

Water and Wastewater Funding

Ohio EPA Updates on the Federal Infrastructure Bill

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Agenda

- Introductions
- Brief Review of the SRF Programs
- Brief Review of IIJA Basic Information
- Summary of U.S. EPA Guidance
- Preliminary Implementation Thoughts and Timelines
- Next Steps/How to Stay Engaged
- Questions and Answers

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Review of Ohio's State Revolving Funds (SRFs)

Clean Water State Revolving Fund (CWSRF), created in the Clean Water Act. In Ohio, called the Water Pollution Control Loan Fund (**WPCLF**).

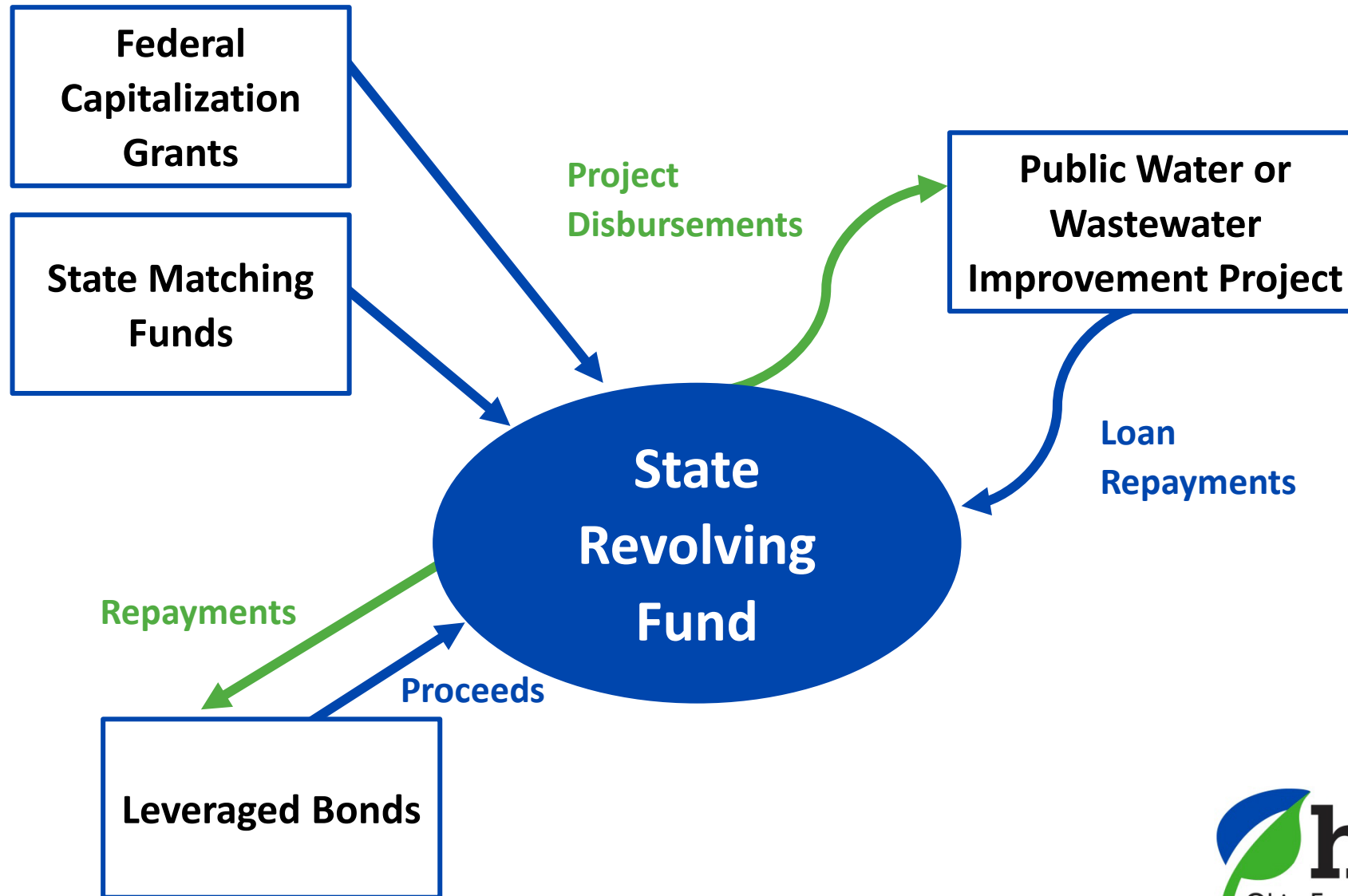
Drinking Water State Revolving Fund (DWSRF), created in the Safe Drinking Water Act. In Ohio, called the Drinking Water Assistance Fund or the Water Supply Revolving Loan Account (**WSRLA**).

