

STATE OF INDIANA

Drinking Water SRF Intended Use Plan for Lead Service Line Replacement Program



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

**For Federal Lead Service Line Replacement
funds appropriated in FFY 2022**

State of Indiana
Drinking Water SRF Lead Service Line Replacement Program
Intended Use Plan SFY 2023

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State of Indiana
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I. Introduction

Pursuant to the Safe Drinking Water Act (SDWA), 40 CFR 35.3555, the State, acting through its Indiana Finance Authority (Authority), hereby submits to the United States Environmental Protection Agency (EPA) and the public this Intended Use Plan (IUP) for State Fiscal Year (SFY) 2023 for its Drinking Water State Revolving Fund (DWSRF) Lead Service Line Replacement (LSL) Program. An IUP is prepared each fiscal year to identify the uses of all monies available to the DWSRF Loan Program during that fiscal year. Acronyms and terms used herein are defined in Exhibit A, Definitions.

This IUP sets forth the intended use of the LSL Replacement Capitalization Grant appropriated to the DWSRF Loan Program through the Bipartisan Infrastructure Law (BIL).

The mission of the DWSRF LSL Replacement Program will be to provide funds for lead service line replacement projects and associated activities directly connected to the identification, planning, design, and replacement of lead service lines.

The DWSRF LSL Replacement Program is administered by the Authority. The Authority is responsible for setting priorities for financing assistance from the DWSRF, which is evidenced by the DWSRF Lead Service Line Replacement Capitalization Grant received from EPA. The Lead Service Line (LSL) Replacement Project Priority List (PPL) for SFY 2023 is attached as Exhibit B. Projects listed on the LSL Replacement PPL will be funded with the DWSRF Lead Service Line Replacement Program funding. Any project with LSL Replacement components and non-LSL components will receive funding from the LSL Replacement funding only for project elements eligible under that Program. The remainder of the project will be separately funded through the DWSRF Base or General Supplemental Program.

The Authority assures that no person or entity shall be excluded from participation in, or be denied the benefit of, or otherwise be subjected to discrimination in any program, service, or activity on the basis of race, color, or national origin as required by Title VI of the Civil Rights Act of 1964. This requirement is included in all Financial Assistance Agreements and contract documents funded through the State Revolving Fund Loan Programs.

II. Lead Service Line Replacement Program Project Priority List

The SFY 2023 LSL Replacement PPL includes applications and projects that are for lead service line replacement and/or associated activities that are directly connected to the identification planning, design, and replacement of lead service lines. Projects for which a Preliminary Engineering Report (PER) have been submitted have been ranked and scored. All other projects for which the Authority received applications but for which PERs have not been submitted, are listed alphabetically un-scored and un-ranked. At the time of the posting of this IUP there are no un-ranked applications. The names of the public water systems along with a description of the lead service line replacement project, the expected amount of assistance, and the population are listed on the LSL Replacement PPL, as required by 40 CFR 35.3555 (c)(2)(i). In addition,

Disadvantaged Communities meeting the Disadvantaged Criteria are identified on the LSL Replacement PPL. The LSL Replacement PPL is updated quarterly, and public noticed for comments each quarter for a three-week period. The PPLs are posted on the Authority's website at www.srf.in.gov.

The DWSRF Loan Program will ensure that DWSRF assistance is not provided to any public water system with an Enforcement Tracking Tool (ETT) score greater than or equal to 11, unless the conditions delineated in the SDWA section 1452(a)(3)(B) and (C) are met.

EPA determined that Federal Crosscutter requirements must be applied to LSL Replacement projects identified by the Authority whose cumulative funding is equivalent to the amount of the Capitalization Grant (i.e. equivalency projects). The Indiana Drinking Water SRF Loan Program identifies the proposed LSL Replacement Program equivalency projects for SFY 2023 in Exhibit C.

A. Project Scoring and Ranking System for DWSRF Loan Programs

To determine which projects will receive loans, the Authority follows criteria for assistance established by the SDWA and 40 CFR 35.3555(c)(1). The Authority uses the same scoring and ranking worksheet for LSL Replacement projects as it does for eligible DWSRF projects. The Authority expects to give priority to projects that propose the following items:

1. Address the most serious risk to human health, including complete lead service line removal;
2. Are necessary to ensure compliance with the SDWA; and
3. Assist Disadvantaged Communities most in financial need, according to the Authority's affordability criteria/ Disadvantaged Community criteria.
4. Bonus points will be available for projects that can prove technical, managerial, and financial capability, projects that submit PERs early, include brownfield redevelopment (through the Authority's Brownfields Program), include Green Project Reserve (GPR) Sustainability Incentive Program components, climate resiliency elements, meet Disadvantaged Communities criteria, and/or promote Regionalization.
5. Deduction points – projects that disconnect from a viable treatment system to create their own system will have points deducted.

The priority system, designed to implement the SDWA criteria, is attached as Exhibit D, DWSRF Loan Program Project Scoring and Ranking Worksheet. All projects are ranked and undergo public review as required by 40 CFR 35.3555(c)(2). PPLs are posted for a three-week comment period.

In addition to being ranked and scored, "Project readiness criteria" will be applied to assure that projects are ready for DWSRF Loan Program financing. Steps towards "project

readiness” can be demonstrated by: (1) Submitting a PER, (2) Obtaining PER approval, a construction permit and bidding the project pursuant to the DWSRF Loan Program established timeframes, and (3) Initiating the steps required by State statute and the DWSRF Loan Program to proceed with a financial closing with the DWSRF Loan Program. This involves completing the steps required to issue valid bonds, retaining a nationally recognized bond counsel to issue its unqualified, approving opinion on the validity of the bonds at closing and demonstrating the ability to repay the loan portion of the financing (if applicable) through the DWSRF Loan Program.

B. Fundable Range for LSL Replacement Projects

To inform the public of estimates regarding the DWSRF’s financial capacity and to direct DWSRF Loan Program assistance to the highest priorities where possible, including but not limited to projects that directly and/or indirectly impact Disadvantaged Communities, the Authority calculates a “Fundable Range” for those projects that are on the LSL Replacement PPL. Projects are included in the Fundable Range based on a project’s rank and score.

The DWSRF Loan Program uses the Fundable Range to plan and prioritize its responsibilities and resources. On July 1, 2022, the Authority determined that funds available were sufficient to fund all projects on the first quarter LSL Replacement PPL.

