

## **Bipartisan Infrastructure Law Drinking Water SRF Intended Use Plan Oversight Guidance**

EPA regions are responsible for awarding the annual SRF capitalization grants and Bipartisan Infrastructure Law (BIL) (also known as the Infrastructure Investment and Jobs Act, or IIJA) SRF capitalization grants. Part of this responsibility includes review of the state Intended Use Plans (IUPs) to ensure compliance with all statutory and regulatory requirements. The BIL includes several key priorities which EPA is committed to collaborating with states to advance. This BIL Drinking Water SRF IUP Oversight Guidance establishes a common approach to assess if IUPs comply with all requirements. Recognizing the flexibility in state decisions inherent in the SRF programs, the guidance also provides a common approach for providing EPA's recommendations to best meet the goals of Congress under the Bipartisan Infrastructure Law as well as Administration priorities. The guidance draws from the [Implementation Memorandum for the Clean Water and Drinking Water State Revolving Fund Provisions of the Bipartisan Infrastructure Law](#).

It is important for EPA to engage with the states early in the IUP development process. Regions should use the IUP Initial Discussion Guide (below) to engage states on EPA's expectations for implementing the BIL funding programs and their plan for meeting those expectations. The questions in this discussion guide are intended to assist the region in engaging the state in a meaningful discussion surrounding the elements that should be reflected in their IUP. The IUP Initial Discussion Guide includes questions that provide an understanding of best practices and EPA recommendations. The guide also includes questions regarding statutory requirements that include the reference to the applicable provision. These discussions are part of ongoing conversations with the state programs. The Region must complete one discussion guide per each state per year and may update it based upon follow-up conversations, if necessary.

Some things to keep in mind:

- The discussion guide is organized by topic for easy reference and does not represent a suggested order for conducting the IUP review or conversations with the states.
- Green questions indicate high priority questions; if the answer is no for these questions in year one, the IUP may need to be elevated for discussion with HQ.
- The region should feel free to diverge from this discussion guide to ask follow-up questions and delve into more detail on issues pertinent to the state. The comments section should be used to provide notes on the conversation.

- Some questions in the discussion guide are open-ended and require the region to enter a detailed response. The Regional review team may find it useful to summarize the state’s response in 1-2 sentences for the purposes of completing the checklist and maintain a more thorough collection of notes for their own use.
- An effective approach may be for one person on the review team to lead the discussion with the state, while a second person takes notes on the state’s response.
- Following the interviews, the region can condense and summarize the notes to complete the checklist. The completed IUP Initial Discussion Guide should be shared with OW for review prior to the IUP public review period. HQ will not provide “approval” but may provide feedback on a case-by-case basis.

States have the flexibility to combine IUPs for the BIL and base funding or submit separate IUPs for BIL and base funding. The questions in this discussion guide are specific to BIL and the conversations should help to shape the development of the BIL IUPs or BIL portions of IUPs. However, many of the questions are related to broader priorities applicable to both BIL and the base SRF programs. To the extent practicable, the region should discuss with the state how they are integrating these priorities into their base SRF program.

Once the IUP is received by the region, the IUP Checklist (attached) should be used to ensure that all required elements are addressed. Questions in the IUP checklist compliment and follow up on those used in the initial discussion guide and serve as another touch point to ensure consistent messaging. The IUP checklist should be shared with OW for review as soon as it is completed and prior to grant award. HQ will not provide “approval” but may provide feedback on a case-by-case basis.

**IUP Initial Discussion Guide**

State:

Date(s) of IUP Pre-Review Discussion:

Fiscal Year:

Participants:

<b>I. Increase Investment in Disadvantaged Communities</b>			
<b>Item</b>	<b>Citation</b>	<b>Y, N, or N/A</b>	<b>Comments</b>
1. Does the state have a plan to provide 49% of funds through the DWSRF General Supplemental Funding as grants and/or forgivable loans to disadvantaged communities?	BIL Law; STAG Section		

