

Indiana

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, 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

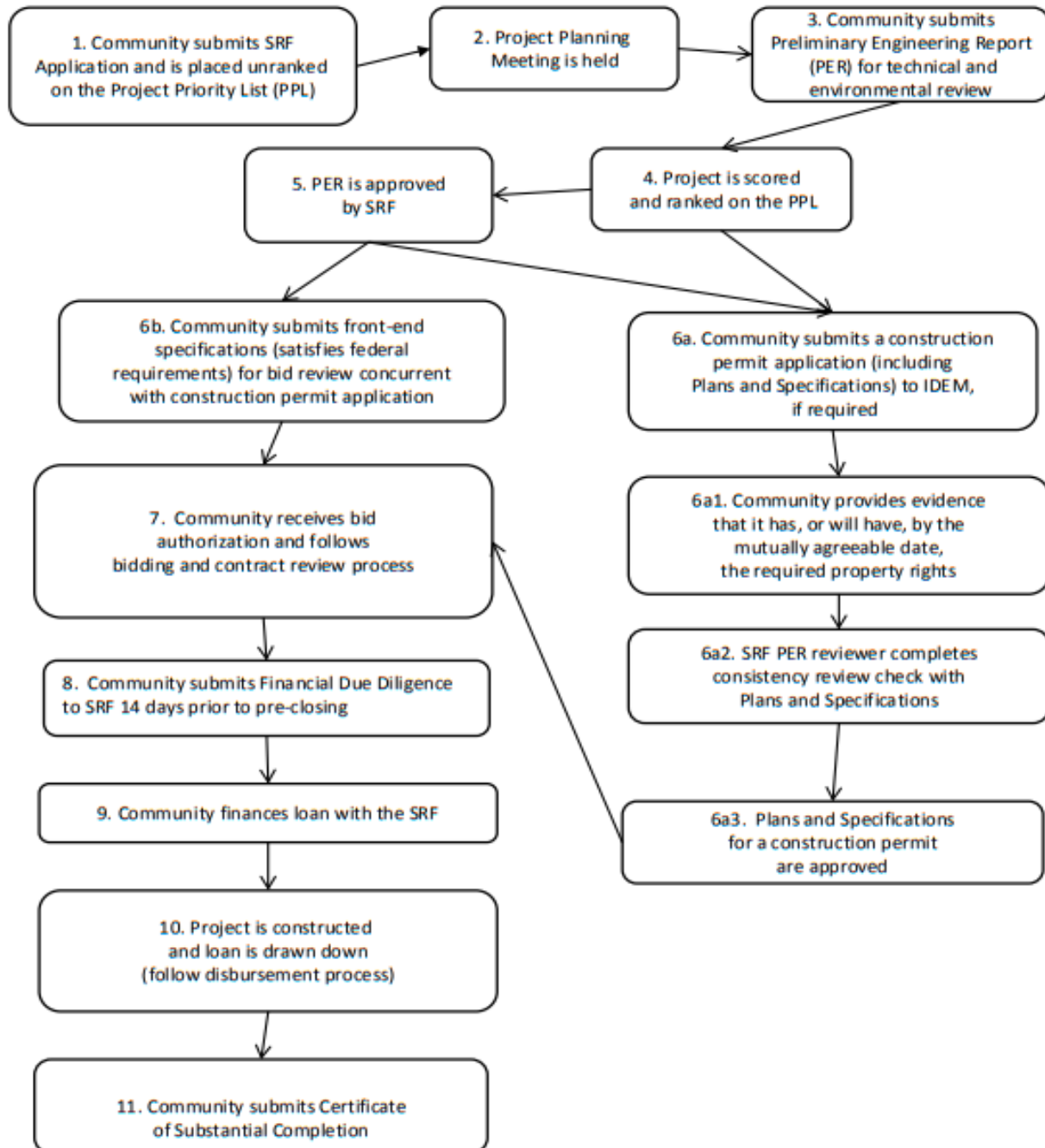
- Bipartisan Infrastructure Law (BIL), also known as the Infrastructure Investment and Jobs Act (IIJA)
- Indiana Finance Authority (IFA)
- Drinking Water State Revolving Fund (DWSRF or SRF)
- Median Household Income (MHI)
- Intended Use Plans (IUPs)

DWSRF Application Process¹

See the **Flow Chart** from Indiana for a visual description of the process.



