

Accessing DWSRF - LSLR Funding

Bipartisan Infrastructure Law (BIL)

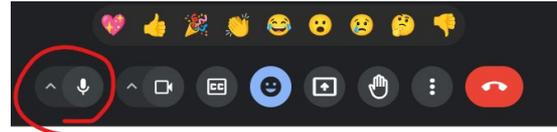
Information Webinar

April 10, 2024

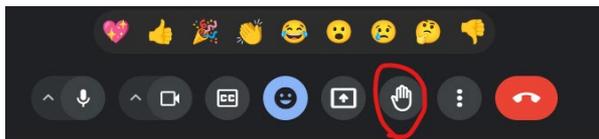
1:30pm (CST)

Housekeeping

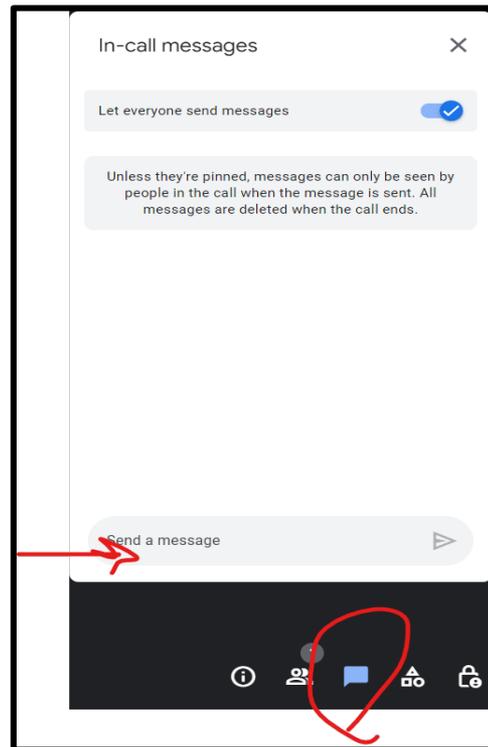
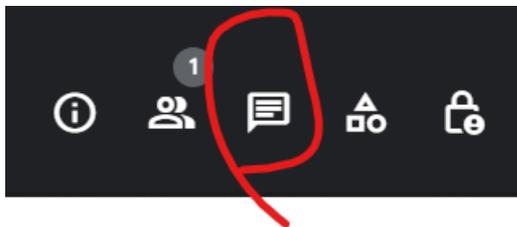
- Mute Computer/Phone
- Session is Recorded – posted to SRF and DNR websites
- Information Presentation followed by Q&A
- Question Options during Q&A:



1. Raise hand



2. Chat Box



CEU's

- 1 hour (minimum) for attendance
- Name and operator number in chat box

Agenda

- LSL Inventory Resources
- Lead Service Line Replacement Funding
- Funding Eligibility
- Funding Requirements
- Application Guidelines
- Next Steps after application
- Public Outreach update

Lead Service Line Inventories



INVESTING IN IOWA'S WATER
www.iowasrf.com

Service Line Inventories due to the DNR on October 16th, 2024

Watch for communications about an online portal in the spring where you can upload your inventory

- IDNR questions: LCRR@dnr.iowa.gov
- Technical assistance: leadserviceline@IAMU.org or call (515) 289-5203
- Financial information: iamuta@IAMU.org or call (515) 289-5212



Additional Resources



The screenshot shows the EPA website header with the logo and navigation menu. The main content area is titled 'Ground Water and Drinking Water' and features a large heading for 'Proposed Lead and Copper Rule Improvements'. A sidebar on the left contains links for 'Ground Water and Drinking Water Home' and 'Basic Information'. A 'CONTACT' link is visible in the top right corner of the content area.

