans and grants
- Who administers: US Department of Agriculture, Rural Development
- Who for: Rural areas and towns with populations of 10,000 or less, including state and local governmental entities and private nonprofits with the authority to operate the utility.
- Application deadlines: Applications accepted year round
- Materials needed to apply: Contact [Local Field Office](#) or State Office for the list of required items.
- Key information: Funding can be used for publicly/utility-owned water infrastructure projects, including drinking water sourcing, treatment, storage, and distribution. See [7 CFR Part 1780.7 and 1780.9](#) for a complete list.

USDA RD Single Family Housing Repair Loans and Grants

<https://www.rd.usda.gov/programs-services/single-family-housing-programs/single-family-housing-repair-loans-grants>

- What: loans for very-low-income homeowners to repair, improve, or modernize their homes. Funds could be used to replace customer-owned lead service lines. Also known as Section 504 Home Repair Program. Homeowners over age 62 could receive the funding as a grant.
- Who administers: USDA Rural Development
- Who for: [very low income](#) homeowners
- Application deadlines: open year-round
- Materials needed to apply: Application Form RD-410-4; Employment and Asset Certification Form 3550-4; and Authorization to Release Information Form 3550-1. For these forms and other required documents, visit the [Applicant Resources](#) page.
- Key information: This is a program for homeowners, not utilities; however, it may be a helpful resource that water systems can direct homeowners to use for replacing the privately-owned portion of lead service lines. Applicants must own and occupy the house.

Community Development Block Grant (CDBG) Program

<https://dlg.ky.gov/grants/federal/cdbg/Pages/default.aspx>

- What: HUD funds managed by Department for Local Government (DLG) for infrastructure; see the Public Facilities Branch (on the webpage) for water system-specific funding.
- Who administers: Department for Local Government
- Who for: city and county governments, with the exception of the 9 entitlement communities that receive funds directly from CDBG. Utilities don't apply directly, but may coordinate with local government.
- Application deadlines: April 1-January 31
- Materials needed to apply: Communities must meet low to moderate income criteria: at least 51% of population with a household income below 80% of Kentucky's median household income (MHI)
- Other relevant deadlines: various grants within the CDBG program may apply to water infrastructure projects; check each option for specific deadlines.

- Key information: See Handbook and Guidelines posted on our web page ([Link to 2025 CDBG Guidelines](#)). All project activities must meet at least one of three national objectives:
 - benefit to low and moderate income persons
 - prevention or elimination of slums or blight
 - meeting particularly urgent community development needs

Water Infrastructure Improvements for the Nation Act (WIIN) Grant: Small, Underserved, and Disadvantaged Communities (SUDC)

<https://www.epa.gov/dwcapacity/wiin-grant-small-underserved-and-disadvantaged-communities-grant-program-0>

- What: The SUDC Grant is a federal funding program authorized under Section 1459A of the Safe Drinking Water Act, as amended by the Water Infrastructure Improvements for the Nation (WIIN) Act. Its purpose is to help small, underserved, and disadvantaged communities achieve and maintain compliance with drinking water regulations by supporting needed projects and capacity building
- Who administers: U.S. Environmental Protection Agency (EPA)
- Who for: drinking water systems in disadvantaged communities. This includes community water systems, non-transient non-community water systems, non-profit organizations servicing a public water system, municipalities, and state agencies.
- Application deadlines: Application deadlines are not fixed. Instead, the program operates on a rolling basis as applications are received.
- Materials needed to apply: Apply at Grants.gov
 - Draft Workplan
 - Scope of Work
 - Budget and Budget Narrative
 - Administrative and Compliance forms
 - SF-424 (Application for Federal Assistance)
 - SF-424A or C (budget Information)
 - SF-424B or D (Assurances, depending on construction vs. non-construction)
 - EPA Key Contacts Form
 - Any EPA Required Certification
- Key information: Highest priority goes to underserved communities that lack access to safe, reliable water service or are out of compliance with the Safe Drinking Water Act standards. Public water systems serving fewer than 10,00 people. Projects that address contaminants exceeding health-based standards (lead, PFAS, arsenic, nitrates) receive preference. Proposals that strengthen technical, managerial, and financial capacity of water systems get priority, since the help ensure long-term compliance.

Water Infrastructure Finance and Innovation Act (WIFIA)

<https://www.epa.gov/wifia>

- What: Long term, low interest supplemental loans. This fund is for medium to large projects, including new construction or rehabilitation of facilities. The minimum project size for small communities (population < 25,000) is \$5 million; for medium and large communities the minimum project size is \$20 million.

- Who administers: U.S. EPA
- Who for: local, state, tribal, and federal government entities; partnerships and joint ventures; corporations and trusts; and DWSRF programs
- Application deadlines: Look for a Notice of Funding Availability (NOFA) in the [Federal Register](#) (search term: *WIFIA NOFA*).
- Materials needed to apply: Initially, the entity applying for funding must submit a Letter of Interest detailing the project's eligibility, creditworthiness, engineering feasibility, and alignment with EPA's policy priorities. Once the EPA selects projects based on the letters of interest, the entity will then provide a full application. More information about the application process can be found in EPA's [WIFIA Program Handbook](#).
- Other relevant deadlines: There is an approximate timeline of 6 months between submitting the initial Letter of Interest, completing the full application, and receiving the funds.
- Key information: Funds can be used to develop and implement drinking water and wastewater projects, including those that qualify for DWSRF. Example projects include alternative water supply and water recycling projects, acquisition of property if integral to the project or essential for environmental mitigation (such as flood control), planning, engineering and design, environmental review, or construction and replacement projects. WIFIA funds can only make up 49% of the total project costs.

