



# Water Infrastructure Investment Plan Webinar Series

January 2022

# The Need for Water Infrastructure Improvements

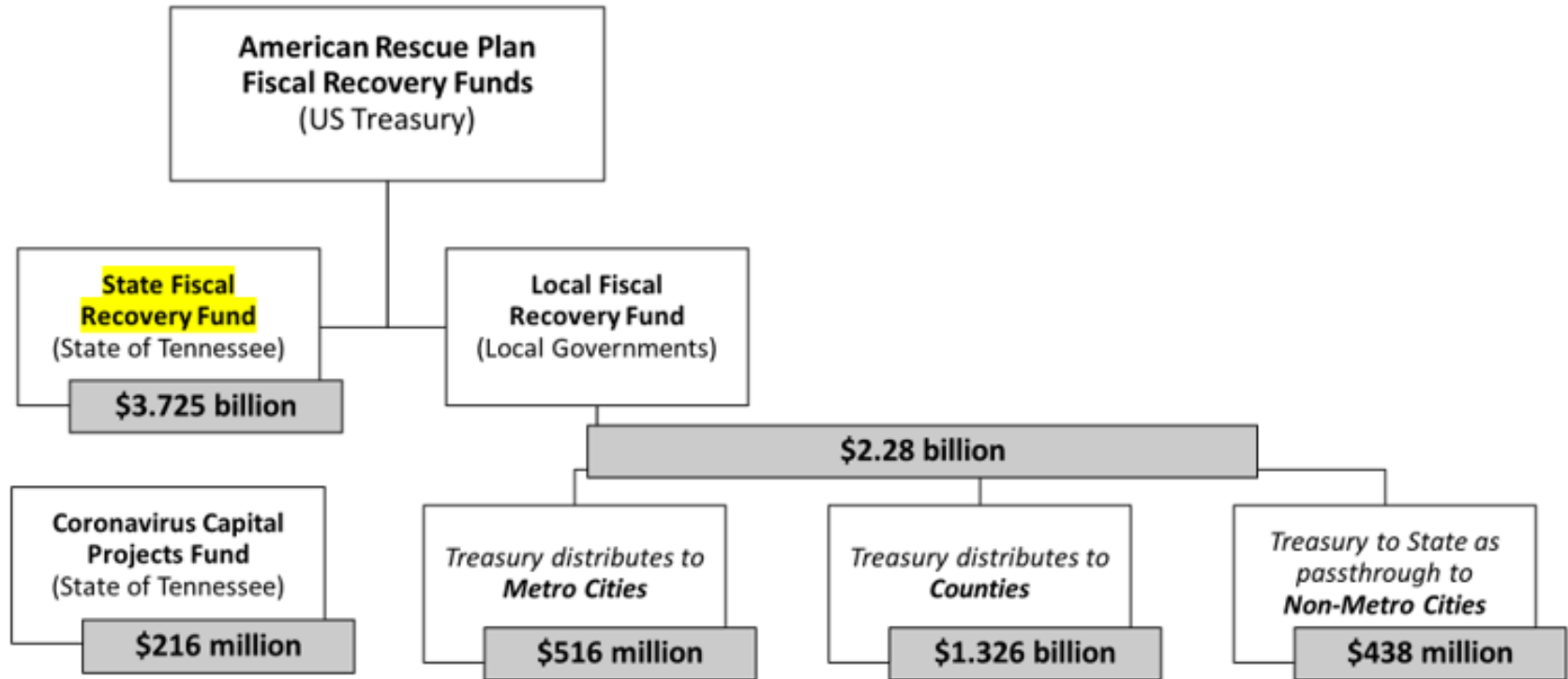
## **Tennessee's communities and economy rely on access to clean, reliable, and abundant water resources.**

- There is a necessary investment estimated at \$5 to \$15 billion between now and 2040 to address Tennessee's water infrastructure
- Tennessee faces challenges like other states across the country...
  - Aging water distribution and collection lines
  - Outdated treatment facilities at or near capacity
  - Traditionally limited financial resources for necessary upkeep, maintenance, and expansions

