

Ohio

Drinking Water State Revolving Fund Toolkit

Fiscal Year 2023: July 1, 2022 – June 30, 2023

This toolkit is a resource to quickly reference four key aspects of the state's current Drinking Water State Revolving Fund, known as the **Public Water Supply Loan Program (PWSLP)**, which was authorized under the Safe Drinking Water Act (SDWA). A regularly updated compilation, it includes the policies, regulations, and laws that define the state's [application processes](#), [disadvantaged community definition](#), [scoring process](#), and [lead service line replacement program](#). Advocacy is especially needed on these highlighted topics to ensure that the application process is accessible to low-income and communities of color, and that funds are prioritized for those experiencing cumulative impacts of legacy pollution and disinvestment.

Abbreviations

- Drinking Water Assistance Fund (DWAFF)
- Program Management Plan and Intended Use Plan (PMP)
- Water Supply Revolving Loan Account (WSRLA)
- Public Water System (PWS)
- Principal forgiveness (PF)

DWSRF Application Process

2022 Program Announcement¹

The Ohio EPA has finalized the 2023 Drinking Water Assistance Fund (DWAFF) program management plan.

- The plan includes more than \$1.5 billion in funding requests for a record number of infrastructure projects around the state.
- The 2023 DWAFF program year runs from July 1, 2022, through June 30, 2023.
- Funds are available to all applicants that meet program requirements.
- This funding will be available throughout the program year.

Up to \$30.8 million in principal forgiveness is available for disadvantaged community and regionalization projects. Principal forgiveness is the portion of a loan that does not require repayment. Additionally, up to \$71 million is available as combination loan and principal forgiveness awards for lead service line replacement projects.

Introduction²

The Drinking Water Assistance Fund (DWAF) Program Management Plan and **Intended Use Plan (herein referred to as the PMP)** for Program Year (PY) 2022 describes how the Ohio Environmental Protection Agency (Ohio EPA) intends to administer and distribute funds in the Drinking Water Assistance Fund (DWAF).

Funding for the DWAF is provided through federal capitalization grants received annually from USEPA as well as leveraged funds from Ohio's State Revolving Fund bond proceeds.

About Ohio's State Revolving Fund

Within the DWAF is Ohio's State Revolving Fund, known as the Water Supply Revolving Loan Account (WSRLA), is a revolving account designed to operate in perpetuity providing low interest rate loans and other forms of assistance for drinking water protection and infrastructure improvement projects. In addition, specialized services, including principal forgiveness, are provided for qualifying systems.

A wide variety of projects can be financed through the WSRLA including, but not limited to, water treatment plant construction or improvements, waterline replacements, interconnections, waterline extensions and water meter replacements. Planning, design and updates to Asset Management Plans may also be financed.

Disadvantaged Community Definition

Ohio EPA has finalized the 2023 DWAF program management plan.

- The 2023 DWAF program year runs from July 1, 2022, through June 30, 2023. Funds are available to all applicants that meet program requirements.
- Up to \$30.8 million in principal forgiveness is available for **disadvantaged community** and regionalization projects.
- **Principal forgiveness** is the portion of a loan that does not require repayment.³

Appendix E: Disadvantaged Community Loan Program⁴

Public water systems eligible for the WSRLA program, with the exception of some privately owned systems, that meet the criteria outlined below qualify as for the **disadvantaged community** loan program.

- Privately owned systems must be regulated by the Public Utilities Commission of Ohio (PUCO), a system considered a political subdivision as defined by ORC 6119.011 or a non-profit public water system.

A **disadvantaged community** candidate is:

- A PWS with a service population below 10,000, a nominated project with demonstrated health-related factors, and meets **any three of the four** socio-economic benchmarks identified below.
- With the exception of water and sewer rate analysis, the following constitute the primary changes to the disadvantaged community loan program benchmarks and build on our previous use of socio-economic statistics:

General Criteria	Program Value
Service Area Population	Less than 10,000
Documented human health-related factors	Presence of indicators
Socio-Economic Benchmarks	Program Value
Median Household Income (MHI) less than or equal to statewide average	≤ \$58,116
Individuals with income below 200% of poverty level greater than or equal to statewide average	≥ 30.4%
Unemployment Rate (civilian) greater than or equal to statewide average	≥ 5.3%
Water and sewer rates compared to MHI greater than or equal to statewide benchmark	≥ 2.5%

Appendix L – Definitions⁵

Disadvantaged Community – any of the following entities that meet eligibility requirements and criteria established by the director (refer to Appendix E):

- A nonprofit public water system that operates or provides water to a community water system;

- (b) A public water system that is regulated by PUCO and that operates or provides water to a community water system;
- (c) A political subdivision, as defined by ORC Section 6119.011(B), that operates or provides water to a community water system; or
- (d) A nonprofit, non-community public water system.