Appalachian Regional Commission (ARC) Mini Grants

<https://dlg.ky.gov/grants/federal/arc/Pages/default.aspx>

- What: The ARC is a federal-state economic development program designed to assist in the economic development of Appalachia through a diversity of projects in the areas of public infrastructure and others.
- Who administers: Kentucky Department for Local Government (DLG)
- Who for: Local governments, special districts, and non-profit entities that include Kentucky's 54 most eastern and southcentral counties
- Application deadlines: 2026 Pre-application deadline is December 5, 2025. Check [ARC.gov](#) for general information and news.
- Materials needed to apply: [ARC Non-Construction Project Application Checklist](#) [ARC Construction Project Application Checklist](#)
- Key information: Projects must have matching funds: Matching requirements are fifty percent (50%) for transitional counties, thirty percent (30%) for at-risk counties, and twenty percent (20%) for distressed counties. Eligible projects include water line extension, treatment expansion, asset-based development planning and activities, and leadership development.

Delta Regional Authority Loans

<https://dra.gov/states/kentucky/>

- What: low interest loans for infrastructure and economic development projects
- Who administers: Delta Regional Authority Board. Program coordinated in Kentucky by 3 Area Development Districts (ADD): [Green River ADD](#), [Pennyrile ADD](#), and [Purchase ADD](#).
- Who for: governments in 21 counties in western Kentucky
- Key information: Contact Kentucky's Designee for the DRA Matt Sawyers (matt.sawyers@ky.gov, 502-8923472), or the regional ADD for more information.

Abandoned Mine Lands Economic Revitalization (AMLER) Program

https://eec.ky.gov/Natural-Resources/Mining/Abandoned-Mine-Lands/Pages/AMLER_Program.aspx

- What: grant funds for projects that demonstrate development of abandoned mine lands (AML) or projects that create favorable conditions for future development on AML. Projects must have a nexus to AML-eligible mining, meaning that which ceased prior to May 18, 1982, and they cannot be on a permitted Title V mine site. Projects must demonstrate economic development metrics. Check the [AMLIS](#) website for information about AML areas.
- Who administers: Kentucky Division of Abandoned Mine Lands (AML) is the state administrator. Funds are provided by the U.S. Office of Surface Mining Reclamation and Enforcement (OSMRE).
- Who for: non-profit or government agencies in Appalachian communities
- General application deadline: February – May
- Materials needed to apply: project description, including how it will promote economic and community development and the AML Nexus it will be connected with. Other information may include audits, financial submittals, and a presentation of the project.
- Key information: These Area Development Districts are trained to assist: FIVCO, Gateway, Kentucky River, Big Sandy, Lake Cumberland, and Cumberland Valley.

Abandoned Mine Lands Water Supply Replacement Program

<https://eec.ky.gov/Natural-Resources/Mining/Abandoned-Mine-Lands/Pages/default.aspx>

502-564-2141

- What: grant funds for protecting, repairing, replacing, constructing, or enhancing facilities relating to water supply, including water distribution facilities and treatment plants, to replace water supplies adversely affected by coal mining practices. The funds are made available through allocations of the AML program and the 2021 BIL/IIJA. Funding may include paying for waterline designs and/or construction, installation of physical components (e.g., supply line and all appurtenances, tanks, pump stations, meters, SCADA, water treatment plants, intakes, water plant equipment, etc.), and construction inspections. Some project funding may be related to population size served.
- Who administers: Kentucky Division of Abandoned Mine Lands (AML)
- Who for: County Judge Executives, officials representing a Water Utility District, or other relevant water system entity
- Application deadline: project acceptance is on-going (no specific deadline)
- Materials needed to apply: applicant will submit a Waterline Extension/Supply Assistance Application Form to the Division of Abandoned Mine Lands (DAML) Director or Assistant Director requesting that DAML fund a waterline extension/supply project to a specific area within the applicant's jurisdiction.
- Key information: The project must be associated with a mining project/area that ceased operations before May 18, 1982. AML staff must complete a groundwater survey comparing mine history results with current water quality in proposed area. Prior to construction all projects must receive an Authorization to Proceed (ATP) from OSMRE.

Kentucky Rural Water Association (KRWA) Interim Loan Program

[Interim Program – Rural Water Finance](#)

- What: short-term loans for water and sewer construction projects funded by the USDA-RD program. Loans are provided for the construction period only and are repaid with RD bond

funds when projects are complete

- Who administers: KRWA
- Who for: rural drinking water and wastewater systems
- Application deadlines: none
- Materials needed to apply: Submit a completed [application](#), Rural Development Letter of Conditions, and the most recent audit for preliminary approval.
- Key information: Must already have RD funding in place for project upon completion of construction.

KRWA Flexible Term Loan

[Flex Term Program – Rural Water Finance](#)

- What: loans with low, tax-exempt interest rates for water or sewer projects. Loan terms 1-35 years.
- Who administers: KRWA
- Who for: rural drinking water and wastewater systems
- Application deadlines: none
- Materials needed to apply: Submit a completed [application](#), audited financial statements for

Additional Resources:

- Rural Community Assistance Partnership (RCAP): [Obtaining Infrastructure Funding page](#)
- KRWA: [Financial Services page](#)
- Area Development Districts (ADDs) Water Management Coordinators: <https://kia.ky.gov/WRIS/Pages/Water-Mgmt-Coordiators.aspx>
- Kentucky Nonprofit Network: <https://www.kynonprofits.org/>
- EPA Funding for Lead Service Line Replacement page: <https://www.epa.gov/ground-water-and-drinking-water/funding-lead-service-line-replacement>
- EPA Drinking Water State Revolving Fund (DWSRF) page: <https://www.epa.gov/dwsrf>