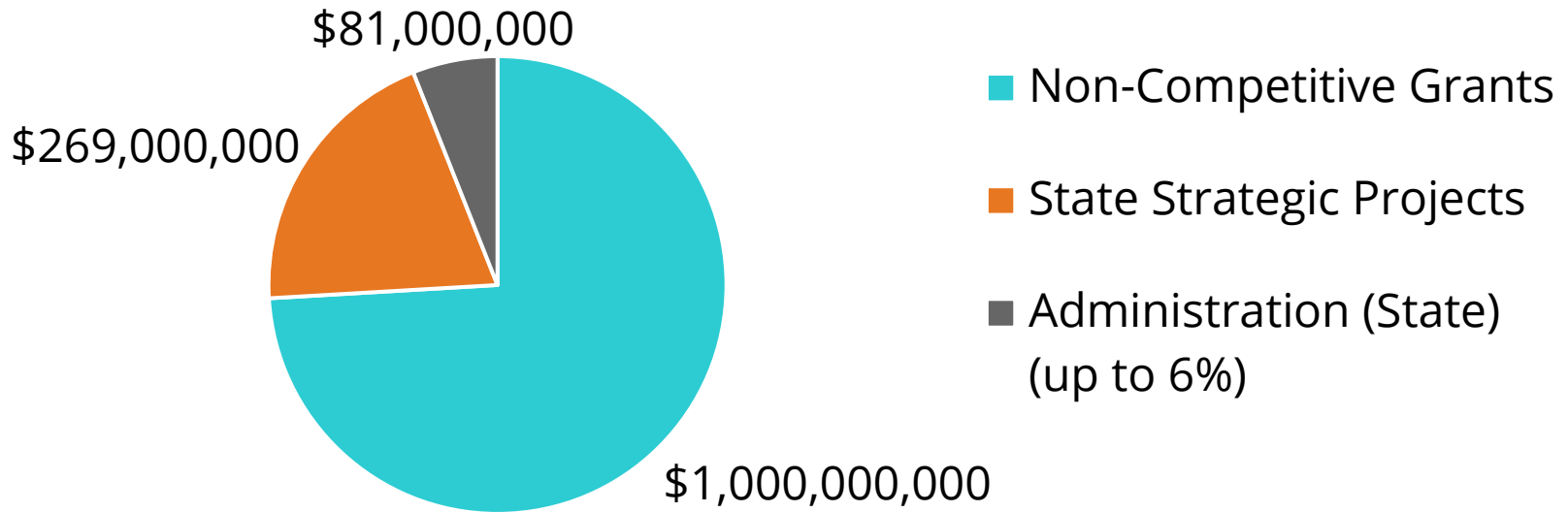
# Water Infrastructure Investments



# American Rescue Plan (ARP) State and Local Funding for TN

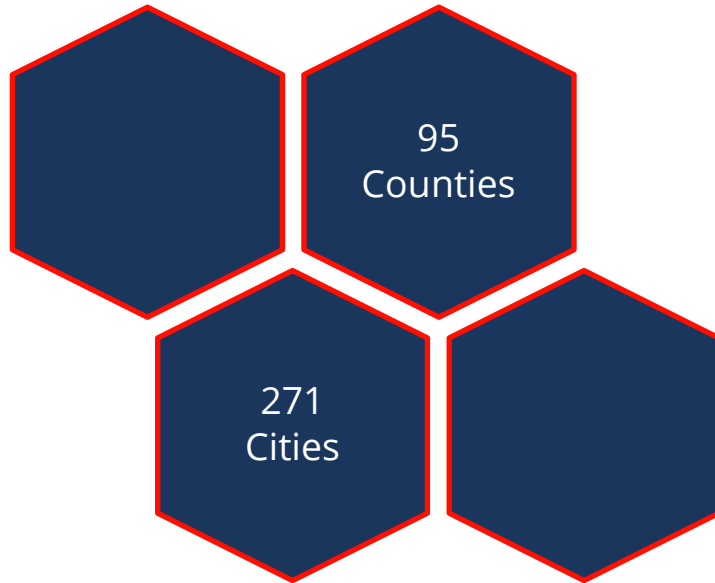


# Water Infrastructure Investment Program - \$1.35 billion



**Remaining funds will be programmed through a competitive grant program.**

# Non-Competitive Grants: Eligible Subrecipients



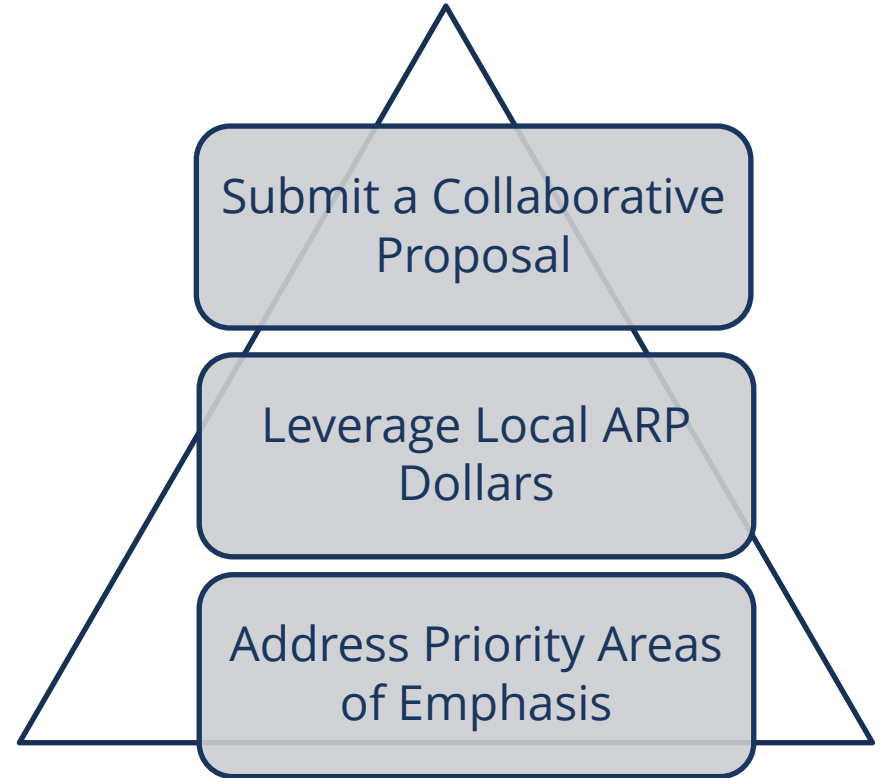
- All counties are eligible subrecipients
- Eligible cities are those that are incorporated and operate water or wastewater systems or a permitted stormwater program
- Systems not owned by cities or counties should collaborate with the communities they serve

# Non-Competitive Grants: Funding Allocations

- **Base Allocation:** Provides all cities and counties with sufficient funding to execute at least one project. Accounts for differences in costs to install and maintain infrastructure in urban and rural communities
  - 20% (\$200M) to Counties: \$2,105,263 per county
  - 15% (\$150M) to Cities: \$561,798 per city
- **Population Allocation:** Proxy for customers served
  - 25% (\$250M) distributed to counties and cities by raw population
  - County populations have subtracted city populations within that county
- **ATPI-Population Allocation:** Weights to consider a community's economic health, utilizing the Ability To Pay Index
  - 40% (\$400M) distributed to counties and cities by weighted population

# Non-Competitive Grants: Co-Funding

- 20-40% co-funding required, based on ATPI
- Cash and in-kind contributions are allowable
- Counties and cities may use a combination of the co-funding incentives for a maximum co-funding reduction of 10%





# Non-Competitive Grants: Collaboration



Multiple entities (systems, cities, and/or counties) may collaborate on a project or projects *for a shared purpose*



Entities engaging in collaborative projects may pool their funds together to accomplish the collaborative project



Collaborative projects must identify a *lead applicant* that will enter a grant contract with TDEC



Forthcoming grant guidance will include additional information about collaborative projects

