



Department of  
**Environment &  
Conservation**

# Competitive Grant Manual: Regionalization

State Water Infrastructure Grant Program:  
American Rescue Plan

Tennessee Department of Environment & Conservation | March 2023

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# Grant Overview

The federal American Rescue Plan Act (ARPA) authorized and appropriated American Rescue Plan (ARP) fiscal recovery funds to the State of Tennessee (the “state”). The state’s [Water Infrastructure Investment Plan](#) (WIIP) describes how the state plans to invest these funds in water infrastructure projects. The state’s Financial Stimulus Accountability Group (FSAG) designated \$1.35 billion for the Tennessee Department of Environment and Conservation (TDEC) to administer for this purpose. This grant manual details how TDEC is allocating \$200 million in the form of competitive grants. Funds are made available through the State Water Infrastructure Grants (SWIG) program to be used for eligible drinking water, wastewater, or stormwater projects that target investments in three areas: regionalization, water reuse, and resource protection. SWIG has designed three separate competitive grant programs for each of these target investment areas and has allocated \$100 million for regionalization grants, \$50 million for water reuse grants, and \$50 million for resource protection grants. This grant manual describes the **regionalization** grant program.

Entities eligible to apply for these competitive grants must meet technical and administrative requirements and demonstrate a co-funding commitment before a grant can be awarded. Applications will be scored to determine suitability for funding. TDEC will award grants until the designated funding is exhausted. The state must obligate all ARP funds by December 31, 2024 to ensure all ARP funds are entirely spent by December 31, 2026.

## State Goals and Priorities

These competitive SWIG investments are one opportunity to modernize, improve, and strengthen water infrastructure across the state. TDEC is focusing this competitive SWIG grant effort on the following goals:

- Provide safe, reliable, and affordable water, wastewater, and stormwater services to Tennesseans through promoting regional and collaborative approaches to water infrastructure challenges;
- Promote resiliency, plan for extreme weather events, and reduce nutrient strain on Tennessee’s waterways through the beneficial reuse of water;
- Improve Tennessee community’s stormwater challenges through the integration of resource protection activities; and
- Support strategic investments in water system challenges.

Applicants for this competitive grant should focus on regionalization of drinking water or wastewater systems.

## Background

Initially, TDEC identified priority areas of emphasis in the WIIP<sup>1</sup>. In February of 2022, TDEC launched a non-competitive grant opportunity that provided an allocation to all counties and cities that own or operate a drinking water, wastewater, or stormwater system. Focusing on critical needs and priority areas prepares Tennessee's water infrastructure systems for long-term technical, financial, managerial, and environmental sustainability. To ensure the most critical aspects of a drinking water or wastewater treatment system are addressed, TDEC established a subset of these priority areas of emphasis for designation as critical need areas. With the non-competitive grant opportunity closed, TDEC is now turning to the competitive grant process.

## Timeline and Review Process

**This grant manual is for the competitive grant offering focused on Consolidation / Regionalization** for Drinking Water and Wastewater Systems, which is defined in the Eligibility section of this grant manual. The grant manuals for the water reuse and resource protection competitive grant opportunities may be found on the [TDEC ARP website](#).

The following is a draft timeline of the application and review process for this competitive grant offering. This is subject to change and extensions may be granted solely at TDEC's discretion.



<sup>1</sup> See Section V of the WIIP for a complete description of priority areas.



TDEC will review, evaluate, and recommend grant awards following the closure of the application solicitation, and will announce awards in approximately **60** days. To prevent conflicts of interest and maintain the integrity of the competitive process, TDEC is unlikely to engage with grant applicants between the application solicitation opening and announcement of awards and may only contact applicants to clarify minor points within the proposal. Grant applicants are required to have a full and complete application submitted by the application solicitation closing and may not be able to modify or add to an application between submission and announcement of awards. TDEC will rank and review applications based only on the information included in the application at the time of submission. Incomplete applications may not be considered for funding.

TDEC will strive to execute contracts within **120** days of grant award announcements. Each contract will be individualized based on the proposed scope of work and project timelines. Grant applicants should anticipate project management discussions with TDEC during this time, including but not limited to an overview of the award, scope of services, project timelines, terms and conditions (which are set at the time of grant award), subcontracting, the budget, and the process for reimbursement of costs incurred. Applicants may be able to modify their application to ensure that the application and information within is ready for contract execution during the window between award announcement and contract execution.

## **REVIEW PROCESS**

TDEC will review, evaluate, and recommend grant awards following closing the application solicitation.



**Awards** will be announced in approximately **60 days** following the competitive grant application closing.



**Grant contracts** will be executed within **120 days** of grant award announcements.

## **Eligibility**

### **Grant Applicants**

Eligible grant applicants include all counties and cities, water utility districts, and water utility authorities or similarly governed/authorized entities. For-profit water infrastructure systems may also be eligible if they apply in partnership with an eligible county, city, water utility district, or water utility authority serving as the lead grant applicant. Grant applicants must certify in the application that the system is either not under a state or federally mandated compliance order

or is actively working to address any significant non-compliance. Regionalization grant proposals must be supported with at least one partnership. Partnerships may involve multiple cities, counties, utility districts, or authorities.

Eligible grant applicants (i.e., grantees) may only lead the submission of a single grant application under the regionalization offering. However, entities may serve as a partner in other grant applications. Entities that are eligible to apply under the other competitive grant offerings (water reuse and resource protection) may submit additional applications under those solicitations. Approval for funding of a regionalization grant does not prohibit an entity from also applying for or receiving funding for a highly ranked application under water reuse or resource protection. TDEC reserves the right to consider the feasibility of executing projects under multiple grants, including the non-competitive grant offering, when determining awards.

