



OFFICE OF GROUND WATER AND DRINKING WATER

WASHINGTON, D.C. 20460

May 1, 2024

MEMORANDUM

SUBJECT: Implementing Lead Service Line Replacement Projects Funded by the Drinking Water State Revolving Fund

FROM: Jennifer L. McLain, Director

TO: Water Division Directors, Regions I – X

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This memorandum outlines actions that would further protect public health when conducting lead service line replacement (LSLR) projects funded by EPA's Drinking Water State Revolving Fund (DWSRF) under the Safe Drinking Water Act (SDWA). The memo describes programmatic requirements for full lead service line replacement and details exceptions; provides recommended strategies on LSL identification and LSLR planning and design; identifies best practices for risk mitigation when an LSLR is conducted; and emphasizes the importance of public notifications during projects. This memo stipulates new requirements for agreements signed after August 1, 2024. This memorandum continues EPA's commitment to collaborate with state SRF programs to share models, guidance, and build state capacity to assist local communities and ensure LSLR funding is effectively and equitably deployed.

I. Bipartisan Infrastructure Law LSLR Provisions, Eligibilities, and Priorities

LSLR projects and related activities are eligible DWSRF expenses. As stated in the May 2016 memorandum, [Clarification of DWSRF Eligibility of Service Line Replacement on Private Property](#), complete service line replacement is an eligible DWSRF expense, regardless of pipe material and ownership of the property on which the service line is located. The DWSRF program interprets full LSLR as replacement of the pipe and its fittings that connect the drinking water main to the building inlet.¹

¹ The DWSRF program has previously interpreted "building inlet" as the point at which the service line connects to premise plumbing. The location of the building inlet may vary and may be located inside or at the building structure. When conducting LSLR, state programs and PWSs should exercise their best professional judgment to determine the location of the building inlet. EPA strongly cautions against any replacement approach that could be considered or have the same results as a partial LSLR (i.e., leaving in place a portion of lead service line pipe after replacement and/or implementing an approach that results in short-term elevated lead and potential long-term negligible reduction in lead levels in drinking water).

The Bipartisan Infrastructure Law (BIL), also known as the Infrastructure Investment and Jobs Act (P.L. 117-58), appropriated \$30.7 billion in supplemental DWSRF funding and reemphasized the importance of LSLR under the DWSRF program by including \$15 billion specifically appropriated for “lead service line replacement projects and associated activities directly connected to the identification, planning, design, and replacement of lead service lines.” Both the dedicated LSLR appropriation and the General Supplemental appropriation under the BIL can pay for LSLR and related activities. The BIL requires that states provide 49% of their LSLR and General Supplemental capitalization grant amounts as additional subsidization in the form of principal forgiveness and/or grants. This additional subsidization may only be provided to water systems that meet the state’s disadvantaged community criteria as described in Section 1452(d)(3) of SDWA, which defines a disadvantaged community as:

“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.”

The BIL explicitly seeks to ensure that disadvantaged communities have access to funds to improve their water infrastructure. Therefore, EPA expects states to review, refine, and improve their DWSRF disadvantaged community definitions and priority point systems on a regular basis to ensure that additional subsidization is provided and accessible to disadvantaged communities throughout the state.

States may use different disadvantaged community criteria for different BIL and base capitalization grants. For example, states may choose to tailor their disadvantaged community definition for the BIL LSLR funds to more effectively reach disadvantaged communities with lead service lines. States should evaluate whether their current definition may exclude communities with significant presence of lead service lines and low-income populations.

States should also review their DWSRF program requirements to ensure they do not unintentionally deter disadvantaged communities from participation. For example, there is no need for DWSRF assistance recipients to pay for invoices with their own funds first. Instead, the assistance recipient can immediately forward the (unpaid) invoice to the state DWSRF for prompt review and disbursement of funds. In another example, state caps on the amount of additional subsidy a recipient can receive, may make it more difficult for disadvantaged communities with significant numbers of lead service lines to carry out an effective LSLR program. State DWSRF programs are also encouraged to fund smaller projects as they come through the funding pipeline. The number of lead service lines estimated to be replaced in a project should not influence whether the project receives or is prioritized for DWSRF funding under the BIL.

