



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

OCT - 7 2019

OFFICE OF
WATER

MEMORANDUM

SUBJECT: One Year Inter-SRF Transfer Authority to Address Lead in Drinking Water

FROM: Jennifer L. McLain, Director
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TO: Water Division Directors
Regions I-X

On October 4, 2019, the President signed the Water Infrastructure Funding Transfer Act (S. 1689) into law. This statute temporarily expands the Clean Water to Drinking Water State Revolving Fund (SRF) transfer authority specifically to address lead-related threats to public health in drinking water.

In addition to the existing inter-SRF transfer authority,¹ the Act authorizes states to transfer no more than five percent of the amount of the state's cumulative CWSRF federal grants to the state's DWSRF. States may transfer these funds if they determine that funds available in the CWSRF are necessary to address a threat to public health as a result of heightened exposure to lead in drinking water in their state. Funds transferred *must* be used as additional subsidy in the form of principal forgiveness, negative interest loans, or grants (or any combination of these). States must consult with their respective EPA Region before transferring funds. The EPA Region should notify the Headquarters program offices of pending transfers. Given the unique nature of transfer authority, technical assistance will be provided by the Headquarters program offices. The DWSRF's disadvantaged community additional subsidy provision² does not apply to these transferred funds; however, all other DWSRF requirements apply. States may make these transfers until October 5, 2020.

This additional flexibility can help states and local governments finance important projects at lower cost, to protect public health from exposure to lead in drinking water. Partnering with state Public Water System Supervision (PWSS) managers, state SRF managers should assess the presence of lead-related public health threats at drinking water systems within their states and determine whether DWSRF-eligible infrastructure may help address such threats. SRF managers should also evaluate current uncommitted funds (i.e., those dollars currently not signed into other assistance agreements) in both SRF programs to determine efficacy of an inter-SRF transfer. Once transferred, funds should be committed and expended in an expeditious and timely manner.

¹ 42 U.S.C. 300j-12 note

² 42 U.S.C. 300j-12(d)

Please share this memorandum with SRF managers in the states as soon as possible. You may contact us with questions or have your staff contact Nick Chamberlain, DWSRF Team Lead at Chamberlain.Nick@epa.gov, or Sheila Platt, CWSRF Team Lead, at Platt.Sheila@epa.gov.