Grantees are responsible for grant oversight and monitoring of activities. Grantees are also responsible for submitting progress updates as requested by TDEC and as required by the U.S. Department of Treasury (the “Treasury”). Activities associated with these requirements are administrative expenses and may be funded using grant funds not to exceed 6% of the total grant contract. For additional information about oversight, monitoring, and progress update submittal, see the Funding Conditions section of this grant manual.

## Eligible Activities

Regionalization projects strategically connect Tennessee infrastructure, including that in rural communities, to improve services and optimize capacity. These efforts seek to provide cooperative support across water and wastewater systems to enhance system capacity, reduce costs, and/or obtain a higher level of service.

All regionalization projects should improve the sustainability, affordability, and/or reliability of systems include in the proposal.

- **Sustainable:** Providing a high-quality level of service in an environmentally responsible manner through developing necessary sustainable water supplies; minimizing electrical power consumption, greenhouse gas emissions, and chemical usage; detecting and repairing leaks; encouraging conservation and ecological health; promoting highly effective workforces with appropriate technical, managerial, and financial capacity; and addressing other factors involving environmental consequences.
- **Affordable:** Reducing total life cycle costs through economy of scale.

- **Reliable:** Meeting reasonably foreseeable challenges, ensuring source water protection, flood and drought resistance, adequate supply, storage, and transmission flexibility.

These practices are inherently eligible in both the [Clean Water State Revolving Fund \(CWSRF\)](#) and [Drinking Water State Revolving Fund \(DWSRF\)](#) programs. Certain legal assistance activities are allowed under CWSRF and DWSRF eligibility; please refer to the eligibility guidance<sup>2</sup> for additional information.

All grant activities must occur within the State of Tennessee to be eligible for this funding opportunity.

## Project Award Type

The project award type dictates the extent of activities and deliverables. This competitive grant has three project award types: Investigation and Planning; Investigation, Planning, and Design; and Planning, Design, and Construction. Proposals must identify the eligible activities, clearly articulate whether the grant applicant and any partners on the application are responsible for certain activities, and how those activities fall into one project award type.

## Funding

TDEC has allocated **\$100 million toward regionalization** in this competitive grant offering. TDEC reserves the right in its sole discretion to award funds for grants that total below, at, or above the funding allocation. TDEC may also dedicate more or less funds to the water reuse and/or resource protection grant allocations based on the quantity and quality of applications received for each grant program.

TDEC has developed **proposal budget maximums** based on the project award type for a proposal. **The proposal budget maximum includes funds requested for reimbursement and applicable co-funding, as described in the next section.** The **proposal budget maximums** by project award type are:

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<sup>2</sup> Overview of CWSRF Eligibilities: [https://www.epa.gov/sites/default/files/2016-07/documents/overview\\_of\\_cwsrf\\_eligibilities\\_may\\_2016.pdf](https://www.epa.gov/sites/default/files/2016-07/documents/overview_of_cwsrf_eligibilities_may_2016.pdf); Overview of DWSRF Eligibilities: [https://www.epa.gov/sites/default/files/2019-10/documents/dwsrf\\_eligibility\\_handbook\\_june\\_13\\_2017\\_updated\\_508\\_versioni.pdf](https://www.epa.gov/sites/default/files/2019-10/documents/dwsrf_eligibility_handbook_june_13_2017_updated_508_versioni.pdf)

Project Award Type	Proposal Budget Maximum
Investigation and Planning	\$2 Million
Investigation, Planning and Design	\$7 Million
Planning, Design and Construction	\$20 Million

Eligible grant applicants may submit a proposal for project costs up to this dollar amount under an application for an eligible regionalization project. TDEC suggests a minimum funding request of no less than \$1 million dollars. Please note that TDEC may select parts of a proposal for funding and may offer to fund more or less than the eligible grant amounts or a larger or smaller amount than requested in the application.

The following table demonstrates the general categories of allowable activities:

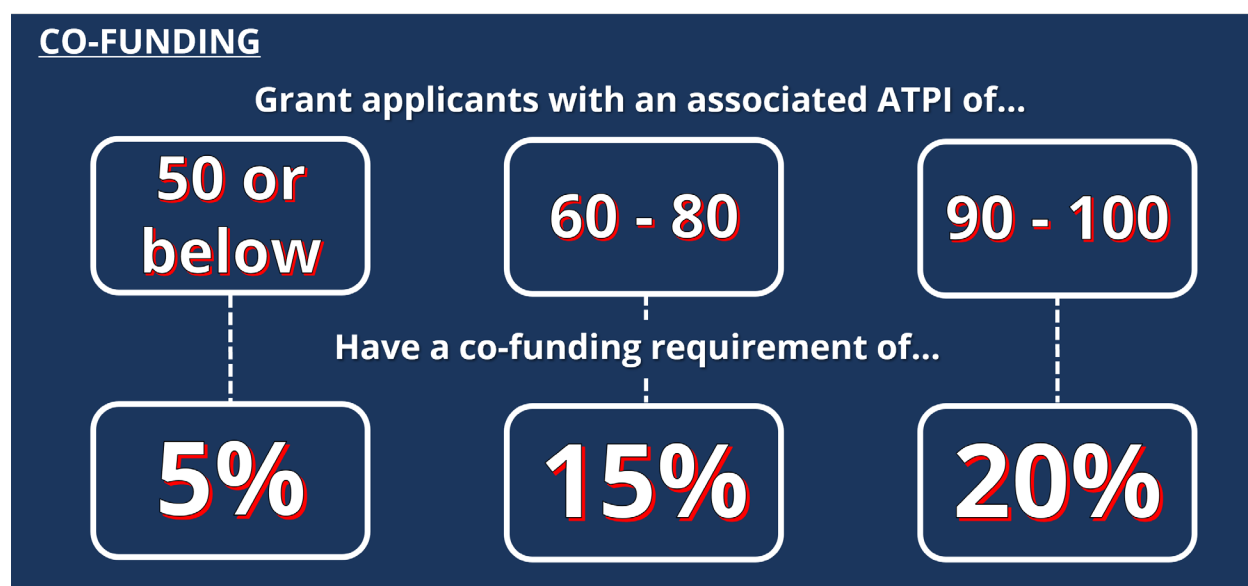
Professional Fee, Grant, and Award	Capital Purchase
Development of a legal framework and governance model for system ownership	Land Purchase for Easement
General Grant Admin	Construction
Acquisition Services for Land/Easement	Equipment Purchase
Review & Legal Fees	Construction Admin/Inspection
Engineering Design/Other Engineering Services	
Survey	Permits/Easement
Bidding Services	

