



Lead Service Line Inventory Funding Program Guidance

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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](#). The Indiana Department of Environmental Management will collect LSL Inventory data using its LSL Inventory reporting template and online reporting portal; this template and its instructions can be found [here](#). 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) and Community Water Systems (CWS) 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 will be featured on [Alliance’s website](#) in Spring of 2023. See the “Alliance” box in Figure 1.
2. **All CWS** pursuing financial assistance from the [Drinking Water State Revolving Fund Loan Program](#) can add the cost of LSL Inventory work to their applications. See the “SRF” box in Figure 1.
3. **CWS with greater than 1,000 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.

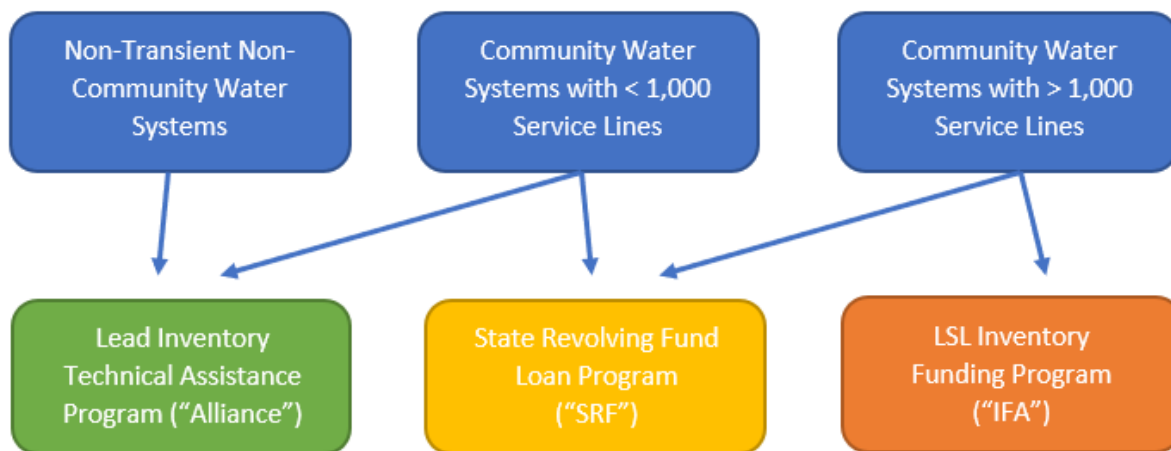


Figure 1: IFA’s three funding paths for assistance with Lead Service Line Inventory work. Arrows indicate that utilities can apply to multiple programs at the same time.

The goals of this program are:

1. To help water systems complete and submit EPA-mandated LSL Inventory's to the Indiana Department of Environmental Management (IDEM) by the Lead and Copper Rule Revisions (LCRR) compliance date of 10/16/2024.
2. To provide the state with an accurate estimate of lead service lines so the IFA can efficiently offer funding to communities replacing lead lines in the coming years.

Funding assistance for Lead Service Line **Replacement** needs will be available through the [Drinking Water State Revolving Fund Loan Program](#). These requests will 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](#).

Project Type I. Utility Records Review & Analysis

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

The development of a plan to replace lead service lines in conjunction with other city 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 submitted an inventory to the IDEM LSL Inventory reporting portal.

Project Type III. Service Line Inspection & Inventory Validation

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 submitted an inventory to the IDEM LSL Inventory reporting portal.

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 submitted an inventory to the IDEM LSL Inventory reporting 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 100% of the services lines in the service territory. Confirmation of submittal will be documented by the utility submitting an Inventory Submittal Certification Form, which is available on the [IFA website](#).

2. Project Types II and III may be applied for at the same time if needed. Meaning that a water system may conduct both an LSL replacement planning project and LSL Inventory validation with IFA funds simultaneously if desired.
3. Project Types I, II, and III can be combined in one application when an inventory has already been submitted 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:
 - a. Project Type I (ok if inventory *not yet* submitted)
 - b. Project Type I (ok if inventory submitted but utility wants to do more work to reduce # of unknowns, for instance)
 - c. Project Type I, Type II, and/or Type III (ok if inventory submitted)
 - d. Project Type II and/or Type III (ok if inventory submitted)

Section 3: Available Funding Levels

The funds for the IFA LSL Inventory Funding Program will be distributed by Project Type (see Section 2 above) and a utility’s number of service connections (see Table 1 below). Please note, the funding levels in Table 1 are the maximum amount a utility can apply for in the IFA LSL Inventory Funding Program (which means in aggregate for Round 1 and Round 2). Funding Rounds and Deadlines are discussion in Section 8.

The IFA has set up the LSL Inventory Funding Program in such a way that every utility that submits an acceptable application for eligible work will be awarded funding for Type I and Type II projects according to Table 1, making Type I and Type II awards non-competitive as long as appropriate application materials are submitted. Type III funds are limited and therefore these applications will be scored and ranked, with a limited number of awards, making these funds competitive.

Table 1. Funding availability by utility size and project type. Please note that amounts provided below are the maximums for each project type and utilities should provide a description of estimated costs in their submission as described below.

