

**Lead Service Line Inventory**

**Funding Program**

**Guidance**

**Last updated: January 2024**

**New information has been highlighted yellow.**

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# Section 1: Overview and Goals

The Indiana Finance Authority (IFA) is pleased to announce new funding opportunities available to water utilities seeking assistance in completing a Lead Service Line (LSL) ***Inventory***. The IFA recognizes that all Non-transient Non-Community Water Systems and all Community Water Systems are required to submit a LSL inventory prior to October 16, 2024, which is the Environmental Protection Agency’s compliance deadline for the [Lead & Copper Rule Revisions](https://www.epa.gov/ground-water-and-drinking-water/revised-lead-and-copper-rule). The Indiana Department of Environmental Management will collect LSL Inventory data using its LSL Inventory reporting template and online reporting portal, “PWS Portal”; this template and its instructions can be found [here](https://www.in.gov/idem/cleanwater/drinking-water/drinking-water-compliance-section/water-systems/drinking-water-and-lead/). To assist Indiana water systems with Lead Service Line Inventory needs, the IFA will offer three different funding paths:

1. **All Non-transient Non-Community Water Systems (**[**NTNCWS**](https://www.in.gov/idem/files/factsheet_owq_pws_are_you_pws.pdf)**) and Community Water Systems (**[**CWS**](https://www.in.gov/idem/files/factsheet_owq_pws_are_you_pws.pdf)**) with less than 1,000 service connections** will have access to a free LSL Inventory Technical Assistance Program managed by the Alliance of Indiana Rural Water. With financial support from the IFA, the Alliance and its partners will offer free training and hands-on assistance completing inventories. More information about the program and how to obtain assistance is featured on [Alliance’s website](https://www.inh2o.org/). See the “Alliance” box in Figure 1.
2. **All CWS** pursuing financial assistance from the [Drinking Water State Revolving Fund Loan Program](https://www.in.gov/ifa/srf/) can include the cost of LSL Inventory work to their applications. See the “SRF” box in Figure 1.
3. **As of January 2024, CWS with greater than 700 service connections** are eligible for IFA’s LSL Inventory Funding Program, which is the focus of this guidance. See the “IFA” box in Figure 1.



### **Figure 1:** IFA’s three funding paths for assistance with Lead Service Line Inventory work. Arrows indicate that utilities can apply to multiple programs at the same time.

The goals of this program are:

1. To help water systems complete and submit EPA-mandated LSL Inventories to the Indiana Department of Environmental Management (IDEM) by the [Lead and Copper Rule Revisions](https://www.epa.gov/ground-water-and-drinking-water/revised-lead-and-copper-rule) (LCRR) compliance date of 10/16/2024.
2. To provide the state with an accurate estimate of lead service lines so the IFA can effectively offer funding to communities replacing lead lines in the coming years.

Funding assistance for Lead Service Line ***Replacement*** needs is available through the [Drinking Water State Revolving Fund Loan Program](https://www.in.gov/ifa/srf/). These requests follow the standard Drinking Water State Revolving Fund Loan Program’s application process.

# Section 2: Eligible Project Activities

The LSL Inventory program will fund projects according to their type, which is described in the following categories. For project ideas and approaches, please visit the Lead Service Line Replacement Collaborative’s [website](https://www.lslr-collaborative.org/).

**Project Type I. Utility Records Review & Analysis**
Type I projects include the gathering, researching, digitizing, and reviewing of utility records, local codes, tax parcel information and other available data to generate a records-based inventory. Projects may also include data analysis and statistical modeling to determine probable lead service line locations or to check the accuracy of existing records. Geolocation of service lines and meters may also be included in this project type. Home visits/verification of the visible portion of the pipe or other activities that involve engagement with utility customers to assist with service line material verification are eligible.

**Project Type II. LSL Replacement Planning**
Type II projects include the development of plans to replace lead service lines in conjunction with other projects and/or prioritizing at risk or disadvantaged communities as well as other activities related to the incorporation of service line information into the water system’s Asset Management Program. Some specific examples of project deliverables include: a Preliminary Engineering Report (PER) for future LSLR projects and standing up or updating an asset management program inclusive of service line condition assessments. Customer outreach programs to encourage customers to participate in a replacement initiative or to provide education on LSLR are also eligible activities. Please note that any utility requesting funds for Project Type II must first have uploaded the majority of their lead service line inventory to IDEM’s 120 Water “PWS Portal”.

**What is the PWS Portal? What is the State Dashboard?**

The PWS Portal is where utilities will manage their LSL inventories. The State Dashboard is where IDEM will view LSL inventories. Utilities will “upload” LSL data into the Portal. Once uploaded, utilities will “submit” data to State Dashboard, which triggers additional regulatory steps. Uploading and submitting are separate steps that both happen in the Portal. 120 Water is the technology company that is managing the Portal on behalf of IDEM.