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	Water Pollution Control Loan Fund	Water Supply Revolving Loan Account
Authorization (year)	CWA 1987	SDWA 1996
First Loan	Sept. 1989	Feb. 1999
Total Projects	2,896 loans - \$11.2 billion	998 loans - \$2.2 billion
Federal Seed Money	\$2.56 billion	\$674 million
State Matching Funds	\$513 million	\$135 million
Annual Capacity	\$695 million/year	\$170 million/year

How State Revolving Funds Operate



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Eligible Wastewater Project Examples (*funded in 2021*)

- New regional WWTPs
- WWTP renovations
- Sanitary sewer extensions to unserved areas on septic tanks
- Sanitary sewer rehabilitations
- Large diameter deep tunnels
- Combined sewer separation
- Storm sewer construction with a water quality benefit
- Pump station upgrades
- Sludge digestion and storage
- WWTP odor control project
- Back-up generator installation
- Home sewage treatment system repairs and replacements
- Stream and wetland restoration
- Planning, design, and construction

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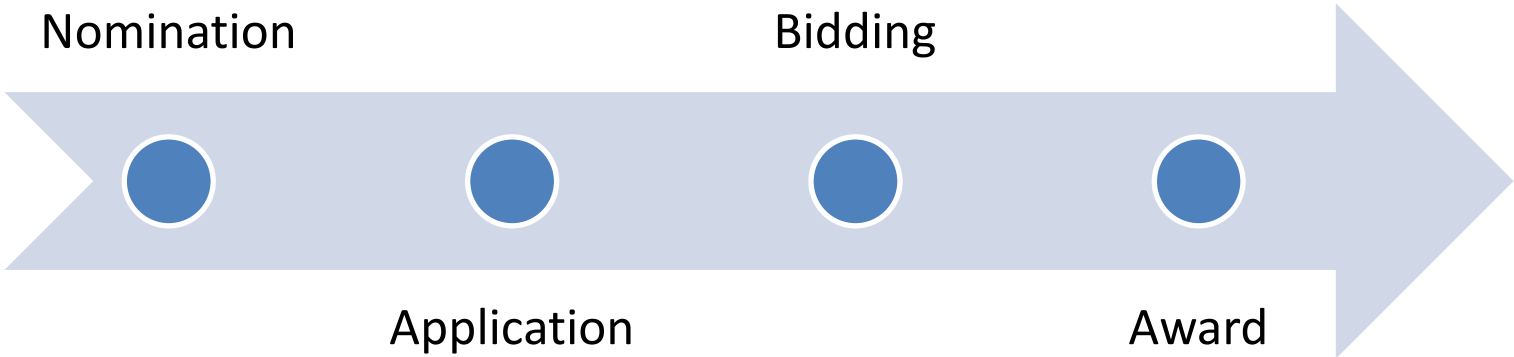
Eligible Drinking Water Project Examples (*funded* in 2021)

- Water storage tank replacements
- WTP improvements for HAB, disinfection byproducts, etc...
- WTP rehabilitation projects
- New waterlines to unserved areas
- Water main replacements
- New WTPs and wells
- Interconnections with another PWS
- Water masterplan update
- WTP generator improvements
- Water meter replacements
- Lead service line replacements
- Consolidation projects
- Pump station replacements
- Planning, design, and construction

