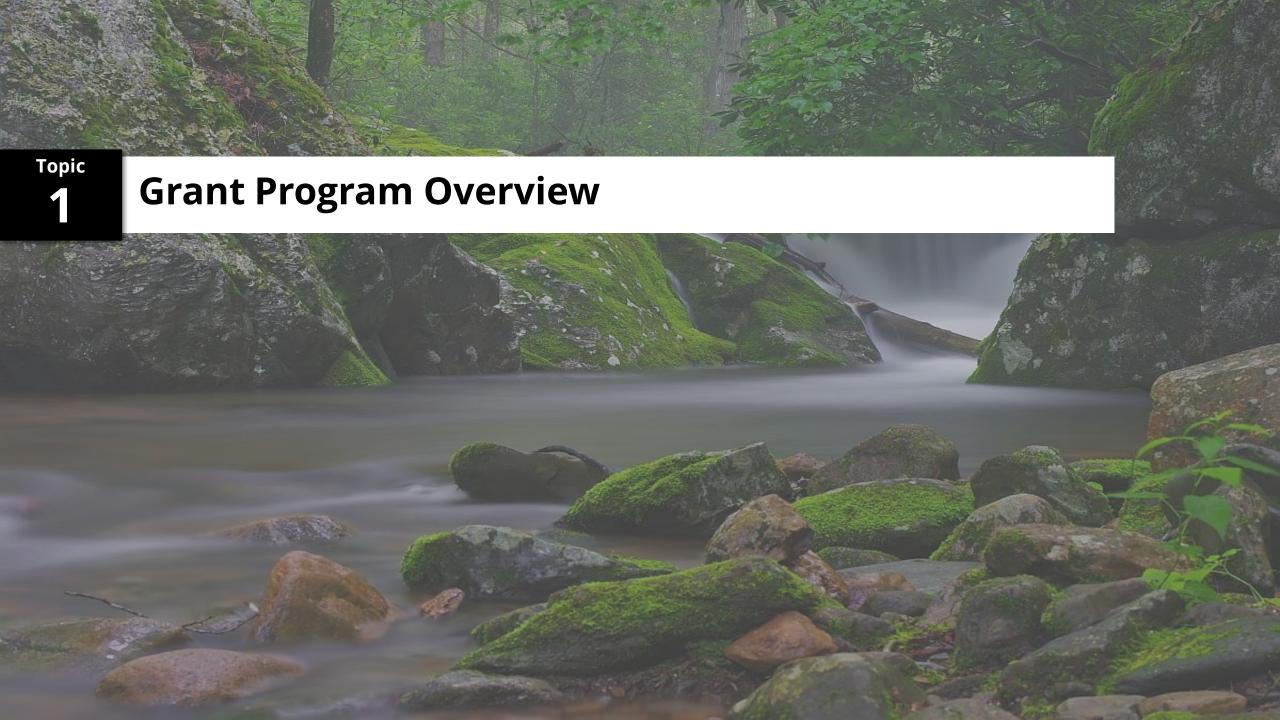


ARP COMPETITIVE GRANT WORKSHOP SERIES: REGIONALIZATION

Agenda

- Competitive Grant Program Overview
- Regionalization Grant Information
- Application Submission and Evaluation
- Grant Implementation
- GMS Walkthrough
- Closing





Grant Program Overview



TDEC is allocating \$200 million to competitive grants, with \$100 million for regionalization grants



Applicants must meet **technical requirements** and demonstrate a **co-funding** commitment