2. Has the state evaluated and revised the DWSRF disadvantaged community definition since the previous IUP? If so, what has changed?	Best Practice		
3. Is the disadvantaged community definition consistent with the SDWA ( <i>"the service area of a public water system that meets affordability criteria established after public review and comment by the state in which the public water system is located"</i> )?	SDWA 1452(d)(3)		
4. Does the definition capture both urban and rural disadvantaged communities?	Best Practice		
5. Does the state's SRF priority point system ensure disadvantaged communities are receiving funding given the weight associated with points for project ranking criteria?	Best Practice		
6. Does the state plan to use the full DWSRF 2% small system TA set-aside to proactively identify, reach out to, and assist small drinking water systems, particularly in disadvantaged communities?	Best Practice		
7. Has the state reached beyond traditional stakeholder organizations to engage neighborhood and other organizations connected to the community to help identify needs, comment on IUPs, and communicate priorities?	Best Practice		
8. Does the state plan to take their full BIL General supplemental allotment?	Best Practice		

II. Make Rapid Progress on Lead Service Line Replacement			
Item	Citation	Y, N, or N/A	Comments

9. Does the state have a plan to provide 49% of funds through the DWSRF LSL Funding as grants and/or forgivable loans to disadvantaged communities?	BIL Law; STAG Section		
10. Is the state using set asides or other funding to help local water systems develop LSL inventories and undertake replacement planning?	Best Practice		
11. Do the projects on the IUP fully replace both public and private LSLs?	SDWA 1452(a)(2)(B)		
12. Do the projects on the IUP fully pay for both public and private LSLs?	Best Practice		
13. Does the state plan to take their full Emerging Contaminant allotment?	Best Practice		

**III. Address PFAS and Emerging Contaminants**

Item	Citation	Y, N, or N/A	Comments
14. Does the state have a plan to provide 25% of funds through the DWSRF Emerging Contaminants Funding as grants and/or forgivable loans to disadvantaged communities or public water systems serving fewer than 25,000 people?	SDWA 1452(a)(2)(G)(ii)(I)		
15. Are projects that address PFAS prioritized above projects addressing other contaminants?	BIL Law; STAG Section		
16. Does the state plan to take their full allotment?	Best Practice		

**IV. Support Resilience and One Water Innovation**

Item	Citation	Y, N, or N/A	Comments
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17. Is the state prioritizing projects that foster resilience to all threats and hazards, consistent with <a href="#">Presidential Policy Directive (PPD) 21</a> ?	Best Practice		
18. Does the state support water, infrastructure projects that apply the best available and most geographically relevant climate information, projections, and standards, such as the Federal Flood Risk Management Standard?	Best Practice		
19. Does the state incorporate climate resilience criteria into their prioritization of SRF funding under the BIL?	Best Practice		
20. How does the state SRF program support local water agencies' efforts to reduce nitrous oxide and methane emissions, incorporate renewable energy generation, and complete other projects that reduce the greenhouse gas footprint of the water industry (e.g., priority points, financial incentives, etc.)?	Best Practice		

<b>V. Support American Workers and Renew the Water Workforce</b>			
<b>Item</b>	<b>Citation</b>	<b>Y, N, or N/A</b>	<b>Comments</b>
21. Does the state encourage or participate in pre-apprenticeship, registered apprenticeship, and youth training programs to support the water workforce?	Best Practice		
22. Does the state inform and encourage SRF funding recipients to support safe, equitable, and fair labor practices?	Best Practice		

23. Is the state interested in learning more about these practices?	Best Practice		
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<b>VIII. Refine State SRFs to Build the Pipeline of Projects</b>			
<b>Item</b>	<b>Citation</b>	<b>Y, N, or N/A</b>	<b>Comments</b>
24. Has the state taken actions to reduce the burden of applying to the SRFs? (Examples: moving to a digital application process or coordinating applications and requirements across funding programs)	Best Practice		
25. Has the state maximized flexibility for project application timeline, such as eliminating application deadlines or operating a year-round application cycle with quarterly project ranking?	Best Practice		
26. Does the state offer pre-development and pre-construction funding to seed project development for small and disadvantaged communities?	Best Practice		
27. Does the state encourage regionalization, partnerships, and/or nonphysical consolidation through the application process? This could be through ranking criteria, financial incentives, loan condition, application requirements, or another mechanism.	Best Practice		
28. Has the state worked to increase internal and external outreach and communications about the SRF programs and the BIL funding? If so, how?	Best Practice		

