



IIJA - Lead Service Lines Replacement Program



Agenda

- Program Overview
- Funding Requirements
- Project Types
- Priority Rating System
- Questions

Guidance and other documents can be found on our website at: <https://deq.nc.gov/about/divisions/water-infrastructure/i-need-funding/application-forms-and-additional-resources>



Program Overview



IIJA – Lead Service Line Replacement (LSLR)

- January 2021
 - Lead and Copper Rule Revisions (LCRR)
 - All public water systems must conduct inventories of lead service lines by October 16, 2024
- November 2021 – The Infrastructure Investment and Jobs Act (IIJA, formerly the Bipartisan Infrastructure Law) appropriated funds for five fiscal years (2022-2026) specifically for the purpose of inventorying and replacing lead service lines
- North Carolina was eligible to receive up to \$87 million/year for the first 2 years, and up to \$76 million in year 3
- Years 4 to 5 allotments will be determined by US EPA based on future LSLR needs survey results

IIJA – LSLR Allotments

NC's IIJA LSLR Allotments

Capitalization Grant Year	North Carolina's Allotment	49% Principal Forgiveness
2022	\$87,062,000	\$42,660,380
2023	\$87,290,000	\$42,772,100
2024	\$76,201,000	\$37,338,490

- 2025-2026 allotments will be determined by US EPA
 - Will likely be smaller than allotment for FY2024
- Portion of the state's allotment will be used for set-aside activities:
 - LSL inventory support and technical assistance
 - Program management
 - Approx. \$20M for FY2024



IIJA – LSLR Funding Cycles

- Most recent round: December 2025
 - Applications were due to the Division by November 3, 2025
 - Awards made at December 2025 SWIA Meeting
- 2026 funding
 - Next application cycle (tentative)
 - Application deadline: January 9, 2026
 - SWIA award date: February 18, 2026
 - Any remaining 2024 IIJA LSLR funds will be available
 - If there is sufficient project demand, 2025 IIJA DWSRF LSLR funds can be made available (pending Division application and EPA approval of State Capitalization Grant)



Funding Requirements



IIJA – LSLR Funding Program

- Eligible funding recipients
 - Local government units (LGUs)
 - Non-profit water utilities
 - Investor-owned water utilities
- Eligible projects or activities must be:
 - lead service line replacement (LSLR) projects or
 - activities directly connected to the inventorying, planning, identification, and replacement of LSL
- Regular DWSRF funds available for projects addressing lead in water mains/distribution systems, and other non-LSLR replacement projects