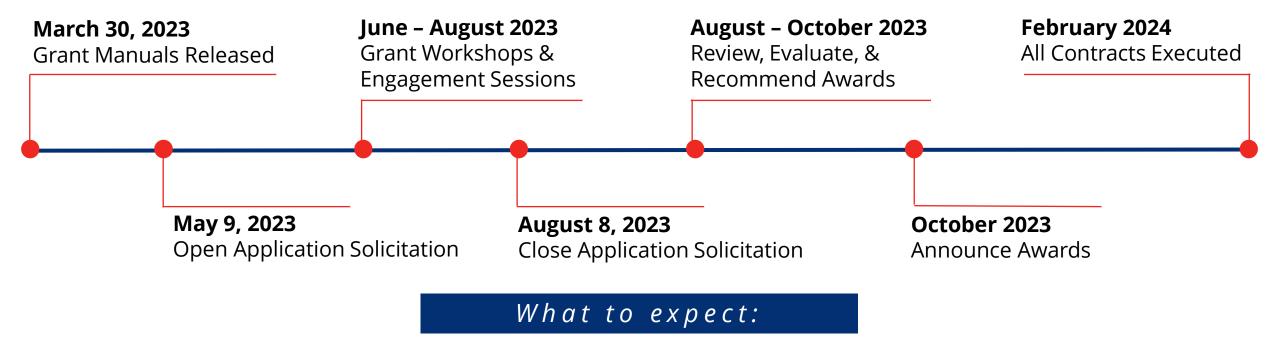
These funds will be distributed for eligible **drinking water** and **wastewater** projects



Awards will be granted based on a **scoring system** that determines suitability of funding



Timeline and Expectations



- Applicants cannot modify an application once submitted
- TDEC is unlikely to engage with grant applicants before the announcement of awards
- Incomplete applications may not be considered for funding

- Each contract will be individualized based on the proposed scope of work and project timelines
- Awardees may be able to modify their application between award announcement and contract execution
- Awardees should anticipate project management discussions with TDEC prior to contract execution

General Grant Program Rules

- 1 Each application should include only **one project**
- For proposals with partners, a **lead applicant** must be identified; TDEC will enter a grant contract with the lead applicant to execute all activities
- Applicants may only submit **one proposal** as lead applicant **per grant program**, but they may participate as a partner on additional proposals
- Applicants may submit a **proposal for all three grant programs**, if an eligible entity; this will not affect the ranking and evaluation of each application
- Non-competitive grant funds cannot be used as match funding for competitive grant projects



Regionalization Overview - Definition

Regionalization Definition:

Regional projects that provide cooperative support across water and wastewater systems to enhance system capacity, reduce costs, and/or obtain a higher level of service

The goal of regionalization is to:

produce economies of scale and relieve smaller communities of their burdens by leveraging shared services or utilities



The goal of regionalization is *not* to:

merely expand the customer base for an existing utility





Regionalization Overview - Benefits

Regional partnerships and consolidation can benefit communities by:



Encouraging utilities and municipalities/counties to work together to address water **resource and supply** constraints



Increasing **sustainability** by minimizing demand on resources



Eliminating duplicate solutions and promoting efficiency



Providing **funding advantages** for utilities, municipalities, counties, and ultimately citizens through economies of scale