When developing and submitting proposals, grant applicants must consider proposal budget maximums and co-funding requirements, detailed in the following section. **A proposal's total project budget is the sum of the total state allocation and co-funding.** Co-funding will be applied to each reimbursement request up to the total project budget except in such cases where a waiver of the co-funding requirements is approved by TDEC for Grantees in counties eligible under Major Disaster Declaration DR-4832-TN for Public Assistance for Tropical Storm Helene.



## Co-Funding

Co-funding requirements are applied to every competitive SWIG proposal unless specifically waived by TDEC. Co-funding requirements range from 5% to 20%. Co-funding can be waived due to the impacts of Tropical Storm Helene by written approval from TDEC through a co-funding waiver. Co-funding amounts, where applicable, are based on the 2022 [Ability to Pay Index \(ATPI\)](#), for the project area served (city or county scale).<sup>3</sup>



For regionalization proposals, the required co-funding percentage will be based on the lowest ATPI among the partners included in an application. Grant applicants should indicate the required co-funding on the budget sheet; leveraging of additional funds should not be included in the budget worksheet but should be included in the grant application narrative. Both cash and third-party in-kind contributions are eligible to meet co-funding requirements. Co-funding requirements cannot be met through TDEC ARP non-competitive grant funds. Entities will need to demonstrate other funding sources leveraged to meet the co-funding requirements under this competitive grant solicitation.

Cash may consist of local ARP funds, State Revolving Fund loans, financial assistance grants and loans, cash reserves, revenue bonds, and public-private partnerships or sponsors. Other cash-value contributions include engineering plans and specifications developed on or after March 3, 2021.

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<sup>3</sup> ATPI represents a database of a community's unique and socio-economic and financial data to determine their fiscal health and fiscal capacity.

Third-party in-kind contributions mean the value of non-cash contributions that may consist of goods or services, benefit a federally assisted project, and are contributed by a third party without charge. These may include project owner labor, equipment services, or material contributions. TDEC will consider using in-kind co-funding contributions provided an individual accountability report is completed and submitted with the grant application.

Treasury's Final Rule allows for the use of ARP funds as a match for other federal and non-federal grant programs where the costs are eligible under both programs. The entire project, including ARP dollars, is then subject to the requirements of those grant programs. Local or state ARP funds cannot be used as match for grant programs that restrict the use of federal funds to meet match requirements.

## Administrative Use of Funds

Grant applicants are responsible for ensuring proper grant administration. Applicants may contract with consultants to administer the grant; however, legal liability of the terms and conditions of the grant remains with the grant applicant.

Up to 6% of a grant applicant's total grant contract may be used for reasonable and allocable administrative expenses. Administrative expenses may include grant application, project and proposal development and submittal, reporting, compliance assurance, monitoring, or direct or indirect costs associated with administering the grant award. Grantees may also be reimbursed for a reasonably proportionate share of the costs of audits required by and performed in accordance with the "Single Audit Act Amendments of 1996" as provided in 2 C.F.R. § 200.425.

## Examples of Eligible Projects

<b>Scenario A</b>	<p>Travis, Caldwell, and Williamson County want to collaborate on a regional wastewater management plan to accommodate an investment in a new manufacturing facility. The counties have the following ATPIs:</p> <ul style="list-style-type: none"><li>• Travis County: 80</li><li>• Caldwell County: 30</li><li>• Williamson County: 80</li></ul> <p>The counties do not anticipate developing plans and specifications under the ARP timeline. Though the facility will be in Travis County, it's expected to affect each county's wastewater infrastructure equally and significantly.</p>
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<b>Project application example</b>	Travis County, Caldwell, and Williamson County submit a regionalization proposal for the Investigation and Planning award type, with Travis County as the lead applicant. The co-funding requirement follows the lowest of the partners included in the application. Based on Caldwell county's ATPI, the co-funding requirement is 5%. TDEC would contract with the grant applicant – in this example, Travis County – and recognize the other two counties as partners.
<b>Funding scenario</b>	<ul style="list-style-type: none"> <li>• Total state allocation requested for this proposal: \$950,000</li> <li>• Allowable Administrative Expenses: \$60,000 (6% of \$1 million)</li> <li>• Co-Funding Percentage: 5%</li> <li>• Required Co-Funding: \$50,000</li> <li>• Total Project Budget: \$1,000,000 with up to \$60,000 available for administrative expenses and the remainder available for the project</li> </ul>

