



# Funding for Drinking Water Lead Service Line Replacement (LSLR)

House Capital Investment – March 3, 2022

Jeff Freeman, Executive Director

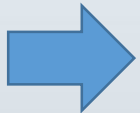
# PFA Drinking Water (State) Revolving Fund for LSLR

- DWSRF contains mix of federal funds, state match, loan repayments
- Federal law allows a small portion of annual federal capitalization funds to be provided to projects as principal forgiveness grants
  - State statutes authorize PF grants to replace the privately owned portion of lead service lines (50% of project costs up to \$250,000)
- First LSLR award to St. Paul in July 2021
  - 97 lines replaced to date
- Seven other projects on 2022 MDH Project Priority List

# Infrastructure Investment and Jobs Act (IIJA)

IIJA appropriates a total of \$668 million over five years for water infrastructure through PFA State Revolving Funds

- Three project categories
  - Supplemental funds for existing CWSRF and DWSRF programs (\$60M+/yr)
  - Emerging contaminants (\$13.2M+/yr)
  - Lead service line replacement (\$43.1M/yr)
    - 49% can be provided as principal forgiveness grants (51% loan)
    - No required state match
    - Projects following existing DWSRF funding process, starting with submitting project proposals to MDH for the Project Priority List and to PFA for the annual Intended Use Plan



# Current Lead Service Line Activity

- Still waiting for EPA to issue formal IJJA guidance
- Lead service line inventories
  - EPA regulations require all public water suppliers to complete by Oct 2024
  - MDH working with cities to help guide efforts
- MDH/PFA discussions with cities and consultants on how funding will work
- MDH and PFA now accepting project proposals for the 2023 PPL and IUP
- PFA expects to apply for Year 1 IJJA funds by Fall 2022