



## **Mayors Commission on Water Equity**

*Field Hearing on Promoting Water Equity in Great Lakes Cities and Safeguarding the Transformative Potential of the Infrastructure Law*

Policy Recommendations

One Water Summit

September 15, 2022

### **Recommendations for EPA:**

#### *Lead Service Line Replacement*

- Improve the equitable distribution of Drinking Water State Revolving Fund (DWSRF) state capitalization grants for lead service line replacement (LSLR) by completing a new state needs assessment with LSL estimates and incorporating this data into the relevant state allocation formula.
- Strictly enforce the requirement in the Infrastructure Investment and Jobs Act (IIJA) that states replace the entire LSL, including any portion on the private side. In addition, EPA should:
  - Ensure that SRF Administrators, public water systems, and other stakeholders understand that SRF funds – including supplemental funding via the IIJA – may be used to finance the private as well as the public side of the LSL.
  - Recommend that states and localities design funding so that LSL replacement is completed at no cost to property owners, consistent with congressional intent to expeditiously eliminate LSLs and the lifelong health risks associated with lead exposure.
- Encourage states to set aside up to 26 percent of their LSLR capitalization grant for administration, program management, and technical assistance.
- Promote to states the full utilization of LSLR set asides for developing and maintaining LSL inventories (as required under the Revised Lead and Copper Rule), designing and planning LSLR projects, and completing related pre-construction tasks in order to meet communities at their stage of LSLR and reduce project costs. This will also require clarifying eligible categories of pre-construction tasks and eligible methods of technical-assistance delivery.
- Ensure water systems move forward expeditiously to replace known LSLs while simultaneously using set aside funds to update and complete inventories.

### *General State Revolving Funds*

- Advise states to incorporate poverty prevalence and severity, environmental risk and burden, social determinants of health, and social vulnerability factors into disadvantaged communities (DACs) and affordability scoring matrices, especially for LSLR and green stormwater infrastructure (GSI) projects.
- Provide guidance to states on contract and procurement mechanisms for multi-system applications for DWSRF funding to create efficiencies of scale, prioritize local workforce development, and expedite LSLR in disadvantaged and overburdened communities.
- Invite states to set aside up to 31 percent of their base annual and supplemental DWSRF state capitalization grants for administration and technical assistance, and provide advice on how states may use a portion of set aside funds to help water systems address affordability concerns by adopting more affordable rate structures and/or establishing assistance programs for low-income customers.
- Urge states to use their Clean Water State Revolving Funds (CWSRFs) for GSI, particularly where GSI would provide substantial co-benefits for overburdened communities, including reductions in heat island effects, improved green space and related health benefits, and reduction of local flooding risks.
- Provide robust scrutiny of and feedback on states' Intended Use Plans for CWSRFs and DWSRFs, with special emphasis on:
  - Aligning state policies with federal guidance on equity and resilience to fulfill Congress' clear intent that the IIJA's historic investments benefit DACs.
  - Reassessing state definitions of DACs that limit principal forgiveness to small communities, thereby systematically excluding the award of principal forgiveness for projects benefiting underserved communities within large water systems.
  - Fully utilizing set asides from the LSLR funding to help lead-burdened communities implement pre-construction tasks, including inventories, alongside expeditious replacement efforts.

### **Recommendations for SRF Administrators:**

#### *Lead Service Line Replacement*

- Provide SRF awards that enable the replacement of the entire LSL – including any portion on the private side – at no cost to property owners when using supplemental funding via the IIJA, consistent with congressional intent to expeditiously eliminate LSLs and the lifelong health risks associated with lead exposure.

- Set aside up to 26 percent annually of the DWSRF capitalization grant for LSLR for administration, program management, and technical assistance, as well as promote the full utilization of these set asides for developing and maintaining LSL inventories and other pre-construction tasks.
- Ensure water systems are focused on completing LSL inventories while simultaneously replacing existing and known LSLs, in order to maximize existing funding opportunities and to reduce the threat of lead in drinking water as quickly as possible.
- Encourage water systems to prioritize vulnerable, at-risk, and lead-burdened populations, neighborhoods, and communities in their LSLR efforts.

#### *General State Revolving Funds*

- Revise state-level definitions of DACs to include communities of various population sizes and flexible spatial boundaries (e.g., census tracts) in order to broaden access to principal forgiveness and technical assistance for underserved neighborhoods that are nested within larger water systems or more affluent communities.
- Incorporate poverty prevalence and severity, environmental risk and burden, social determinants of health, and social vulnerability factors into DAC and affordability scoring matrices, especially for LSLR and GSI projects.
- Reserve a portion of CWSRF funds for GSI – over and above the federally mandated Green Project Reserve – and provide guidance on and incentives for GSI projects, such as extra additional subsidies for GSI projects in underserved, vulnerable communities.
- Recognize that, in many cases, state laws and regulations governing project ranking and eligibility for interest rate discounts do not apply to principal forgiveness and should not dictate its allocation. Instead, SRF Administrators should use their discretion to equitably and strategically target principal forgiveness unless explicitly constrained by state laws or regulations.
- Set aside up to 31 percent annually of the base and supplemental DWSRF capitalization grant and dedicate a portion of these funds to help water systems address affordability concerns by adopting more affordable rate structures and/or establishing assistance programs for low-income customers.
- Enhance transparency, accountability, and public engagement by producing annual reports that document the percentage of DWSRF assistance distributed to DACs based on the state’s current definition and assess progress towards benchmarks – including environmental justice – and status of LSLR efforts and costs.

### **About the Cities Initiative**

The Great Lakes and St. Lawrence Cities Initiative was founded in 2003 as a binational organization led by a coalition of U.S. and Canadian mayors working collaboratively to restore and protect the Great Lakes and St. Lawrence River Basin for the benefit of our communities and future generations. With more than 175-member municipalities, the Cities Initiative is the largest municipally-driven organization in the basin.

### **About the Mayors Commission on Water Equity**

The Commission formed in 2020 to advise the Great Lakes and St. Lawrence Cities Initiative on water-equity issues and promote access to safe, clean, and affordable water for all residents of the basin. The Commission's policy priorities include lead service line removal, water affordability, urban flooding, and water workforce development.