<b>Scenario B</b>	<p>The City of Kendall has relied solely on local water resources, but increased water demands and droughts have spurred the need for a more regionalized approach to supplying drinking water. Accordingly, the City of Kendall is partnering with the regionally proximate Biscayne Water Management District to invest in a 10-mile pipeline. The City and the Water Management District have the following ATPIs:</p> <ul style="list-style-type: none"> <li>• City of Kendall: 90</li> <li>• Biscayne Water Management District: 60</li> </ul> <p>This interconnection infrastructure will strengthen the water exchange and improve regional resilience.</p>
<b>Project application example</b>	The City of Kendall and the Biscayne Water Management District submit a \$20 million proposal for the Planning, Design, and Construction award type. Although the City of Kendall has an ATPI of 90, the proposal's co-funding is based on the lowest ATPI of the those on the application and results in a co-funding requirement of 15%. These entities would need to designate a grant applicant, which could be either entity. TDEC would contract with the grant applicant and recognize the other entity as a partner.
<b>Funding scenario</b>	<ul style="list-style-type: none"> <li>• Total state allocation requested for this proposal: \$17 million</li> <li>• Allowable Administrative Expenses: \$1.2 million (6% of \$20 million)</li> <li>• Co-Funding Percentage: 15%</li> <li>• Required Co-Funding: \$3 million</li> <li>• Total Project Budget: \$20 million with up to \$1.2 million available for administrative expenses and the remainder available for the project</li> </ul>

# Submission Guidelines

Each proposal should describe a single project under a discrete award type. Grant applicants should select the project award type that describes the maximum extent of activities proposed within the proposal. The budget maximums by project award type are described in the Funding section of this manual.

Alignment with the definition of **regionalization** is critical in determining suitability for funding. Therefore, grant applicants must demonstrate that their proposal aligns with the definition of regionalization and meets all activity eligibility requirements, as described in this grant manual's Eligibility section. Applicants will develop and submit this narrative as a part of the proposal submission through the [Grants Management System \(GMS\)](#).

## Format and Checklist

Applicants will complete a grant application using TDEC's online GMS. The GMS allows grants administration partners to affiliate with the grant applicant to prepare the application for the legally authorized representative's review and electronic signature. Signees other than the executive officer or mayor must include a resolution from the applicant's governing body giving authority to sign for the applicant.

The GMS will include the grant manual, application, project proposal narrative, budget worksheets, and document upload capability. It will be designed to ensure that only complete applications may be submitted for TDEC review and approval. The GMS will also serve as the portal for submitting the required Title VI Pre-Audit Survey, Supplier Direct Deposit Authorization (SDDA), and future invoices for reimbursement requests and state approvals.

The solicitation will announce the opening and closing dates of the application period as detailed in the Timeline section of this grant manual. Long-term access to the GMS is possible with user login and affiliations. More information about this system will be available to grant applicants during the grant workshops and on the website.

## Grant Proposal Requirements

The following information is required as part of a complete grant proposal.

### A. Designated grant applicant

1. Identification of lead grant applicant,

2. Verify no current, federal, or state mandated compliance orders exist or if there are compliance issues, the entity is either working with state and federal officials to address concerns or utilizing this project to address concerns,
3. Identification of all partners party to the grant proposal, and
4. Demonstration of interjurisdictional agreements or letters of support from all entities identified in (3).

**B. Description and narrative of the overall proposal, including:**

1. Project name
2. Narrative description of the project
3. Water infrastructure type
  - a. Drinking Water
  - b. Wastewater
4. Project award type
  - a. Investigation and Planning
  - b. Investigation, Planning and Design
  - c. Planning, Design and Construction
5. Detailed scope of work for this grant
  - a. Activities and milestones
  - b. Timeline
  - c. Start and completion dates of construction (if applicable)
6. Total Project Information
  - a. Total project budget
  - b. Total project timeline, including start and completion dates for all project phases
  - c. Additional funding sources committed to the project (other than the co-funding for this grant opportunity)
7. Information from the lead applicant
  - a. ATPI (C1 of scoring rubric)
  - b. Population served (C3 of scoring rubric)
  - c. Current infrastructure capacity (taken from Tennessee Infrastructure Scorecard; averaged across all relevant datapoints) (C5 of scoring rubric)
  - d. Projected availability of increase in water withdrawal (drinking water) or increase in wastewater discharge (wastewater) to accomplish the project (C7 of scoring rubric)
8. Information from all partners included in the proposal
  - a. ATPI (C2 of scoring rubric)



- b. Population served (C4 of scoring rubric)
  - c. Current design facility capacity (taken from Tennessee Infrastructure Scorecard; averaged across all relevant datapoints) (C6 of scoring rubric)
  - d. Projected availability of increase in water withdrawal (drinking water) or increase in wastewater discharge (wastewater) to accomplish the project (C8 of scoring rubric)
- 9. Show a distribution of partner responsibilities required to make this regionalization project a success
- 10. Please indicate if the primary driver for regionalization is due to Emerging Contaminant (EC) concerns. The EC of concern must be either PFAS or any contaminant listed in any of EPA's [Contaminant Candidate Lists](#)
  - a. If yes, list the EC(s) of concern

**C. Uploaded Tennessee Infrastructure Scorecards for the lead applicant and all partners**

**D. Overall grant budget, including:**

- 1. Distribution of funds for the lead applicant and all partners,
- 2. Total administrative expenses, and
- 3. Budget for the project.