EPA United States Environmental Protection Agency

Search EPA.gov

Environmental Topics ▾ Laws & Regulations ▾ Report a Violation ▾ About EPA ▾

Ground Water and Drinking Water CONTACT

Ground Water and Drinking Water Home

Basic Information

Proposed Lead and Copper Rule Improvements



EPA LCRI webpage: <https://www.epa.gov/ground-water-and-drinking-water/proposed-lead-and-copper-rule-improvements>

INVESTING IN IOWA'S WATER
www.iowasrf.com

Lead Service Line Inventory Resources for Public Water Supply Systems

+ Iowa DNR Service Line Inventory Online Submission & Data Checker Tool

+ Iowa DNR Lead Service Line Inventory Template

+ Iowa DNR Lead Service Line Inventory FAQ & Memo

+ Iowa DNR On-Line Training and Presentations

+ National Lead Ban Background

+ Lead Bans and Lead Service Line Inventories

- Additional information and resources
- Most recent memo to systems
- FAQ document



DNR LSL webpage: <https://www.iowadnr.gov/Environmental-Protection/Water-Quality/Drinking-Water-Compliance/Lead-Service-Line-Inventories>

Service Line Inventory – Top FAQs

- **Ownership of Service Line in the IDNR Template**
 - If you choose private, the public material column becomes locked and vice versa
 - You only need to fill out both the public and private material columns if the service line ownership is split
 - If ownership is all public or all private but the material is split, put the most concerning material in the appropriate material column and use the General Notes column to explain further
- **System Specific ID**
 - System specific ID is different from the service address. We most commonly recommend using either the meter number or the account number
 - Public buildings can use “city hall” or other such designation
 - Vacant lots or abandoned lines that are connected to the main can use “Vacant Lot-1”, or similar name the operator could use to identify

Service Line Inventory – Top FAQs

- **Verification Source – What Qualifies?**
 - Verification source can include records, a field or visual inspection, building codes, construction permits, pipe diameter, local lead ban date, lead ban after 1988, statistical analysis, knowledge of current and former staff, customer surveys, online surveys, photos, city ordinances, & main replacements
 - The verification source does not need to be attached to the template
- **How Do Systems Get Information When There Are No Records?**
 - Utilize 1988 as a starting point to determine which lines are not lead
 - Look for any relevant city ordinances
 - For building side material, try a customer survey – mailer or online or have customers send in photos of their meter before going door to door
 - For main side material, reference any digs when fixing leaks, any infrastructure updates to mains, or statements from plumbers or retired operators
 - Last resort is to pothole the curb stop to see material on both sides

Service Line Inventory – Top FAQs

- **When is the 30 Day Notice to Customers Required?**
 - The countdown begins from the inventory submission deadline date of October 16th, 2024
 - We are waiting for EPA template language to become available
 - If the EPA does not release a template, the DNR will provide a template for systems to use
- **Can I Copy and Paste From My Own Template Into the IDNR Template?**
 - You may paste into free text columns such as Service Address or General Notes from another spreadsheet
 - For dropdown list columns such as Ownership of Service Line, please populate in the IDNR template; pasting into these columns from another spreadsheet may cause errors

Lead Service Line Replacement (LSLR) Funding



INVESTING IN IOWA'S WATER
www.iowasrf.com

How are LSLR projects funded?

- Base SRF program can fund all LSLR projects at the current SRF interest rate
- LSL funding is available through BIL for SRF programs to apply for:
 - 5 annual allotments FFY 2022 – FFY 2026 federal budgets
 - 49% of allocations must be issued as loan forgiveness
 - BIL LSL loan forgiveness funds must be offered to disadvantaged communities (DAC)



Why is SRF is looking for more LSLR projects now?