Projects that are outside of the Fundable Range may receive funding in advance of those projects identified in the Fundable Range by following the bypass procedure outlined below. Projects that are eligible for Additional Subsidization may be funded in advance of projects in the Fundable Range to meet additional federal requirements. In addition, the DWSRF Loan Program will give priority to projects that are viable only because of non-SRF financial assistance, and those projects that would alleviate an emergency situation that poses a threat to public health. See bypass procedures outlined in Section C. The first quarter PPL for LSL Replacement Projects does not include projects outside the Fundable Range.

C. Bypass Procedure for DWSRF Loan Programs

When the Authority has determined that funds on-hand are insufficient to fund projects in addition to those within a Fundable Range. The Authority will use the following bypass procedures to allow other projects on the PPL to receive financial assistance from the DWSRF Loan Program. As allowed by 40 CRF 35.3555(c)(2)(ii), these bypass procedures enable projects originally identified outside a Fundable Range to be funded when higher-priority projects have not yet progressed to a stage allowing loan closing. However, if a bypassed project becomes ready to proceed, it will have funding priority over other projects below it on the LSL Replacement PPL. Due to high demand, the term for projects in the Fundable Range to close has been extended for SFY 2023.

The following bypass process is used when the Authority uses a Fundable Range:

1. If applicable, the DWSRF Loan Program will note a Fundable Range on the LSL Replacement PPL and notify all Participants with projects on the LSL Replacement PPL of their status. Participants will be advised that being in the Fundable Range does not mean that a loan commitment is made or that funding is guaranteed or reserved; rather it means funding priority will be given to those projects.
2. All Participants that are eligible for subsidized financing are required to bid the entire DWSRF Loan Program financed project in advance of a DWSRF loan closing.
3. Up to March 31 of the current fiscal year, only projects in the Fundable Range will be permitted to close a DWSRF loan. However, to meet the additional requirements of the SDWA and the terms and conditions of the current LSL Capitalization Grant, the DWSRF Loan Program will give priority to projects that meet the Disadvantaged Community criteria and permit those projects to be funded in advance of projects in the Fundable Range.
4. After March 31 of that fiscal year, the DWSRF Loan Program will permit the bypass of projects within the Fundable Range that have not closed or scheduled to close a loan. However, projects that have received deductive points in the rank and score may not receive funding during the bypass period. The DWSRF Loan Program will extend the Fundable Range by the amount of such bypassed projects. This is intended to afford Participants otherwise outside the original Fundable Range to gain priority in working quickly to close their loans.
5. After March 31 of that fiscal year, any project ready to close a DWSRF Loan Program loan under applicable DWSRF Loan Program lending requirements will be permitted to do so. If the DWSRF Loan Program determines there is insufficient lending capacity, then the highest-scored projects at a readiness-to-proceed stage may close.
6. Notwithstanding the foregoing, after March 31 of that fiscal year, the DWSRF Loan Program may institute additional or alternative conditions and limits other than as expressed in this IUP to tentatively select Participants for closing eligibility and to bypass any such tentatively selected Participant. Without limitation, these may include (i) bypassing Participants that fail to close within a 30-day (or shorter) period of being notified of timing and eligibility to close, (ii) limiting loan closing amounts to lesser amounts than requested, (iii) requiring evidence of full project funding if all funding needs are not provided through the DWSRF Loan Program at a loan closing, and (iv) conditionally reserving funding for any Participant commitments, etc.
7. All unfunded projects are eligible to remain on the next SFY's LSL Replacement PPL if they inform the DWSRF Loan Program of their desire to do so.
8. Projects that are necessary to alleviate unanticipated catastrophic or emergency situations that pose a threat to public health may be elevated to the top of the LSL Replacement PPL upon the recommendation of the Indiana Department of Environmental Management's Drinking Water Program. Emergency projects may include, but are not limited to, the loss of safe drinking water resulting from the

following events: flood, fire, system collapse, tornado, weather damage or hazardous spills and projects that address an immediate risk to public health and/or safety either by drinking water contamination or other emergent circumstances. Emergency projects may include the loss of safe drinking water due to lead contamination. Therefore, as allowed by 40 CFR 35.3555 (c)(2)(iii)-such emergency projects may be added to the top of the LSL Replacement PPL for immediate assistance. One or more projects in the original Fundable Range may be moved out of the Fundable Range in order to provide loans to emergency projects.

III. 2023 DWSRF Lead Service Line Replacement Loan Program Goals and Objectives

The DWSRF Loan Program sets short- and long-term goals as required by 40 CFR 35.3555(c)(5). Short-term goals and objectives are those the Authority expects to achieve during SFY 2023, while long-term goals and objectives are those the Authority expects to achieve over a longer period.

A. Short-Term Goals and Objectives of the LSL Replacement Program

During SFY 2023, the DWSRF Lead Service Line Replacement Loan Program expects to achieve the following short-term goals and objectives:

ST1 Goal: Seek the immediate award of the Federal Fiscal Year (FFY) 2022 BIL DWSRF Lead Service Line Replacement Capitalization Grant. Upon award, disburse project funds such that the LSL Replacement Capitalization Grant can promptly be utilized.

ST1a Goal: Ensure that Additional Subsidization is provided pursuant to the terms and conditions of the LSL Replacement Capitalization Grant and as described in Section 1452 of the Safe Drinking Water Act (SDWA). Forty-nine (49%) percent of the LSL Replacement Capitalization Grant shall be provided as additional subsidization in the format of principal forgiveness or grants (or any combination of these). Provide Additional Subsidization to those water systems meeting the State's Disadvantaged Community criteria.

ST1b Goal: Ensure that Davis Bacon Act wage rules apply to all assistance agreements made with funds appropriated under the LSL Replacement Capitalization Grant.

ST1c Goal: Ensure that all American Iron and Steel requirements (AIS) as set forth in the LSL Replacement Capitalization Grant are met. Work to implement the Buy America Build America Act requirements as applicable.

ST1d Goal: If practical, equivalency projects selected for the DWSRF Lead Service Line Replacement Program will be identified in Exhibit C. A list of equivalency projects will be included in the SFY 2023 Annual Report.

ST1e Goal: Ensure that Participants are developing and implementing an Asset Management Program (AMP) that meets the requirements set forth in the DWSRF Loan Program Guidelines.

ST2 Goal: Ensure that all DWSRF Loan Program Participants achieve or maintain compliance with existing or future requirements of the Safe Drinking Water Act.

ST3 Goal: Conduct a total of 30 technical, on site and/ or virtual inspections between the CWSRF and DWSRF Loan Programs (including LSL Replacement Program projects) during the construction phase and the post-construction phase to document the construction progress, as well as the appropriate use of SRF funds.