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SRF Funding Process



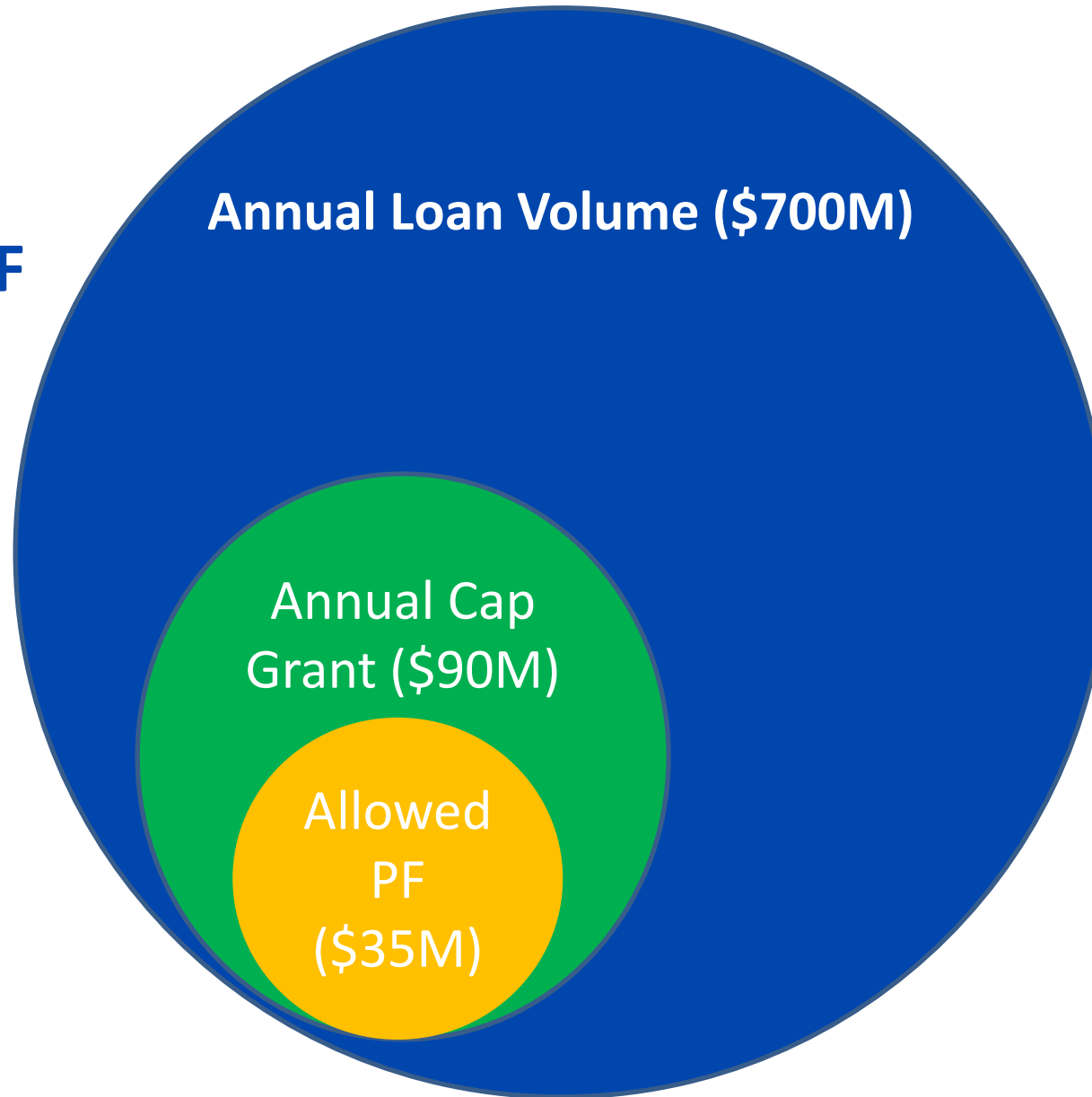
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SRF Principal Forgiveness – What is it?

- Principal forgiveness has been a component of the SRFs since 2009.
- Congress controls the minimum and maximum amount. Typically, about **\$35M/year WPCLF** and **\$13M/year WSRLA**.
- Priorities include:
 - Disadvantaged communities that are “ready to proceed”
 - Water/wastewater infrastructure, HSTS repair and replacement
 - Regionalization
 - Lead service line replacement

Example of a Typical Funding Year for the WPCLF



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Basic Information on the IJA

Overall, \$60 billion administered through U.S. EPA

- \$44 billion through the State Revolving Fund programs
- \$5 billion for Clean School Buses
- \$3.5 billion for Superfund Remedial Cleanups
- \$1.5 billion Brownfield Redevelopment
- \$1 billion for Great Lakes Restoration
- \$100 million Pollution Prevention Grants
- \$50 million Underground Injection Control Grants
- \$25 million for Battery Recycling

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Basic Information on the IJA

- **Two Programs** – funding will be routed through:
 - Water Pollution Control Loan Fund
 - Water Supply Revolving Loan Account
- **Three Purposes** – funding is intended for three main areas:
 - More funds for the core SRF programs
 - Projects addressing emerging contaminants
 - Lead service line replacement projects
- **Five+ years** – Appropriations spread over a five-year period
 - Federal appropriations 2022 – 2026
 - Awarding of funds could stretch to 2028

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Clean Water SRF –
General
\$11.7 B

