



Drinking Water Assistance Fund: Lead Service Line Replacement Funding

Approximately 6.1 million homes across the country receive drinking water through lead pipes, known as lead service lines (LSL)¹. Since 2017, as a response to concerns of lead in drinking water, Ohio EPA's Drinking Water Assistance Fund (DWAF) program incentivized LSL replacement with zero percent interest rate financing.

For program years 2021 and 2022, LSL replacement projects are a special area of additional emphasis utilizing a one-time allocation to provide up to \$20 million in principal forgiveness funding. Principal forgiveness (PF) is grant-like funding referring to the principal portion of a loan which does not require repayment. Projects that are ready to proceed, have acceptable information regarding lead line locations, and can document access to public and private LSL for replacement will be well positioned for funding consideration.

How much PF is available per project?

Approximately \$10 million of LSL PF is available during program year 2022. Each eligible entity may receive up to \$1 million of PF during the program year. An entity may receive up to \$2 million cumulatively across both program years. If additional funding is needed for a project exceeding \$1 million in PF, DWAF loan financing is available at a zero percent interest rate.

Who is eligible?

Entities that are eligible for the DWAF program are also eligible for LSL PF. Applicants are not required to meet disadvantaged community criteria for this funding. Please refer to the [DWAF Program Management Plan](#) for the definition of eligible applicants.

How will funding be awarded?

Projects will be evaluated on a first come - first served basis and awarded once a project is ready to proceed. Refer to the *What documentation is necessary for funding consideration?* section below for more information.

What is the deadline for projects to be awarded and for project completion?

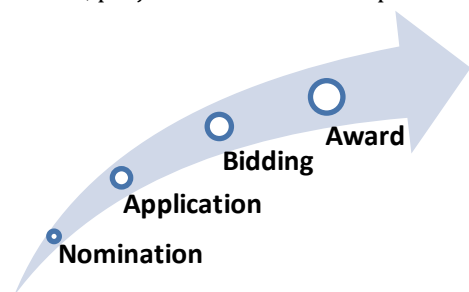
Projects must be awarded by the end of program year 2022 (June 2022). Projects must be completed within 12 months of award.

What is the deadline to nominate a project?

For a timely review and award, submit nominations a minimum three months in advance of the anticipated award date. To ensure projects are awarded within program year 2022, LSL project nominations must be submitted no later than Jan. 31, 2022. The project nomination form and instructions are available at epa.ohio.gov/defa/ofa#1696510030-wsrla.

What is the funding process?

Each project nomination is reviewed for completeness and then scheduled with an estimated award date. After nomination, projects follow a similar path to award as outlined below:



- **Nomination:** Submission of a nomination form kicks-off the project review process. The project team will begin reviewing nomination materials and coordinating with the submitter for any additional information.
- **Application Submittal:** Applications are expected by the 1st day of the month prior to the month of award. For example, applications are due by February 1 for a March award.

¹ "National Survey of Lead Service Line Occurrence," Journal - American Water Works Association, April 2016

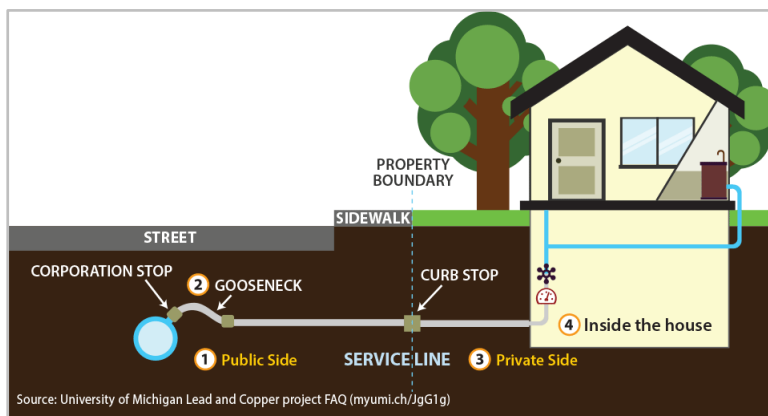
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- **Bidding:** A pre- and post-bid review is required to ensure compliance with our programmatic requirements and to finalize project costs. LSL replacement costs should be indicated in bid proposals by line item. LSL PF awards are determined by eligible LSL costs in the bid proposal. Post-bid documents are expected by the 15th day of the month prior to the month of award. For example, for a March award post-bid documents are due by February 15.
- **Award:** In preparation for award, a loan agreement exhibit is prepared outlining the project costs and loan terms. Project costs are based on the selected contractor's bid. Projects are awarded on the last Thursday of each month (except for November and December, which are combined into one award date, typically the second Thursday of December).