ST4 Goal: Work diligently with Participants and effectively manage projects to assist Participants in closing loans and constructing projects in a timely, efficient manner.

ST5 Goal: Ensure that EPA funds are accessed when eligible expenses are incurred to minimize un-liquidated obligations.

ST6 Goal: Consider other available funding opportunities from Federal and/or State sources to further achieve the goals of the DWSRF Lead Service Line Replacement Program (i.e. WIIN Grants, State appropriation, etc.).

ST7 Goal: Ensure that Participants completed non-revenue water audits as required by IC 8-1-30.8 and participate in regional study area activities as required by IC 5-1.2-11.5.

ST8 Goal: Continue to ensure participants in all programs under the Authority fully replace and fully fund both the public and private sides of LSL Replacement projects. The Authority agrees to ensure that any project funded in whole or in part under the LSL Removal Program Capitalization Grant involving lead service line replacement must replace the entire lead service line, not just a portion, unless a portion has already been replaced or is concurrently being replaced with another funding source.

ST9 Goal: Conduct outreach to Disadvantaged Communities that may include presenting at workshops and conferences to advertise the availability of additional funding and providing assistance as needed to Disadvantaged Communities in accessing the DWSRF Loan Program, and in particular the LSL Replacement Program Funds.

ST10 Goal: Utilize set-asides, state funds, etc. to provide funds and professional services to assist Indiana communities in identifying and locating lead service lines in their drinking water system.

B. Long-Term Goals and Objectives of the LSL Replacement Program

During SFY 2023, the Authority will continue to work to achieve the following long-term goals:

LT1 Goal: Provide financial assistance to current and future Participants, by providing low-cost financing commensurate with prudent fiscal and credit standards.

LT2 Goal: Monitor all outstanding loans and the financial capability of Participants through the use of an in-house monitoring system and, in conjunction with the Bank of New York Mellon Trust Company, ensure the DWSRF Loan Program continues to avoid

loan defaults. In particular, review the financial statements for Participants receiving a State Board of Accounts examination report in the current calendar year. Require new Participants to utilize paying agent agreements and offer all prior Participants the opportunity to enter into a paying agent agreement. Conduct financial on-site visits as warranted.

LT3 Goal: Report all uses of DWSRF Lead Service Line Replacement Program funds in the Drinking Water SRF Data System and the Drinking Water SRF Annual Summary as required by the EPA and the Federal Funding Accountability and Transparency Act (FFATA). Submit required reports to EPA in a well-prepared and timely manner.

LT4 Goal: Periodically publish an SRF Loan Program newsletter. Provide an update on LSL Replacement funding activities.

LT5 Goal: Continue to look for co-funding opportunities between the Brownfields Program and the SRF Loan Program. Continue to look for co-funding opportunities between the SRF Loan Program and other federal programs including the HUD Office of Community and Rural Affairs and USDA Rural Development..

LT6 Goal: Ensure that the DWSRF Loan Program and its Participants comply as required with Disadvantaged Business Enterprise fair share objectives, Federal environmental crosscutters, and the Single Audit Act.

LT7 Goal: Provide interest rate breaks to Participants which include the Replacement of lead service lines, Green components, and Climate Resiliency projects.

LT8 Goal: Monitor DWSRF LSL Replacement Program Set-Aside uses and activities and reconcile balances to EPA Set-Aside account balances. Coordinate with the Indiana Department of Environmental Management and/ or the IFA Water Resources and Infrastructure Planning Program to develop new Set-Aside programs as needed.

LT9 Goal: Provide at least 15% of the DWSRF Loan Program to systems serving fewer than 10,000 persons.

LT10 Goal: Complete continuing education courses to ensure that all SRF Loan Program technical reviewers remain aware of innovations in the wastewater and drinking water industry and can review both wastewater and drinking water projects.

LT11 Goal: Coordinate with the Indiana Department of Environmental Management's Drinking Water Branch to identify public water systems with Enforcement Targeting Tool (ETT) scores of 11 or greater that may benefit from DWSRF Loan Program funding.

LT 12 Goal: Eliminate lead service lines from the drinking water distribution systems of Indiana.

IV. Financial Status of the DWSRF Loan Programs

A. Sources and Uses of Funds

The Authority expects to seek and be awarded a FY 2022 DWSRF Lead Service Line Replacement Capitalization Grant that will fund LSL Replacement eligible projects in SFY 2023. The Authority anticipates a DWSRF Lead Service Line Replacement Capitalization Grant in the amount of \$43,334,000. State match is not required for the LSL Replacement Capitalization Grant.

B. Allocation of Funds to the Set-Aside Accounts for the LSL Replacement Program

The SDWA permits the State to use a Capitalization Grant for a variety of purposes to protect drinking water. In addition to making loans for the replacement of lead service lines, the State may use the Capitalization Grant to support associated activities directly connected to the identification, planning, design, and replacement of lead service lines. As required by 40 CFR 35.3555 (c)(3)(i), the State must provide the rationale for allocating Capitalization Grant funds between infrastructure loans and other activities known as “Set-Asides.”

Pursuant to Section 1452(g)(2) of the SDWA, the DWSRF Loan Program may cover the reasonable costs of administering the program, and to provide technical assistance to public water systems within the State to one of the following, whichever is greatest, plus any fees collected by the DWSRF Loan Program.

- \$400,000 per year;
- 1/5% of the current valuation of the fund; and
- An amount equal to 4 percent of all grant awards to the fund under this section for the fiscal year.

In SFY 2023, the following set-asides will be taken from the DWSRF Lead Service Line Replacement Capitalization Grant:

- Four percent (4%) Administration and Technical Assistance or approximately \$1,733,360. The Authority plans to use this set-aside to administer the LSL Replacement Program and related outreach and inventory projects, as further set forth in Exhibit E.
- Ten percent (10%) Local Assistance and Other State Programs, or approximately \$4,333,400. The Authority plans to use this set-aside for the completion of a State-Wide lead service line inventory, and related projects further set forth in Exhibit E.
- Ten percent (10%) State Program Management, or approximately \$4,333,400. The Authority plans to use this set-aside to conduct local outreach and technical assistance to communities to complete lead service line inventories.