STATE REVOLVING FUND LOAN PROGRAM PROCESS



Updated, 2017



Disadvantaged Community Definition

Funding Opportunities for Disadvantaged Communities²

President Biden signed the BIL on November 15, 2021. A key priority of the BIL is to ensure disadvantaged communities benefit equitably from this historic investment in water infrastructure.

- To provide this result, the IFA SRF Programs will direct substantial grant funding to Indiana communities whose median household income (MHI) is 80% or lower of the state's MHI.
- For simplicity, the SRF will assume this threshold is an MHI of \$45,000 or less.
- The IFA will require a community to provide census tract data to verify eligibility, or an income survey if the area directly impacted by the project is smaller than the applicable census tract.

Please refer to the SRF's Intended Use Plans (IUPs) for DWSRF (referenced as Disadvantaged Community Assistance) at www.srf.in.gov for complete definitions of "disadvantaged community assistance."

VI. Disadvantaged Community Assistance³

As permitted by 40 CFR 35.3555(c)(7), the State intends to provide assistance to Disadvantaged Communities.

- The IFA has successfully advertised the DWSRF Loan Program to Disadvantaged Communities through outreach by presenting at workshops and conferences, through newsletters, and working closely with the Indiana Department of Environmental Management to advertise the availability of additional funding and assistance available to Disadvantaged Communities.
- In the last five years (July 2017 – June 2021) the IFA has successfully financed approximately \$285 million in low-interest loans to Disadvantaged Communities.

The IFA defines a Disadvantaged Community as an eligible Participant that meets **one of the following criteria:**

1. A project area with an MHI below 80% of the State MHI, as established by 2016-2020 American Community Five Year Survey (Also known as the 2020: ACS 5-Year Estimates);



2. Projects that have a positive, direct impact on a census tract(s), or other targeted project area, which has an MHI below 80% of the State MHI may also receive Additional Subsidization;
3. An estimated post project user rate greater than \$45.00 per month;
4. An average annual residential post project user rate that would exceed one (1%) percent of the Participant’s Median Household Income (MHI).
5. Schools that serve 50% or greater number of kids that qualify to receive free and reduced meals. Applicable to the Indiana Lead in Public Schools and Childcare program.

These communities receive the lowest interest rate the State provides to DWSRF Loan Program Participants.

States may provide a range of six (6%) percent to thirty-five (35%) percent of Additional Subsidization of the current Capitalization Grant and/or 40-year loan terms for the benefit of Disadvantaged Communities.

Scoring Process⁴

DWSRF Loan Program Project Scoring and Ranking Worksheet

This Exhibit below documents the scoring system utilized to rank projects in PPLs between July 1, 2022, and June 30, 2023, as found in Exhibit B of this IUP.

INDIANA FINANCE AUTHORITY

Drinking Water State Revolving Fund Loan Program

Project Scoring and Ranking Worksheet

(Scoring will be applied to multiple funding sources administered by the Authority)

State Fiscal Year 2023 (July 1, 2022 to June 30, 2023)

Project Name:

SRF Project No.:

PWSID No.:

Reviewer:

Date:

*Researched by Dr. Grenetta Thomassey for Freshwater Future.
Copyright 2023 Freshwater Future. All Rights Reserved.*

	Score	Maximum Allowed Score
Section 1:		55
Section 2:		25
Section 3:		14
Section 4:		6
Total Project Score		100

Bonus Points

1. Other Funds Available		3
2. Capacity Development / Sustainability / Disadvantaged Community		25
3. Regionalization		10
Total Bonus Points		38

Non-regionalization		-10
Total Deduction Points		-10

TOTAL POINTS EARNED	
----------------------------	--

Instructions:



Projects are scored using the following criteria to develop the Drinking Water State Revolving Fund (DWSRF) Loan Program Project Priority List (PPL). To the extent practical, the DWSRF Loan Program expects to give priority to projects that:

1. Address the most serious risk to human health;
2. Are necessary to ensure compliance with the Safe Drinking Water Act (SDWA); and
3. Assist systems most in financial need on a per household basis, according to the State’s affordability criteria.