To secure LSLR funding to be used in Iowa, SRF has to show we have the need for the LSLR money



- SRF Programs have 2 years to apply for each allocation of BIL funding
 - Year 1 (FFY '22): \$44,913,000 – applied for and received
 - Year 2 (FFY '23): \$29,319,000 – ***deadline for states to apply for this funding is June 30, 2024***
- Iowa SRF must demonstrate enough project applications to equal our state allotment
 - If Iowa doesn't have enough projects to equal our allocation, EPA will take what we cannot use and give it to other states
 - If Iowa wants to receive funding reallocated from other states, we have to “eat our slice first”



FFY 2022 DW LSLR

2022	IA Allocation	LF%	Loan Forgiveness (LF) Required
DW LSL	\$ 44,913,000	49%	\$ 22,007,370
Committed on IUP PPL	\$ 33,030,000		TBD

Approximately \$11.9 million available to reallocate

Current PPL – \$33Mill

Muscatine Power & Water (LSL)	FS-70-24-DWSRF-052	\$	1,570,000.00
Grinnell (LSL)	FS-79-24-DWSRF-037	\$	1,002,000.00
Cedar Rapids - 2024 Project (LSL)	FS-57-24-DWSRF-024	\$	5,548,000.00
Cedar Rapids - F Ave NW & 13th St NW (LSL)	FS-57-24-DWSRF-023	\$	241,000.00
Des Moines Water Works (LSL)	FS-77-24-DWSRF-008	\$	12,070,000.00
Council Bluffs (LSL)	FS-78-24-DWSRF-009	\$	2,525,000.00
Iowa American Water - Quad Cities (LSL)	FS-82-24-DWSRF-004	\$	2,518,000.00
Dubuque (Phase 2 LSL)	FS-31-24-DWSRF-010	\$	2,000,000.00
Dubuque (Phase 3 LSL)	FS-31-24-DWSRF-011	\$	1,907,000.00
Iowa American Water - Clinton (LSL)	FS-23-24-DWSRF-003	\$	920,000.00
Burlington (LSL)	FS-29-23-DWSRF-086	\$	788,000.00
Dubuque (Phase 1 LSL)	FS-31-23-DWSRF-012	\$	1,941,000.00

FFY 2023 DW LSLR

2023	IA Allocation	LF%	Loan Forgiveness (LF) Required
DW LSL	\$ 29,319,000	49%	\$ 14,336,310

FFY 2024-2026 DW LSLR

2024-2026	IA Allocation	LF%	Loan Forgiveness (LF) Required
DW LSL	\$ TBD	49%	\$ TBD

FFY 2024-2026 allocation formula is based off of the 7th DWSRF Needs Survey

Funding announcement anticipated by end of April 2024

Why Now?

Systems applying for LSLR funding for LSLR projects in the next 3 months will help demonstrate that Iowa has a minimum of \$29,319,000 of lead replacement needs in the state right now to apply for Iowa's full allocation

- If we get our full allocation:
 - That money stays in-house until expended
 - Unused funding from a LSLR project will become available for another project



BIL LSL Funding Opportunity

- Loans will be issued at 0% interest rate up to the amount of BIL LSL funding available
- The equivalent of up to 49% of Iowa's allocation will be issued to DAC projects as loan forgiveness



Eligibility

Who qualifies for a 0% interest BIL LSL loan?

- Any public water supply system on an approved PPL for lead service line replacement project or associated activity directly connected to the identification, planning, design, and replacement of lead service lines
 - until all available funds are obligated-
- Lead service lines can be system-owned or customer-owned



BIL LSL Loan Forgiveness

- LF of **49%** may be offered to *any applicant* for eligible construction costs necessary to replace the privately owned portions of lead service lines in *qualifying DAC census tracts* within their service area.
- Qualifying census tracts are determined by the Census Tract-Based SA Tool



LF Eligibility

How does an address qualify?