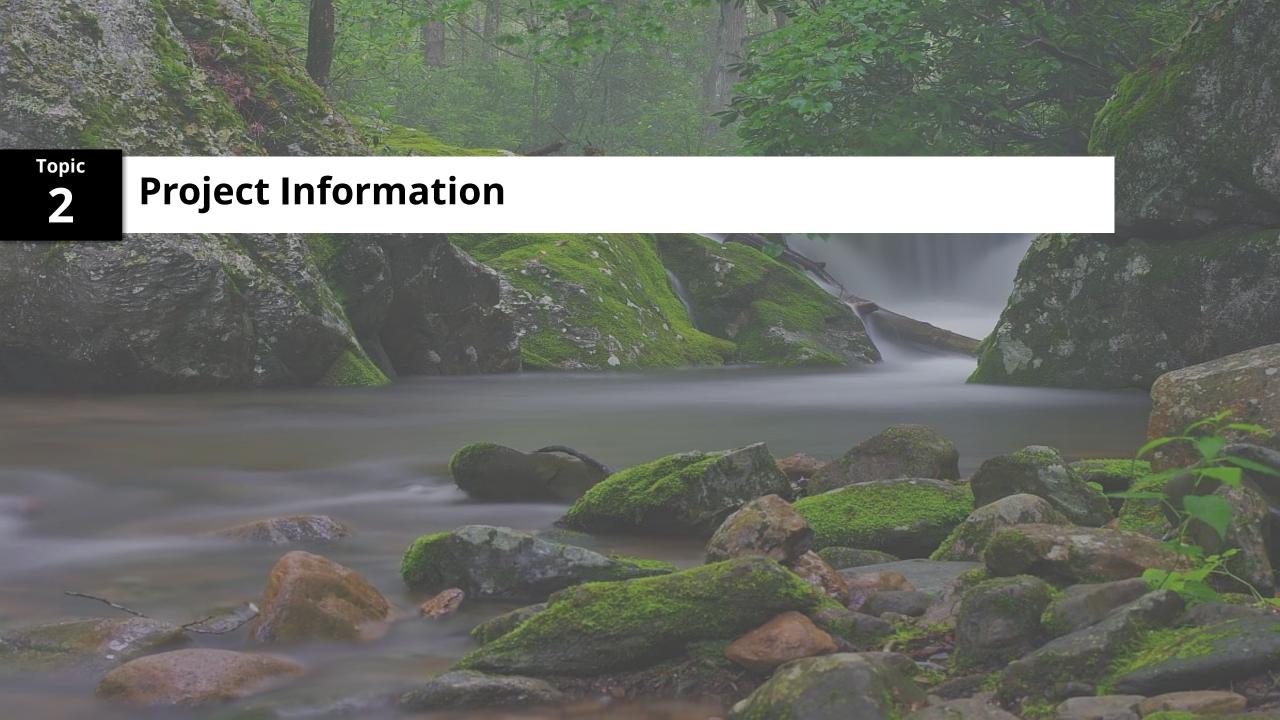


Increasing system **flexibility during droughts** through sharing water resources that remain viable



Preparing for the uncertainty of **climate variability**





Regionalization Grant Overview

Regionalization projects **strategically connect Tennessee infrastructure** 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**.

Project Eligibility

- **Sustainable**: Providing a high-quality level of service in an environmentally responsible manner
- **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

Project Award Types:

- Investigation and Planning
- Investigation, Planning, and Design
- Planning, Design, and Construction

Applicant Eligibility

- Counties and Cities
- Water Utility Districts
- Water Utility Authorities
- For-profit water infrastructure systems, if in partnership with one of the eligible entities as lead grant applicant
- Grant proposals must include at least one partnership

Regionalization Project Definitions

Regionalization projects must be done in partnership and/or span across multiple systems, and meet at least one of the three definitions below:

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
- 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 activities
- Creating adequate supply, storage, and transmission flexibility

Regionalization Grant Funding

\$100 million total in funding will be awarded to regionalization grants.

Maximum Proposal Budgets per Project Award Type:

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

The proposal budget maximums represent a proposal's total project budget, which includes the grant amount (reimbursable) and applicable co-funding.



Co-Funding Requirements

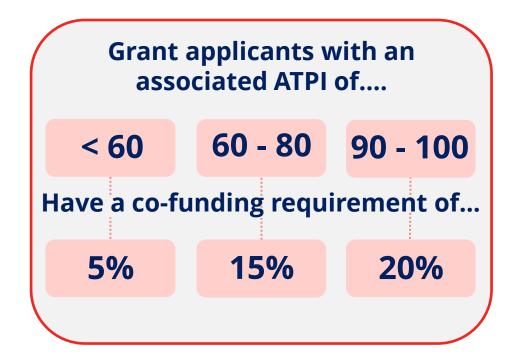
Co-funding is a requirement of the Competitive Grant Program

Co-funding amounts:

- Co-funding amounts are based on the 2022 Ability to Pay Index (ATPI) for the project area served
- Regionalization projects will use the lowest ATPI of the partners
- No co-funding reductions

Co-funding sources:

- Eligible: Cash and Third-Party In-Kind Contributions
- Ineligible: TDEC ARP Non-Competitive Grant funds





Co-Funding Sources

Cash Reserves

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

Third-Party Funds

Third-party in-kind may include project owner labor, equipment services, or material contributions. TDEC will consider using in-kind co-funding contributions if an individual accountability report is completed and submitted with the application.