Scoring Process⁶

APPENDIX D - Project Priority Ranking System

- The purpose of the priority ranking system is to establish a list of eligible projects to be funded that prioritizes the most serious risks to public health and addresses agency priorities.
- It is anticipated the DWAFF has sufficient capacity to fund all eligible projects that are ready to proceed this program year.
- The priority ranking system, along with readiness-to-proceed criteria, is used to rank those projects eligible for principal forgiveness (i.e., disadvantaged community, regionalization).
- Projects will be evaluated with respect to the three categories listed below to determine their ranking and selection for funding:
 1. Public health issues;
 2. System Improvements;
 3. Regionalization

The overall ranking of projects is based on the sum of all points received in each applicable category.

- Projects are evaluated in applicable categories depending on project scope and/or if the applicant meets the disadvantaged community program benchmarks (see Appendix E for criteria).
 - For example, if a project addresses a public health issue and the applicant meets the disadvantaged community benchmarks, then it is evaluated in all three categories.

- For the regionalization category, each public water system to be regionalized will be evaluated based on available documentation (i.e., signed commitment, ordinance, Memorandum of Understanding [MOU])
 - For example, a project regionalizing three public water systems with letters of commitment to connect with the system of capacity will receive 1 point per system in the regionalization category.
 - If those systems have documented public health issues, such as exceedances for Health Advisory Levels (HAL), each system would also be evaluated in the public health category.
 - Regionalization also includes projects that connect areas with contaminated wells or wells with an inadequate water supply.
- If documentation from the local health department regarding known issues is provided and interest to connect is demonstrated (public meetings, petitions, signed MOUs, etc.), the project will also receive points in the public health issues category.
- If a project is not proposing regionalization and the applicant does not meet the disadvantaged community benchmarks, but will address one the following issues, it is evaluated in the public health issues category as well as the system improvements category:

• $\geq 50\%$ MCL	• Treatment Technique	• PFAS/PFOA
• HAL	• Significant Deficiency	

MCL – Maximum Contaminant Level PFAS/PFOA – Per- and polyfluoroalkyl substances HAL – Health Advisory Level

- Projects that will not address a public health issue, are not proposing regionalization, and the applicant does not meet the disadvantaged community benchmarks will receive a default score of 1.0.

Public Health Issues

- The greatest emphasis will be placed on projects addressing public health issues.
- The period of analysis will be the 24 months prior to inclusion on the priority list unless the system is under Director’s Final Findings and Orders to correct the issue, then the public health points will stand until the project is completed.

- MCL violations caused by failure to monitor or report will not be included in the analysis.
- The following are the points assigned to the referenced levels of contamination.

Acute Contaminants

Bacteriological Contamination (Addressable through infrastructure improvements) (select only one)	
No Level 2 Assessments	0 points
Level 2 Assessment	5 points
Treatment Technique (must install 4-log removal)	10 points

Surface Water Treatment Rule (turbidity and chlorine contact time)	
No treatment technique violations	0 points
One treatment technique violation	5 points
Two or more treatment technique violations	10 points

Nitrate / Nitrite (select only one)	
Level consistently less than 8.0 mg/L / 0.8 mg/L	0 points
Level >8.0 mg/L ≤10 mg/L / >0.8 mg/L ≤1 mg/L	5 points
Level >10 mg/L / 1 mg/L (1 or more NOVs)	10 points

Microcystin (in finished water)	
Level >0 and < 50% of the threshold	2 points
Level ≥ 50% of the threshold	5 points
One or more threshold exceedances	10 points

Chronic Contaminant Groups

Inorganic Chemicals (IOCs) including arsenic, Volatile Organic Chemicals (VOCs), Radionuclides, Disinfection Byproducts.	
No MCL violations	0 points
Level at least 50% of MCL	2 points/contaminant
Level ≥ MCL	5 points/contaminant

TTHMs/HAA5s (Total Trihalomethane/Haloacetic Acids) are a single contaminant. Disinfection byproducts and arsenic points are based on the running annual average.