Drinking Water SRF –
General
\$11.7 B

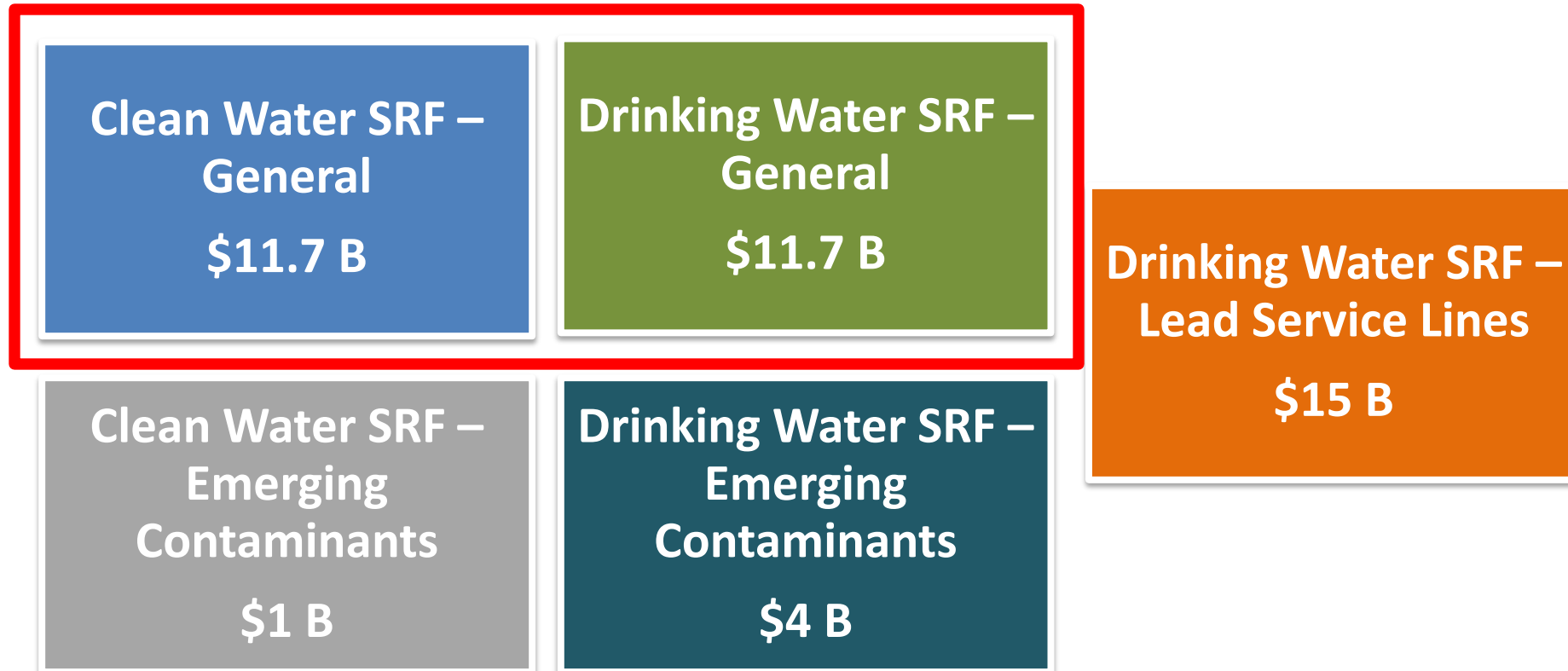
Drinking Water SRF –
Lead Service Lines
\$15 B

Clean Water SRF –
Emerging
Contaminants
\$1 B

Drinking Water SRF –
Emerging
Contaminants
\$4 B

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Increased Capitalizations to the Base SRF Programs

- \$11.7 billion each for CWSRF and DWSRF
- Spread over a five-year period 2022 – 2026, with slight increases each year
- Allocations based on the respective allotment formulas
- 10% State Match required 2022 - 2023; 20% for 2024 - 2026
- Funds can be used for any SRF-eligible project
- Mandated “additional subsidy” of 49% of the capitalization grant
- All SRF requirements apply

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Clean Water SRF –
General
\$11.7 B

Drinking Water SRF –
General
\$11.7 B

Drinking Water SRF –
Lead Service Lines
\$15 B

Clean Water SRF –
Emerging
Contaminants
\$1 B

Drinking Water SRF –
Emerging
Contaminants
\$4 B

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New SRF funding for “emerging contaminants” to both SRFs.

- \$1 B for CWSRF and \$4 B for DWSRF
- Spread evenly over a five-year period 2022-2026
- Allocations based on the respective allotment formulas
- No state matching funds required
- Funds can only be used for projects that address emerging contaminants
- Mandated “additional subsidy” of 100% of the capitalization grant
- All SRF requirements apply

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Clean Water SRF –
General
\$11.7 B

Drinking Water SRF –
General
\$11.7 B

Drinking Water SRF –
Lead Service Lines
\$15 B

Clean Water SRF –
Emerging
Contaminants
\$1 B

Drinking Water SRF –
Emerging
Contaminants
\$4 B

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New funding for LSL replacements to the DWSRFs.