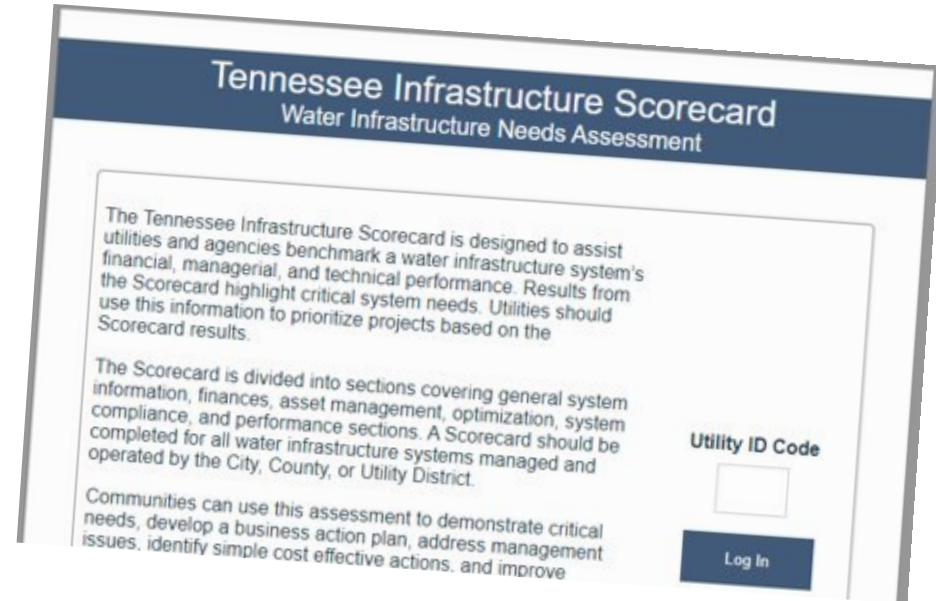
# Water Infrastructure Investment Program: Eligibility

- Projects may address **drinking water, wastewater, or stormwater** improvements
- Must align with U.S. Treasury's Final Rule
  - **Federal rules mandate that activities must align with Drinking Water and Clean Water State Revolving Fund project eligibility\***
  - Funds must be obligated by December 31, 2024
  - Funds must be fully spent by December 31, 2026
- Must meet minimum criteria as defined in TDEC's *Water Infrastructure Investment Plan* and forthcoming grant guidance
- **Up to 6% of the funding allocation may be used for pre-grant collaborative planning activities and administrative expenses**

*\* TDEC acknowledges that U.S. Treasury's Final Rule includes expanded eligible activities. TDEC is currently reviewing and considering these expanded eligibilities with respect to the Water Infrastructure Investment Program.*

# Tennessee Infrastructure Scorecard

- Assesses financial, managerial, operational, and environmental health of a system
- All water, wastewater, and stormwater systems need to complete the Scorecard
- Scorecard summaries must be submitted to TDEC with the grant proposal
- Five critical need areas reflected through the Scorecard
- Systems may seek assistance from TAUD to complete the Scorecard



# Water Infrastructure Investment Program: Priority Areas

## Critical Need Priority Areas

- Addressing Significant Non-Compliance
- Asset Management Planning
- Water Loss Reductions
- Infiltration / Inflow Reductions
- Modernization of Facilities and Equipment

## Additional Priority Areas

- Water Reuse
- Green Infrastructure and Stormwater Management
- Consolidation / Regionalization
- Managing Risk and Building Resilience
- Planning for Replacement of Lead Service Lines
- Enhancing Service to Small, Underserved, or Disadvantaged Communities

# Addressing Critical Need Priority Areas

- Non-competitive grant funds are targeted to support addressing critical need priority areas
- TDEC is developing action levels based on thresholds as determined by completion of the Scorecard
- **Systems will need to demonstrate sufficiently addressing critical need priority areas in the grant application**
- More information will be included in grant guidance