- Addresses must be located within a census tract that scores between 11-20 on the SRF socioeconomic assessment tool
 - Systems will enter the FIPS code (11 digit GEOID number) into DAC tool to calculate a score for the correlating census tract



Find Address Geographies

House number & Street name:

1963 Bell Avenue, Suite 200

City:

Des Moines

State:

IA

ZIP Code:

50315

Benchmark:

Public_AR_Current

Vintage:

ACS2019_Current

Get Results

Census Tracts:

STATE CODE: 19

CENTLON: -093.6351631

GEOID: 19153004100

CENTLAT: +41.5615755

COUNTY CODE: 153

TRACT CODE: 004100

AREAWATER: 494273

AREALAND: 4292960

NAME: Census Tract 41

Socioeconomic Assessment Worksheet by Tract (for Lead Service Line Projects)

Fiscal Year 2023

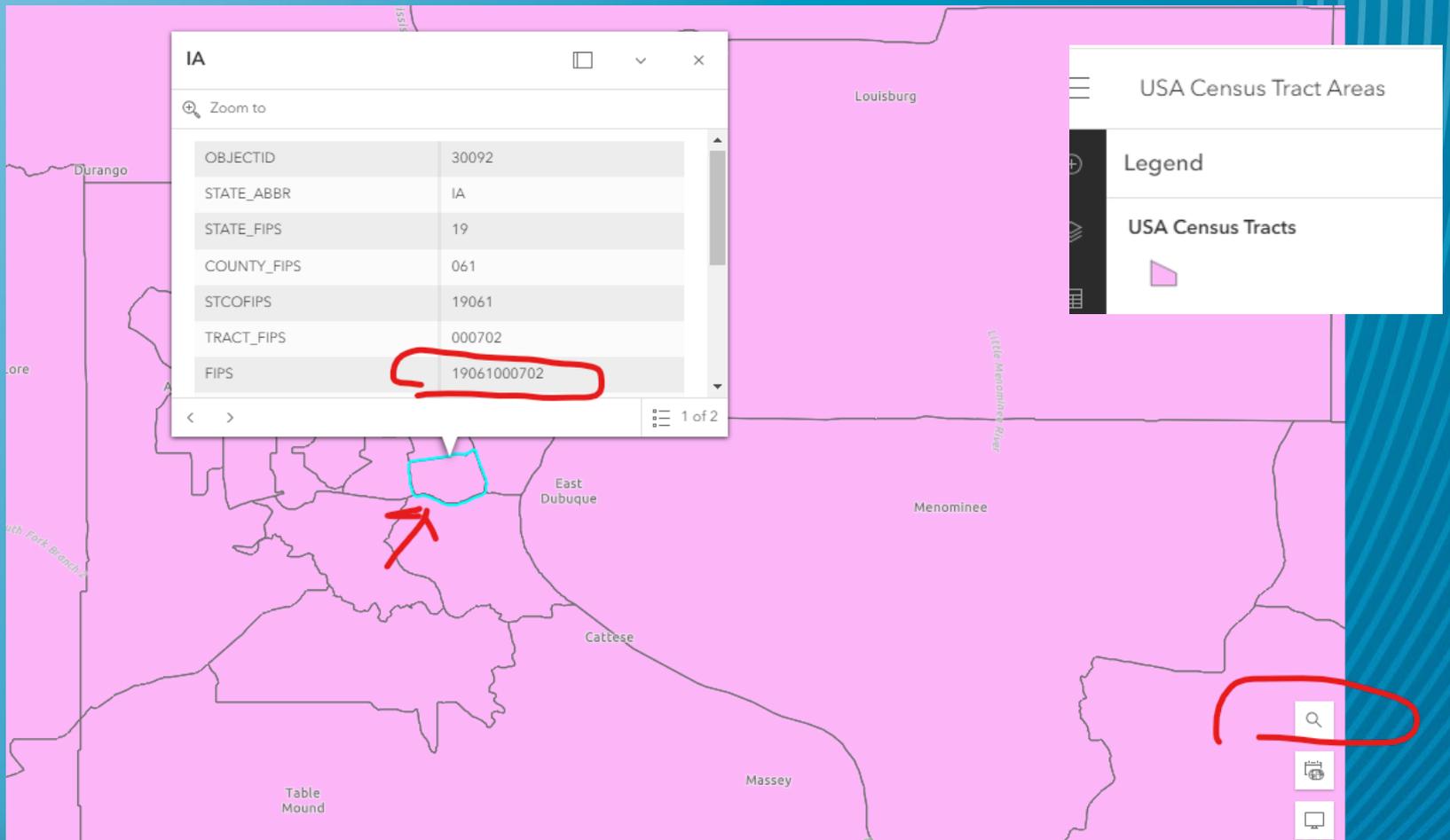
Applicant Name: SRF

FIPS Code 1: 19153010407

Tract Name: Census Tract 104.07, Polk County, Iowa

Datapoint	Median Household Income (MHI)	Percent Below Poverty Level	Percent Receiving Public Assistance or Supplemental	Percent Receiving Supplemental	Unemployment Rate (Primary County 12 mo)	Percent Not in Labor Force	Population Trend (2010-2020)	Percent with High School Diploma or Less	Percent of Vacant Homes (excl. Seasonal)	Percent Housing Cost Burdened (>= 30% of	TOTAL POINTS
SES Points	\$40K, \$45K	3.0%	5.2%	0.4%	3.5%	27.4%	14.3%	16.3%	0.0%	19.2%	2





<https://www.arcgis.com/apps/mapviewer/index.html?webmap=5721d6a33da74d8f8e814e3121a07012>



GENERAL INFORMATION

FY24 Socioeconomic Assessment

→ FY 24 Socioeconomic Assessment by Tract
Municipal Advisors by Company

[https://www.iowasrf.com/
documents-and-guides/](https://www.iowasrf.com/documents-and-guides/)

Drinking Water Intended Use Plan (IUP) Application

Drinking Water IUP Application ←

SFY 2024-2025 IUP Application Deadlines

Program Resources

Water Supply Construction Manual