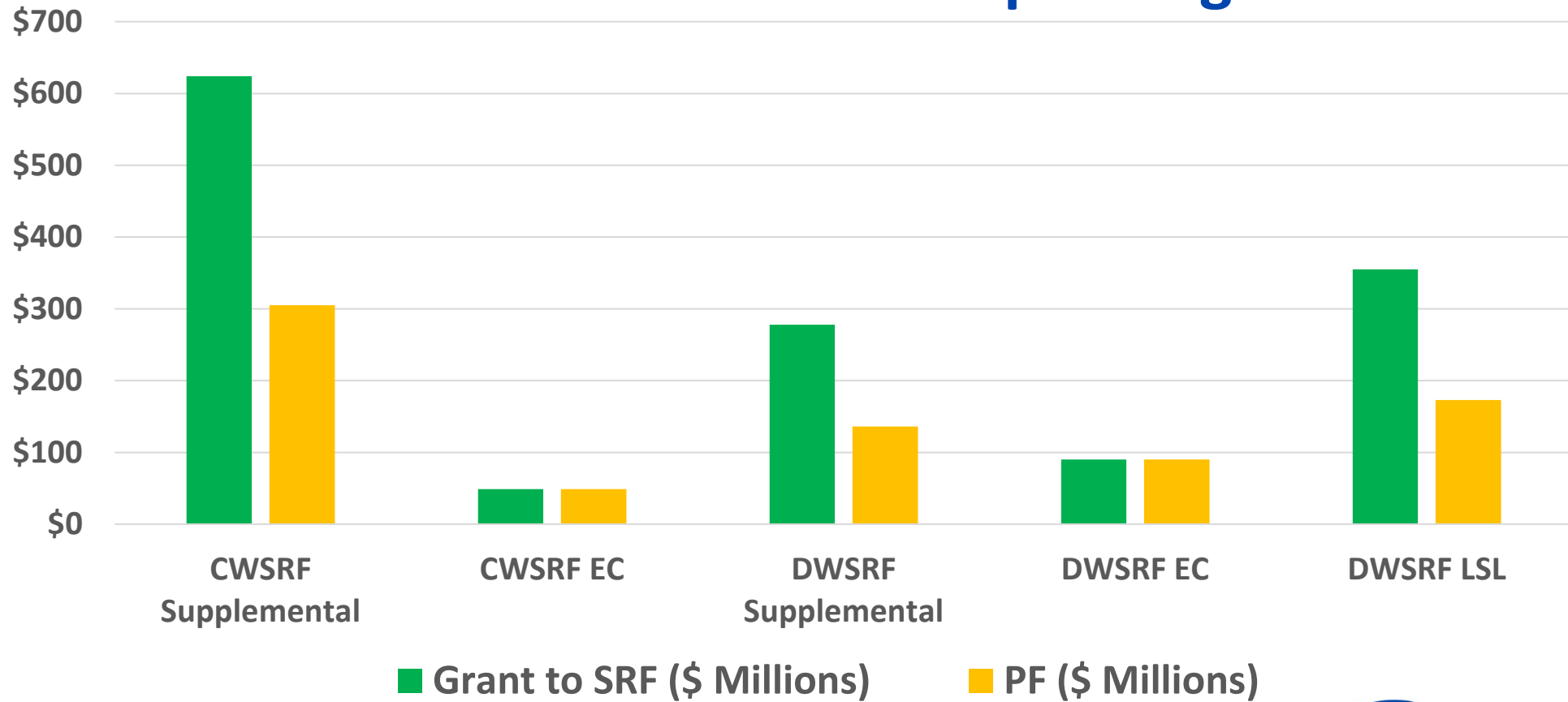
- \$15 billion for DWSRF
- Spread evenly over a five-year period 2022-2026
- Allocations based on the respective allotment formulas
- No state matching funds required
- Funds can only be used for design and construction of lead service line replacement projects
- Mandated “additional subsidy” of 49% of the capitalization grant
- Potential for reallocation of unawarded grants beginning in 2025
- All SRF requirements apply