Points are assigned to proposed projects that intend to correct deficiencies. For example, if the Public Water System has persistent violations of a Maximum Contaminant Level (MCL) but the proposed project does not address that problem, the points associated with persistent violations of a MCL will not be assigned. However, if the Participant does not have persistent MCL violations, but the project will address another Public Water System’s persistent MCL violations, such as through consolidation, the points associated with the persistent MCL violations will be assigned.

The total number of available points is 100. The total number of available bonus points is 38. The total score is determined by adding the total points associated with the project with the total amount of bonus points earned for projects that include other funds available, capacity development/sustainability/disadvantaged community, regionalization as well as deducting points associated with non-regionalization. **If a tie occurs, the project with the lowest Median Household Income will prevail.**

A loan recipient must submit a Preliminary Engineering Report (PER) on or before May 1 to DWSRF in order to be Scored and Ranked on the PPL. A PER submitted after May 1, will be scored and unranked. Projects which submit applications only (without a PER) will appear unscored and unranked, in the Application-only Section of the PPL.

Section 1: Acute Public Health / SDWA Compliance (upper limit 55 points)

<p>Instructions: Assign points to projects that address acute public health concerns occurring within the last three years. The upper limit for points in this section is 55. Acute public health concerns affect an individual in the immediate short-term.</p>		
Criteria to be corrected by project	Maximum Points	Points earned
1. Administrative Order, Agreed Order, or the Indiana Department of Environmental Management (IDEM) declares a waterborne emergency at existing waterworks for acute public health concerns.	50 points	
2. Interim Enhanced/Long Term 1/Long Term 2 Surface Water Treatment Rule violation (including Filter Backwash Recycling and Ground Water Rules) i.e., inadequately treated surface water or groundwater under the influence of surface water.	50 points	

3. Persistent Total Coliform Rule (TCR) or Nitrate violations	50 points	
4. Inadequate individual home water supplies documented by the local or state health department to show health hazards, such as exceeding drinking water Maximum Contaminant Levels (MCL).	50 points	
5. Consolidation of a non-complying public water system (acute public health concerns).	50 points	
6. Condition determined to be an acute public health concern (including lead or copper) by IDEM or the Indiana State Department of Health (ISDH)	50 points	
7. Project corrects a compliance issue associated with an Enforcement Targeting Tool (ETT) score of 11 or greater	50 points	
Total Points		

Section 2: Chronic Public Health / SDWA Compliance (upper limit 25 points)

<p>Instructions: Assign points to projects that address chronic public health concerns occurring within the last three years. The upper limit for points in this section is 25 points. Chronic public health concerns affect an individual over a lifetime.</p>		
Criteria to be corrected by project	Maximum points	Points earned
1. Administrative Order or Agreed Order for chronic public health concerns.	20 Points	
2. Persistent MCL violations of the National Primary Drinking Water Regulations (Microorganisms, Disinfectants, Disinfection Byproducts, Inorganic and Organic Chemicals, and Radionuclides).	20 Points	
3. Consolidation of a non-complying public water system (chronic public health concerns).	20 Points	
4. Condition determined to be a chronic public health concern (including lead or copper) by IDEM or ISDH	20 Points	

Total Points	
--------------	--

Section 3: Public Health / Water Works Regulations Compliance (upper limit 14 points)

<p>Instructions: Assign points to projects for infrastructure improvements that will bring the existing public water systems into compliance with IDEM and/or water works regulations, such as Recommended Standards For Water Works (10 States Standards). The upper limit for points in this section is 14 points.</p>		
Criteria to be corrected by project	Maximum points	Points earned
1. Resolve an IDEM connection ban, early warning notice or a non-SDWA violation.	10	
2. Resolve inadequate pressure in water works	10	
3. Resolve conditions of inadequate water supply, including individual home wells and redundancy.	7	
4. Ensure that drinking water receives appropriate treatment to meet secondary standards	7	
5. Ensure storage capacity in the water works is adequate	7	
6. Reduce leakage and increase accountability.	5	
7. Ensure adequate flow in distribution system	5	
8. Ensure adequate flow in distribution system	5	
9. Install eligible security measures (alternate intake, fencing, lighting, cameras, motion detectors, secure chemical and fuel storage, security hatches, and access panels).	5	
Total Points		