IFA Water System Type	Number of Service Lines	Project Type I Funds Available	Project Type II Funds Available	Project Type III Funds Available
CWS 1	1001-5000	\$15,000	\$10,000	\$100,000
CWS 2	5001-10000	\$20,000	\$15,000	\$200,000
CWS 3	10001-15000	\$25,000	\$20,000	\$300,000
CWS 4	>15001	\$30,000	\$25,000	\$400,000

Section 4: Application Process for Type I and II Projects

For Project Types I and II only, the IFA will enter into a Professional Services Agreement 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. The Service Provider will have up to six months to complete the inventory projects described in the scope of work. Please note, the IFA does not expect utilities to have fully complete inventories (0% unknown service lines remaining) but expects the utility to complete the project described in their application within 6 months. A note to Service Providers: there will be one IFA Professional Services Agreement per Service Provider, even if Service Provider will be assisting multiple utilities.



Figure 2: Application process for Project Types I and II only. The IFA will enter into a direct Professional Services Agreements for Project Types I and II.

The IFA will accept, review, and begin awarding Type I and Type II projects as soon as the application acceptance period begins.

To apply for assistance with a Type I and/or a Type II project, submit:

1. Online application
2. Scope of Work Certification Form – this will ensure all parties agree on the Scope of Work
3. Inventory Submittal Certification Form – if inventory has already been submitted, this will confirm the date that a complete inventory was submitted to IDEM using the template and reporting portal. This is required if applying for a Type II project.

These forms may be submitted within the online application.

Information needed to make an award includes:

- PWS name and PWSID
- Utility representative contact information
- Utility Authorized Signatory 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
- Confirmation of whether an inventory of all service lines has or has not been submitted to IDEM via its template and reporting portal
- Scope of work
 - What data will be evaluated for the inventory project (i.e., tap cards, billing system data, customer surveys, tax parcel information, etc.)
 - What geographic areas will be covered by the inventory project
 - The methods you would utilize to conduct or supplement the inventory
 - Timeline for the project
- Project Costs in terms of funding amount requested (see Table 1)

Section 5: Application Process for Type III Projects

For Type III projects only, the IFA will follow a process similar to an SRF financing by entering into a financial assistance agreement with the utility, which will be structured as a principal forgiveness loan (e.g., grant). The IFA will accept and review projects during the application acceptance period. Projects will be scored, ranked, and awards will be made when the application period closes. For Type III projects, all work must be completed within 12 months of agreement execution. Reminder: a complete inventory must be submitted to IDEM via its template and reporting portal prior to applying for a Type III Project.

To apply for assistance with a Type III project, submit:

1. Online application
2. Inventory Submittal Certification Form – this will confirm the date that a complete inventory was submitted to IDEM using the template and reporting portal
3. IFA LSL Inventory Funding Closing Papers - which will be posted on the IFA website

These forms may be submitted within the online application.

Information needed to make an award includes:

- PWS name and PWSID
- Utility representative contact information
- Utility Authorized Signatory 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
- Confirm that an inventory of all service lines been submitted to IDEM via its template and reporting portal
- Scope of work
 - The methods you will utilize to conduct or supplement the inventory (e.g., excavation, vacuum/hydro-excavation, surface testing of service line materials)
 - What geographic areas will be covered by the inventory project
 - Discuss the methods used to conduct the initial inventory
 - Timeline for the project
- Project Costs
 - Total project cost
 - Engineering cost
 - Materials cost
 - Forgivable loan (e.g., grant) amount requested (see Table 1)

Once approved, the utility will follow state procurement requirements to contract with its preferred Service Provider. For most Type III projects, there are no American Iron and Steel, Davis Bacon, or Buy American requirements. Most Type III projects will not require environmental review.

Section 6: Disbursements

For Type I and Type II Projects, all work must be completed, and inventory submitted to IDEM within six months of agreement execution.

Type I and/or a Type II project disbursements will be made directly to the Service Provider on this schedule:

- Time of professional services agreement execution,
 - 50% of project cost may be advanced to the Service Provider
- Completion of work,
 - If all work is completed and inventory is submitted to IDEM, 100% of project cost will be disbursed upon receipt of detailed invoice reflecting 100% of the costs of the project.

For Type III projects, all work must be completed within 12 months of agreement execution. Type III project disbursements will be submitted by the utility to the IFA as needed and will follow the same process as an SRF Loan Program disbursement request.

Section 7: Scoring Criteria

IFA will review Type I and Type II applications according to the criteria provided in **Table 2** and approve upon satisfactory submission of all application documents.

Table 2. Explanation of Scoring Criteria for Type I and Type II Project Applications

Criteria	Available Points	Scoring Notes
Quality of Project Proposal	15	Project proposals with a complete, well-defined Scope of Work will score higher.

IFA will review and score Type III 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 Type III Project Applications

Criteria	Available Points	Scoring Notes
% Service Lines impacted by the project	10	Projects that address a greater percentage of service lines will score higher-meaning projects expected to identify or plan replacement for a higher percentage of the utility’s total connections would receive more points (i.e., 500 site inspections/1,000 service connections= 50% impact)
Utility Size	10	Utilities serving a population of less than 10K will receive maximum pts.
Quality of Project Proposal	15	Project proposals with a complete, well-defined Scope of Work will score higher.
Economic Impact	10	Utilities with a service territory that has an MHI equal to or less than \$49,555 will receive 10 pts.

Section 8: Funding Rounds and Deadlines

There will be two rounds of funding offered. 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.

Applicants not selected for Round 1 will automatically be considered for Round 2 and will have an opportunity to update their proposals if desired.

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
2/5/2024	Round 2 Application Period Opens
TBD	Round 2 Application Period Closes