

# Guide for Lead Service Line Replacement Projects



## SC Department of Health and Environmental Control

This guide outlines the process for implementing lead service line replacement (LSLR) projects that are funded by the SC Drinking Water (DW) State Revolving Fund (SRF) program. Lead service line projects are drinking water projects where the DWSRF is funding activities *directly connected* to the planning, design, and replacement of lead service lines. Projects must be DWSRF eligible and be a LSLR project or associated activity. Any project funded under the Bipartisan Infrastructure Law (BIL) DWSRF Lead Service Line Replacement capitalization grant involving the replacement of a lead service line must replace the entire lead service line, not just a portion, unless a portion has already been replaced. The project sponsor and their engineer should work closely with the Department of Health and Environmental Control (DHEC) SRF project manager assigned to the project to initiate, design, and implement the project. Eligible projects and activities under this capitalization grants include:

- Complete removal of lead service lines (public and privately owned portion) or service lines made of galvanized iron or galvanized steel (that are currently or have previously been downstream of lead components) and replacement with a pipe that meets the requirements established under 40 CFR 143 and which complies with state and local plumbing codes and or building codes.
- Removal of lead or galvanized goosenecks, pigtails, and connectors, and replacement with an acceptable material that meets the requirements established under 40 CFR 143 and which complies with state and local plumbing codes and or building codes.
- Replacement of curb stops, curb stop boxes, and other service line appurtenances that are removed as part of full LSLR.
- Site restoration, including landscaping, sidewalks, driveways, etc. if the removal was necessary to replace the lead service line.
- Permit fees if the fees are normal, required, and specific to the LSLR.
- Temporary pitcher filters or point-of-use (POU) devices certified by an American National Standards Institute accredited certifier to reduce lead during or for a short time period after LSLR projects.
- Planning and design for infrastructure projects listed above.
- Non-routine lead sampling (if not for compliance purposes) as part of a LSLR project.

All lead service line replacement projects will have federal equivalency requirements, including the Build America, Buy America provisions. For more information on equivalency requirements, see the *Guide to Federal Requirements—Equivalency*<sup>#</sup>.

### 1) Project Initiation

The project sponsor or engineer will submit a *DWSRF Project Questionnaire* (DHEC 3463)<sup>\*</sup> to DHEC. Projects will be identified for funding by the LSLR Intended Use Plan. DHEC SRF staff will notify the LSLR project sponsor that their project has been identified for DWSRF funding and identify the DHEC SRF project manager for the project. The DHEC SRF project manager will contact the project sponsor

and/or the sponsor's engineer to request a detailed scope of work, a detailed cost estimate and a project schedule.

## 2) Preliminary Engineering Report (PER)

The first step the project sponsor must take in securing a loan from the DWSRF is to submit a PER to DHEC. The PER will be reviewed by an SRF project manager, who will work closely with the engineer preparing the PER, to ensure that the PER contains the relevant information. Information on preparing a PER can be found in the *Guide to PERs for DWSRF*<sup>#</sup>. In addition to the information in the Guide, the LSLR PER must include:

- a) lead service line inventory data for the proposed replacement areas.
- b) a demographic study showing at least 67% of the work (by construction costs) occurs in disadvantaged areas. (Disadvantaged criteria must include a Medium Household Income (MHI) of less than the state average but may consider others factors as well. Disadvantaged criteria is not limited to small systems).

## 3) Loan Application and Completion

All projects will receive at least 49% in principal forgiveness and the remaining amount must be funded by an SRF loan. A loan application is required to be submitted to the Rural Infrastructure Authority (RIA) and RIA staff will issue conditional loan decisions and prepare the loan agreement. RIA will also contact the sponsor or its bond attorney about the bond ordinance or resolution that needs to be approved by the sponsor's governing body (e.g., town council, utility board, etc.). The standard loan rate will apply and the loan term cannot exceed 20 years.

## 4) Construction

The project sponsor must have a lead service line inventory in place for the proposed LSLR areas. The lead service line must be replaced up to the building inlet (this will include some work on the private side). **If the replacement is not completed up to the building inlet, that replacement work is not an eligible expense.** If needed, sponsors are encouraged to enter into agreements with customers to complete the private side work. Replacement of galvanized pipe downstream of lead fittings is an eligible expense; however, replacement of mains, lead or otherwise, is not an eligible expense. Sponsors are encouraged to begin construction in disadvantaged areas so that the cumulative work done in disadvantaged areas does not drop below 67% at any given time. The construction must be consistent with the scope of work described in the Project Questionnaire and be conducted in consultation with the DHEC SRF project manager. For more information on bidding and award of construction contracts, see the *Guide to Bidding and Award of Construction Contracts—Equivalency*<sup>#</sup>.

## 5) Disbursements

The State Revolving Fund disbursements are reimbursements for costs incurred by the sponsor. Draw requests with supporting documentation are submitted to DHEC for review and approval. Reimbursements for approved draw requests are issued by RIA.

Before the first draw request will be processed, the sponsor must designate and authorize the individuals that will be responsible for administration of the LA and processing draw requests (reimbursement). The names of the designated individuals must be provided in writing on the *Official Designation and Signature Form* (DHEC 3586)\*. Execute two original forms and supply one to DHEC and the other to RIA.

- Designate a “Sponsor Representative” to attend to disbursements, payments and other matters pertaining to administration of the LA. This individual must be an official or employee of the project sponsor.
- Identify and provide signatures of the two persons authorized to sign draw requests. These two individuals should be the designated Sponsor Representative and the project engineer.

Draw requests must be submitted on the *Draw Request Form—Loan* (DHEC 3585)\*. Each disbursement will be processed according to the loan/PF ratio in the LA.

Draw requests shall include no less than one month of incurred costs and shall not be submitted more often than once per month.

The final draw request must be submitted with the Engineer’s Certification of Completion, Sponsor’s Acceptance of Project, as-built/record drawings, and the final report of *MBE/WBE Utilization Under Federal Grants and Cooperative Agreements* (EPA 5700-52A)\* to DHEC. The sponsor must also include a letter confirming that at least 67% of the actual work performed (by construction costs) was in disadvantaged areas.

For more information on disbursements, see the *Disbursement Package for Loan Projects*#.

General information on lead service line replacements can be found at <https://www.epa.gov/ground-water-and-drinking-water/lead-service-line-replacement>. For more information, contact the SRF project manager (if the project has been assigned) or the SRF section (SRF-Info@dhec.sc.gov; 803-898-4300).

\* **DHEC forms referenced in this document can be found at: <https://scdhec.gov/srfforms>.**

# **DHEC guidance documents referenced in the document can be found at: <https://scdhec.gov/srfguidance>.**