As stated in EPA Policy Memo of February 9, 1999, the Indiana DWSRF Loan Program can earmark 1452 (g) (2) (B) Set-Aside funds that it intends to use at a later time and for which a workplan has not been prepared. These unspecified funds, also called “banked” funds, are deposited into the DWSRF and would be directed toward LSL projects in the short-term. The DWSRF Loan Program retains the authority to reclaim the funds from a future Capitalization Grant. See Exhibit F for a record of banked funds.

C. Additional Subsidization for the LSL Replacement Program

Additional Subsidization through the Bipartisan Infrastructure Law may only be in the forms of forgiveness of principal, and grants (or any combination of these). It is the intent of the DWSRF Loan Program to provide Additional Subsidization in the form of principal forgiveness but reserves the right to provide additional subsidy as grants. The DWSRF Loan Program has the authority to offer loans and other financial assistance (i.e. Additional Subsidization) to or for the benefit of participants under Indiana Code 5-1.2-10-4. The DWSRF Loan Program has not set a cap on the amount of principal forgiveness that a Participant may receive.

Additional Subsidization may be provided through the FY 2022 BIL DWSRF Lead Service Line Replacement Capitalization Grant as follows:

1. Forty-nine (49%) percent, or \$21,233,660, of the LSL Replacement Capitalization Grant shall be provided as Additional Subsidization to Disadvantaged Communities, as defined in Section VII, at the DWSRF Loan Program’s discretion as described in Section 1452 of the Safe Drinking Water Act (SDWA).

The DWSRF Loan Program shall identify those Participants who will receive Additional Subsidization (in the manner as described above) and the amount of the Additional Subsidization prior to executing a financial assistance agreement. In cases where a project cost exceeds principal forgiveness, base or other applicable General Supplemental SRF loan funds will make up a portion or all the difference.

D. Interest Rates

As allowed by 40 CFR 35.3555 (c)(3)(iii), Indiana’s DWSRF Loan Program uses a Base Interest Rate, which is re-set on the first business day of each January, April, July, and October. The Base Rate is calculated by using 90 percent of the daily average 20-year AAA-rated, general obligation bond Municipal Market Data (MMD) composite index for the most recent calendar month. The Base Rate is discounted further based on the Participant’s median household income (MHI) from the 2016-2020 American Community Five Year Survey and projected post-project monthly user rates.

Through the existing Indiana Lead Service Line Incentive Program, the Authority intends to offer zero percent (0%) interest rates to loans under this Capitalization Grant.

E. Terms

Standard 20 Year Term Loans

Standard DWSRF Loan Program loans will be structured so that minimum annual principal repayments commence one year after expected completion of the project, and final principal payment will occur no later than 20 years after expected completion of the project. Additionally, the State expects level debt service payments except in limited circumstances, such as where DWSRF Loan Program debt service is wrapped around a Participant's existing debt based on user rate affordability. Executing a DWSRF Loan Program loan on any basis other than level, aggregate annual debt service is subject to additional State review and approval.

Loan Terms That Exceed 20 Years

The DWSRF Loan Program may offer Participants extended term financing at its discretion provided the useful life of the project is equal to or greater than the loan term.

- As permitted by the Safe Drinking Water Act, a loan term up to 40 years may be given to a Participant who is defined as "Disadvantaged", See Section VII.
- On August 3, 2017, the Authority received EPA approval to offer extended term financings in both CWSRF and DWSRF Loan Programs. A loan term up to 35 years may be given to all Indiana utilities to correct the issue of aging infrastructure for all water and sewer projects.

F. Assurances

As required by 40 CFR 31.26, the Authority, hereby affirms that it retains an independent auditor to review and audit the use of funds deposited in the DWSRF Loan Program in accordance with the auditing procedures of the federal General Accounting Office and the requirements of the federal Single Audit Act and the federal Office of Management and the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards.

As required by 40 CFR 35.3560(a), the Authority affirms that it will receive grant payment in accordance with its Capitalization Grant agreement.

As required by 40 CFR 35.3550(p), the Authority affirms that it will comply with the requirements of the capacity development authority, capacity development strategy, and operation certification program provisions in order to avoid withholdings of funds.

V. Small Systems

Of the total amount available for assistance from the DWSRF Loan Program each year, the State will make at least 15 percent of each Capitalization Grant available solely for providing loan assistance to small systems to the extent such funds can be obligated for eligible projects, as required by 40 CFR 35.3555 (c)(2)(iv). A small system is a public water system that regularly

serves 10,000 or fewer persons. Population size is a criterion in the DWSRF scoring system (see Exhibit D) to prioritize financing of these systems.

VI. Disadvantaged Community Assistance

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

The Disadvantaged Community criteria has been updated to open consideration to projects that positively impact smaller areas of disadvantage within a wider community. This will allow the Authority to provide Additional Subsidization to a wider disadvantaged population. Disadvantaged Community Criteria will be evaluated on an annual basis to assure the Authority is targeting assistance to communities in need. Bonus points are given to applicants meeting Disadvantaged Community criteria

The Authority 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;
- 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).

These communities receive the lowest interest rate the State provides to DWSRF Loan Program Participants. The DWSRF Program will provide forty-nine (49%) percent of the LSL Replacement Capitalization Grant as Additional Subsidy, and may provide 40 year loan terms for the benefit of Disadvantaged Communities.

VII. Public Participation

Pursuant to 40 CFR 35.3555 (b), the State will conduct a meaningful public review during the development of the SFY 2023 Lead Service Line Replacement IUP. The DWSRF Loan Program has public noticed the IUP on the SRF Loan Program website for a three-week period, beginning on September 6, 2022, and ending on September 27, 2022. Each quarter the LSL Replacement PPL is public noticed for a three-week period. Further detail on public notice of the LSL Replacement PPL can be found in Exhibit B. Copies of this proposed IUP are available to the public upon request. The IUPs and PPLs are also posted on the SRF Loan Program website.

Within the public comment period, the Authority received a joint written response from the Environmental Policy Innovation Center (EPIC) and the Hoosier Environmental Council. The Commenter provided suggestions on amendments to the Indiana definition of Disadvantaged Community with a goal of equitable distribution of Lead Service Line Removal funding and suggestions for the Authority's outreach program. In SFY 2023 the Authority has sufficient capacity to meet 100% of the LSL applications received. In addition, the Authority will continue to conduct outreach to Disadvantaged Communities through additional publications of its newsletter and continue to look for speaking engagements to promote the use of LSL funds for Disadvantaged Communities. Through SFY 2023 the Authority will take the recommendations received under advisement to update and modify scoring systems and Disadvantaged Community criteria utilized in SFY 2024.