While planning LSLR programs, EPA encourages states and local governments to prioritize underserved and overburdened neighborhoods, including low-income homeowners and renters, for early phases of a project. Water systems may implement LSLR programs in phases of smaller projects as community support and individual customer acceptance increase. In instances where a customer refuses full LSLR, and where applicable law does not allow for the PWS to access the property regardless of such permission, EPA strongly encourages states to use technical assistance and other outreach methods to encourage property owners to change their mind in order to achieve the greatest possible participation in full LSLR.

Some states and localities might have perceived or actual constitutional, statutory, and/or regulatory barriers to using public water system user revenue to replace the customer-owned portion of a lead service line. Where they exist, such barriers may be especially burdensome for disadvantaged communities. In this scenario, states may use the DWSRF for service line inventories while working towards eliminating those barriers to LSLR. EPA strongly encourages states and localities to reassess, and if needed, eliminate state and locally imposed barriers to addressing the public health threat of lead in drinking water. States may use the DWSRF set-asides to provide technical assistance and other support to help communities overcome those barriers.

For more information regarding the eligible uses of the BIL LSLR funds, see the March 2022 memorandum, [Implementation of the Clean Water and Drinking Water SRF Provisions of the BIL](#).

II. Lead Service Line Identification

A critical step in addressing public health risks posed by lead is the identification of lead service lines. Pursuant to the Lead and Copper Rule Revision (LCRR), all community water systems and non-transient non-community water systems must complete initial service line inventories by October 16, 2024. See 40 CFR 141.84(a)(1). To assist these systems, EPA released [Guidance for Developing and Maintaining a Service Line Inventory](#) on August 4, 2022. This guidance includes best practices, case studies, templates, and other resources that water systems can use to identify lead service lines, develop service line inventories, and coordinate removal and replacement work.

The DWSRF infrastructure fund and set-aside funds are flexible tools for states to facilitate system compliance with service line inventory requirements. For example, states may sign DWSRF assistance agreements (e.g., loans) with public water systems (PWSs) to fund the development of their service line inventories. Inventory development may be a part of a larger loan (including related or unrelated infrastructure components) or a stand-alone “project.” Subject to fund availability and applicable statutory authorities, the agreements may also include additional subsidization such as loan principal forgiveness or grants.

Given that stand-alone inventory “projects” tend to be associated with relatively small-dollar assistance agreements, EPA encourages states to seek ways to reduce administrative burden on both the PWSs and the state programs. For example, state DWSRF programs may allow a PWS to apply for a DWSRF loan on behalf of several PWSs to conduct service line inventory work at multiple PWSs. States can further expedite inventory efforts by identifying a list of engineering firms and contractors with LSLR expertise and circulating that list to PWSs in their state. Though PWSs would still need to apply for DWSRF funding from the infrastructure fund to receive assistance, this list could help PWSs make critical technical expertise connections either before or after executing a DWSRF assistance agreement. As a best practice, EPA encourages states to specify on this list whether firms or contractors qualify under state Disadvantaged Business programs.

EPA strongly encourages states to strategically deploy DWSRF set-aside funds to assist service line inventory development. States may use all four set-aside accounts for this purpose. For example, states may use the set-asides to directly contract with technical assistance providers, engineering firms, and contractors to perform inventory development work at one or multiple PWSs. This

assistance structure may significantly reduce the administrative burden for small and disadvantaged communities.

Each BIL dollar a state uses for set-aside purposes (up to the statutory threshold) reduces the amount of repayable money that states must loan out to PWSs from the infrastructure fund. Such a strategic use of set-aside authority addresses affordability challenges, improves PWSs' access to critical technical expertise, and helps PWSs meet the LCRR's service line inventory requirements. Attachment A includes a visualization of how different BIL authorities and requirements interact when states choose to use set-asides at different levels.

If a state intends to use the capacity development-related authorities of the State Program Management and Local Assistance set-asides for service line inventories (or other LSLR-related set-aside eligibilities), then such activities must be consistent with and reflected in the state's [Capacity Development Strategy](#). DWSRF program managers should coordinate their LSLR plans with state capacity development program managers to take full advantage of set-aside funding. The capacity development personnel typically work in the state's Public Water System Supervision program (i.e., the SDWA primacy agency).