Rough Estimates of Ohio's Portion of IJA Funds for the SRF Programs

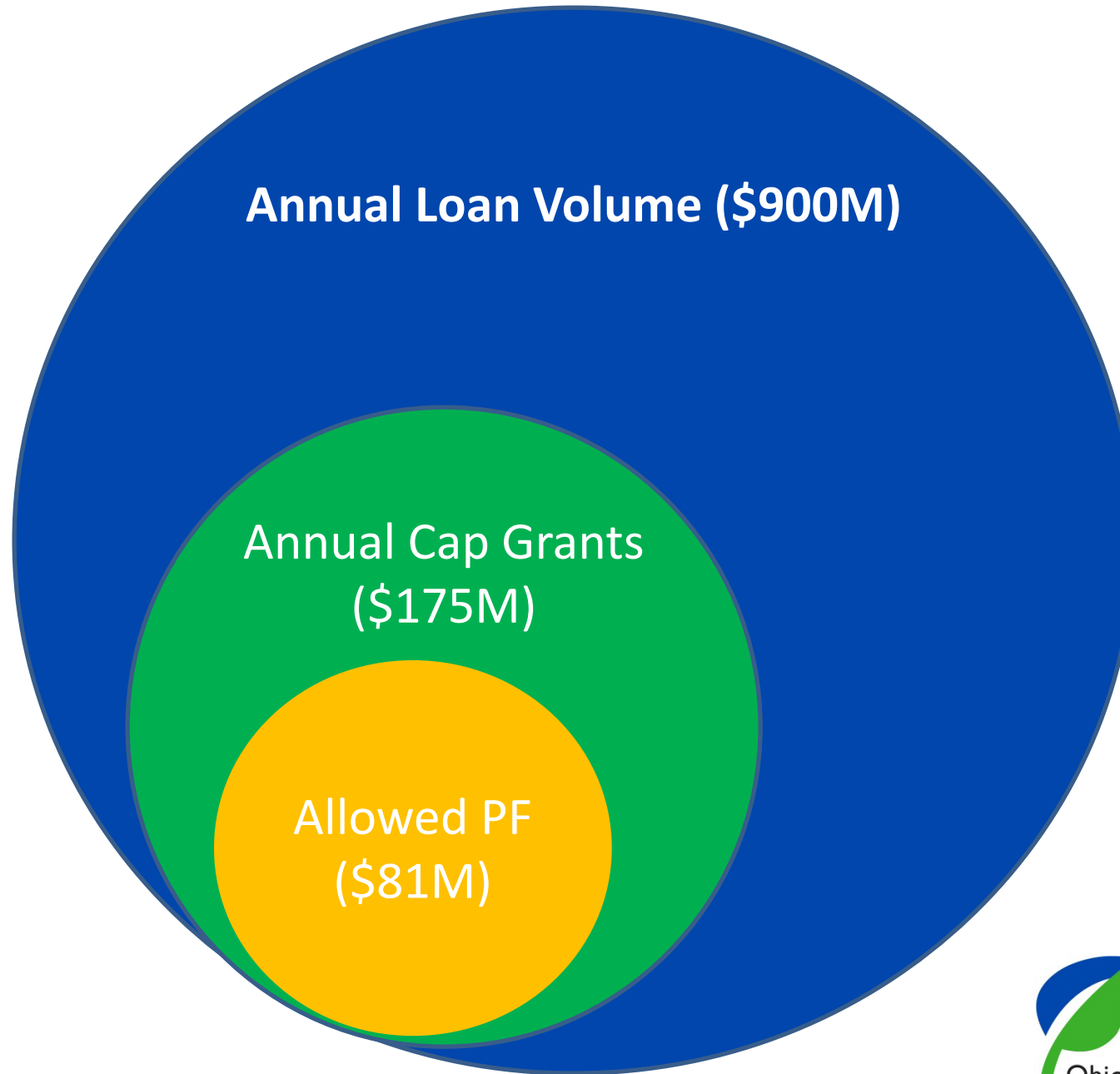
Year	Ohio's CWSRF Portion for Base Program	New! Ohio's CWSRF Portion for Emerging Contaminants	Ohio's DWSRF Portion for Base Program	New! Ohio's DWSRF Portion for Emerging Contaminants	New! Ohio's DWSRF Portion for Lead	Estimated Total
2022	\$102 M	\$5 M	\$45 M	\$18 M	\$71 M	\$241 M
2023	\$118 M	\$11 M	\$52 M	\$18 M	\$71 M	\$270 M
2024	\$128 M	\$11 M	\$57 M	\$18 M	\$71 M	\$285 M
2025	\$138 M	\$11 M	\$62 M	\$18 M	\$71 M	\$300 M
2026	\$138 M	\$11 M	\$62 M	\$18 M	\$71 M	\$300 M
Total*	\$624 M	\$49 M	\$278 M	\$90 M	\$355 M	\$1.396 B

Proportion of Total that can be awarded as PF	\$303 M	\$49 M	\$134 M	\$90 M	\$175 M	\$751 M
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Expected Ohio Funding from the IJA and Amounts Available as Principal Forgiveness