Note: Treasury Rule

Treasury's Final Rule allows for the use of ARP funds as a match for other grant programs where the costs are eligible under both programs. The entire project is 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.



Regionalization Funding Eligible Activities

Eligible Activities for Grant Funding Requests:

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

Administrative Use of Funds:

Up to 6% of a grant applicant's total grant contract may be used for reasonable and allocable administrative expenses.

Administrative Expense Examples		
Project and proposal development and submittal		
Reporting		
Compliance assurance		
Monitoring		
Direct or indirect costs associated with administering the grant award		



Example Application Scenario #1

Scenario:

Travis, Caldwell, and Williamson County want to collaborate on a regional wastewater management plan to accommodate an investment in a new manufacturing facility. The facility will be in Travis County but is expected to affect each county's wastewater infrastructure equally and significantly. The counties do not anticipate developing plans and specifications under the ARP timeline.

County ATPIs: • Travis County: 80 • Caldwell County: 30 • Williamson County: 80

Project Application Example:

- The three counties submit a \$1m Investigation and Planning proposal with Travis County as lead applicant
- Using the lowest ATPI, Caldwell, the co-funding requirement is 5%
- TDEC would contract with Travis County and recognize Caldwell and Williamson as partners

Funding Scenario:

- Total project budget: \$1 million
- Co-funding percentage: 5%
- Required co-funding: \$50,000
- Allowable administrative expenses: \$60,000 (6% of \$1m)
- Total grant dollars requested: \$950,000

Example Application Scenario #2

Scenario:

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 is partnering with the Biscayne Water Management District to invest in a 10-mile pipeline. This interconnection infrastructure will strengthen the water exchange and improve regional resilience.

Entity ATPIs: • City of Kendall: 90 • Biscayne Water Management District: 60

Project Application Example:

- The two entities submit a \$20m Planning,
 Design, and Construction proposal
- Using the lowest ATPI, Biscayne, the co-funding requirement is 15%
- TDEC would contract with whichever entity is designated as lead applicant

Funding Scenario:

- Total project budget: \$20 million
- Co-funding percentage: 15%
- Required co-funding: \$3 million
- Allowable administrative expenses: \$1.2m (6% of \$20m)
- Total grant dollars requested: \$17 million



Application Submission Guidance



Alignment with the definition of regionalization is critical in determining suitability for funding

 Grant applicants must demonstrate that their proposal aligns with the definition of regionalization and meets all activity eligibility requirements



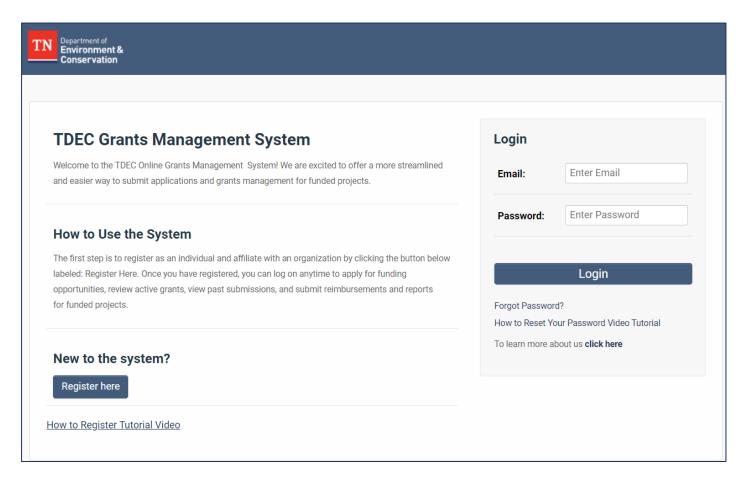
While specific **activities may be eligible** under the regionalization grant, applicants should consider whether the respective project would make a **compelling and competitive case** in comparison to other proposals