SRF Construction Loan Application

EPA Information

FY24 Socioeconomic Assessment

→ FY24 Socioeconomic Assessment by Tract (for Lead Service Line Replacement projects)

[https://www.iowa
srf.com/drinking-
water-loan-
program/](https://www.iowasrf.com/drinking-water-loan-program/)

Program Information

State Resources

- LSL Replacement Plan Requirements ←
- FY24 Socioeconomic Assessment (7-1-23)
- • FY 24 Socioeconomic Assessment by Tract (7-1-23)
- Iowa BIL Allocation Overview

[https://www.iowasrf.com/bip
artisan-infrastructure-law/](https://www.iowasrf.com/bip-artisan-infrastructure-law/)



[iowasrf.com](https://www.iowasrf.com)

INVESTING IN IOWA'S WATER
www.iowasrf.com

BIL LSLR

Funding Requirements



Equivalency Projects

- All BIL LSL cap grant funds are considered federal funding so all LSL projects are SRF “equivalency” projects
- An “*Equivalency Project*” is a treatment works project that is constructed, in whole or in part, with funds equaling the amount of a federal capitalization grant awarded to a state.



Compliance Requirements

- Disadvantaged Business Enterprise
 - **Single Audit Act**
- Federal Funding Accountability and Transparency Act (FFATA) reporting
 - **EPA BIL signage requirements**
 - **Buy America Build America Act (BABA)**
- Federal Environmental and socioeconomic cross-cutters



Application Requirements



INVESTING IN IOWA'S WATER
www.iowasrf.com

Application

Minimum requirements for listing on PPL

- DWSRF Intended Use Plan Application
 - Project description in application to include:
 - Replacements that can be completed in 2-3 years
 - Budget estimate for replacement project
- List of specific addresses to be replaced for this project
- Lead Service Line Replacement Plan/PER
 - *If available – more info to follow*
- Viability Assessment



A full LSL inventory
DOES NOT have to be
completed to apply!