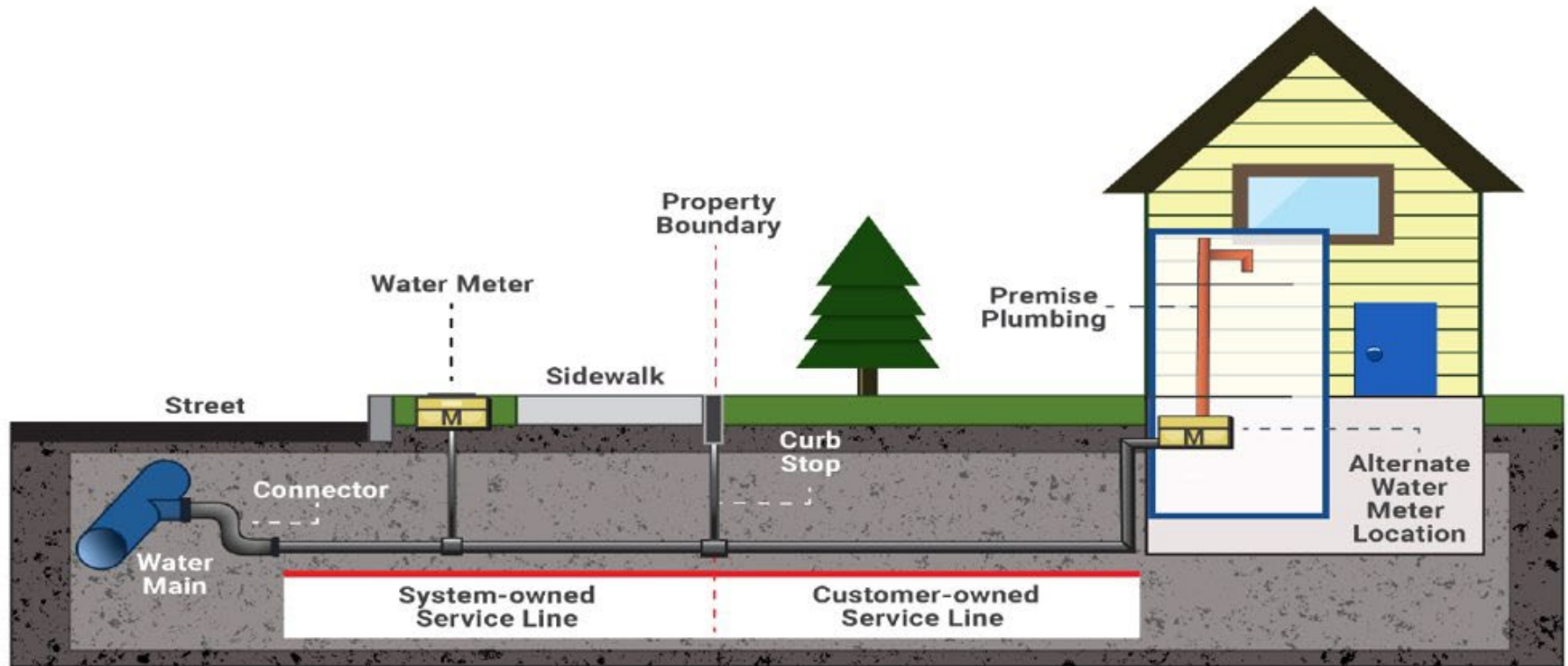
IIJA – LSLR Funding Program

Replacement projects must replace the **entire** lead service line

- Service line connects the water main to the building inlet
 - Includes lead connectors (goosenecks, pigtails, etc.).
 - Includes galvanized service lines downstream of a lead service line.
- No need to replace portions previously replaced
- Funds cannot be used for premise plumbing



IIJA – LSLR Private Side Work



IIJA – LSLR Private Side Work

- You must replace entire lead portions of the service line for any of the work to be eligible for funds
 - LCRI requirements:
 - Homeowners are not required to replace their portion of the line.
 - Utilities are not required to pay for the private-side portion of the work.
 - IIJA LSLR funding requirements:
 - Utility cannot get IIJA LSLR funds for replacement work unless it can document that the entire service line is lead-free.
 - Utility work on private side of the line is eligible for reimbursement.
- Flexibility to find solution that works best for you
 - Utility performs work (own workforce or through contract)
 - Homeowner hires Utility-approved service provider (plumber).
Then:
 - Utility reimburses homeowners, or
 - Utility pays directly service provider



IIJA – LSLR Conditions

Drinking Water State Revolving Fund (DWSRF) conditions apply and must be documented

- Davis-Bacon Prevailing Wage Rates
- American Iron and Steel (AIS)
- Build America, Buy America (BABA)





Funding Terms



IIJA – LSLR Funding Terms

- Project funding is a loan and may include a principal forgiveness (PF) portion
- Repayable loan will be at 0% interest rate
- Loan terms cannot exceed expected life of the project.
 - 20-year term loan for replacement projects
 - 5-year term loan for inventory-only projects
- Funds disbursed after costs have been incurred, not upfront



IIJA – LSLR Principal Forgiveness (PF)

- Portion of the loan that is not repayable
- Determined based on application and at time of award
 - Affordability Criteria – evaluates entire community/utility
 - Considers community size, water/sewer rates, and economic indicators
 - Eligibility ranges from 0% - 100% (in 25% increments)
 - Disadvantaged Area – evaluates residents benefiting from the project, eligible for 50% PF
- Initial cap of \$500,000 or eligibility percentage of project cost (whichever is lower)
- Caps and percentages can be exceeded if PF funds remain available in a funding round

IIJA – LSLR Funding Types and Caps per Round

- Replacing known lead service lines
 - \$5-Million cap
 - SLs already known to be lead and you are ready to replace them
- Find and Replace
 - \$2-Million cap, of which \$1M max can be used for material verification
 - Already done inventory and identified lines and areas likely to be lead. Ready to verify materials and replace lead service lines discovered
- Inventory only
 - \$1 Million cap
 - Identifying areas as known lead, known not lead, or unknown
 - Further investigation and verification on unknown areas



IIJA – LSLR Funding Types and Caps

- 50% of awarded funds each round reserved for inventory-type projects
 - May use funds from reserve for other project types if there is not sufficient demand for inventory
 - Reserve is currently limited to FY 2022 allocation to help meet LCRR inventory deadline
- DWI will reassess reserves and caps for each FY IIJA LSLR allotments
- Applicants may apply for multiple project types each round