Service line inventories are eligible for DWSRF funding regardless of whether lead service lines are identified. Attachment B includes a table of service line inventory-related eligibilities from all DWSRF accounts.

III. Planning and Design for LSLR

EPA emphasizes that, given the many benefits of LSLR, water systems should not wait until their inventories are complete to begin planning and replacement efforts. EPA encourages robust and early community engagement to support the success of planning lead service line identification and replacement projects.

In addition to service line inventories, other planning, design, and other pre-project costs directly connected to LSLR are eligible for funding from both the DWSRF infrastructure fund and set-asides, regardless of whether such work results in a DWSRF funded construction project. Such activities may include, but are not limited to, the development of replacement plans, community engagement planning, the development of the project scope and technical specifications, and the estimation of construction costs. Principal forgiveness or grants included in such assistance agreements, tailored to the needs of the community served can help make such assistance more affordable and accessible.

EPA strongly encourages state DWSRF programs to offer and/or expand pre-development and pre-construction funding to support LSLR project development, particularly in small and disadvantaged communities. For some communities, the lack of access to project planning funding hinders the ability to access future construction-related financing. Therefore, if states are not already offering stand-alone project planning and design funding, EPA encourages states to add this to their list of available financing options. Subject to fund availability and applicable statutory authorities, such assistance agreements may also include additional subsidization such as loan principal forgiveness or grants. Grants or direct contract assistance provided from set-aside accounts can also aid PWSs with project planning and design. Note that grants and other cost-free assistance (e.g., direct contractor support) to

PWSs funded under the set-aside authorities do not count toward the percentage required to be applied towards additional subsidization.

States can augment direct funding for these activities with increased marketing and communications efforts about the DWSRF program and the availability of BIL funding for LSLR. This could include presentations to utility staff and municipal officials, hosting workshops or webinars, training videos or digital modules focused on capacity development or application assistance, targeted outreach to small or disadvantaged communities with LSLR needs and partnering with local or regional organizations to share information and successful approaches to planning for LSLR. Water systems are also encouraged to communicate with peer organizations at the regional level to identify opportunities for cooperation.

IV. Programmatic Requirements for LSLR Projects

The Bipartisan Infrastructure Law dedicated \$15 billion to replacing lead service lines. [EPA's March 2022 Bipartisan Infrastructure Law: State Revolving Funds Implementation Memorandum](#) stated, "Any project funded under this \$15 billion appropriation for the replacement of LSLs must replace the entire LSL, not just a portion, unless a portion has already been replaced." To make progress on LSLR, communities are also interested in using other DWSRF funding sources, such as the DWSRF general supplemental fund, to support LSLR projects. The requirements detailed here apply to all DWSRF sources of funding, including, but not limited to base appropriations, BIL supplemental appropriations, state match funds, bond proceeds, loan repayments, interest earnings, and funds derived from program fees.

The requirements detailed here apply to all DWSRF assistance agreements executed on or after August 1, 2024. If states executed DWSRF assistance agreements involving partial LSLR prior to the release of this memorandum, EPA strongly encourages state DWSRFs to work with those assistance recipients to expand the scope of the project(s) to incorporate full LSLR. Wherever possible, states are strongly encouraged to implement these requirements immediately to maximize public health protection.

The following sections clarify DWSRF requirements for full LSLR and detail exceptions applicable to different types of LSLR. For the purposes of this memo, full LSLR is the replacement of a lead service line that results in the entire length of the service line, regardless of service line ownership, meeting the SDWA section 1417 definition of "lead free" after replacement. A lead service line that is left in place in the ground but remains out of service may qualify as fully replaced if a new, non-lead service line is installed for use. Regulatory definitions and requirements regarding LSLR may be subject to future regulatory changes. DWSRF assistance recipients must comply with all applicable local, state, and federal requirements for LSLR, including any new regulations that are in effect at the time of the work.