Section 4: Affordability, Disadvantaged Communities, and Population (upper limit 6 points)

<p>Instructions: Affordability points are assigned to assist community water systems most in need on a per household basis. Therefore, non-community systems are not eligible to receive affordability points. The upper limit for points in this section is 6 points. Sources for median household income and population data include the U.S. Census and the IDEM Safe Drinking Water Information System (SDWIS). The post project annual water bill is based on an average monthly water bill (based on 4,000 gallons) x 12 months and rounded to one decimal place.</p>		
Criteria to be corrected by project	Maximum points	Points earned
<p>1. Affordability and Disadvantaged Communities: post-project annual water bill as a percentage of median household income. <i>Community water systems only.</i></p>		
Greater than or equal to 1.5%	5 Points	
1.0 – 1.4%	4 Points	
Less than or equal to 0.9%	1 Point	
<p>2. Population served by the project. <i>Community water systems only.</i></p>		
Less than or equal to 10,000	1 Point	
Greater than or equal to 10,001	0 Points	
Total Points		

Section 5: Bonus (upper limit 28 points)

<p>Instructions: Bonus points encourage community water systems to perform planning and proper operation and maintenance. Non-community water systems are not eligible for bonus points. The upper limit for points in this section is 38 points.</p>		
Criteria to be corrected by project	Maximum Points	Points earned
<p>1. Other Funds Available</p>		

<p>Points are assigned to encourage community water systems to have other funds (cash on hand, grants or other loans) in addition to the construction loan from the DWSRF Loan Program. The percentage is calculated by dividing the other funds by the total project cost and rounding to a whole number. Assign points based on whether the system has the committed funds (Awarded) or is still in process of applying for other funds (Applying)</p>		
Less than or equal to 10%	0 points	
11 – 50%	1 – 2 points	
(Awarded: 2 points / Applying: 1 points)		
Greater than or equal to 50%	2 -3 points	
(Awarded: 3 points / Applying: 2 points)		
<p>2. Capacity Development / Sustainability / Disadvantaged Community</p>		
1. Completes a self-assessment survey to assess the technical, managerial and financial capability of the utility.	1 point	
2. Attends training for Utility Board Drinking Water Administrators	1 point	
3. Consolidation of a SDWA compliant public water system or interconnection	1 point	
4. Zero SDWA violations in last 12 months	1 point	
5. Project includes Wellhead Protection Plan Implementation measures	1 point	
6. Member of InWARN Network	1 point	

7. Recognized with a Hoosier Water Guardian Award	1 point	
8. >95% customers metered	1 point	
9. Unaccounted for water <15%	1 point	
10. Public Water System utilizes a Water Conservation Ordinance	1 point	
11. Project includes the remediation/redevelopment of a brownfield (IC 13-11-2-19.3) in conjunction with the Indiana Finance Authority Brownfields Program	1 point	
12. Project incorporates sustainable infrastructure as identified on the Green Project Reserve Sustainability Incentive Drinking Water Checklist. One point is awarded for each category, four points maximum.		
Category 1: Green Infrastructure	1 point	
Category 2: Water Efficiency	1 point	
Category 3: Energy Efficiency	1 point	
Category 4: Environmentally Innovative	1 point	
Category 5: Climate Resiliency	2 points	
13. SFY23 Bonus Points for submitting on or before April 1, 2022	5 point	
14. Disadvantaged Community	3 point	
3. Regionalization		
Regionalize with a nearby drinking water system	5 points	



Remain regionalized with a nearby drinking water system	5 points	
Total Bonus Points:		

Section 6: Deduction Points

Instruction: Deduction points are assigned when a project involves disconnection from an active and available regional water system.		
Non-regionalization	-10 points	
Total Deduction Points:		

Lead Service Line Replacement Program⁵

- To be eligible for this program a project must include projects that replace complete lead and galvanized pipe service lines.
- By participating, a community may be eligible for improved ranking on the SRF Project Priority List and an interest rate as low as 0%.
- More information: See the **Lead Line Replacement Fact Sheet⁶** below

LEAD LINE REPLACEMENT INCENTIVE

What is the SRF Lead Line Replacement Incentive?

