

Lead Service Line Replacement Program Amendment to SFY 2024 Safe Drinking Water Loan Program Intended Use Plan

While scoring the SFY 2024 lead service line (LSL) applications, in particular comparing projects scored at the census tract level to projects that were scored at the municipal level, it became apparent that a more equitable scoring method would not include population as a component of the disadvantaged score that is used for allocating private side LSL principal forgiveness (PF).

Population and population trends are both included in the regular Safe Drinking Water Loan Program (SDWLP) disadvantaged criteria (see tables 1 and 4 on pages 15-16 of the [draft SFY 24 SDWLP Intended Use Plan](#)). Municipalities with smaller populations, or that are losing population, receive higher points in the methodology. The methodology was structured this way due to the fact that there is an economy of scale in projects undertaken by municipalities with larger populations relative to those with smaller populations. This economy of scale is generally not present with private side LSL replacements. A lower income homeowner in a large municipality carries a similar burden when replacing their LSL as a lower income homeowner in a small municipality. The municipal population does not have a significant effect on this.

We plan to remove population and population trends from the disadvantaged score calculation that is used to determine the amount of PF that can be allocated to private side replacements. Therefore, we are providing a brief, one-week public comment period on this change before publishing the Final SFY 2024 SDWLP Intended Use Plan. **Please submit any comments, by email, to Casey Sweeney at casey.sweeney@wisconsin.gov by Tuesday, October 17, 2023.**

In addition, please be aware that due to EPA requirements, private side replacements must occur within 90 days of the public side replacement (if the full service line is an LSL) and that filters that have been tested and certified to NSF/ANSI 53 for the reduction of lead must be provided not only during the time period between the public and private side replacements but also for six months following the replacement. This is a change from previously stated requirements.

Proposed Modifications

The *Allocation of Funds* section of the *BIL Funding for LSL Inventories and Replacements* section of the SDWLP Intended Use Plan will be modified to read as follows below.

Allocation of Funds

The LSL capitalization grant requires exactly 49% of the funding to be awarded as PF with the remaining 51% of the funds to be utilized for set-asides and loans. Due to this need to balance the PF and loan/set-aside funding, we cannot guarantee an exact percentage of PF that will be awarded until the Funding List is published.

Since the majority of the LSL PF will be utilized for private side LSL replacements, and these are costs that are generally not borne by all the ratepayers in a municipality, a modified version of our disadvantaged criteria that removes population and population

trends is being utilized to allocate private side PF in the LSL Replacement Program. Based on the total points a municipality or census tract(s) receives in Tables 2, 3, 5, and 6 of the PF allocation methodology described in Section XI.A of this IUP, the following tiers specify the maximum private side LSL PF an applicant qualifies for. Points will be calculated either for the entire municipality or for designated census tracts in the case of targeted projects.

- Municipalities/projects that receive 135–245 points will be eligible to receive up to 100% LSL PF for private side replacements.
- Municipalities/projects that receive 105–134 points will be eligible to receive up to 75% LSL PF for private side replacements.
- Municipalities/projects that receive 65–104 points will be eligible to receive up to 50% LSL PF for private side replacements.
- Municipalities/projects that receive 40–64 points will be eligible to receive up to 25% LSL PF for private side replacements.

LSL PF for private side replacements will be allocated first, utilizing the percentages above and the LSL-specific priority score ranking. If any LSL PF remains after this initial allocation, and depending on the ratio of PF to loan, we will go back to the top of the ranked LSL list and allocate additional PF for public side LSL replacements. When allocating PF for public side replacements, the percentage of PF that a municipality qualifies for under Table 7 (with all six criteria included) in Section XI.A of this IUP will be utilized.

Following the allocation of LSL PF, projects that scored high enough under the Regular SDWLP scoring and ranking, and where the municipality qualifies as disadvantaged under the SDWLP criteria, will be eligible for general PF on project costs that are not being covered by LSL PF. PF allocated from the Regular SDWLP will follow the policies in Section XI of this IUP. The LSL PF is not subject to, or included in, the general SDWLP PF cap. Once all PF is allocated, both LSL and general, the LSL loan funds will be allocated for costs not covered by PF using the LSL score ranking.