



## Unlocking Funding to Support Private-Side LSL Replacement

### Case Example from Wisconsin Department of Natural Resources

The state of Wisconsin has taken several steps to unlock financial support for LSL replacement on private property.

In 2016, Wisconsin Department of Natural Resources' (DNR) established its Private LSL Replacement Funding Program. The two-year program provided \$27 million in principal forgiveness loans to assist disadvantaged municipalities in replacing lead service lines on private property. Awards went to 42 Wisconsin municipalities in 2017 and 2018, and each implemented a unique program. These programs provided various levels of financial assistance to property owners for private-side replacement, though in many communities property owners were still left covering a significant portion.

To help close this gap, in 2018, Wisconsin passed legislation allowing ratepayer funds to be used to assist homeowners with up to half the cost of LSL replacement on their property, a funding source the state previously prohibited. This was an important policy step toward enabling full LSL replacement in Wisconsin communities. Ratepayer funds coupled with DNR's principal forgiveness loans gave communities two ways to support property owners with private-side replacement, and flexibility to allocate assistance based on need and other factors (which could not be done with ratepayer funds alone).

In 2020, Wisconsin DNR took advantage of the 2019 Water Infrastructure Funding Transfer Act, which allowed transfer of up to 5% of the state's cumulative Clean Water State Revolving Fund (CWSRF) federal grant dollars to the Drinking Water State Revolving Fund (DWSRF). Wisconsin was able to move \$61 million to its DWSRF and establish a new Private LSL Replacement Funding Program. The new program will be similar to the 2016 program with some learnings adopted, such as shortening award term lengths to incentivize quicker replacement.

### Q&A with Rebecca Scott, SRF Federal Liaison & Policy Analyst, Wisconsin DNR

**Wisconsin is a leader in terms of accelerating replacement across diverse kinds of communities – large/small, urban/rural. What have you learned about supporting smaller communities, in particular, in successfully approaching replacement?**

In general, small communities need more tailored assistance. They often have fewer staff and resources, and less money to spend on engineering help. I've learned that flexibility is key. Where ever we can leave things to the community to decide, we do. For instance, with our Private LSL Replacement Funding Program, communities had different options for hiring contractors, either through a municipal bid process or by developing a prequalified list of contractors homeowners could contact directly. We found most chose the prequalified route, but the flexibility there was important.

### **What would name as one of the biggest enabling factors of LSL replacement programs in Wisconsin?**

Being able to give money in the form of principal forgiveness loans was a huge factor, especially when the state had a prohibition on using ratepayer funds for private replacement. Using this mechanism meant no debt was involved, which was a driving force for setting up the program.

### **What's an example of a challenge you didn't expect, and how are you addressing it?**

Even when 100% of the cost is covered, some homeowners don't want to replace their private lines. For example, people who have been on their property and drinking the water for 30 years might just not see the need. But if the city has a goal of replacing all LSLs that can create a tension between the community and the individual. This is where public education is key, and trying different messages. Some people may be compelled by the public health issue. For others it may be the environmental benefit of reducing corrosion control chemicals. And for other the property value/resale angle works.

### **Is there anything else you've learned about LSL replacement that you want your peers or counterparts in other communities to know?**

One thing I try to communicate to my peers and to EPA is that private replacement are not like other infrastructure projects. EPA, in particular, can have the expectation that once money is awarded it will be spent quickly, because that's how it works for public jobs. Private side replacement isn't like that; logistically there is a lot more to consider. Progress can be slowed by historical societies, archeological sites, and so on. A bunch of pieces that have to come together. We had some success communicating this to EPA to extend funding periods.