Priority Rating System



IIJA – LSLR Priority rating System (PRS)

Projects will be recommended for funding based on approved Priority Rating System

- Project purpose
- Is there a Lead Action Level Exceedance?
- Affordability



IIJA – LSLR Priority rating System (PRS)

• Project Purpose

Project Purpose Points		
Line Item #	Category 1 – Project Purpose (Points will be awarded for <u>only one</u> Project Purpose)	Points
1.A	Project eliminates lead service lines (100% of project is to replace known lead service lines)	20
1.B	Project establishes and implements a program to find and replace lead service lines in areas suspect to have lead lines.	15
1.C	Project inventories lead service lines (no replacement as part of project)	10
Maximum points for Category 1 – Project Purpose		20

IIJA – LSLR Priority rating System (PRS)

- **Project Benefit**

Project Benefits Points		
Line Item #	Category 2 – Project Benefits	Points
2.A	Project addresses/resolves Lead Action Level Exceedance	5
2.B	Project area has documented Lead Action Level Exceedance	2
Maximum points for Category 2 – Project Benefits		5



IIJA – LSLR Priority rating System (PRS)

- Affordability (same as PRS for DWSRF)

Affordability Points		
Line Item #	Category 4 – Affordability	Points
4.A	Residential Connections	
4.A.1	Less than 10,000 residential connections OR	2
4.A.2	Less than 5,000 residential connections OR	4
4.A.3	Less than 1,000 residential connections	8
4.B	Current Monthly Combined Utility Rates at 5,000 Usage	
4.B.1	Greater than \$89 OR	4
4.B.2	Greater than \$107 OR	6
4.B.3	Greater than \$126 OR	8
4.B.4	Greater than \$145	10
4.C	Local Government Unit (LGU) Indicators	
4.C.1	3 out of 5 LGU indicators worse than state benchmark OR	3
4.C.2	4 out of 5 LGU indicators worse than state benchmark OR	5
4.C.3	5 out of 5 LGU indicators worse than state benchmark OR	7
4.C.4	Project benefits disadvantaged areas	5
Maximum points for Category 4 – Affordability		25



IIJA – Lead Service Line Replacement Project Application Form

 North Carolina Department of Environmental Quality		
Division of Water Infrastructure		
Lead Service Line Replacement (LSLR) Project Application Form		
(Last updated: July 2023)		
1. General Information		
Applicant Name	County	Unique Entity Identifier (UEI)
Project Name	Federal Tax ID #	PWSID
Applicant Type		Funding Amount Requested
☐ Municipality	☐ Metropolitan Water/Sewerage District	
☐ County	☐ Non-Profit Water Corporation	
☐ Water and Sewer District	☐ Investor-Owned Drinking Water Corporation	Total Project Cost
☐ Water and Sewer Authority	☐ Other (Specify:)	
☐ Sanitary District		
Project Type (please submit multiple forms if funding is needed for multiple project types)		
Funding for Lead Service Line and Lead Connectors (LSL)		
☐ Replacing already-known LSLs. Limit of \$5 million per funding round.		
☐ Finding and replacing LSLs. Limit of \$2 million per funding round with \$1 million limit on inventory.		
☐ Inventory LSLs only (no replacement). Limit of \$1 million per funding round.		
Acceptance of Funding Offer		
I will <u>only</u> accept a funding offer if a minimum of \$ is offered as principal forgiveness. I will accept the rest as <u>loan</u>. I understand that I will not be offered any funding if the minimum requested principal forgiveness amount cannot be offered. Enter \$0 if you are willing to accept a loan offer with no principal forgiveness. Please read the Instructions for more details.		
2. Water System Parameters		
Residential Water Connections		
Non-Residential Water Connections		
Monthly Water Bill for 5,000 gallons	Monthly Sewer Bill for 5,000 gallons	

Available on Division's
“Application Forms and
Additional Resources”
webpage

<https://deq.nc.gov/about/divisions/water-infrastructure/i-need-funding/application-forms-and-additional-resources>

Discussion Time

What questions do you have?



Thank you!

See our website for contact information.
<https://www.deq.nc.gov/water-infrastructure-contacts>

Presenter:

Sam Bryant
Engineer, Drinking Water
Division of Water Infrastructure
919.707.9055
Sam.Bryant@deq.nc.gov

Support:

Dustin Rhodes, PE
Engineer, Viable Utilities
Division of Water Infrastructure
919.707.3888
Dustin.Rhodes@deq.nc.gov

