



# Illinois EPA Lead Service Line Replacement

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# Illinois EPA SRF Loan Programs

- **Water Pollution Control Loan Program (WPCLP)**

2016-2020 - Average Annual Funding \$ 435,606,130

2016-2020 - Avg Annual Principal Forgiveness \$ 18,649,354

All principal forgiveness based upon “affordability criteria” – heavily weighted towards median household income and service population

- **Public Water Supply Loan Program (PWSLP)**

2016-2020 - Average Annual Funding \$ 255,586,777

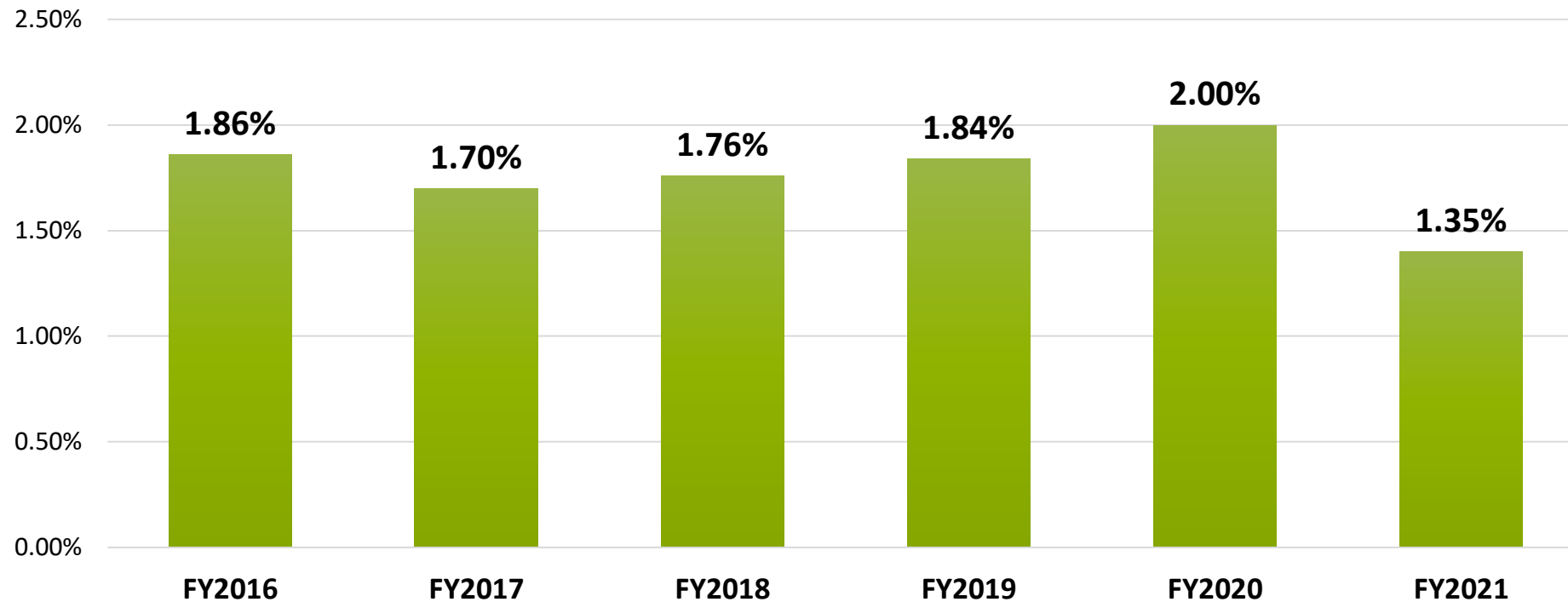
2016-2020 - Avg Annual Principal Forgiveness \$ 16,385,026

Majority of principal forgiveness to Disadvantaged Communities

Since 2017 - small amounts of principal forgiveness - lead service line replacement

# Illinois EPA SRF Loan Programs Interest Rates

“Base Rate” – 50% of previous 12 month average market rate  
(20 General Obligation Bond Buyer Index)