Stand-alone LSLR

Stand-alone LSLR projects refers to projects that are solely replacing lead service lines and are not conducting additional construction or activities that would disturb the service line, such as main replacement, meter replacement, or other planned infrastructure projects as detailed in the *LSLR in Conjunction with Planned Infrastructure Projects* section of this document. All DWSRF-funded stand-alone LSLR projects must replace the full (i.e., the customer-owned and system-owned portions)

service line unless a portion has already been replaced or is concurrently being replaced by another funding source. In other words, stand-alone partial LSLR is ineligible for DWSRF funding. Given that there is no safe exposure to lead and that partial LSLR may temporarily elevate lead levels, full LSLR will ensure that DWSRF funds maximize public health benefits in accordance with the objectives of the SDWA.

Despite the best efforts of funding agencies and water systems, there may be situations where a water system cannot gain access to conduct a full LSLR in a specific instance because, for example, the customer (e.g., homeowner) refuses to grant access to replace the customer-owned portion of a lead service line. This does not render the entire project ineligible; state DWSRF programs may still fund the rest of the project.

The entire length of each property's lead service line must be replaced at the same time except where it is impractical due to access constraints or local requirements that prevent the same organization from completing the full LSLR at the same time. The time between starting and completing full LSLR should be as short as possible and should not exceed three months.

LSLR in Conjunction with Planned Infrastructure Projects

All DWSRF-funded projects involving LSLR implemented in conjunction with other planned infrastructure projects that affect the service line must plan to replace the full service line unless a portion has already been replaced or is concurrently being replaced under another funding source. Planned infrastructure work includes water infrastructure or capital improvement projects that do not solely replace lead service lines as part of a service line replacement program. Examples include, but are not limited to, water main replacement, meter replacement, and transportation-related construction projects. Note that the following discussion assumes that both the LSLR and other infrastructure components are being planned for and implemented concurrently.²

DWSRF borrowers are strongly encouraged to plan for the replacement of unexpected lead service lines and lead connectors during LSLR projects. This could be accomplished by developing standard operating procedures (SOPs) and planning for contingency costs. The SOPs could detail customer outreach and private LSLR project timing. Contingency costs could be built into the project by including unit replacement costs with an assumption of total costs informed by the number of unknown lead lines identified during inventory. Contingency costs should also include the cost of risk mitigation measures in the event of a customer refusal.

DWSRF borrowers must comply with all applicable local, state, and federal requirements for LSLR, including any new regulations that are in effect at the time of the work. While full LSLR is the desired outcome of all DWSRF assistance for LSLR, the logistics involved with coordinating LSLR with planned infrastructure projects may dictate that partial replacement of a service line is necessary if disturbance to the service line is unavoidable *and* the water system cannot gain access to conduct a full lead service

² Planned LSLR along with planned infrastructure projects may not be warranted in areas where lead service lines or components are rare. Where a PWS is conducting stand-alone transmission and distribution work such as water main replacement and unexpected lead service lines are encountered, borrowers are encouraged to expand the scope of work to include LSLR. If the project scope is expanded to include LSLR, assistance recipients must comply with the requirements in the section on LSLR in Conjunction with Planned Infrastructure.

line replacement (e.g., a customer refuses to allow replacement of the customer-owned portion of the service line). For the purposes of oversight and confirming eligibility, state programs must require borrowers to document customer refusals, which could consist of any of the following: a refusal signed by the customer, documentation of a verbal statement refusing replacement, or documentation of no response after multiple attempts to reach the customer regarding full LSLR. State programs are required to report this information to EPA.

A partial LSLR may only be funded by the SRF where the water system shows all of the following: that the partial LSLR is done in conjunction with planned infrastructure work, that disturbance to that service line is unavoidable because of the planned infrastructure work, and that the water system has documented customer refusal showing it cannot gain access to that property to conduct a full LSLR following multiple attempts.

LSLR in Conjunction with Emergency Infrastructure Repair or Replacement

Pursuant to 40 CFR 35.3555(c)(2), State DWSRF programs can fund projects that require immediate attention to protect public health on an emergency basis if the state's Intended Use Plan (IUP) defines the conditions under which the state can fund emergency projects. The state must report to EPA the projects that it funded on an emergency basis in the state's biennial report and during the EPA's annual review. Projects funded on an emergency basis do not have to be on the state's IUP nor do they require ranking using a state's priority system or have to go through a public review process prior to receiving assistance. The emergency projects must still meet DWSRF eligibility criteria and other applicable requirements, such as the Davis-Bacon wage requirements. States cannot fund equipment and other capital acquisitions to address emergency conditions through set-aside funds.