Disruption of service for previous 12 months. Points only assigned for documented Type 3 or 4 events and the project will address the problem that caused the disruption.	
No disruption of service events reported	0 points

1-4 disruption of service events per mile	2 points
5 or more disruption of service events per mile	5 points

Health Advisory Levels (not restricted to the previous 12 months) Manganese (0.3 mg/l); PFOA (70 PPT); PFOS (70 PPT); GENX (700 PPT); PFBS (140 PPB); PFHxS (140 PPT); PFNA (21 PPT) HAL only	
Level \geq 50% HAL for only one Health Advisory Level listed	2 points
Level \geq 50% HAL for <u>more than one</u> Health Advisory Level listed	5 points

Contamination or Inadequate Supply in Private Wells *	
Project is to extend water line to area of contaminated or inadequate sources	5 points

*Must have documentation of poor quality/quantity wells. Local health department must have knowledge of issues in area. Documentation of public interest is required.

PWS Source Contamination (Only if project replaces the contaminated source. For example, contamination due to salt piles, industrial contamination, underground storage tanks, and dry cleaners).	
Replace drinking water source that has contamination within the five year time of travel.	2 points
Replace drinking water source that has contamination within the one year time of travel.	5 points

Microcystin Source Contamination Project is to replace a contaminated drinking water source or modify treatment at an existing water treatment plant.	
>50% of microcystin action level (0.3 ug/l) detected in raw water.	2 points
Two or more exceedances of microcystin action level (0.3 ug/l) detected in raw water at least 30 days apart.	5 points

Significant Deficiencies	
Project will eliminate a significant deficiency as documented in the most recent sanitary survey or LSSV. No points given for RTCR or recordkeeping. 10 points max.	5 points/deficiency

System Improvements

The system improvements category enables continued compliance with federal and state Safe Drinking Water Act (SDWA) requirements. The condition of the physical infrastructure has been selected as an indicator or predictor of the system's ability to remain in compliance. The rationale being that without adequate supplies of source water, with inadequate, undersized or deteriorated plants, and with inadequate finished water storage and/or distribution systems, a

public water system will be unable to maintain compliance with SDWA requirements. The following are the points assigned to the specified elements in this category for issues that will be corrected by the proposed project.

Design Deficiencies

Source Quantity	
Shortage during peak day demand	1 point
Continual shortage (Exceeds approved source design capacity for at least 30 days out of previous 12 month period).	3 points

Source (if not included in Source Contamination section above, and to address a physical construction issue)	
Improper well construction	3 points
Inadequate intake structure	3 points

Plant	
Inadequate back-up power (average day)	1 point
Inadequate process*	1 point/process
No redundancy of critical components**	1 point
Insufficient plant capacity***	3 points
Deteriorated plant	3 points

* Processes to be considered include chemical feed, rapid mix, clarification (flocculation/settling), filtration, disinfection control, aeration/stripping, ion-exchange, corrosion control, and pumping. Maximum - 9 points.

**Critical components are those which are necessary to treatment and without which, drinking water standards may not be met.

*** Exceeds approved design capacity for at least 30 days out of the previous 12 month period.

NOTE: Inadequate processes and insufficient plant capacity projects will require a sufficiency evaluation through Formal General Plan approval process prior to project scoring.

Storage System	
Less than one day average daily demand	1 point

Distribution System	
Bringing underground booster stations/storage tanks above grade	1 point
Inadequate size lines	1 point
Looping dead end lines	1 point

Project includes installation of meters to a public water system at existing connections currently without residential meters	2 points
Deterioration of distribution system components	2 points

Regionalization

This category is included to support the concept that larger systems are more apt to have managerial, financial, and technical capabilities to ensure continued compliance with current and future requirements of both federal and SWDA laws and regulations. Points are also given for systems extending water service to underserved areas with poor quantity and/or poor-quality private wells.