**Small Community Rate – 75% of Base Rate**

**Hardship Rate – Flat 1.0%**

# WPCLP & PWSLP Rule Changes July 1, 2017

## Assist Disadvantaged Communities

### Reduced interest rates/Max 30 year loan term

#### Small Community Rate - 75% of Base Rate

- Must have service population less than 25,000 and satisfy one of the three following criteria;
  - MHI less than state average
  - Unemployment rate greater than state average
  - Monthly User Charges greater than 1.0% of MHI

#### Hardship Rate – 1.0% Interest Rate

- Must have service population less than 10,000 and satisfy one of the three following criteria;
  - MHI less than 70% of state average
  - Unemployment rate 3.0% greater than state average
  - Monthly User Charges greater than 1.5% of MHI

# PWSLP Principal Forgiveness

## 2 “Pots” of Principal Forgiveness Monies

### Total of \$20.35M FY2021

- As a condition of receiving the federal capitalization grant, states must provide **14%** (**Illinois - \$5,815,880 – FY2021**) of the available capitalization grant funds as principal forgiveness. Use of the funds and eligibility is determined by the state.
- The Safe Drinking Water Act requires a minimum of 6% and a **maximum of 35%** (**Illinois - \$14,539,700 – FY2021**) of the available capitalization grant funds be provided as principal forgiveness for loan recipients who meet the definition (defined by each state) of a “**disadvantaged community**”.

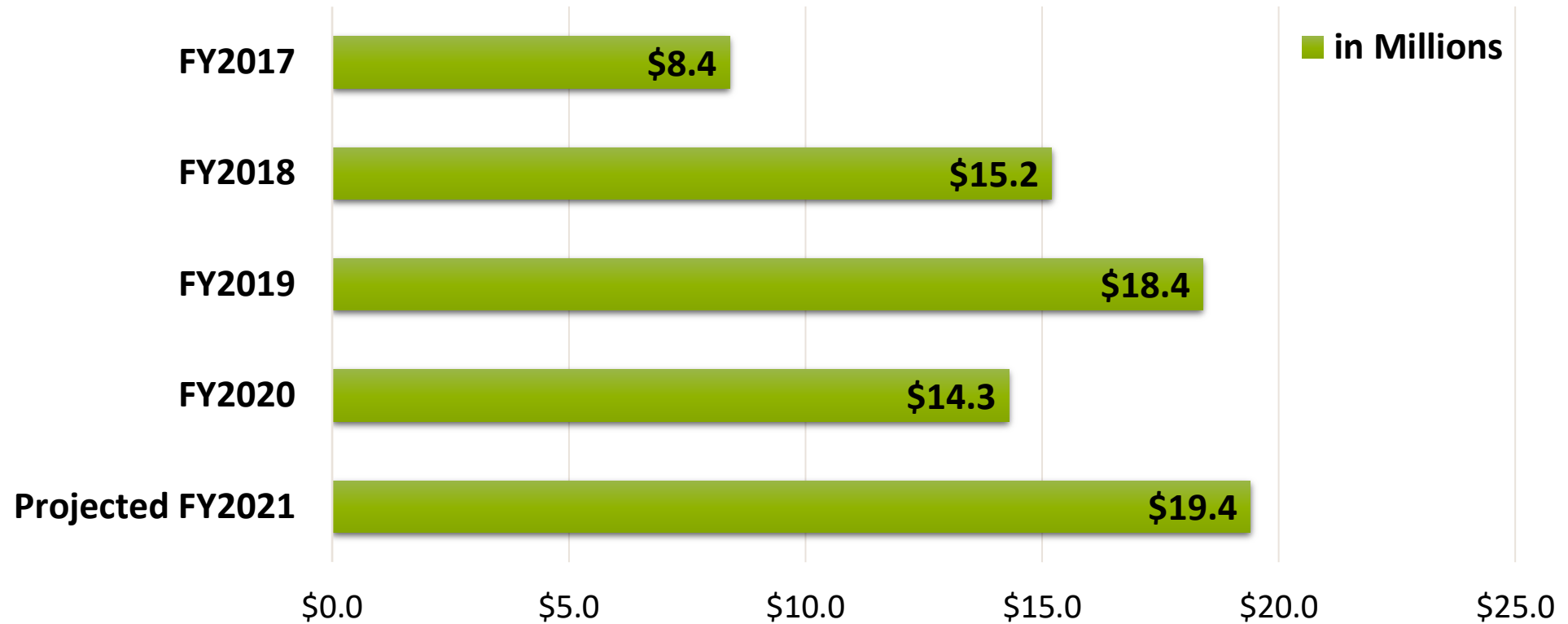
# PWSLP New Principal Forgiveness Initiative