**E. Co-funding requirements**

**F. Proposal details (maximum response – 250 words per question)**

- 1. Describe the regionalization problems or issues you will work to address with the grant funds, if awarded. Include in this description the planned model of regionalization (e.g., consolidation of systems, development of a new authority) and how adequate design facility capacity is currently available or will be made available through project activities. (C5-C8 and P2 of scoring rubric)
- 2. Describe past successful efforts pertaining to the project that the lead applicant and partners have undertaken, including whether these efforts were done in partnership. Examples may include but are not limited to legal agreements, inter-basin transfer agreements, partnerships, memoranda of understanding (MOU) or agreement (MOA), etc. (C9 of scoring rubric)
- 3. Has the lead applicant either engaged in a rate analysis study or other demonstration of consideration of rates in the last three (3) years or is including a rate analysis study as a part of this project? (C10 of scoring rubric)
- 4. How did each system/community included in the proposal utilize non-competitive funds to address critical system needs? (C11 of scoring rubric)

5. How does the proposal align with the definition of regionalization? (P1 of scoring rubric)
6. Describe the need for regionalization efforts with the lead applicant and partners included in the proposal. What are the specific drivers to regionalize? (P2 of scoring rubric)
7. Are project activities resilient, sustainable, environmentally innovative, and green according to [EPA guidance](#)? Identify the percentage of the project budget associated with these components. (P3 of scoring rubric)

## **G. Technical Project Information**

1. Investigation and Planning Project
  - a. Detailed individual project budget
  - b. Maps of the area of interest and location of activities
  - c. Detailed schedule for the project which includes deliverable dates:
    - i. Engineering Agreement within 60 days of grant award
    - ii. Preliminary engineering report (or facilities plan)
2. Investigation, Planning, and Design Project
  - a. Detailed individual project budget
  - b. Maps of the area of interest and location of activities
  - c. Detailed schedule for the project which includes deliverable dates:
    - i. Engineering Agreement within 60 days of the grant award
    - ii. Preliminary engineering report (or facilities plan)
    - iii. Plan of Operation(s) if the project includes a planned new facility or expansion or upgrade of the existing facility
    - iv. Engineering plans and specifications
    - v. List of required permits (as needed for plans approval)
3. Planning, Design, and Construction Project
  - a. Detailed individual project budget
  - b. Maps of the area of interest and location of activities
  - c. Detailed schedule for the project which includes deliverable dates:
    - i. Preliminary engineering report (or facilities plan)
    - ii. Plan of Operation(s) for every individual project where a new facility is planned, or expansion or upgrade of the existing facility
    - iii. Engineering plans and specifications
    - iv. Project start of construction
    - v. Projected Initiation of Operations
    - vi. Operation and maintenance manual on or before the date

- vii. Complete construction
- viii. Site certification or letter in lieu of for the project (as needed)
- ix. List of required or approved permits (as needed)

## Application Evaluation

### Proposal Priority Ranking

All grant applications will be ranked to determine the suitability of funding. TDEC may not engage with grant applicants to answer specific questions about projects or proposals between the application solicitation opening and the announcement of awards. TDEC will not allow grant applicants to revise or add to applications following submission. Proposals will be reviewed and ranked based on the merits of the application as submitted. Incomplete applications may not be eligible for funding.

TDEC will assemble a lead panel of three (3) subject matter experts to review, rank, and recommend proposals for funding. Other subject matter experts may be included in review discussions or asked to contribute specific feedback necessary for completing the reviewing, ranking, and recommending process. Proposals will be reviewed and ranked relative to other proposals within the project award type following close of the application period. Proposals will not be ranked as they are received. TDEC aims to dedicate 70% of the overall funding for this competitive grant to Planning, Design, and Construction proposals and 30% to non-construction proposals (Investigation and Planning, and Investigation, Planning, and Design).

Proposals will be reviewed and ranked to assess the most funding-worthy projects. Within each row (section) of the scoring rubric, a proposal will receive a score ranging from 0 to the maximum available points, using whole numbers. Proposals with the highest total points at the end of scoring will be considered for funding. Each proposal will be evaluated using the following scoring rubric:

Section	Criteria	Maximum Available Points
	<b>COMMUNITY / SYSTEM CONSIDERATIONS</b>	<b>60</b>
C1	Financial capacity of the lead applicant <ul style="list-style-type: none"> <li>• 1 point for ATPI 20 or below</li> <li>• 2 points for ATPI 30-50</li> <li>• 3 points for ATPI 50-70</li> <li>• 4 points for ATPI 70-90</li> <li>• 5 points for ATPI 90-100</li> </ul>	5
C2	Investment in a disadvantaged community(ies) (average of all partners on application) <ul style="list-style-type: none"> <li>• 1 point for ATPI 90-100</li> <li>• 2 points for ATPI 70-90</li> <li>• 3 points for ATPI 50-70</li> <li>• 4 points for ATPI 30-50</li> <li>• 5 points for ATPI 20 or below</li> </ul>	5
C3	Lead applicant population served <ul style="list-style-type: none"> <li>• 1 point for serving less than or equal to 5,000</li> <li>• 2 points for serving 5,001-10,000</li> <li>• 3 points for serving 10,001-30,000</li> <li>• 4 points for serving 30,001-50,000</li> <li>• 5 points for serving more than 50,001</li> </ul>	5
C4	Partner population served (average of all partners on application) <ul style="list-style-type: none"> <li>• 1 point for serving more than 50,001</li> <li>• 2 points for serving 30,001-50,000</li> <li>• 3 points for serving 10,001-30,000</li> <li>• 4 points for serving 5,001-10,000</li> <li>• 5 points for serving less than or equal to 5,000</li> </ul>	5
C5	Current amount of drinking water or wastewater facility design capacity being utilized by the lead applicant <ul style="list-style-type: none"> <li>• 1 point for infrastructure capacity at &gt;81%</li> <li>• 2 points for infrastructure capacity at 61-80%</li> <li>• 4 points for infrastructure capacity at 41-60%</li> <li>• 5 points for infrastructure capacity at &lt;40%</li> </ul>	5
C6	Current amount of drinking water or wastewater facility design capacity being utilized by partners (average of all partners on application) <ul style="list-style-type: none"> <li>• 1 point for infrastructure capacity at &lt;40%</li> <li>• 2 points for infrastructure capacity at 41-60%</li> <li>• 4 points for infrastructure capacity at 61-80%</li> <li>• 5 points for infrastructure capacity at &gt;81%</li> </ul>	5