Emergency repair and replacement of drinking water transmission and distribution infrastructure can necessitate unexpected replacement of lead service lines. Under such circumstances, DWSRF-funded PWSs must offer to replace the full lead service line. However, the borrower may use DWSRF funding to pay for emergency partial LSLR if full replacement is not possible due to a documented customer refusal. For the purposes of oversight and confirming eligibility, state programs must require borrowers to document customer refusals in a manner determined by the state. Best practices consist of the following: a refusal signed by the customer, documentation of a verbal statement refusing replacement, or documentation of no response after multiple attempts to reach the customer regarding full LSLR. State programs are required to report this information to EPA. If available, additional subsidization can be used to cover the cost of LSLR on private property done in conjunction with emergency infrastructure repair or replacement. State DWSRF programs are strongly encouraged to prioritize available additional subsidization authority under LSLR appropriations for this purpose.

V. Best Practices for Outreach, Affordability, and Risk Mitigation

Given the urgent need to address the public health threat posed by lead in drinking water, state DWSRF programs and water systems are strongly encouraged to work with communities as early as possible during project development efforts. Systems need not wait until service line inventories are completed to provide residents with information on dangers posed by lead, as well as information about their short and long-term replacement plans. PWSs should notify customers in their service areas that lead may be present as early as possible and, if required by state or local law, solicit

permission to access private property and implement LSLR. Planning, including public communication, is eligible for funding from both the infrastructure fund and set-asides accounts. State DWSRF programs should take full advantage of all available authorities to support up-front education and outreach that will increase participation in LSLR initiatives and maximize the public health benefits achieved under the BIL. Best practices for obtaining property owner consent for full LSLR include at least four attempts to engage with the customer using at least two different communication methods. Communication methods could include, but are not limited to in-person conversation, email, written letter, or information left at the door such as a door hanger.

To address household affordability concerns and support full and rapid LSLR, EPA encourages state DWSRF programs to fund the private portion of LSLR projects at no additional cost to homeowners. If available, additional subsidization can be used to cover the cost of private LSLR. State DWSRF programs are strongly encouraged to prioritize available additional subsidization authority under LSLR appropriations for this purpose when financing projects to conduct LSLR. This is particularly critical for disadvantaged households including low-income homeowners and renters. Nationally, there are two prevalent approaches to subsidizing the customer-owned portion of lead service lines. Some communities require private property owners to contract directly with pre-approved plumbers. The water system may then partially or fully reimburse the homeowner or pay the plumber on the homeowner's behalf. Other communities employ a contract vehicle, whereby the system, municipality, or other local entity coordinates with private property owners and directly pays all, or a portion, of the incurred costs.

DWSRF assistance recipients must comply with all applicable local, state, and federal requirements for customer notification and risk mitigation over the course of LSLR, including any new regulations that are in effect at the time of the work. Best practices for risk mitigation include, but are not limited to, provision of point-of-use filters or pitcher filters certified by an American National Standards Institute accredited certifier once the replacement starts until at least six months following completion of the replacement, provision of information and/or training to ensure that equipment is used properly, pipe-flushing recommendations, tap sampling between three and six months after replacement, and installation of dielectric coupling to minimize corrosion where partial replacements are necessary. Where applicable, EPA encourages PWSs to also apply best practices for risk mitigation to the stand-alone replacement of lead connectors. Tap sampling (provided it is non-routine and not for compliance purposes), POU devices, and pitcher filters are eligible for DWSRF funding from the BIL LSLR, BIL General Supplemental, and base program appropriations. Dielectric coupling and other corrosion control measures can be paid for with BIL General Supplemental and base program funds. Provision of information and/or training on risk mitigation measures is eligible for set-aside funding. EPA strongly encourages robust community engagement throughout the LSLR process, including on how to mitigate lead exposure.

