

WISCONSIN DNR
Department of Natural Resources

DNR Environmental Loans Program

WI's SDWLP Private Lead Service Line (LSL) Replacement Program

06/08/16 Webinar



Panelists:

- Robin Schmidt, Chief – Environmental Loans Section
- Becky Scott – Federal Liaison/LSL program coordinator, Environmental Loans Section
- Cathy Wunderlich, Chief – Public Water Engineering Section
- Denise Schmidt - Water Policy Advisor, Public Service Commission
- Aaron Heintz – Department of Administration, Capital Finance Office



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How to Ask a Question

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Overview

- The Problem with LSLs
- LSL Program Basics
- Who's Eligible
- LSL Program Options
- FAQ Update
- Learn More

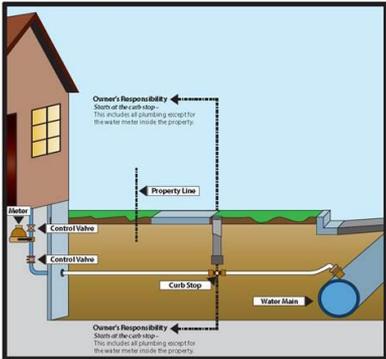


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The Problem with LSLs

- Lead service lines in older homes (pre -1940s/1950s)
 - Pipes from main to curb stop
 - Pipes from curb stop to home
- Human health effects
- Increased lead levels in water when chemistry changes or pipes are disturbed
- DNR does not recommend partial line replacements due to line disturbance issues



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LSL Program Basics

Underlying tenet:

- User rates cannot be used to fund activities on private property
- LSL Principal Forgiveness funds are not a debt incurred by the municipality; therefore, use of these funds will not result in ratepayer fees being used for work on private property

Total amount available for SFY 17 projects: **\$11.8 million**

Available for disadvantaged municipalities only

Projects must result in replacement of **full service lines**
(partial replacements not funded)

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Who's Eligible

Criteria for Disadvantaged Municipalities* for "Regular" PF

- Formula in Intended Use Plan (IUP): 
 - Population / MHI / unemployment / population trends
 - Qualification calculator available 

Any municipality qualifying for regular PF ($\geq 15\%$) is eligible for private LSL replacement costs up to a cap of:

- \$1,000,000 for municipalities with population 500,000 or more
- \$500,000 for municipalities with population 50,000 – 499,999
- \$300,000 for municipalities with population < 50,000
- Cap does not apply to licensed day care center and K-12 school costs

*Note: Criteria defining "disadvantaged" for the purpose of determining interest rate subsidy are different than the formula used for determining PF eligibility

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LSL Program Process

Municipalities apply as they would for any SDWLP-funded project

- Request SFY 2017 Intent to Apply (ITA) and Priority Evaluation and Ranking Formula (PERF) waiver, if needed, (NOW)! 
- Submit on-line ITA and PERF (beginning week of June 6)
 - Define the scope of your project and appropriate contact information
- Submit LSL Application Addendum and appropriate pages of SDWLP application by June 30, 2016 deadline 
 - “Supplemental” LSL applications accepted after 6/30/16 if funds remain
 - No “regular” PF awarded for supplemental applications

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LSL Program Process

- Applications received by June 30th are reviewed for completeness
- “Funding List” of complete applications available by mid-August
- Funding list sent to US EPA to complete our IUP
- Funds can be expended once Funding List is finalized
- Individual Financial Assistance Agreements (FAAs) for private LSL replacements
 - No bond counsel costs
 - Disbursements unique to that FAA

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LSL Program Options

- Types of applications anticipated
 - Spot replacement possibilities
 - To make prior partial line replacements “full”
 - As planned road and pipe replacements occur
 - Licensed day care centers / K-12 schools
 - Municipal program options (not all-inclusive)
 - Rebate program
 - Full funding
 - Proportional funding
 - Revolving loan program

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FAQ Update

Does **Davis-Bacon** apply to plumbers working on private property?



We are actively discussing this issue with EPA and the U.S. Dept. of Labor. Further clarification will be forthcoming.

We believe if a private homeowner contracts for and pays a plumber for this work, Davis-Bacon would not apply. How this could fold into a municipal LSL PF funding package is still being discussed with the federal agencies.

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FAQ Update

If applying for **PF-only** for private LSL replacements, do all **parts of the SDWLP application** have to be completed and Financial Statements attached?

Submit SDWLP application pages 1-4 and the *SDWLP Application Addendum for Private LSL Replacement Projects*.

Most of the checklist items on pages 1 and 2 of the SDWLP application can be marked as N/A.

Further instructions are included on the Application Addendum.

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FAQ Update

If doing a municipal program or spot replacements, **how long will we have to spend the funds?**

Funds must be expended within two years from the date the Financial Assistance Agreement is executed.

(note: this does not mean that 100% of the disbursement requests have to be submitted to the DNR within two years, but the funds have to be 100% expended within two years.)

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FAQ Update

How can **federal regulations** be **incorporated into a municipal program** where the homeowner contracts for the work?

The municipality will likely need to:

- Issue a **Request for Qualifications (RFQ)**
- Include federal requirements in RFQ
 - DBE, UAIS, Davis-Bacon (if applicable)
- Develop a list of prequalified plumbers with whom homeowners contract to replace their individual LSLs
- Homeowners contract with plumber on list
- Municipality pays plumber directly (on behalf of homeowner)
- Municipality submits invoices with disbursement form to DNR



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FAQ Update

If a municipality uses the LSL PF to seed a **revolving loan fund** for private LSL replacements, **what happens to the money** once all the LSLs have been replaced?

- The municipality would need to:
 - Develop a plan for identifying all the private LSLs
 - Identify and replace all LSLs based on plan
 - Certifies to that effect
 - Signs an agreement to replace any additional LSLs that may have been missed and are subsequently discovered.
- The funds could then revert to the water utility to be used for other utility needs.



Note: Ratepayer funds may not be used to pay for replacement of private LSLs.

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Learn more!

- E-Bulletin Newsletter:
kay.christensen@wisconsin.gov
- Visit our Website for updates
 - E-Bulletin Newsletter
 - Forms
 - FAQs
 - Intended Use Plan



<http://dnr.wi.gov/Aid/documents/EIF/leadServiceLineFunding.html>

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