The Authority provides outreach to various groups, organizations associated with Indiana communities by presenting at relevant conferences (Regional meetings, conducted by the Authority or the Authority's contractors, AWWA, EWIG, etc.) and informing the public of the public review comment period of the DW Lead Service Line Replacement IUP through targeted mailings. The Spring 2022 SRF newsletter encouraged public comment for the Indiana IUPs. The Newsletter is emailed to Financial Advisors, Engineering Firms, Bond Counsels, and other interested parties.

The DWSRF Loan Program will respond to any substantive comment or concern.

According to 40 CFR 35.3555(d), this IUP, including the LSL PPL, may be amended during SFY 2023 in accordance with federal and state law, and any amendments to the LSL PPL for the addition of LSL Replacement projects will be subject to public review.

Exhibit A: DWSRF Loan Program Definitions

Terms used in this document have the following meanings:

Additional Subsidization for the LSL Replacement Program means to provide assistance from the Bipartisan Infrastructure Law DWSRF LSL Replacement Program in the form of principal forgiveness and grants, equal to 49% of the Capitalization Grant. Priority for additional subsidies should be given to communities that could not otherwise afford such projects/disadvantaged communities.

American Iron and Steel (AIS) means P.L. 113-235, Consolidated and Further Continuing Appropriations Act, 2015 (Act), includes an “American Iron and Steel (AIS)” requirement in section 436 that requires Clean Water State Revolving Loan Fund (CWSRF) and Drinking Water State Revolving Loan Fund (DWSRF) assistance recipients to use iron and steel products that are produced in the United States for projects for the construction, alteration, maintenance, or repair of a public water system or treatment works if the project is funded through an assistance agreement executed beginning January 17, 2014 (enactment of the Act), through the end of Fiscal Year 2015.

Asset Management Plan (AMP) means the program developed and implemented by the Utility demonstrating that it has the technical, managerial, legal, and financial capability to operate and maintain its water and/or wastewater system.

Bipartisan Infrastructure Law (BIL) means Public Law 117-58, signed into law on November 15, 2021. The Law includes additional provisions and funding (including a LSL Replacement Capitalization Grant) to supplement the DWSRF Loan Program.

Binding Commitment means a closed DWSRF loan.

Build America Buy America (BABA) means Public Law 117-58 which requires all DWSRF Equivalency assistance recipients, absent a waiver, to document that all iron, steel, manufactured products, and construction materials used in the project are produced in the United States

Bypass Process means the procedure which allows the State to bypass projects identified in a Fundable Range if the Indiana Finance Authority determines that there may be insufficient resources to fund all loans on the PPL during the SFY. It allows projects originally identified outside the Fundable Range to be funded when higher-priority projects have not yet progressed to a stage allowing for loan closing.

Capitalization Grant means a federal grant, as evidenced by an agreement with the United States Environmental Protection Agency that provides funds to capitalize the DWSRF. For purposes of this IUP, the Capitalization Grant is the LSL Replacement Capitalization Grant.

Clean Water State Revolving Fund (CWSRF) Loan Program means the State's revolving fund loan program for wastewater infrastructure established under and pursuant to IC 5-1.2-10 and the programs afforded thereby. The CWSRF Loan Program includes both CWSRF Base Program Funding and the CWSRF General Supplemental Funding.

Drinking Water SRF (DWSRF) means the State's Drinking Water State Revolving Fund created in accordance with the SDWA and state law.

DWSRF Base Program Funding means the State's Drinking Water State Revolving Fund created in accordance with the SDWA and state law, funded through the annual federal appropriation bill.

DWSRF General Supplemental Funding is a fund source through the BIL with the same eligibilities as the DWSRF Loan Program.

DWSRF Lead Service Line Replacement Funding is a fund source through the BIL provided for lead service line replacement projects and associated activities directly connected to the identification, planning, design, and replacement of lead service lines. For the purposes of this IUP, the funding source is the LSL Replacement Capitalization Grant.

DWSRF Loan Program means the State's revolving fund loan program for drinking water infrastructure established under and pursuant to IC 5-1.2-10 and the programs afforded thereby.

Emerging Contaminants means emerging contaminants in drinking water with a focus on perfluoroalkyl and polyfluoroalkyl substances (PFAS) Projects that address any contaminant listed on any of EPA's Contaminant Candidate Lists are eligible (i.e., CC11 – draft CCL5).

Environmental Protection Agency (EPA) means the federal agency responsible for promulgating regulations to implement environmental statutes including the Safe Drinking Water Act and from which the DWSRF receives Capitalization Grants.

Equivalency Project means a project or projects in an amount equal to the current capitalization grant(s). DWSRF Equivalency Projects must comply with all the following: a) FFATA reporting requirements, b) Single Audit Act, c) Federal Cross Cutters, d) Disadvantaged Business Enterprise, e) Signage Requirement, and f) Prohibition of Certain Telecommunication and Video Surveillance Services and f) Build America, Buy America when the requirement becomes effective (May 14th, 2022).

Federal Fiscal Year (FFY) means the fiscal year beginning October 1st and ending September 30th.

Fiscal Year (FY) means the fiscal year for the year indicated.

Fundable Range means an estimated current loan capacity which is determined by fiscal assumptions. Defined at the commencement of the SFY, it determines which projects on the PPL are expected to receive assistance from the available funds subject to the DWSRF's Bypass Process.

Green Project Reserve (GPR) Sustainability Incentive Program means assistance in the form of interest rate discounts to address green infrastructure, water or energy efficiency improvements, other environmentally innovative activities, or climate resiliency planning.

Guarantee Revenue Bonds means one or more series of revenue bonds issued from time-to-time by the State to fund the DWSRF Loan Program. Federal Capitalization Grants provide security for, and the DWSRF is the source of revenue for, the payment of Guarantee Revenue Bonds. Guarantee Revenue Bond net proceeds are loaned to Participants to finance projects.

Indiana Department of Environmental Management (IDEM) means the State’s environmental regulatory agency.

Indiana Finance Authority (Authority) means the State entity that administers the Indiana SRF Loan Programs pursuant to Indiana Code 5-1.2-3.

Intended Use Plan (IUP) means a plan prepared by the Authority identifying the intended uses of the amount of funding available to the Drinking Water SRF for the LSL Replacement Program. The LSL Replacement Program IUP shall include all requirements set forth in the SDWA.

Maximum Contaminant Level (MCL) means the highest level of a contaminant that EPA allows in drinking water.

Median Household Income (MHI) means the average annual income for a given region as determined by the federal census data.