C7	<p>Projected increase in water withdrawal availability (drinking water) or increase in wastewater discharge (wastewater) to accomplish the project for the lead applicant</p> <ul style="list-style-type: none"> <li>• 1 point for low potential for increase in water withdrawal or increase in wastewater discharge</li> <li>• 3 points for moderate potential for increase in water withdrawal or increase in wastewater discharge</li> <li>• 5 points for high potential for increase in water withdrawal or increase in wastewater discharge</li> </ul>	5
C8	<p>Projected increase in water withdrawal availability (drinking water) or increase in wastewater discharge (wastewater) to accomplish the project for all partners on application</p> <ul style="list-style-type: none"> <li>• 1 point for high potential for increase in water withdrawal or increase in wastewater discharge</li> <li>• 3 points for moderate potential for increase in water withdrawal or increase in wastewater discharge</li> <li>• 5 points for low potential for increase in water withdrawal or increase in wastewater discharge</li> </ul>	5
C9	<p>Demonstration of historically successful efforts relating to the project, including with partners</p> <ul style="list-style-type: none"> <li>• 0 points for no historical demonstration</li> <li>• 3 points for adequate historical demonstration</li> <li>• 5 points for exceptional historical demonstration</li> </ul>	5
C10	<p>Demonstration of rate structure consideration (e.g., recent rate analysis study) by the lead applicant or inclusion in current project</p> <ul style="list-style-type: none"> <li>• 0 points for no rate structure consideration</li> <li>• 3 points for rate structure consideration, 3 years ago or older</li> <li>• 5 points for rate structure consideration within the last 3 years or included in the proposal</li> </ul>	5
C11	<p>Use of non-competitive funds to address critical system needs by lead applicant and partners</p> <ul style="list-style-type: none"> <li>• 0 points for significant critical needs identified and not addressed</li> <li>• 5 points for critical needs identified and addressed to the minimum extent</li> <li>• 10 points for no critical needs identified or critical needs identified and addressed above and beyond minimum requirements</li> </ul>	10
<b>PROPOSAL CONSIDERATIONS</b>		<b>40</b>
P1	<p>Alignment with definition of regionalization</p> <ul style="list-style-type: none"> <li>• 0 points for inadequate alignment with definition</li> <li>• 5 points for adequate alignment with definition</li> <li>• 10 points for exceptional alignment with definition</li> </ul>	10



P2	Demonstration of drivers for regionalization activities <ul style="list-style-type: none"> <li>• 0 points for no demonstration of drivers</li> <li>• 10 points for demonstration of minor drivers</li> <li>• 20 points for demonstration of major drivers</li> </ul>	20
P3	Project activities are defined as resilient, sustainable, environmentally innovative and green according to <a href="#">EPA guidance</a> <ul style="list-style-type: none"> <li>• 0 points for 0% of project costs associated with these components</li> <li>• 3 points for 1-10% of project costs associated with these components</li> <li>• 5 points for 11-20% of project costs associated with these components</li> <li>• 7 points for 21-30% of project costs associated with these components</li> <li>• 10 points for 31% or greater of project costs associated with these components</li> </ul>	10
<b>MAXIMUM AVAILABLE POINTS TOTAL</b>		<b>100</b>

The assessing panel will recommend funding proposals based on the evaluation, using the top-scored proposals up to the funding maximum. TDEC may in its sole discretion consider feasibility of project/proposal completion and diversity of project types, applicants, and geographic distribution in making final funding recommendations. TDEC may not award funds to proposals that score below a 70 out of 100 total points. Final funding decisions will be made by TDEC leadership and published online. Funding decisions are final at time of award announcement and publication.

Entities with applications that were not awarded may engage in a due process request by submitting a written request to the Commissioner within ten (10) days of award announcements. Following written request, TDEC will provide additional details regarding the grant application to the entity. TDEC may provide these additional details in writing or in a meeting.

## Proposal Review

TDEC will comprehensively review all complete and eligible grant applications, including all required supporting documentation. Applications will be evaluated based solely on the data provided; therefore, project eligibility, co-funding documentation, completeness, and accuracy are essential. Each grant applicant is responsible for submitting all relevant and factual information with the application. Funding will be awarded based on the merits of the applications. Please note that TDEC may select parts of a proposal for funding and may offer to

fund less than the eligible grant amounts or a smaller amount than requested in the application.

Applicants must demonstrate how they will meet co-funding requirements and validate the feasibility of project completion within the performance period. TDEC will preliminarily conduct an administrative review of each application for completeness, accuracy, and eligibility before initiating the technical evaluation. TDEC will further evaluate each application based on the scoring rubric. Proposals will be ranked and reviewed relative to other proposals in their project award type category and top-ranked projects will be recommended for funding.

Information submitted to the GMS will be the basis for grant contracts. Complete applications that include accurate budgets, project timelines and descriptions, and co-funding information are critical for timely grant execution and award. Cost estimates and timelines must be realistic and align with the ARP timeframe. Budget adjustments and grant contract amendments may not be possible. Following announcement of awards, TDEC staff may contact applicants to request additional information, discuss alternatives, or discuss the potential of leveraging other funding opportunities (e.g., SRF, BIL, CDBG). TDEC may also request additional information necessary for contract execution.

## Funding Conditions

## Grant Schedules

All grant contracts will have an effective date of March 3, 2021 (the American Rescue Plan was signed into law on March 11, 2021). Proposal schedules establish the grant contract term with end dates of September 30, 2026. All proposals must have an end date of September 30, 2026 to ensure proper close-out of all activities prior to December 31, 2026. All grant contracts will end by September 30, 2026.