**Project Type III. Service Line Inspection & Inventory Validation**
Type III projects include onsite investigations of service line materials to supplement, inform or validate utility records or inventory models. Inspection activities may include excavation, vacuum/hydro-excavation, surface testing of the service line materials, water testing, and other emerging technologies. Home visits/verification of the visible portion of the pipe or other activities that involve engagement with utility customers to assist with service line material verification are eligible. Please note that any utility requesting funds for Project Type III must first have uploaded the majority of their lead service line inventory to the IDEM “PWS Portal”. Equipment purchase is no longer eligible. All work must be done via a Professional Services Agreement with the IFA.

**Combining Project Types**

The IFA will accept one application per PWSID (per round; see Section 8) and a utility may submit as many Project Types (I, II, III) as desired on that one application, subject to the following:

1. Any utility requesting funds for Project Type II or III must first have uploaded the majority of their lead service line inventory to the IDEM “PWS Portal”. Please note the IFA does not expect utilities to have fully complete inventories (in other words, 0% unknown service lines remaining) but IFA does expect the submittal to account for the majority of the services lines in the service territory.
2. Applications may apply for Project Types II and III simultaneously, meaning a water system may conduct both an LSL replacement planning project and LSL Inventory validation with IFA funds at the same time if desired.
3. Project Types I, II, and III can be combined in one application when an inventory has already been uploaded to the PWS Portal but the utility wants to do more inventory work (i.e., Type I project) to reduce the number of unknowns, for instance.
4. Examples of an acceptable application include:
	1. Project Type I (acceptable if inventory *not yet* uploaded to PWS Portal)
	2. Project Type I (acceptable if inventory uploaded to PWS Portal but utility wants to do more work to reduce number of unknowns, for instance)
	3. Project Type I, Type II, and/or Type III (acceptable if inventory uploaded)
	4. Project Type II and/or Type III (acceptable if inventory uploaded)

# Section 3: Available Funding

The IFA established the LSL Inventory Funding Program such that every eligible utility applying for eligible work will be awarded Noncompetitive Funding if appropriate application materials are submitted. The funds for the IFA LSL Inventory Funding Program will be distributed by Project Type (see Section 2) and a utility’s number of service connections (see Table 1). This means that Noncompetitive Funding can be used for validation (Type III) work.

Please note, the funding levels in Table 1 are the maximum amount a utility can apply for in the IFA LSL Inventory Funding Program in aggregate for Round 1 and Round 2. Funding Round Deadlines are discussed in Section 7. A third round is currently not anticipated.

### **Table 1.** Maximum amount of funds available for Round 1 and 2 by utility size, funding (Noncompetitive vs. Competitive) and project type.

|  |  |  |  |
| --- | --- | --- | --- |
| **IFA Water System Type** | **Number of Service Lines** | **Noncompetitive Funds**  | **Competitive Funds** |
| **Type I**  | **Type II** | **Type III** | **Type III** |
| CWS 0 | 700-1000 | $15,000 | N/A; available from the Alliance[[1]](#footnote-1) |
| CWS 1 | 1001-5000 | $25,000 | $100,000 |
| CWS 2 | 5001-10000 | $35,000 | $200,000 |
| CWS 3 | 10001-15000 | $45,000 | $300,000 |
| CWS 4 | >15001 | $55,000 | $400,000 |

# Section 4: Application Process for all Project Types

For all Project Types, the IFA will enter into Professional Services Agreements with the Service Provider selected by the utility. This arrangement allows utilities to work with a Service Provider of their choice without having to encumber debt or administer a grant. Utilities will be asked to identify a Service Provider (i.e., consultant, etc.) at the time of application and submit Scope of Work Certification signed by both Service Provider and utility, which ensures all parties agree to the project.

After an application is reviewed and an award is made, the IFA will enter into a Professional Services Agreement with the Service Provider on behalf of the utility. See Figure 2. Application award process and time to complete projects differ by funding type, which is described in Table 2.

### **Figure 2:** Application process for all Project Types; the IFA will enter into a direct Professional Services Agreements for all Project Types.

### **Table 2.** Application processes for Noncompetitive and Competitive Funding.

|  |  |  |
| --- | --- | --- |
|  | **Noncompetitive Funds**  | **Competitive Funds** |
| **Type I**  | **Type II** | **Type III** | **Type III** |
| Application deadline | February 29, 2024 | February 29, 2024 |
| Award process | Ongoing | After March 1, 2024, applications will be scored and ranked |
| Time to complete project | 6 months | 12 months |
| Items to submit | Online application, Scope of Work Certification Form | Online application, Scope of Work Certification Form |

Information needed on all applications:

* PWS name and PWSID
* Utility contact information
* Service Provider contact information
* Number of service lines in the system and number to be impacted by the project
* Population served
* Median household income that best represents the service territory[[2]](#footnote-2)
* **Scope of work****- Type I**
	+ Data to be evaluated for the inventory project (i.e., tap cards, billing system data, customer surveys, tax parcel information, etc.)
	+ Geographic areas included the inventory project
	+ Methods utilized to conduct or supplement the inventory
	+ Project timeline
	+ Description of deliverable
* **Scope of work- Type II**
	+ Project description
	+ Project timeline
	+ Description of deliverable
* **Scope of work – Type III**
	+ Methods utilized to conduct or supplement the inventory (e.g., excavation, vacuum/hydro-excavation, surface testing of service line materials)
	+ Geographic areas included in the inventory project
	+ Methods utilized to conduct the initial inventory
	+ Project timeline
	+ Description of deliverable
* Funding amount requested per Table 1

Additional items needed for Competitively Funded projects:

* Project Costs
	+ Total project cost
	+ Engineering cost
	+ Materials cost
	+ Funding amount requested per Table 1
* Estimated number of service lines with unknown materials
* Estimated age of system, which could be the measured by the oldest components in the system or the age of the infrastructure in the project area.
* Description of prioritization of work, if applicable. For instance, did the utility prioritize doing work in “Disadvantaged[[3]](#footnote-3)” areas? Provide details.
* Description of work already completed. For example, if a utility is requesting validation assistance, project description details the work already completed which may include customer mailers, property data, and record searches to narrow down the areas with unknown service line materials.
* Description of the work that is still needed beyond what is being accomplished with this funding, if applicable. For instance, “this project will cover about 50% of our entire need. We still have $500,000 worth of work to do.”
* Compliance with the IFA Water Audit and Regional Meeting requirements

# Section 5: Disbursements

All disbursements require the submittal of a disbursement request form.

Noncompetitively funded project disbursements will be made directly to the Service Provider on this schedule:

* At the time of professional services agreement execution, 50% of project cost may be advanced to the Service Provider.
* Upon completion of work, 100% of project cost may be disbursed to Service Provider. In addition to the disbursement request, a detailed invoice reflecting 100% of the costs of the project and Project Completion Form signed by utility must also be submitted.

Competitively funded project disbursements will be made directly to the Service Provider monthly. Final disbursement requires a Project Completion Form signed by utility.

# Section 6: Scoring Criteria

IFA may score Competitively Funded applications according to the criteria provided in **Table 3**. Project approval is dependent on satisfactory submission of all application documents.

### **Table 3.** Explanation of Scoring Criteria for Competitively Funded Project Applications

|  |  |
| --- | --- |
| **Criteria** | **Scoring Notes** |
|
| % Service Lines impacted by the project | Projects that address a greater percentage of service lines will score higher. |
| Quality of Project Proposal | Project proposals with a complete, well-defined Scope of Work will score higher. |
| Economic Impact | Project areas with a median household income equal to or less than $49,555 will be prioritized.  |
| Unit Cost | Projects that make effective use of funds will score higher as determined by the requested funding amount and number of service lines impacted. |
| Effort | Utilities that have already taken action or worked to reduce unknowns will score higher. |
| Prioritization | Utilities that have prioritized projects in “Disadvantaged Areas” will score higher. |
| Age | Age of system may be taken into account.  |
| Volume of work | Volume of work needed may be taken into account. |
| Water Audits and Regional Meetings | Utilities not adhering to IFA’s Water Audit and Regional Meeting requirements will receive lower priority. |

# Section 7: Funding Rounds and Deadlines

A second round of funding will be offered. A third round is not currently anticipated. Table 4 lists important dates for both rounds. The IFA will accept one application per round (per PWSID) and a utility may submit as many Project Types (I, II, III) as desired on that one application.

### **Table 4:** IFA LSL Inventory Funding Rounds and Deadlines

|  |  |
| --- | --- |
| **Date** | **Milestone** |
|  |
| 4/24/2023 | Round 1 Application Period Open |  |
| 6/9/2023 | Round 1 Application Period Closes |  |
| 1/17/2024 | Round 2 Application Period Opens |  |
| 2/29/2024 | Round 2 Application Period Closes |  |

1. Starting in Spring 2024, the Alliance of Indiana Rural Water will assist utilities serving <1000 service connections with hydro-excavation needs related to validation. To apply, register at the [Alliance’s Lead Inventory Technical Assistance website](https://www.inh2o.org/Resources/Lead-Copper-Resources-LCRR/Lead-Inventory-Technical-Assistance-Program). [↑](#footnote-ref-1)
2. According to the 2017-2021 American Community Five Year Survey of the US Census [↑](#footnote-ref-2)
3. A Disadvantaged Community is defined by the IFA Drinking Water State Revolving Fund Loan Program’s Intended Use Plan as a population with a median household income below 80% of the State median household income as established by 2017-2021 American Community Five Year Survey. For State Fiscal Year 2024, this threshold is $49,555 or less. [↑](#footnote-ref-3)