Municipal Market Data (MMD) means the composite index used in pricing municipal bonds.

Participant(s) means public water systems that are eligible for financial assistance from the DWSRF Loan Program. Public Water Systems eligible for DWSRF Loan Program assistance are for-profit and non-profit Community Water Systems (e.g. municipalities, political subdivisions, and private mobile home parks) and non-profit Non-Community Water Systems (e.g. schools, churches, day cares, and group homes).

Political Subdivision means a municipal corporation, special taxing district, sanitary/conservancy district, regional water, sewer, or waste district, or any other separate local governmental entity. “Political Subdivision” is more specifically described in IC 36-1-2-13.

Preliminary Engineering Report (PER) means the document(s) submitted by the Participant that provides the information necessary for the DWSRF Loan Program to determine the technical, economic, and environmental adequacy of a project.

Project means a drinking water infrastructure project proposed by Participants for DWSRF financing, which will be reviewed for qualification and ranking under Section 1452 of the SDWA. Project eligibility under this IUP is limited to lead service line replacement planning and design for LSL Replacement projects and associated activities and developing LSL inventories.

Project Planning Meeting means an initial meeting held with a Participant to gain an understanding of the Participant’s needs, and to explain DWSRF Loan Program requirements.

Project Priority List (PPL) ranks, in descending priority of need, projects for which Participants have requested financial assistance from the DWSRF for eligible expenses. It includes projects that are preliminarily scored and unranked as well as those that are scored and ranked on the basis of needs, prepared pursuant to Section 1452 of the SDWA. The PPL is created by the Program, updated quarterly, and public noticed for a three-week period, and may be amended as necessary. The PPL for the LSL Replacement Program is attached as Exhibit B.

Public Water System (PWS) means a system that supplies piped water for human consumption and has at least 15 service connections or 25 persons who are served by the system for 60 or more days each year.

Readiness to Proceed means projects that are ready for DWSRF Loan Program financing. Steps towards “project readiness” can be demonstrated by: (1) Submitting a PER, (2) Obtaining PER approval, a construction permit, and bidding the project pursuant to the DWSRF Loan Program established timeframes, and (3) Initiating the steps required by State statute and the DWSRF Loan Program to proceed with a financial closing with the DWSRF Loan Program. This involves completing the steps required to issue valid bonds, retaining a nationally recognized bond counsel to issue its unqualified, approving opinion on the validity of the bonds at closing and demonstrating the ability to repay the DWSRF Loan Program loan.

Scoring and Ranking System means the priority ranking system; a system by which the DWSRF Loan Program staff evaluates and ranks projects for listing on the DWSRF Loan Program PPL, as well as on the LSL Replacement Program PPL.

SDWA means the Safe Drinking Water Act of 1974, as amended, Section 1452, and the rules and regulations promulgated thereunder including 40 CFR Part 35.

Set-Asides means the allowed uses of DWSRF Capitalization Grant monies specifically identified in Section 1452 of the SDWA that are not directly associated with the construction of capital improvement projects. The set-asides to be taken from the LSL Replacement Capitalization Grant are outlined in Exhibit E.

Small System Technical Assistance Fund (SSTAF) means funds from DWSRF Set-Asides that are made available to qualified Participants in order to provide assistance with planning and design costs related to Participant’s DWSRF Loan Program project.

State means the state of Indiana.

State Fiscal Year (SFY) means the period of time beginning July 1st and ending June 30th.

State Match for the purposes of the LSL Replacement Capitalization Grant is not required.

State Match Revenue Bonds (if applicable) means one or more series of revenue bonds issued by the Indiana Finance Authority as needed to fund its State Match.

State Revolving Fund (SRF) Loan Programs or SRF Loan Programs means both the DWSRF and CWSRF Loan Programs.

Exhibit B
LSL Replacement Program Project Priority Lists

This Exhibit shows the dedicated Lead Service Line Removal Project Priority List.

Project Priority Lists are updated on a quarterly basis and posted for public notice for three weeks.

SFY 2023 - Drinking Water
Indiana Drinking Water State Revolving Fund (DWSRF) Loan Program
SFY 2023 Project Priority List, July 1, 2022, 1st Quarter Draft*
Projects Applying for Financial Assistance in State Fiscal Year 2023 (July 1, 2022 - June 30, 2023)

PPL Rank ¹	PPL Score	Participant	MHI ^{2,3}	Population Served	PWSID No(s).	SRF Project No.	Project Description	Lead Service Line Replacement Cost	Emerging Contaminants? ⁴	Disadvantaged Community? ⁵	Estimated Green Project Reserve Cost	Green Project Reserve Category ⁶	Current User Rate (per 4,000 gallons) ²	Estimated Post-Project User Rate (per 4,000 gallons) ²	Requested Funds	Cumulative Requested Funds	SFY 2023 Fundable Range (\$40 Million)
1	68	Fort Wayne	\$51,454	270,402	5202020	DW221802 06	Lead Service Line Replacement	\$11,091,300	No	No	\$0	N/A	\$23.84	\$30.32	\$11,091,300	\$11,091,300	Fundable Range \$40 Million <small>(Borrowers are Eligible for up to \$10 Million at a Subsidized Rate)</small>
2	51	Wheatland	\$43,173	480	5242016	DW220142 01	Lead Service Line Replacement	\$1,050,000	No	Yes	TBD	TBD	\$42.47	\$113.71	\$1,050,000	\$12,141,300	
3	37	Butler	\$57,534	2,700	5217003	DW231617 01	Lead Service Line Replacement	\$2,650,000	No	Yes	\$0	N/A	\$41.80	\$47.40	\$2,650,000	\$14,791,300	
4	36	Elkhart	\$40,101	53,923	5220008	DW222320 01	Lead Service Line Replacement	\$600,000	No	Yes	TBD	TBD	\$10.20	\$10.20	\$600,000	\$15,391,300	
5	35	Logansport	\$38,053	18,369	5209012	DW231509 01	Lead Service Line Replacement	\$24,255,700	No	Yes	\$0	N/A	\$29.31	\$37.58	\$24,255,700	\$39,647,000	
6	30	East Chicago - Lead Service Line Replacement	\$35,396	27,457	5245012	DW224245 06	Lead Service Line Replacement	\$10,250,000	No	Yes	TBD	TBD	\$7.36	\$7.36	\$10,250,000	\$49,897,000	
7	28	Rushville	\$53,789	6,208	5270005	DW230970 01	Lead Service Line Replacement + Inventory	\$518,000	No	No	\$0	N/A	\$20.92	\$30.00	\$518,000	\$50,415,000	
TOTAL REQUESTED FUNDS - PRELIMINARY ENGINEERING REPORTS (PERs)								\$50,415,000			\$0				\$50,415,000		