When determining which project(s) and grant program(s) to apply for, applicants should view the proposal scoring rubrics and **select the path that would give the application the most points**



Grants Management System



- All components of the application are housed within GMS. It is designed to ensure that only complete applications may be submitted for TDEC review and approval
- 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
- 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



Note: Long-term access to the GMS is possible with user login and affiliations.

Application Submission Components

Every grant application must contain the following components:



Designated grant applicant and partners (if applicable)



Description and narrative of proposal



Uploaded Tennessee Infrastructure Scorecard for lead applicant and partners



Detailed proposal and project budget and deliverables timeline



Co-funding requirements



Proposal details – 250-word responses to specific questions



Technical project information – varies by project award type

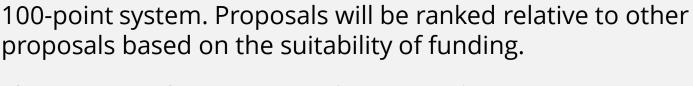


Application Evaluation Methodology

TDEC will form a panel of three subject matter experts for each grant to review applications.



administrative review of each application for completeness, accuracy, and eligibility before initiating the technical evaluation.



Proposals will be evaluated using a **scoring rubric** based on a

The scoring rubric consists of **Community/ System** Considerations and **Proposal** Considerations.

Proposals with the highest total points at the end of scoring for each grant will be considered for funding. TDEC may not award funds to proposals that score below a 70.

TDEC may not engage with grant applicants during the application evaluation period. Grant applicants are not allowed to revise or add to applications following submission. Incomplete applications may not be eligible for funding.



Evaluation Criteria

Community/System Considerations – 60 Points

Criteria	Max Points
Financial capacity of the lead applicant - ATPI	5
Investment in a disadvantaged community – average ATPI of all partners	5
Population served*	10
Current amount of drinking water or wastewater facility design capacity being utilized*	10
Projected increase in water withdrawal availability or increase in wastewater discharge*	10
Demonstration of historically successful efforts relating to the project	5
Demonstration of rate structure consideration by the lead applicant or inclusion in current project	5
Use of non-competitive funds to address critical system needs by lead applicant and partners	10

^{*}Note: Separate points of max 5 awarded for lead applicant and partners

Proposal Considerations – 40 Points

Criteria	Max Points
Alignment with definition of regionalization – inadequate, adequate, or exceptional	10
Demonstration of drivers for regionalization activities – demonstration of no, minor, or major drivers	20
Project activities are defined as resilient, sustainable, environmentally innovative, and green according to EPA guidance – percentage of project costs associated with these components	10

TDEC aims to dedicate 70% of funding to proposals involving construction and 30% of funding to non-construction proposals.

Application Evaluation Considerations



TDEC may consider **feasibility** of project/proposal completion and **diversity** of project types, applicants, geographic distribution in making final funding recommendations



Applicants must demonstrate how they will meet **co-funding requirements** and validate the feasibility of project completion within the performance period