# Water Infrastructure Investment Program: Year 1

Publish *Water Infrastructure Investment Plan*

**December  
2021**

Host Grant Training Workshops

**March  
2022**

Close Non-Competitive Grant Solicitation

**Fall / Winter  
2022**

Publish Non-Competitive Formula-Based Grant Guidance

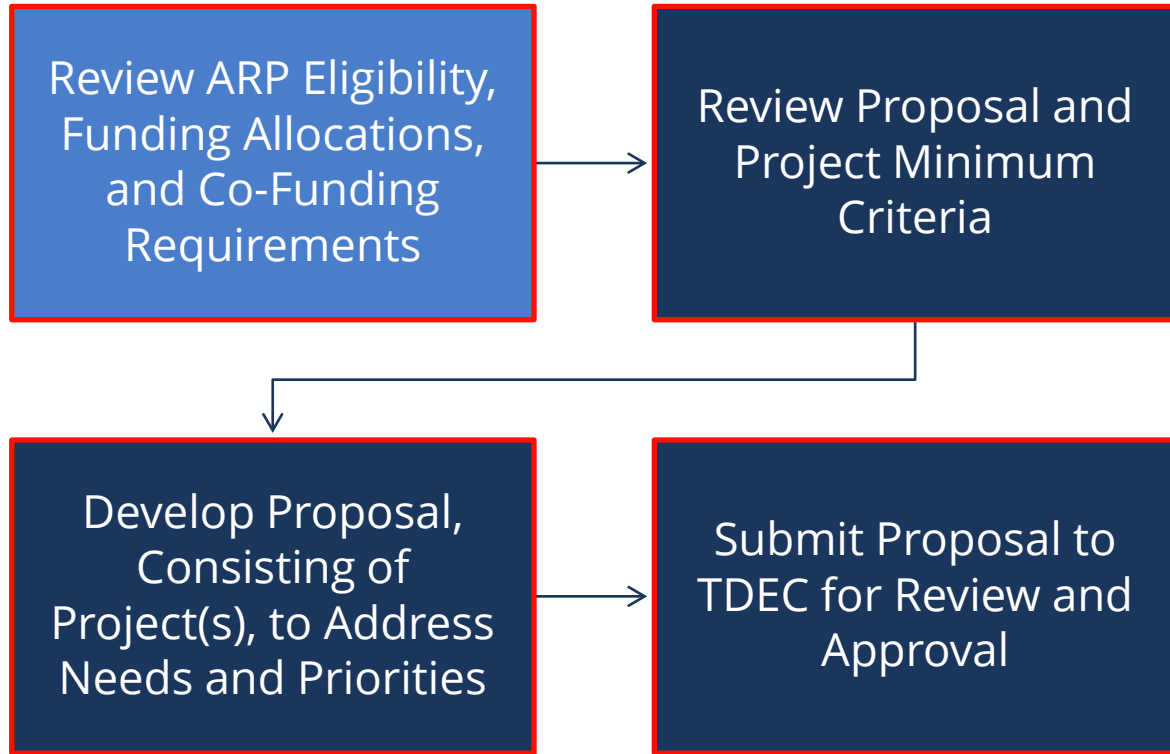
**February  
2022**

Open Non-Competitive Grant Solicitation

**Spring 2022**



# Non-Competitive Grants: Grantee Process



# Non-Competitive Grants: Terminology

- **Grant Applicant:** Grant applicants are **eligible subrecipients**, including all counties and eligible cities. Grant applicants will compile a proposal, consisting of one or more projects across one or more water infrastructure systems, to submit to TDEC. Grant applicants may not execute water infrastructure projects unless they are also eligible project owners or execute a project in collaboration with or on behalf of an eligible project owner.
- **Project Owner:** Project owners are those **entities that may execute projects**. Project owners must operate a drinking water or wastewater system or a permitted stormwater system. Project owners may also be cities or counties collaborating with and executing a project on behalf of a drinking water or wastewater system or permitted stormwater system. All project owners must complete the Infrastructure Scorecard or collaborate with a system that has completed the Infrastructure Scorecard.



# Non-Competitive Grants: Proposal Requirements

Develop and Submit  
**Proposal** for TDEC  
Review and Approval

Include **Scorecard**  
Summaries

Account for All  
**Eligible Project**  
**Owners** that Serve  
the City or County

Demonstrate  
Commitment of **Co-**  
**Funding**

Include **Letters of**  
**Support** from Project  
Owners that Serve the  
City or County

Submit **Progress**  
**Updates** to TDEC

# Non-Competitive Grants: Project Requirements

Must be  
Completed by  
**Eligible Project  
Owners**

Project Owners  
Must Complete the  
**Scorecard**

Proposed Activities  
Must Meet  
**Eligibility  
Requirements**

Demonstrate  
Addressing **Critical  
Need Priority  
Areas**

Construction  
Projects Must  
Secure All  
Applicable **Permits**

# Non-Competitive Grants: Proposal Submittal

## Collaborative Phase

(60-90 days)

- Incentivizes partnership and collaboration
- Must involve multiple entities working together with a shared purpose
- Required co-funding based on the *lowest* co-funding of collaborative entities
- TDEC will enter a grant contract with one entity (lead applicant)

