



EPA Issues Guidance Addressing Implementation of \$43 Billion Water Infrastructure Funds

On March 8, 2022, the [U.S. EPA issued a memorandum](#) to guide equitable funding decisions to support the agency's purpose in providing flexibility to local water treatment providers and increasing investments in disadvantaged communities. Water treatment providers, municipalities, and other entities seeking to obtain and procure infrastructure funding will want to carefully review and consider EPA's guidance.

EPA's Memo

[EPA's memo](#) describes how the bulk of the investment package will be administered through state revolving funds (SRF) and it provides implementation guidance for all five components of SRF funding: CWSRF General Supplemental Funding, CWSRF Emerging Contaminants Funding, DWSRF General Supplemental Funding, DWSRF Emerging Contaminants Funding, and DWSRF Lead Service Line Replacement Funding. The memo further addresses Bipartisan Infrastructure Law (BIL) amendments to both the CWSRF and DWSRF base programs.

The funding is to be allocated over the next five years. The Clean Water State Revolving Fund General Supplemental (CWSRF) and the Drinking Water State Revolving Fund Supplemental (DWSRF) have been appropriated \$11.7 billion to improve wastewater, stormwater, and drinking water; \$1 billion is appropriated to the CWSRF Emerging Contaminants to reduce the impact of PFAS; and \$15 billion for DWSRF Lead Service Line Replacement.

Flexibility is key

SRF's funding can be combined with additional funding sources, i.e ARPA, REAP, CBDG, planning grants, community water assistance grants, etc.; with *dedicated* funding for lead and emerging contaminants. Fund administrators are authorized to develop single assistance agreements containing multiple construction components utilizing multiple funding sources. Additional subsidies will be awarded for projects within disadvantaged communities. States may also steer funds towards projects seeking to address emerging contaminants, with a focus on PFAS.

Greater weight will be given to disadvantaged communities as states re-evaluate the priority points system for project ranking. States will be required to look at whether the current point system in place acts as a barrier to funding eligibility. To further EPA's goals of reaching disadvantaged communities, EPA is looking to bring nontraditional stakeholders to the table by engaging with community organizations.

Of the \$43 billion, \$15 billion is dedicated to Lead Service Line (LSL) identification and replacement with a no match requirement. EPA seeks to combine supplemental and base funding for LSL assistance without requiring a complete LSL inventory, however, LSL funding is contingent upon full LSL replacement. Much of the controversy surrounding LSL replacement lies with the fact that a PWS can replace all of its lead service lines but still have lead in residential plumbing. The implication is that EPA seeks to provide assistance for addressing private lead service lines.

PFAS and Emerging Contaminants

The BIL provides \$5 billion to reduce PFAS exposure through drinking water, wastewater, and nonpoint sources. This is another example where no state match will be required. This could result in opportunities for manufacturing to partner with states to eliminate PFAS or other emerging contaminants associated with manufacturing operations.

Emphasis on risk mitigation

Addressing resilience to natural and man-made hazards, including cyber-security, will be eligible for funding through the SRF programs.

Manufacturing and workforce

EPA emphasizes that the BIL will support American workers and manufacturing through the Build America Buy America Act (BABA) also passed in 2021. EPA estimates that more than one-third of the water sector workers will retire in the next five years. The BIL seeks to renew employment opportunities in the water sector and enforce Davis-Bacon wage requirements. Additionally, BABA is intended to create sustained opportunities for manufacturers and manufacturing jobs to maintain domestic supply chains. Compliance with BABA requirements is forthcoming. Through this effort, EPA seeks to collaborate with industry to reduce supply-chain issues and encourage domestic manufacturing of materials used in drinking water, wastewater, and stormwater infrastructure.

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