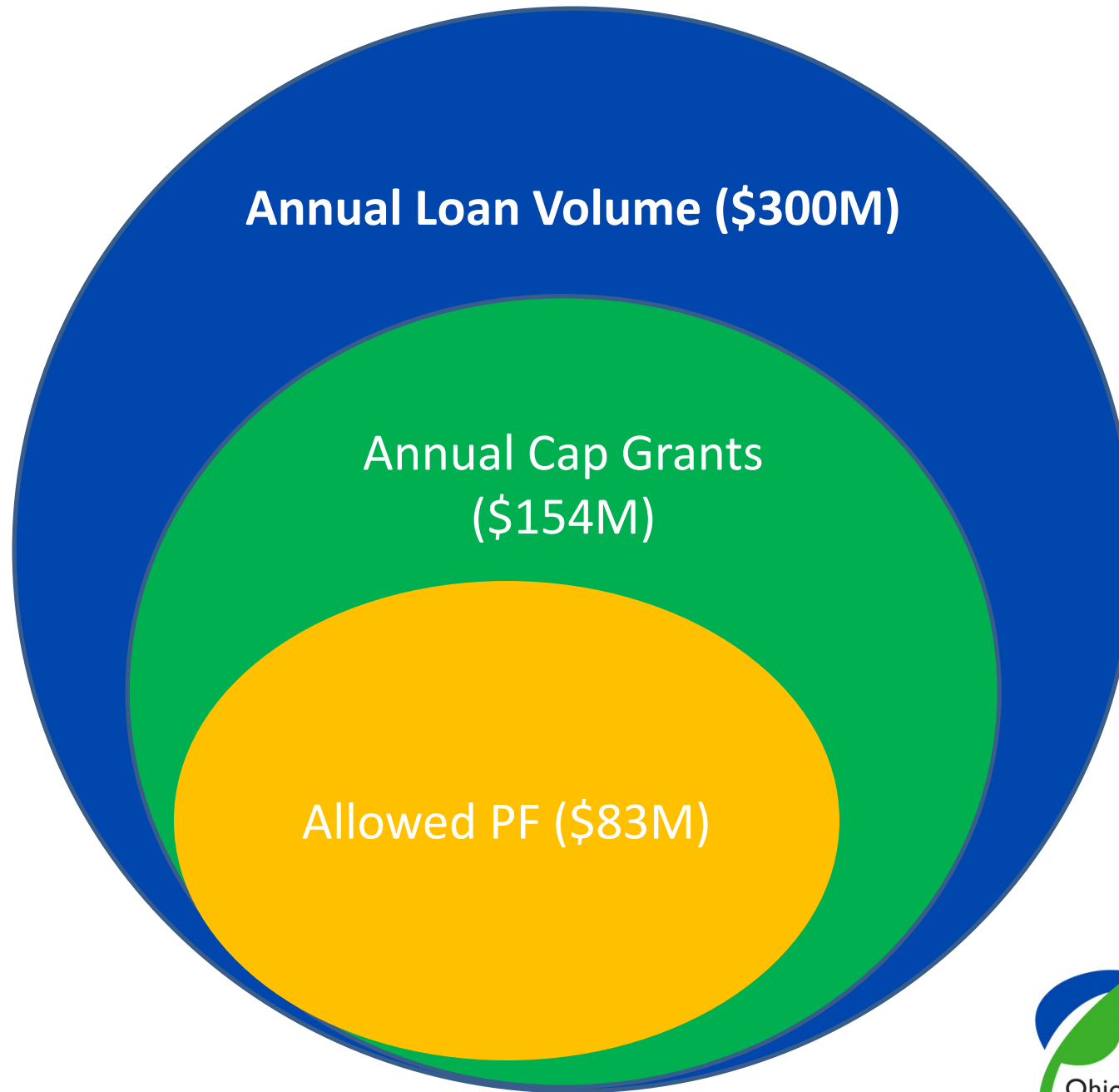


Hypothetical Funding Year for the WPCLF with IJA Funds



*Numbers approximate the expectations for 2022 but are not exact.

Hypothetical Funding Year for the WSRLA with IJA Funds



*Numbers approximate the expectations for 2022 but are not exact.

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Highlights from U.S. EPA Implementation Memo

- Review of IIJA provisions, funding, timing, restrictions
- Clarification on eligible recipients for additional subsidy (principal forgiveness)
- Focus on disadvantaged communities and how they are defined
- Provides a definition of CWSRF emerging contaminants
- Provides a detailed list of DWSRF emerging contaminants
- Provides a detailed list of DWSRF lead service line replacement project examples
- Guidelines for applying and administering IIJA funds

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Highlights from U.S. EPA Implementation Memo – Additional Subsidy

- Additional subsidy is the generic term for principal forgiveness
- PF is generally restricted to “disadvantaged communities” (SDWA) or those meeting “affordability criteria” (CWA)

Form of IJA Funding	Percentage Additional Subsidy	Additional Subsidy Restrictions	Annual \$ Amount of Additional Subsidy
CWSRF Supplemental	49%	Must meet Afford. Criteria	\$50 - \$65 million
CWSRF Emerging Cont.	100%	Any Eligible Applicant	\$5 - \$11 million
DWSRF Supplemental	49%	Must be Disadvantaged Comm.	\$22 - \$30 million
DWSRF Emerging Contaminant	100%	25% to Disadvantaged Comm.	\$18 million
DWSRF LSL Replacement	49%	Must be Disadvantaged Comm.	\$35 million

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Highlights from U.S. EPA Implementation Memo – Disadvantaged Communities

Current WPCLF Affordability Criteria

- Population < 10,000
and 3/4 of the following
- Median Household Income (MHI)
- Unemployment Rate
- Per Capita Income (PCI)
- Percent Population Change

Current WSRLA Disadvantaged Community Loan Program

- Population < 10,000
- Human-health factors
- MHI or Poverty Rate
- Sewer/water rate benchmarks

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Highlights from U.S. EPA Implementation Memo – Disadvantaged Communities

- Ohio EPA is considering modifications to modernize the criteria, more closely align them, and to expand the definitions to include larger communities.