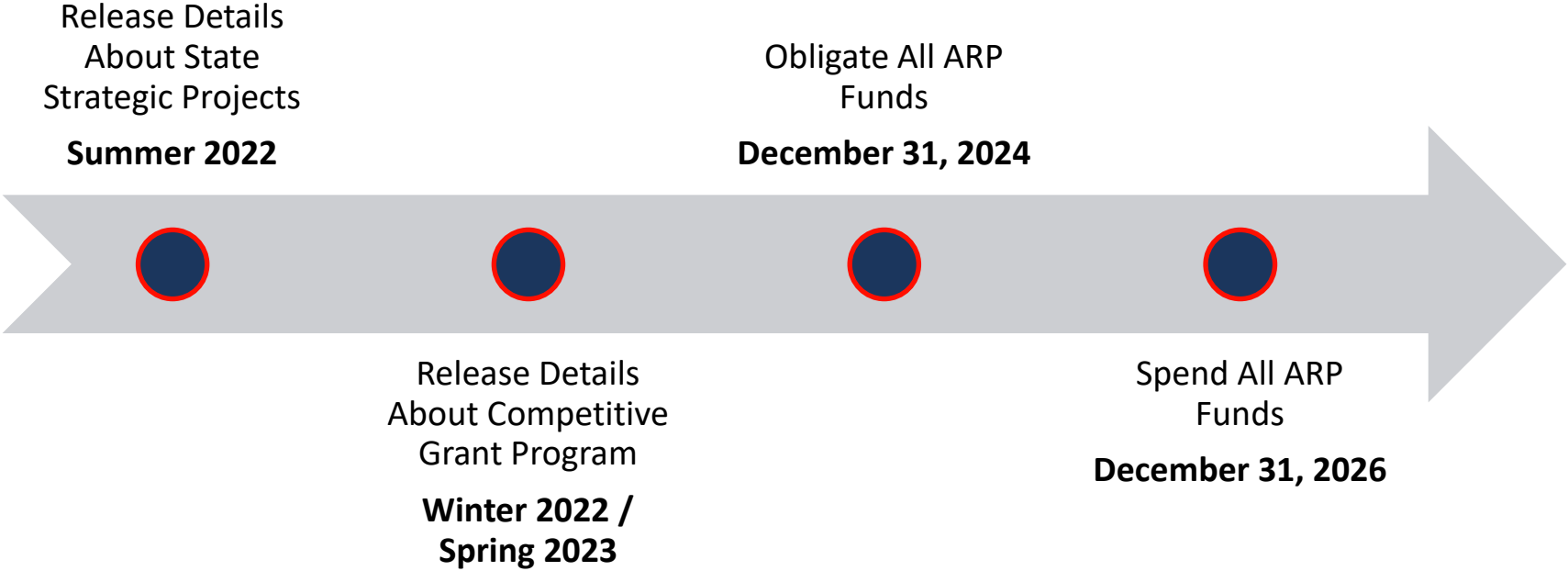


## Non-Collaborative Phase

(60 - 90 days)

- Late submissions of collaborative proposals will be permitted
- Non-collaborative proposals (single entities for projects) may submit at this phase

# Water Infrastructure Investment Program – Years 2-6



# State Strategic Projects



- TN Infrastructure Scorecard - \$1.75 million
  - In collaboration with the Tennessee Association of Utility Districts
  - Developed online tool and provide technical assistance
- **Additional information about projects funded using state strategic project funds will be made available later**

# Competitive Grants

- Any State American Rescue Plan funds not obligated via the non-competitive grant program or state-initiated strategic projects will be programmed via a competitive granting program
- Intended to support priorities and unmet critical needs
- *TDEC will consider whether systems received non-competitive grant funds during the competitive grant phase*
- **Additional information about the competitive grant program will be made available later**

# What's Next?

- Visit the **ARP Website**: [tn.gov/environment/arp](https://tn.gov/environment/arp)
  - Review the *Water Infrastructure Investment Plan*
  - Sign up for the ARP email distribution list
- Prepare for release of **non-competitive grant guidance** (February 2022)
- TDEC will host half-day **grant guidance workshops** (March 2022)



**Questions?**

**Website:** [tn.gov/environment/arp](https://tn.gov/environment/arp)

**Email:** [TDEC.ARP@tn.gov](mailto:TDEC.ARP@tn.gov)