States and PWSs should be aware that lead service lines that are removed from the ground would generally have enough lead to exhibit the hazardous waste toxicity characteristic per 40 CFR 261.24 and would be subject to Resource Conservation and Recovery Act (RCRA) requirements when disposed of. However, if sent for recycling, lead service lines would be considered scrap metal and exempt from RCRA regulation under 40 CFR 261.6(a)(3)(ii). When selecting removal and replacement methods for lead service lines, states and PWSs must ensure compliance with all local, state, and federal waste disposal requirements. EPA strongly encourages states and PWSs to consider disposal methods that

reduce all lead exposures to the greatest extent possible, including limiting the export of replaced lead pipes to countries with less stringent environmental standards (e.g., to smelters with inadequate air pollution controls).

VI. Federal Income Tax Treatment of LSLR

Pursuant to the Internal Revenue Service's [Announcement 2024-10, Replacement of Lead Service Lines Under Certain Governmental Programs](#), when a state DWSRF program subsidizes replacement of the customer-owned portion of a lead service line, it does not result in income to the residential property owner. Accordingly, state programs and systems are not required to file information returns or furnish payee statements. In other words, residential customer-owned LSLR funded by DWSRF programs is exempt from income taxation.

VII. Primacy Agency Notifications

While eligibilities under the BIL LSLR funding are limited to LSLR projects and associated activities, the BIL General Supplemental and base capitalization grants can pay for additional lead-related eligibilities such as corrosion control. Certain infrastructure projects, like installation of corrosion control or connection to a new source, may involve a long-term change in water chemistry at PWSs with potential to affect lead levels. State DWSRF programs must comply with all applicable local, state, and federal requirements and should follow all applicable guidance and best practices to avoid changes in water chemistry that could cause lead levels to increase and ensure the continued delivery of drinking water that meets applicable drinking water standards.

VIII. Summary

For decades, the DWSRF has offered communities an affordable and flexible source of financing for water infrastructure, including a variety of lead related eligibilities. With the BIL investments, including \$15 billion in funding specifically for the identification and full replacement of lead service lines, and the general supplemental fund, state DWSRF programs have considerable financial resources, unique authorities, and institutional expertise to make significant progress in LSLR. EPA's free [Water Technical Assistance \(WaterTA\)](#) supports communities to identify water challenges, develop plans, build technical, managerial, and financial capacity, and develop application materials to access water infrastructure funding. This includes lead service line replacement technical assistance under EPA's [Get the Lead Out \(GLO\) Initiative](#). Additionally, EPA has a variety of [resources](#) to help systems and states implement best practices for identifying and replacing lead service lines. These resources, together with BIL funding, provide a significant opportunity for EPA, states, and communities to work together to take critical steps toward removing the greatest source of lead from the nation's water systems.

Thank you for your continued commitment to the public health protection objectives of the SDWA and the DWSRF program. If you have questions, please contact Matt King (king.matt@epa.gov) of the HQ DWSRF program.

**Attachment A:
Visualization of BIL LSLR Capitalization Grants with Various Set-Aside Levels**

The diagrams below show how, for the BIL LSLR capitalization grants, state decisions about set-aside usage will affect the amount of repayable financing that states must provide from the infrastructure fund. In summary, the more set-asides states take from that capitalization grant (up to the SDWA statutory limit), the less funds will be left for states to provide in repayable financing from the infrastructure fund.

Diagram 1: Example \$100 BIL LSLR Capitalization Grant; No Set-Asides Taken

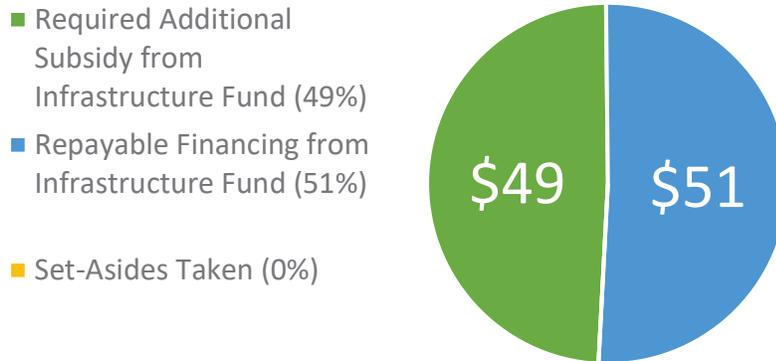


Diagram 2: Example \$100 BIL LSLR Capitalization Grant; 10% of the Set-Asides Taken