The Drinking Water State Revolving Fund (SRF) Loan Program offers a reduced interest rate incentive for communities to include lead line replacement as part of their SRF projects. Lead line replacement projects include replacing complete lead and galvanized service lines. Based on the type and cost of these components, a community may be eligible for improved ranking on the SRF Project Priority List, as well as an interest rate as low as 0.00% on its SRF Loan.

Note: All Lead Line Replacement projects, components and activities must be eligible for SRF funding.

Who qualifies as an “Eligible Entity” for the Lead Line Replacement Incentive?

All Drinking Water SRF Loan Program participants, including cities, towns, counties, regional water districts, conservancy districts, water authorities, private and not-for-profit drinking water facilities.

Will SRF provide funding to a homeowner directly to replace lead service lines?

No. SRF can only provide funding to eligible entities, as described above. The eligible entity will then be required to complete both the public portion and private portion of the lead service line replacement project.

What lead service line replacement projects are eligible?

SRF will only finance complete lead service line replacement projects. That is, the SRF will only finance projects that replace the entire service line from the public water main to the point at which the line connects to the customer’s premise plumbing.

How does a participant begin the SRF Lead Line Replacement Incentive process?

Contact the SRF Drinking Water Program Manager to discuss the project, review eligibility, and begin the application process.

What are the requirements for the SRF Lead Line Replacement Incentive?

Lead line replacement projects will follow the same process as a traditional SRF Loan Program project and, in addition, as a part of the preliminary engineering report (PER), will be required to provide:

1. A description of the project or components that qualify for possible lead line replacement.
2. All proposed lead line replacement locations in the PER graphics; and
3. The costs associated with the lead line replacement portion of the project, including both construction and design costs.

What happens if, after loan closing, the Participant either does not include the Lead Line Replacement components or scales back the project?

If a participant does not implement the complete lead line replacement components of the approved project for which it received the incentive, the interest rate or any additional incentives will be re-adjusted. The implementation of the lead line replacement components will be verified via SRF Loan Program site inspections and a review of the Substantial Completion Certificate.

Where can I get more information about the Lead Line Replacement Incentive?

For more information, please visit the SRF website at www.srf.in.gov. Contact SRF’s Lead Engineer, Camille Meiners, PE, at cmeiners@ifa.in.gov or 317-234-3661 with questions.

References

- 1 Indiana Finance Authority. (2017). State Revolving Fund Loan Program Process. State of Indiana. Retrieved at: <https://www.in.gov/ifa/srf/files/srf-program-flowchart.pdf>
- 2 Indiana Finance Authority. (2022). “The Watershed” Indiana State Revolving Fund Loan Program Summer Newsletter, p. 2. Retrieved at: <https://www.in.gov/ifa/srf/files/SRF-Summer-2022-Newsletter.pdf>.
- 3 Indiana Finance Authority. (2022, Sep 19). State of Indiana Drinking Water State Revolving Fund Loan Program Intended Use Plan, p. 16-17. Retrieved at: <https://www.in.gov/ifa/srf/files/SFY-2023-DW-IUP-9-20-2022-Public-Notice.pdf>.
- 4 Indiana Finance Authority. (2022, Sep 19). State of Indiana Drinking Water State Revolving Fund Loan Program Intended Use Plan, Exhibit D, p. 1-5. <https://www.in.gov/ifa/srf/files/SFY-2023-DW-IUP-9-20-2022-Public-Notice.pdf>
- 5 Indiana Finance Authority. (2023). SRF Incentive Programs - Nonpoint Source Green Project Reserve Lead Service Lines. Retrieved at: <https://www.in.gov/ifa/srf/srf-incentive-programs-nonpoint-source-green-project-reserve-lead-service-lines/>
- 6 Indiana Finance Authority. (2022, Oct).Fact sheet: Lead service line replacement incentives.<https://www.in.gov/ifa/srf/files/SRF-Lead-Line-Replacement-Fact-Sheet-Oct-2022.pdf>