What project costs are eligible for LSL funding?

Public and private lead service line replacement and restoration costs are eligible for LSL funding. Where both public and private lead service lines are present, projects must include replacement of both lines. The figure here outlines typical components of public and private water service lines. Generally, the LSL and components up to the interior meter or shut-off valve are eligible for LSL funding. Water meters are not typically eligible. Exterior in-line meters may be considered for replacement on a case-by-case basis and are dependent on private service line material (lead, galvanized) to be replaced. The following items are generally considered eligible for LSL funding:

- Public and private LSL replacement (including galvanized lines following lead lines).
- Components (for example, gooseneck, valves/fittings, corporation stop, curb stop) excluding meters inside the structure.
- Restoration as necessary for line replacement.



What documentation is necessary for funding consideration?

In addition to standard documentation necessary for the DWAF program, the following items are necessary for LSL replacement projects:

- An updated and acceptable lead service line inventory and project area map identifying lead service lines to be replaced. This information is also necessary for project planning review and in preparation of bid documents.
- Documented authorization to access private property for replacement work (for example, access agreement, ordinance, temporary easement). A site title opinion letter is required for all DWAF projects and may be used to document access for both public and private property included in the project.
- Outreach efforts for educating customers on lead in drinking water (for example, online information, flyers in utility bills, discussions during public meetings, newspaper notices).
- An acceptable Asset Management Program (AMP), which includes a plan for replacement of public and private LSL including costs the system will incur. This information may be prepared as the project develops, then included in the AMP (for example, updated lead maps post construction, estimated project costs, operation and maintenance).

Are there reporting requirements for approved LSL replacement projects?

Following award, borrowers will be provided a tracking sheet to record project specific information such as addresses of service lines replaced, total LSL replacements completed, number of residences with LSL replacements, etc. An updated tracking sheet is due on the 10th of each month once project work commences through completion.

Data collected will be included with DWAF programmatic reporting and may be used to document the successes of LSL replacement projects.

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Other Frequently Asked Questions

What if the private service line material is unknown at the time of nomination? What if additional lead service lines are found during construction?

Every effort should be made to determine service line material and identify locations to be replaced prior to advertising the project. Certain assumptions can be made based on age of the pipe and service area records.

During construction, if a service line is determined to not require replacement (copper line) it may not be replaced using the LSL funding award.

If additional lead service lines are identified along the project route during construction, then they may be replaced. If a change order is required for this work, then a change order request must be submitted for Ohio EPA approval. LSL PF funding cannot be guaranteed for costs beyond the original funding award. If needed, supplemental funding may be financed at a zero percent interest rate through the DWAF.

Are LSL replacement projects that do not include any other drinking water infrastructure improvements eligible for funding?

Yes, LSL replacement projects may be submitted as 'stand-alone' projects or in combination with other drinking water infrastructure improvements (water main repair/replacement). If LSL replacement is included with other infrastructure improvement activities, the combined project must be listed in the program year 2022 Program Management Plan.

Are planning and design costs for LSL replacement projects eligible for PF?

No, planning and design costs are not eligible expenses for PF. However, these costs may be included with the total project costs and financed at a zero percent interest rate.

Are engineering costs eligible for PF?

Engineering costs associated with the LSL project are not eligible for PF but can be included with total project costs and financed at zero percent interest rate.

What is the interest rate for LSL replacement related costs that are either beyond the \$1M maximum award or not eligible for PF?

Costs related to the LSL replacement project but not eligible for PF (for example, planning and design, engineering services) may be financed at a zero percent interest rate.

Is there a loan fee for projects receiving LSL PF?

Yes, all DWAF projects are charged a loan fee as a percentage of total project costs. A 0.35 percent loan fee will be billed directly to borrowers receiving PF without any financed costs. For borrowers that have a portion of their project financed, a one percent fee on the principal portion of the loan and the 0.35 percent for the PF portion will be included in the total project cost and amortized over the life of the loan.

When will an applicant know if the project will receive PF funding?

Applicants will be notified of available LSL PF funds in advance of bidding. The final PF award amount is determined following bid selection and post-bid review.

What forms are required with bid package?

DWAF [Construction Contract Guidance Document](#) and checklist are available on our website:

- Construction Contract Guidance Checklist (Pre-Bid Checklist), page 89
- Bid Package Submittal Checklist (Post-Bid Checklist), page 90

Questions can be directed to the Division of Environmental and Financial Assistance at DefaMail@epa.ohio.gov.