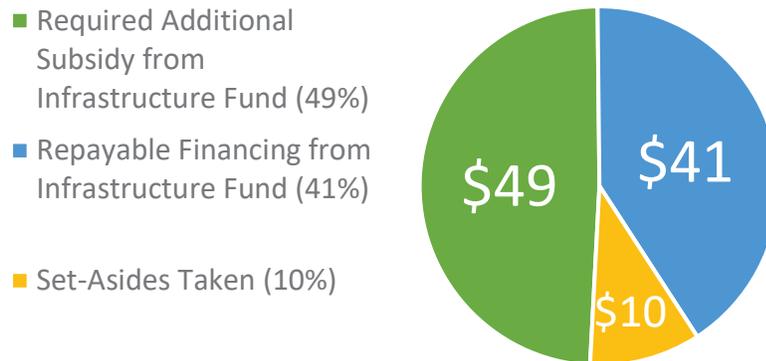
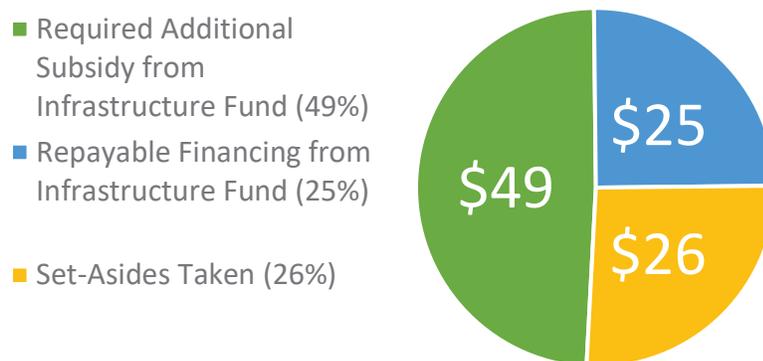


Diagram 3: Example \$100 BIL LSLR Capitalization Grant; 26% of the Set-Asides Taken



**Attachment B:
Examples of DWSRF Lead Service Line Inventory Related Eligibilities**

The chart below is a *non-exhaustive* list of DWSRF lead service line inventory related eligibilities from the DWSRF appropriations, the BIL General Supplemental capitalization grant, and the BIL LSLR capitalization grant.

DWSRF Account	Service Line Inventory Related Examples
Infrastructure Fund	Provide assistance agreements (potentially including additional subsidization such as loan principal forgiveness or grants) to public water systems (PWSs) to develop or update service line inventories and for planning and design for LSLR projects; states may later optionally roll these loans into actual LSLR construction projects.
2% Small System Technical Assistance Set-Aside	Direct state employees or contractors to develop or update service line inventories and to plan and design LSLR projects on behalf of small PWSs (those serving 10,000 or fewer persons); issue grants to small PWSs to develop or update service line inventories and to plan and design LSLR projects; provide technical assistance to small PWSs considering or currently undertaking service line inventory development; develop and conduct lead service line-related community outreach, engagement, and training at small PWSs.
4% Administration & Technical Assistance Set-Aside	Same as the “2% small system technical assistance set-aside” info above, but for any size PWS.
10% State Program Management Set-Aside	Direct state employees or contractors to develop or update service line inventories and to plan and design LSLR projects on behalf of PWSs of any size; have state employees or contractors conduct state-wide inventory-related work, such as inventory database management, developing lead service line community outreach, engagement plans, and materials, etc. If state is using the capacity development-related authority under this set-aside, these activities must be consistent with and be reflected in the state’s Capacity Development Strategy.
15% Local Assistance Set-Aside	From the 10% Capacity Development <i>portion</i> of the 15% set-aside: same as the “2% small system technical assistance set-aside” above, but for any size PWS. Note that work funded under this portion of the set-aside must be consistent with and be reflected in the state’s Capacity Development Strategy.