## Small System Compliance Assistance

- In FY2021 IEPA will make \$1M of Principal Forgiveness available for **community water supplies with an acute, health-based maximum contaminant level violation.**
- Eligible applicants must meet the following requirements:
  - IEPA has initiated an enforcement action
  - Median Household Income below state average
  - Serve fewer than 1,500 customers

# PWSLP Disadvantaged Community Principal Forgiveness

Applicant qualifies for the Small Community or Hardship Rate (Slide 4)



# Illinois Lead Service Line Background

- 1,794 Community Water Supplies in Illinois
- Illinois Population – 12.66 Million
- Number of lead service lines????
- Initial estimates from 500,000 to 1,000,000????
- State Law Passed January 2017 (modifies Section 17.11 of the Illinois Environmental Protection Act) requiring service line inventory information be submitted by all community water systems annually.



# Illinois – Service Line Material Inventory

State Law Passed January 2017 (PA 99-0922 section 17.11)

*Each community water system in the State shall develop a water distribution system material inventory that shall be submitted in written or electronic form to the Agency on an annual basis commencing on April 15, 2018 and continuing on each April 15 thereafter until the water distribution system material inventory is completed. In addition to meeting the requirements for water distribution system material inventories that are mandated by the United States Environmental Protection Agency, each water distribution system material inventory shall identify:*

- 1. the total number of service lines within or connected to the distribution system, including privately owned service lines;*
- 2. the number of all known lead service lines within or connected to the distribution system, including privately owned lead service lines; and*
- 3. the number of the lead service lines that were added to the inventory after the previous year's submission.*

*Nothing in this subsection shall be construed to require that service lines be unearthed.*

# Illinois Service Line Material Inventory

- Illinois Summary Data - 2019 Reporting Year
- 1,739 of 1,794 CWS's have reported inventory information
  - 677,359 Lead
  - 776,936 Unknown
  - 379,786 Copper w/ lead solder
  - 59,497 Galvanized
  - 329,656 Unknown but not lead
  - 1,310,041 Copper w/out lead solder
  - 34,543 Cast/Ductile Iron or Transite
  - 258,247 Plastic

# Illinois Service Line Material Inventory

- City of Chicago - 2019 Reporting Year
- 519,584 Retail Connections
  - 389,893 Lead
  - 119,468 Unknown
  - 0 Copper w/ lead solder
  - 19 Galvanized
  - 3,469 Unknown but not lead
  - 3,701 Copper w/out lead solder
  - 4,601 Cast/Ductile Iron or Transite
  - 1 Plastic