Proposed WPCLF Affordability Criteria

Criteria	Program Value
Median Household Income (MHI)	≤ \$58,116
Unemployment Rate	≥ 3.3%
Individuals with Poverty Rate below 200% of Poverty Level	≥ 30.4%
Percent Population Change	≤ 50% Increase

3/4 Criteria

Proposed WSRLA Disadvantaged Community Criteria

Criteria	Program Value
Documented human health-related factors	Presence of indicators
Water and sewer rates compared to MHI	≥ 2.5%
Median Household Income (MHI)	≤ \$58,116
Individuals with Poverty Rate below 200% of Poverty Level	≥ 30.4%
Unemployment Rate	≥ 3.3%

3/4 Criteria

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Highlights from U.S. EPA Implementation Memo – Disadvantaged Communities

WPCLF

Criteria	Program Value
Median Household Income (MHI)	≤ \$58,116
Unemployment Rate	≥ 3.3%
Individuals with Poverty Rate below 200% of Poverty Level	≥ 30.4%
Percent Population Change	≤ 50% Increase

PF Consideration
Communities
< 10,000

PF Consideration
Communities
> 10,000

WSRLA

Criteria	Program Value
Documented human health-related factors	Presence of indicators
Water and sewer rates compared to MHI	≥ 2.5%
Median Household Income (MHI)	≤ \$58,116
Individuals with Poverty Rate below 200% of Poverty Level	≥ 30.4%
Unemployment Rate	≥ 3.3%

PF Consideration
PWS < 10,000

Lead PF Consideration
Any PWS Size

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Highlights from U.S. EPA Implementation Memo – Definitions for EC and LSL

- The IJA provides new funding assistance in three areas: CWSRF emerging contaminants, DWSRF emerging contaminant, and DWSRF LSL replacements.
- These new areas have been clarified/defined via the U.S. EPA implementation memo
 - CWSRF EC – Definition of what is included as an “emerging contaminant”
 - DWSRF EC – Detailed list of project and activity examples
 - DWSRF LSL – Detailed list of project and activity examples
- “Handout” from the implementation memo is provided with this webinar
- Questions about specific projects? Let’s talk!

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Highlights from U.S. EPA Implementation Memo – How the State Applies for IJA Funds

- Some of this is familiar/some is new
- WPCLF and WSRLA have annual cycles – produce an intended use plan (IUP)
- WPCLF = Calendar year (Jan. – Dec.): WSRLA = state fiscal year (July – June)
- Everything revolves around project lists and intended use plans
- Applications = IUPs + detailed project lists + grant applications + multiple assurances
- This will be an annual process

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Timeline – Drinking Water

- WSRLA program year = July – June; Developing PY 2023 materials now.
- WSRLA draft PMP and IUP = mid- to late-May; public hearing = mid-June
- WSRLA final PMP and IUP = July 1
 - Apply for base capitalization grant
 - Apply for BIL supplemental grant
 - Apply for BIL LSL grant (partial)
- WSRLA supplemental call for nominations – LSL and EC projects (August 2022)
- Amend WSRLA PMP/IUP and apply for EC grant
 - Finalize amended WSRLA PMP/IUP – October/November
 - Apply/receive EC capitalization grant – January
- Resume “normal” cycle for PY 2024 and onward; apply for grants annually

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Timeline – Wastewater

- WPCLF program year = January – December (currently in program year 2022)
- Accelerate application for “base” capitalization grant = July
- WPCLF “call for nominations” (all projects + EC projects) = August
- WPCLF draft PMP and IUP = October
- WPCLF final PMP and IUP = December;
Initiate cap grant applications for supplemental + emerging contaminant (January)
- Receive capitalization grants and begin to administer funds
- Continue normal cycles for PY 2024 and onward; apply for grants annually

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Summary of Capitalization Grant Schedule

	Grant Amount	Amount Principal Forgiveness	Application to U.S. EPA	Estimated Grant Awarded to State
Drinking Water				
Base	\$18M	\$8M	July	September
Supplemental	\$45M	\$22M	July	September
Emerging Contaminant	\$18M	\$18M	October	December
Lead Service Lines	\$71M	\$35M	July	September
Wastewater				
Base	\$60M	\$24M	July	September
Supplemental	\$102M	\$49M	January	March
Emerging Contaminant	\$5M	\$5M	January	March

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Key Points for Infrastructure Bill Funds

- Funds will be routed through the SRF programs
- Infrastructure bill funds are combination of loans and principal forgiveness
- Federal focus is on disadvantaged communities
- Core SRF programs will get stronger; new funds targeted for Lead and emerging contaminants projects
- Project readiness will be a key factor
- Funds are available for planning and design

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Moving Forward...What to watch for

- WSRLA draft PMP and IUP – May 2022
- WSRLA supplemental call for nominations – August 2022
- WPCLF call for nominations – August 2022
- Webinar update in summer 2022

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Moving Forward...How to Participate and Stay Engaged

- Comments and questions to:
[*infrastructurefunding@epa.ohio.gov*](mailto:infrastructurefunding@epa.ohio.gov)
- Materials will be posted on Ohio EPA website
- Follow DEFA newsletters
- Follow Ohio EPA on social media
- Follow SRF program announcements
- Webinar update in summer 2022

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Discussion and Questions

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