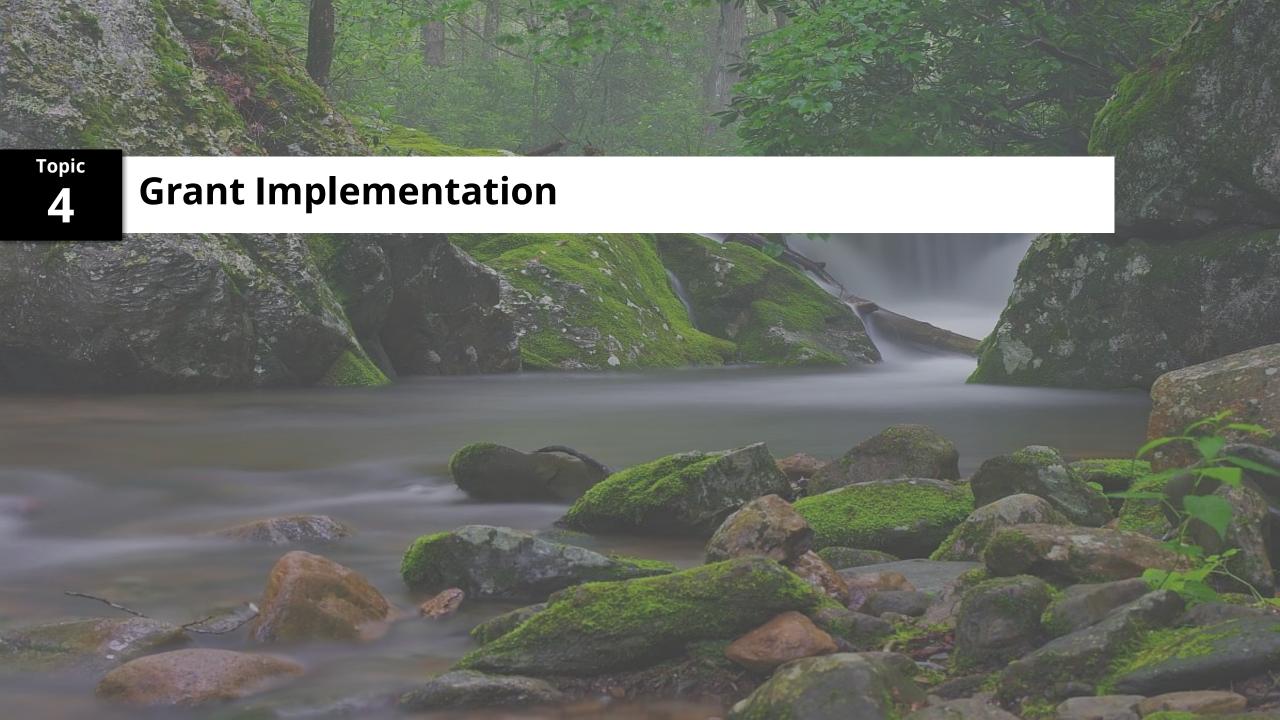


Please note that **TDEC may select parts of a proposal for funding** and may offer to fund less than the eligible grant amounts or a smaller amount than requested in the application



Applications will not be reviewed before the deadline; there is no incentive to submit applications early. We advise applicants to take any extra time to review the application for accuracy before submitting, as revisions or additions are not allowed following submission





Grant Schedules and Requirements

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 grant contracts will end by September 30, 2026.
- Proper close-out of all activities must be completed prior to **December 30, 2026**.

TDEC is federally required to provide monitoring and oversight for its subrecipients; grantees should have the proper monitoring and oversight controls in place for its contractors and subcontractors

Construction Requirements

- TDEC will require the submission of an authority-to-award (ATA) bid package from grant recipients before commencing construction
- Grantees must receive TDEC approval for preliminary engineering reports, construction documents, and other common materials before project close-out
- Site inspections will occur at the start, during, and completion of construction

Procurement

Any procurement using competitive SWIG funds must be consistent with **state procurement standards** and **Uniform Guidance 2 CFR Part 200.D**, as applicable.

As subrecipients, grantees must also comply with 2 CFR 200.318-200.327.

Procurement must be made on a **competitive basis**, including using competitive bidding procedures, if purchases are above the Simplified Acquisition Threshold (\$50,000). Local policy must be followed if more stringent.

Instances where competitive procurement is not practical must provide supporting documentation including a **written justification** of the decision and process.