Project schedules are dependent on the project award type and the project itself. Grant applicants and partners need to consider the feasibility of completing a project within the limits of the project award type. Project schedules should identify start dates, dates of major milestones toward project completion, and end dates based on the deliverables required. Grant applicants must provide the timeline and dates for submitting all deliverables as part of each project schedule.

TDEC may, in its sole discretion, amend the individual project schedule upon written request and for good cause shown. **Project schedules must include a start date and an end date. These items must be identified in the grant proposal.**

## Reimbursements

### GRANT SCHEDULES

The American Rescue Plan was signed into law on **March 11, 2021**.

- All grant contracts will have an effective date of **March 3, 2021**.
- Proposal schedules must establish the grant contract term with end date of **September 30, 2026**.
- All proposals must have an end date of **September 30, 2026**.
- All grant contracts will end by **September 30, 2026**.
- Proper close-out of all activities must be completed prior to **December 30, 2026**.

A request to be reimbursed for the cost incurred for competitive SWIG grants shall include only requests for actual, reasonable, and necessary expenditures required in the delivery of service described in the grant contract and identified in the individual project budget. Supporting documentation will be required to substantiate the costs requested for reimbursement. This documentation may include purchase orders, pay requests, invoices, and/or proof of payment. Reimbursement shall not include any request for future spending without demonstrating cost incurred. Grantees may incur new obligations to carry out the work authorized in the grant contract and submit reimbursement requests only during the grant contract term. Grant contracts will have an effective date of March 3, 2021 and end on September 30, 2026. Grant applicants may elect to complete their final report early if all contract deliverables are complete and reports are submitted and approved.

REIMBURSEMENTS	
Investigation & Planning	<b>80%</b> The maximum allowable reimbursement of the <b>individual project budget</b> until the PER(s) or comparable deliverable is received and approved by TDEC.
Investigation, Planning & Design	<b>80%</b> The maximum allowable reimbursement of the <b>planning fees</b> of an individual project budget until the PER(s) or comparable deliverable is received and approved by TDEC.
	<b>80%</b> The maximum allowable reimbursement of the <b>design fees</b> of an individual project budget until the plans and specifications received and approved by TDEC.
Planning, Design & Construction	<b>80%</b> The maximum allowable reimbursement of the <b>design fees</b> of an individual project budget until the plans and specifications received and approved by TDEC.
	<b>90%</b> The maximum allowable reimbursement of the <b>total individual project costs</b> until the construction is complete, the site has been inspected by TDEC (or designated agent) and is in proper operation, and TDEC has approved the project.

## Procurement

Grant applicants are responsible for ensuring that any procurement using competitive SWIG funds, or payments under procurement contracts using such funds, are consistent with state procurement standards<sup>4</sup> and those set forth in the Uniform Guidance at 2 CFR Part 200 Subpart D, as applicable. When the terms of a grant award allow disbursements for the cost of goods, materials, supplies, equipment, or contracted services, such procurement must be made on a

<sup>4</sup> State public contracting laws under Tennessee Code Annotated Title 4, Chapter 56; Title 12, Chapter 3; and Title 12, Chapter 4.

competitive basis, including using competitive bidding procedures, if purchases are above the simplified acquisition threshold. According to the State's Procurement Policy, acquisitions greater than \$50,000 are required to be formally procured. At a minimum, this threshold should be applied for any transaction, except for when the local policy calls for formal procurements at a lower dollar threshold. Grant applicants must maintain documentation for the basis of each procurement for which a disbursement is made under to the grant award. In each instance where it is determined that using a competitive procurement method is not practical, supporting documentation must include a written justification for the decision and use of a non-competitive procurement process. Further, grant applicants are considered subrecipients, therefore, must comply with 2 C.F.R. §§ 200.318—200.327 when procuring property and services under a federal award.

For additional information, see U.S. Treasury's Compliance and Reporting Guidance for State and Local Fiscal Recovery Funds and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards contained in 2 CFR Part 200. Additional Funding Considerations

## **Additional Funding Considerations**

Some proposals may use grant or loan dollars in conjunction with ARP funds to complete an existing project or leverage multiple funding programs for a new project during the grant period. In some instances, the requirements of the companion grant or loan program (e.g., Davis-Bacon and Buy American provisions) would apply to the ARP project. For example, using funding from SRF in conjunction with ARP to complete a wastewater treatment plant expansion or construction of a new storage tank would necessitate the entire project adhering to the requirements of SRF. However, if the ARP-funded portion of the project is completed using only ARP funds and an SRF loan is sought for a new, distinct phase of the related infrastructure project, the SRF-specific requirements would not apply to the ARP-funded stage of the project.

TDEC will base grant award totals on the estimates in the grant application budget section. TDEC recommends that applicants research the goods or services they want to purchase and obtain accurate pricing information before submitting their application. **Only goods and services identified in the application and authorized in the grant award will be funded.** Significant adjustments to a grant award budget will not be possible given the federal deadlines. If a grantee needs to adjust line-item expenses, funds may be redirected from one line item to another budgeted line item, up to 20% of the total budget. This action must be a no-cost modification. If projects exceed the grant budget, grantees should pursue an SRF loan



or other financial assistance to complete the scope of work by the contract end date of September 30, 2026.

## **Federal Reporting Requirements**

Funds described in the WIIP are federal funds awarded to the state (i.e., state fiscal recovery dollars). All grant recipients are subject to federal reporting requirements found in 2 CRF Part 200 and the Compliance and Reporting Guidance issued by the U.S. Treasury. All SWIG grant recipients must provide timely reports to TDEC during the grant award period. Grant contracts will provide detailed information on program progress and expenditure reporting requirements, reporting frequency, and reporting deadlines. Grant applicants are urged to review the U.S. Treasury Compliance and Reporting Guidance before applying for competitive SWIG funds to become familiar with these requirements, including any requirements that would apply to partners and subcontractors executing elements of a grant proposal. Grant recipients and partners must appropriately maintain accounting records for compiling and reporting accurate, compliant financial data in accordance with appropriate accounting standards and principles and applicable law. Grant applicants may be subject to state and local audits.