Regionalization/Underserved guidelines	
Project will eliminate and/or tie-in a PWS with a <u>public health issue</u> that has a signed commitment letter(s) to tie in or an ordinance mandating tie-in (excluding Transient Non-Community PWSs).	5 points/system
Project will eliminate and/or tie-in a PWS that has a signed commitment letter(s) to tie in or an ordinance mandating tie-in (includes all PWSs) (10 points max).	1 point/system
Project provides water service to underserved areas with poor quantity and/or poor-quality private wells.	1 point

Lead Service Line Replacement Program

- To maximize the availability of PF to as many eligible entities as possible, only one PF award will be allotted per eligible entity each program year. For this purpose, entity refers to the community served by the project (i.e., a county with multiple projects serving different communities could receive more than one award). **This requirement does not include lead service line replacement PF funding.**⁷

5. Disadvantaged Community Loan Program – updated benchmarks and eligibility for lead service line replacement projects

With the passage of the Bipartisan Infrastructure Law (BIL) in November 2021, US EPA encouraged states to evaluate the disadvantaged community program criteria and make adjustments where appropriate. Ohio EPA reviewed and carefully considered the disadvantaged community loan program and made modifications for PY 2023 with these goals in mind:

- Improve transparency
- Utilize socio-economic factors relevant for Ohio

- Utilize the most current publicly available data
- Create parity between clean water and drinking water SRF program criteria for principal forgiveness

*Population is not an eligibility factor for lead service line replacement or emerging contaminants principal forgiveness funding.

7. PY 2023 Targeted Funding and Loan Discounts

c. Lead Service Line (LSL) Replacement Project Funds (Funding source: lead service line capitalization grants, WSRLA funds)

Principal Forgiveness - Eligible projects may receive up to 53-percent of project costs as principal forgiveness. The remaining project costs may be financed at 0-percent interest rate. Lead service line replacement must include both public and private service lines. Principal forgiveness funds may be awarded per entity for a singular project or across multiple projects awarded throughout the program year. In accordance with BIL legislation, LSL principal forgiveness funding must be awarded to Disadvantaged Communities. See Appendix E for more information on Disadvantaged Community Loan Program.

LSL Discount – For those entities not eligible for LSL PF funding, up to \$30 million will be made available at a 0-percent interest rate for lead service line replacements. All LSL funds will be awarded on a first-come, first-served basis. Readiness-to-proceed will be a primary determinant in awarding funds.

8. WIFTA Update – Lead Service Line (LSL) Replacements, (Funding source: transfer from clean water SRF)

In October 2020, under the Water Infrastructure Funding Transfer Act (WIFTA), Ohio EPA transferred \$20 million from the CWSRF to the DWSRF for LSL replacement projects. To date, approximately \$18 million of the LSL funds have been awarded. For PY2023, approximately \$2 million will be awarded. Project nominations received during PY 2022 will be prioritized for funding. Principal forgiveness may be awarded up to \$1 million per entity for a single project or across multiple projects. Additional funds may be financed with a 0 percent loan (See Item 6. LSL Discount). Funds will be awarded on a first-come, first-served basis. Readiness-to-proceed will be a primary determinant in awarding funds.

12. Use – Small Systems Technical Assistance Set Aside

This program specifically targets public water systems that serve less than 10,000 people. These funds support technical assistance efforts to help these systems achieve and maintain compliance

with applicable state and federal drinking water standards. For this program year, 2.0 percent of the Base, Supplemental and **Lead Service Line** grant will be set aside to fund these activities.

APPENDIX E - Disadvantaged Community Loan Program⁸

For program year 2023 Lead Service Line (LSL) funding, a disadvantaged community candidate is a PWS with a nominated project remediating health-related factors (LSL or emerging contaminants) and which meets **any three of the four** socio-economic benchmarks identified below.

General Criteria	Program Value
Documented human health-related factors	LSL / EC
Socio-Economic Benchmarks	Program Value
Median Household Income (MHI) less than or equal to statewide average	≤ \$58,116
Individuals with income below 200% of poverty level greater than or equal to statewide average	≥30.4%
Unemployment Rate (civilian) greater than or equal to statewide average	≥5.3%
Water and sewer rates compared to MHI greater than or equal to statewide benchmark	≥ 2.5%

Lead Service Line (LSL) and Emerging Contaminants (EC) projects: To ensure LSL replacement and EC projects occur in areas of need statewide, the population threshold is not an eligibility requirement for LSL replacement or EC projects.

Lead Service Line (LSL) replacement projects: Ohio EPA recognizes lead service lines as a statewide public health issue. All other disadvantaged community loan program criteria must be met for consideration of principal forgiveness funding.

***Appendix H
Small Systems Technical Assistance Work Plan, SDWA Section 1452 (g)(2)(D)***

You Can Do This! Lead Service Line Replacement Project Development and Funding (1 webinar)⁹ Description: RCAP will endeavor to quickly develop and deliver a new 90-minute webinar early in the program year to help small systems take advantage of new funding opportunities. Lead service line replacement projects generally do not require the services of

professional engineers; however, many small systems lack enough full-time professional staff to plan projects, hire contractors and administer funding for replacement projects. RCAP will review the general process of developing and applying for funding to replace lead and galvanized service lines and share ideas for small systems to acquire additional staff and assistance to bring these projects to fruition. RCAP will share examples of local legislation, bid packages, a discussion about conforming bids, hiring or assigning on-site inspectors, administering funding and setting up force accounts.