PPL Rank ¹	PPL Score	Participant	MHI ^{2,3}	Population Served	PWSID No(s).	SRF Project No.	Project Description	Lead Service Line Replacement Cost	Emerging Contaminants? ⁴	Disadvantaged Community? ⁵	Estimated Green Project Reserve Cost	Green Project Reserve Category ⁴	Current User Rate (per 4,000 gallons) ¹	Estimated Post-Project User Rate (per 4,000 gallons) ²	Estimated Total Project Cost	Cumulative Total
No 100% Lead Service Line Replacement Projects have submitted only applications (no attached PERs) as of May 1st, 2022																
TOTAL REQUESTED FUNDS - APPLICATIONS ONLY								\$0			\$0				\$0	
TOTAL REQUESTED FUNDS - PERs & APPLICATIONS								\$50,415,000			\$0				\$50,415,000	

Footnotes:
¹ A community must submit a complete Preliminary Engineering Report to the DWSRF Loan Program in order for the project to be scored and ranked on the Project Priority List (PPL).
² Additional subsidization may be provided to participants who have a low Median Household Income (MHI) and/or high post-project user rates as outlined in the Intended Use Plan (IUP). The amount of the additional subsidization shall be determined and set forth in the financial assistance agreement.
³ The Indiana DWSRF Loan Program defines a Disadvantaged Community in Section VII of the IUP.
⁴ Emerging Contaminants funds are reserved for DWSRF eligible projects whose primary purpose must be to address emerging contaminants, with a focus on PFAS, using the broad CCL 1 - 5.
⁵ Disadvantaged Community determinations in this PPL are based on MHI and rates provided at the time the PPL was posted for public notice. Additional information on populations positively impacted by the project may be submitted and considered prior to loan closing.
⁶ EE = Energy Efficiency, EI = Environmentally Innovative, GI = Green Infrastructure, WE = Water Efficiency, CR = Climate Resiliency.
* This project priority list was published on July 1, 2022 for a 3-week comment period.

Indiana DW SRF Loan Program Exhibit C - Proposed Equivalency Projects for the LSL Replacement Program*									
BIL DWSRF Lead Service Line Replacement Capitalization Grant						Grant Amount:	\$43,334,000		
Community	Project Description	Total Project Cost	Equivalency Amount	will submit DBE report	will comply with federal cross-cutters	will comply with the single audit act	Will comply with BABA requirement	will comply with signage requirment	will be reported to FSRS to meet FFATA requirements
Fort Wayne	Lead Service Line Replacement	\$11,091,300	\$11,091,300	Y	Y	Y	n/a**	Y	Y
Butler	Lead Service Line Replacement	\$2,650,000	\$2,650,000	Y	Y	Y	n/a**	Y	Y
Elkhart	Lead Service Line Replacement	\$600,000	\$600,000	Y	Y	Y	n/a**	Y	Y
East Chicago	Lead Service Line Replacement	\$10,250,000	\$10,250,000	Y	Y	Y	n/a**	Y	Y
Rushville	Lead Service Line Replacement & Inventory	\$518,000	\$518,000	Y	Y	Y	n/a**	Y	Y
Logansport	Lead Service Line Replacement	\$24,255,700	\$18,224,700	Y	Y	Y	n/a**	Y	Y
Equivalency Project Cost Total: \$43,334,000									
<p>* These are the proposed equivalency projects. The actual equivalency projects will be outlined in the 2023 Drinking Water SRF Annual Report.</p> <p>** The project submitted engineering plans and specifications prior to May 14, 2022. A waiver, published by the EPA will apply to the project.</p>									

Exhibit D

DWSRF Loan Program Project Scoring and Ranking Worksheet

This Exhibit 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.

The DWSRF Loan Program utilized the same Project Scoring and Ranking Worksheet for the LSL Replacement projects and projects funded with the DWSRF Base and General Supplemental Funds.

INDIANA FINANCE AUTHORITY
Drinking Water State Revolving Fund Loan Program
Project Scoring and Ranking Worksheet¹
State Fiscal Year 2023 (July 1, 2022 to June 30, 2023)

Project Name:	
SRF Project No.:	PWSID No.:
Reviewer:	Date:

	Score	Maximum Allowed Score
Section 1: Acute Public Health / SDWA Compliance	0	55
Section 2: Chronic Public Health / SDWA Compliance	0	25
Section 3: Public Health / Water Works Regulations Compliance	0	14
Section 4: Affordability and Population	0	6
Total Project Score:	0	100

Bonus Points

1. Other Funds Available	0	3
2. Capacity Development / Sustainability / Disadvantaged Community	0	25
3. Regionalization	0	10
Total Bonus Points:	0	38

Deduction Points

Non-Regionalization	0	-10
Total Deduction Points:	0	-10

TOTAL POINTS EARNED:	0
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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.

¹ Scoring will be applied to multiple funding sources administered by the Authority

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

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.		
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	0
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	0
3. Persistent Total Coliform Rule (TCR) or Nitrate violations.	50 Points	0
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	0
5. Consolidation of a non-complying public water system (acute public health concerns).	50 Points	0
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	0
7. Project corrects a compliance issue associated with an Enforcement Targeting Tool (ETT) score of 11 or greater	50 Points	0
Total Points:	0	

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

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.		
Criteria to be corrected by project	Maximum Points	Points earned
1. Administrative Order or Agreed Order for chronic public health concerns.	20 Points	0
2. Persistent MCL violations of the National Primary Drinking Water Regulations (Microorganisms, Disinfectants, Disinfection Byproducts, Inorganic and Organic Chemicals, and Radionuclides).	20 Points	0
3. Consolidation of a non-complying public water system (chronic public health concerns).	20 Points	0
4. Condition determined to be a chronic public health concern (including lead or copper) by IDEM or ISDH.	20 Points	0
Total Points:	0	

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 Points	0
2. Resolve inadequate pressure in water works.	10 Points	0
3. Resolve conditions of inadequate water supply, including individual home wells and redundancy.	7 Points	0
4. Ensure that drinking water receives appropriate treatment to meet secondary standards.	7 Points	0
5. Ensure storage capacity in the water works is adequate.	7 Points	0
6. Reduce leakage and increase accountability.	5 Points	0
7. Ensure adequate flow in distribution system.	5 Points	0
8. Prevent conditions favoring the entrance of contaminants (including lead or copper, or non-regulated contaminants) into the distribution system.	5 Points	0
9. Install eligible security measures (alternate intake, fencing, lighting, cameras, motion detectors, secure chemical and fuel storage, security hatches, and access panels).	5 Points	0
Total Points:	0	