Timeline

- Applications accepted at ANY TIME until **June 15, 2024** to srf-iup@dnr.iowa.gov
- SRF goal is to apply for FFY 2023 BIL LSL Funds by the end of June 2024
- After June, additional applications will be accepted quarterly for FFY 2024 BIL LSL Funds



Special Notes

- Submitting an IUP application does NOT lock a system into getting a LSLR BIL DWSRF construction loan
 - Sufficient BIL LSLR funding must be available
 - Projects must move from “contingent” status before a loan can be executed
 - Like any SRF project, an applicant may increase or decrease the SRF requested funding amount
 - Like any SRF project, an applicant may drop SRF funding by withdrawing the IUP application



All LSLR projects listed on the PPL will be considered “contingent” for BIL LSL funding until Environmental Review is cleared and the Lead Service Line Replacement Plan is approved by DNR.



The specific address list for replacements can change from original list submitted with the IUP application

- A final address list will be required before ER clearance is completed
- A final address list will be incorporated into the DNR “approved” LSLR Plan



Steps After IUP Application

- Finalize address list
- Complete LSLR Plan
- Project initiation meeting
- Work with ER staff on clearance



Lead Service Line Replacement Plan



INVESTING IN IOWA'S WATER
www.iowasrf.com

Special Note

- For LSLR project IUP applications submitted between now and June 15th, a LSLR Plan/PER will not be required at the time of IUP application submission
 - *All LSLR Plans/PERs for these applications will be due to DNR by Sept. 13, 2024*



LSLR Project Plan / PER Guidance

- All DWSRF-funded LSLR projects* need to include the information outlined in the guidance document in either
 - A preliminary engineering report (PER), or
 - Lead service line replacement project plan document
- Available in the Program Resources – State Resources area of the page at <https://www.iowasrf.com/bipartisan-infrastructure-law/>
- Updated in February 2024 to include considerations for lead line abandonment vs. disposal
- For questions, contact Tara Naber, WSE's DWSRF lead
 - Tara.naber@dnr.iowa.gov / 515-776-8922

**This applies to both standalone LSLR projects, and water main replacement projects that include LSLR work*

Environmental Review for LSLR



INVESTING IN IOWA'S WATER
www.iowasrf.com

ER

- Shape files and specific address list will be required to complete the review
- ER Checklist must be submitted prior to EPC approval



ER

- Projects will likely be required to include specific contractual language in their bid packages regarding construction guidelines when conducting LSL replacements



Public Outreach UPDATE



INVESTING IN IOWA'S WATER
www.iowasrf.com

IRS Bulletin No. 2024-11

INCOME TAX

Announcement 2024-10, page 711.

This announcement addresses the Federal income tax treatment of certain lead service line replacement programs for residential property owners. The replacement of lead service lines under the programs described in the announcement does not result in income. Water systems and state governments are not required to file information returns or furnish payee statements with respect to the replacement of lead service lines under these programs.



IRS Bulletin No. 2024-11

- Water systems and state governments **NOT REQUIRED** to file returns or furnish payee statements
 - Form 1099-Misc or 1099-G do not apply to the cost or value of replacing lead service lines
- Coverage includes landlord-owned properties



Project-Specific Questions

Project Plans, LSLR/PER and Viability Assessment contact:
Tara Naber, DNR Water Supply Engineer Senior
515-776-8922 or tara.naber@dnr.iowa.gov

LSLR Funding Requirements (BABA, signage, etc.) contact:
Amy Seyffer, SRF Project Compliance Specialist
515-321-7844 or amy.seyffer@dnr.iowa.gov

Loan Forgiveness contact:
Theresa Enright, SRF Coordinator
515-314-3937 or theresa.enright@dnr.iowa.gov

Socioeconomic Assessment Tool (DAC status) contact:
waterquality@iowafinance.com



iowasrf.com

INVESTING IN IOWA'S WATER
www.iowasrf.com