Lead Service Line Replacement Grant¹⁰

The Work Plan

Ohio EPA will set-aside approximately \$1,426,000 (2%) of the lead service line capitalization grant to fund a Small System Technical Assistance Program (SSTAP) to contract with small system technical service provider(s). This will aid public water systems serving fewer than 10,000 persons in complying with the Lead and Copper Rule Revisions. The program will include identification and planning for future replacement of lead service lines.

Description of the Scope of Work to be Provided

The scope of the small system technical service providers will include, but is not limited to:

- Assist water systems with identifying lead and galvanized service lines
- Leveraging GIS to develop accurate maps and track progress in eliminating LSLs throughout the process
- Prepare systems to plan lead service line replacement projects
- Position systems to apply for future lead service line replacement project funding
- Provide education and training on lead service line inventory requirements including progressive approach and alternative methods to identify at-risk properties, conduct surveys, inspect private service lines, and building inventories for future replacement projects.

See additional details of this grant in Appendix H

APPENDIX I

Local Assistance and Other State Programs

Set Aside Work Plan

SDWA Section 1452 (k)(1)(B)¹¹

Lead Service Line Replacement Grant

For PY 2023, Ohio EPA plans to utilize approximately \$5,000,000 (7.01%) of the Local Assistance and Other State Programs set-aside to provide technical assistance to small

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community and not-for-profit non-transient, non-community public water systems. Ohio EPA will aid systems in developing lead service line inventories. Specifically:

- activities related to the identification and verification of service line materials on both the public and private side;
- developing an asset inventory and its integration into a Geographic Information System (GIS); and
- incorporation of service line information into the public water systems asset management program for future service line replacement planning.

This will be accomplished by providing direct grants to eligible public water systems, or Ohio EPA will work with a third-party contractor to aid systems with lead service line inventory efforts.

See additional details of this grant in Appendix I

APPENDIX J Lead Service Line Replacement Projects and Funding¹²

Improving Ohio’s water infrastructure is vital to protecting public health and reducing lead in drinking water.

- For a project or activity to be eligible for funding, it must be otherwise DWSRF eligible and a lead service line replacement (LSLR) project or associated activity *directly connected* to the identification, planning, design, and replacement of lead service lines.
- Any project involving the replacement of a lead service line must replace the entire lead service line (public and private side), not just a portion, unless a portion has already been replaced or is concurrently being replaced with another funding source.

USEPA has expanded the eligible uses beyond the definition above to also include the replacement of lead goosenecks, pigtails, and connectors as eligible expenses, whether standalone or connected to a lead service line.

- For purposes of the BIL grant, “lead service line” means *a service line made of lead, which connects the water main to the building, and includes lead goosenecks, pigtails, and connectors.*
- *A lead service line may be owned by the water system, property owner, or both. A galvanized service line is considered a lead service line if it ever was or is downstream of a lead service line or service line of unknown material.*

See Appendix J for additional details, including a non-exhaustive list of eligible project types and activities under the BIL LSLR grant.

References

- 1 Ohio Environmental Protection Agency. (2022, Sep 7). Ohio EPA's 2023 Drinking Water Assistance Fund Program Management Plan Announced.
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<https://epa.ohio.gov/static/Portals/29/documents/ofa/DWAF-PMP-2023.pdf>.
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- 4 Division of Environmental and Financial Assistance. (2022, Dec 28). Drinking Water Assistance Fund (DWAF), Program Year 2023 Program Management Plan, Effective July 1, 2022 – June 30, 2023, August 23, 2022 FINAL, Revised December 28, 2022. Ohio Environmental Protection Agency, p. 56. Retrieved at:
<https://epa.ohio.gov/static/Portals/29/documents/ofa/DWAF-PMP-2023.pdf>.
- 5 *ibid*, p. 90.
- 6 *ibid*, p. 50-56.
- 7 *ibid*, p. 2-11.
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- 9 *ibid*, p. 65.
- 10 *ibid*, p. 75.
- 11 *ibid*, p. 80.
- 12 *ibid*, p. 86.