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	0
1.0 – 1.4 %	4 Points	0
Less than or equal to 0.9 %	1 Point	0
<p>2. Population served by the project. <i>Community and non-community water systems.</i></p>		
Less than or equal to 10,000	1 Point	0
Greater than or equal to 10,001	0 Points	0
Total Points:	0	

Section 5: Bonus (upper limit 28 points)

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.		
Criteria to be corrected by project	Maximum Points	Points earned
1. Other Funds Available		
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).		
Less than or equal to 10 %	0 points	0
11-50 % (Awarded: 2 points / Applying: 1 points)	1-2 points	0
Greater than or equal to 50% (Awarded: 3 points / Applying: 2 points)	2-3 points	0
2. Capacity Development / Sustainability / Disadvantaged Community		
1. Completes a self-assessment survey to assess the technical, managerial and financial capability of the utility.	1 point	0
2. Attends training for Utility Board Drinking Water Administrators	1 point	0
3. Consolidation of a SDWA compliant public water system or interconnection	1 point	0
4. Zero SDWA violations in last 12 months	1 point	0
5. Project includes Wellhead Protection Plan Implementation measures	1 point	0
6. Member of InWARN Network	1 point	0
7. Recognized with a Hoosier Water Guardian Award	1 point	0
8. >95% customers metered	1 point	0
9. Unaccounted for water <15%	1 point	0
10. Public Water System utilizes a Water Conservation Ordinance	1 point	0
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	0
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	0
Category 2: Water Efficiency	1 point	0
Category 3: Energy Efficiency	1 point	0
Category 4: Environmentally Innovative	1 point	0
Category 5: Climate Resiliency	2 points	0
13. SFY23 Bonus Points for submitting on or before April 1, 2022	5 points	0
14. Disadvantaged Community	3 points	0
3. Regionalization		
Regionalize with a nearby drinking water system	5 points	0
Remain regionalized with a nearby drinking water system	5 Points	0
Total Bonus Points:		0

Section 6: Deduction Points (Limit -10)

Instruction: Deduction points are assigned when a project involves disconnection from an active and available regional water system.		
Non-Regionalization	- 10 Points	0
Total Deduction Points:		0

Exhibit E

SFY 2023 – Set Aside Workplan for DWSRF LSL Replacement Program

In SFY 2023 (July 1, 2022 – June 30, 2023), Indiana's Drinking Water State Revolving Fund (DWSRF) Loan Program will use its DWSRF Set-Aside allotments to continue promoting the implementation of the Safe Drinking Water Act (SDWA).

ADMINISTRATIVE SET-ASIDE

The DWSRF Loan Program may cover the reasonable costs of administering the program, and to provide technical assistance to public water systems within the State to one of the following, whichever is greatest, plus any fees collected by the DWSRF Loan Program.

- \$400,000 per year;
- 1/5% of the current valuation of the fund; and
- An amount equal to four (4%) percent of all grant awards to the fund under this section for the fiscal year.

In SFY 2023, the State will take four percent, or \$1,733,360, of the Administrative Set-Aside for the administration of the DWSRF LSL Replacement Program, which may include funding DWSRF salaries, benefits, and miscellaneous expenses incurred with program management. These funds shall also be used to provide conduct outreach to residents and provide temporary pitcher filters or point-of-use devices certified by an American National Standards Institute accredited certifier to reduce lead during or for a short time period after LSL removal projects. The State will not bank any of the Administrative Set-Aside.

LOCAL ASSISTANCE / STATE PROGRAMS SET-ASIDE

In SFY 2023, the State will take ten percent or \$4,333,400 of the Local Assistance and State Programs Set-Aside to ensure safe drinking water for Indiana residents.

1. **Name of program:** Indiana Drinking Water Lead Service Line Inventory
 - a. **Amount:** Ten percent, or approximately \$4,333,400 of the 2022 Local Assistance Set-Aside
 - b. **Purpose:** To provide funds and professional services to assist Indiana communities locate and report lead service lines in their drinking water systems in small and Disadvantaged Communities.
 - c. **Agency Responsibilities:** The Authority will grant funds for inventory projects in small and Disadvantaged communities that identify service line materials through activities such as public outreach campaigns, inventory tools, site investigations, and predictive modeling.
 - d. **Deliverables:** The project will identify lead service lines in Indiana and assist communities in targeting funds to remove lead service lines from systems.
 - e. **Evaluation of Project:** Success will be measured by the number of communities that complete inventories.
 - f. **Schedule:** The Authority will engage with a third-party and solicit applications from water systems, in effect through August of 2024.

STATE PROGRAM MANAGEMENT SET-ASIDE

In SFY 2023, the State will take ten percent or \$4,333,400 of the State Programs Management Set-Aside to ensure safe drinking water for Indiana residents.

2. **Name of program:** Indiana Drinking Water Outreach and Technical Assistance for the completion of Lead Service Line Inventories.
 - a. **Amount:** Ten percent, or approximately \$4,333,400 of the 2022 State Program Management Set-Aside
 - b. **Purpose:** To provide funds and professional services to conduct outreach, education and technical assistance to communities to create a lead service line inventory for the State.
 - c. **Agency Responsibilities:** The Authority staff and third-party contractors will conduct outreach in small and Disadvantaged communities to assist in the complete of lead service line through activities such as public outreach campaigns, inventory tools, site investigations, and predictive modeling.
 - d. **Deliverables:** The project will identify lead service lines in Indiana and assist communities in targeting funds to remove lead service lines from systems.
 - e. **Evaluation of Project:** Success will be measured by the number of communities that complete inventories.
 - f. **Schedule:** The Authority will engage with a third-party and solicit applications from water systems, in effect through August of 2024.

Exhibit F

Unspecified DWSRF Set-Aside Funds for the LSL Replacement Program (Amount Banked)
(Set-Aside from the BIL DWSRF Lead Service Line Removal Capitalization Grant)

	<u>Administrative</u>	<u>Small System Technical Assistance</u>	<u>State Program Management</u>	Totals
FY 2022 BIL	\$0	\$866,680	\$0	\$866,680
Totals	\$0	\$866,680	\$0	\$866,680