# Illinois Service Line Material Inventory Info

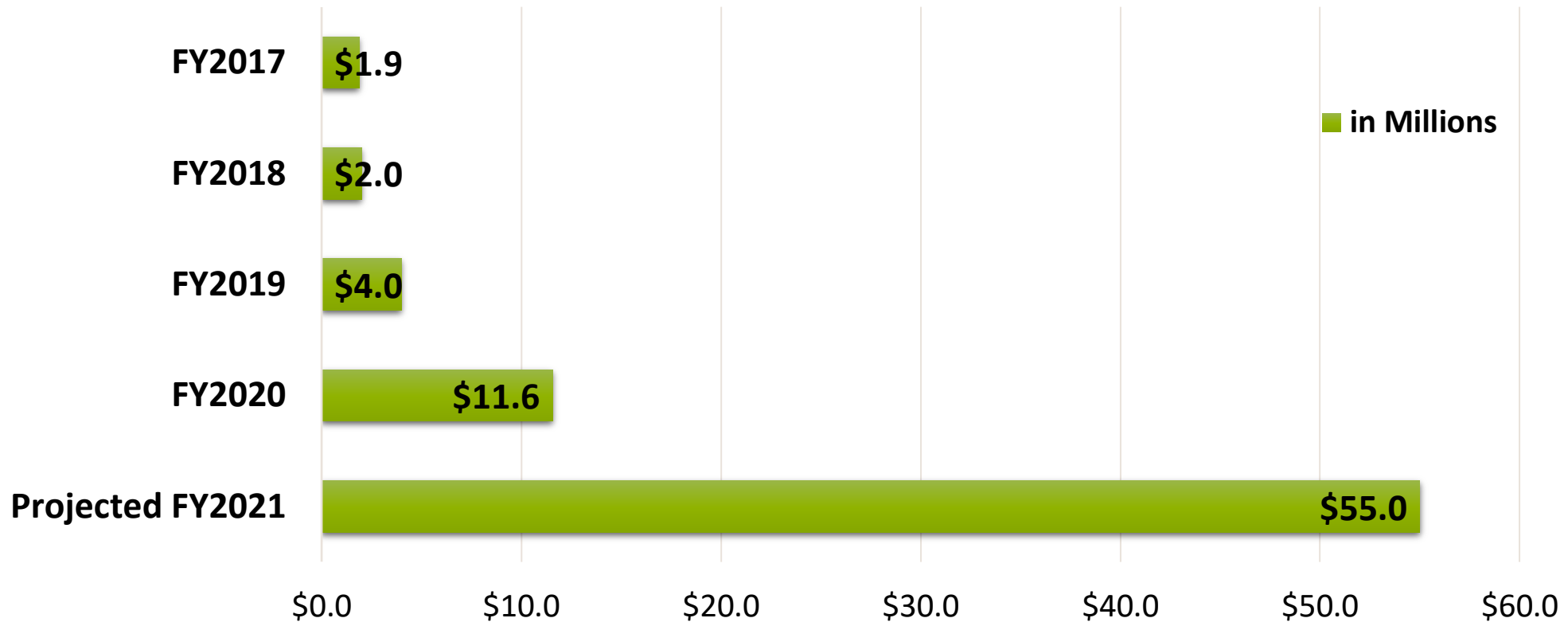
- <https://www2.illinois.gov/epa/topics/drinking-water/public-water-users/Pages/lead-service-line-information.aspx>
- Search or Sort inventory by Facility Name, County, Reporting Year, etc.

# PWSLP Lead Service Line Replacement (LSRL) WIFTA Principal Forgiveness

- Illinois EPA is taking advantage of the Water Infrastructure Fund Transfer Act (WIFTA) – Transferring \$107,892,848 from the wastewater to drinking water SRF loan program solely dedicated to LSLR principal forgiveness.
  - FY2021 – Maximum of \$4M per recipient
- \$9,782,711 of WIFTA transfer funds committed thus far. Balance of WIFTA funds anticipated to be committed to Illinois communities in FY2021 and FY2022.

# PWSLP Lead Service Line Replacement Principal Forgiveness

- First LSLR Funding Commitment 2017
- WIFTA Transfer initiated in FY2020
- Already more applications than available WIFTA Funding



# Lead Service Line Replacement Principal Forgiveness

- Through October 30, 2020, IEPA has provided \$25,979,897 in lead service line replacement principal forgiveness.

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FY2017 – discretionary principal forgiveness	\$1,892,068
FY2018– discretionary principal forgiveness	\$2,000,000
FY2019– discretionary principal forgiveness	\$4,000,000
FY2020 – discretionary principal forgiveness	\$8,265,117
FY2020 – WIFTA principal forgiveness	\$3,312,759
FY2021 – WIFTA principal forgiveness as of October 30, 2020	\$6,469,952

FY2021 – FY2023 – Balance of WIFTA principal forgiveness will be provided as the requirements of the loan program are satisfied and applicants are ready to proceed towards bidding their project.

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# Lead Service Line Replacement What Does It Cost?

- “Urban” vs. “Rural” costs vary greatly  
(Design, Construction & Construction Oversight)

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Galesburg (RURAL - avg cost per home - 1,385 homes)	\$4,275
Assumption (RURAL - avg cost per home – 60 homes)	\$7,318
Merrionette Park (URBAN – avg cost per home – 125 homes)	\$8,968
Montgomery (URBAN – avg cost per home – 105 homes)	\$13,324
Rockford & Springfield (population over 100,000) Doing all planning and design engineering in house AND replacing “public” portion of service line with city workers – bidding/contracting out private portion.	\$5,500

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# Questions?

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