## **Monitoring and Oversight Responsibilities**

Grantees are responsible for ensuring all fiscal recovery funds are used in compliance with U.S. Treasury's Final Rule. In addition, recipients should be mindful of any compliance obligations that may apply to other funding sources used in conjunction with these fiscal recovery funds or statutes and regulations that may independently apply to water infrastructure projects. Because it is a requirement for TDEC to provide monitoring and oversight for its subrecipients that participate in this grant program, it is incumbent on all subrecipients to have the proper monitoring and oversight controls in place for its contractors and subcontractors. This includes, but is not limited to:

- Reviewing invoices;
- Ensuring contractors and subcontractors are not federally debarred;
- Requiring that all rules and regulations are followed and complied with;
- Providing project management of the projects to ensure timelines and milestones are being met; and
- Obtaining the necessary reporting information needed by TDEC to comply with the U.S. Treasury's SLFRF guidelines.

## Additional Considerations

All construction projects must secure and comply with all relevant state and federal permits before the project execution. Awarding of a grant does not indicate that a permit will be authorized and is not a substitute for required permits. Any construction project should evaluate the need for 401 water quality certification permits, coverage under the DWR Construction General Permit, NPDES permits, and any other applicable state and federal permits.

TDEC will require the submission of an authority-to-award (ATA) bid package from grant recipients before commencing construction. Once TDEC completes the review and approval of the ATA bid package, the grant recipient and partners are authorized to award construction contracts subject to any approvals required by law. Grant applicants should schedule pre-construction conferences (PCC) before issuing a notice to proceed (NTP) for construction. TDEC will require a two-week notification before the PCC. Once the PCC is held, an NTP can be issued. Construction start dates in the NTP must be within 120 days of the approval of the ATA bid package. If construction projects are not initiated before this date, TDEC may limit the remaining grant activity and/or revoke grant dollars. TDEC will not authorize construction until all permits have been secured. Bid packages will be reviewed for compliance with the competitive procurement process, federal requirements concerning minority business enterprises, equal employment opportunity documentation, bid tabulations, and other common, relevant information.

Construction project grantees must receive TDEC approval for preliminary engineering reports, construction documents, and other common, relevant material before the project closes out. All construction projects will be inspected at the start of construction, during construction, and at construction completion to ensure the project is executed according to plans and specifications, complies with permit requirements, and progresses in a timely manner. Construction projects experiencing up to three-month delays in individual project schedules and at risk of missing deliverable dates should notify SWIG staff immediately. Grantees must justify the delay and request a project schedule modification. At TDEC's sole discretion, schedule modifications may be granted on a case-by-case basis, given that reasonable assurances are made that the project will be complete by September 30, 2026. No projects may extend construction activity or incur any expenses for reimbursement past September 30, 2026. Any projects not completed on time may forfeit remaining grant award dollars or risk not completing the requirements for construction projects that are provided in grant contracts.

## Public Record

Any information affiliated with the solicitation for the State of Tennessee's SWIG funds, including information submitted by applicants, may be considered public record (other than what is not public record due to homeland security) and will be subject to disclosure to the public as required by Tennessee law. By applying for a grant, applicants agree to allow the use of the applicant and project information as provided in the application and grant documents to be published or distributed in various print or electronic media publications.

The application is also subject to the State of Tennessee's applicable laws governing the public disclosure of personally identifiable information, which are set forth in the Tennessee Code Annotated section 10-7-504(a)(29). Pursuant to Tennessee Code Annotated section 10-7-503(a)(5), "information made confidential by State law shall be redacted whenever possible, and the redacted record shall be made available for inspection and copying."

## Certification

TDEC reserves the right not to award funds to applicants that:

- Fail to submit a complete application;
- Exhibit poor performance in complying with the expectations and requirements of previous grant or loan contracts with the State of Tennessee; or
- Have regulatory and/or programmatic compliance issues with the State of Tennessee (e.g., is in significant non-compliance with current regulations enforced by TDEC) and do not address any significant non-compliance issues in the grant application.

The applicant shall certify that:

- The applicant understands that the elements of Title VI compliance correspond to requirements for Title VI as provided for in 42 U.S.C. § 2000(d) and in Tennessee Code Annotated section 4-21-904, and applicant has either adopted and implemented these elements of compliance or has agreed to adopt and implement TDEC's compliance resources as its own;
- The applicant understands that the applicant's eligibility for funding is contingent upon its satisfaction of and adherence to the requirements of Title VI, as well as any contractor or subcontractor associated with the project as required by law;
- The applicant has successfully submitted and received notification of completion for its annual Title VI Compliance application;

- The applicant understands that if the applicant is awarded a grant by TDEC, the applicant will need to show evidence of completion of Title Vi training when requested by TDEC;
- The applicant has read and understands the reporting requirements and that the applicant will comply with these requirements;
- All vendors will be selected in accordance with state public contracting laws under Tennessee Code Annotated Title 4, Chapter 56; Title 12, Chapter 3; and Title 12, Chapter 4; and
- The applicant, along with the officers, directors, owners, partners, employees, or agents of the applicant organization, is (are) not presently debarred, suspended, proposed for debarment, or declared ineligible for an award by any State or Federal agency.

*TDEC encourages all stakeholders to regularly visit the [TDEC ARP Website](#) for program updates and new guidance, and to sign up for TDEC's email distribution list. Questions about the State Water Infrastructure Grants program should be directed to [tdec.arp@tn.gov](mailto:tdec.arp@tn.gov).*