Further procurement guidance can be found in TDEC's <u>American Rescue Plan Grant Implementation Guide</u>

Reimbursement

Grantees may request reimbursement only for costs incurred during the grant contract term.

Requests shall be for reasonable & necessary expenditures required in the delivery of service described in the contract and identified in the project budget.

Supporting documentation
will be required to
substantiate the costs
requested for reimbursement.
This may include purchase
orders, pay requests, invoices,
and/or proof of payment.



Significant adjustments to a grant award budget will **not be possible** given the federal deadlines.

Up to **20%** of the total budget may be **redirected** from one line item to another budgeted line item; no-cost modification.



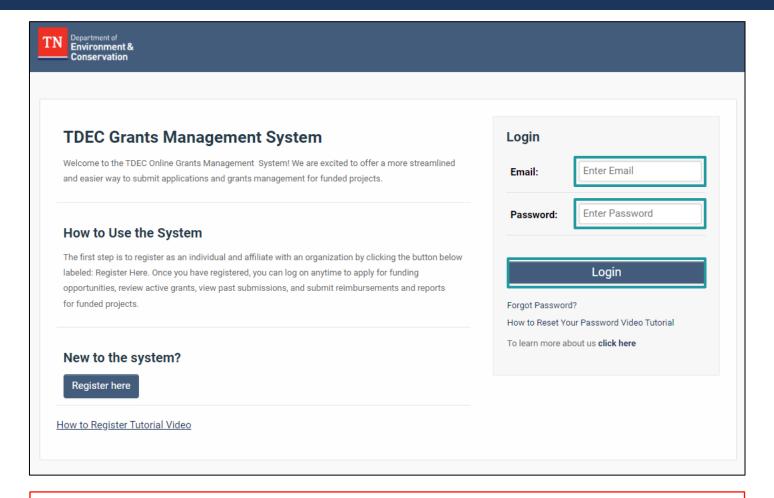




TDEC Grants Management System (GMS) Overview

Like the Non-Competitive Grant Program, applicants will use GMS to access the Competitive Grant application(s). GMS was outfitted with a few improvements:

- Required components, like the budget attachments, are more simplified and user-friendly
- Applicants are only required to input necessary information – the questions and prompts will change based on the project and award types selected



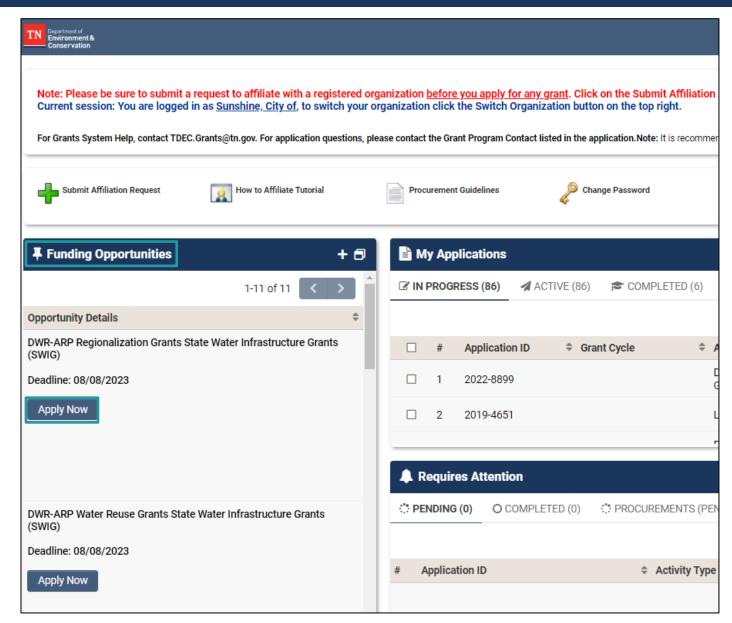
Tip: If accessing the <u>GMS</u> for the first time, please register. Click on the "Register here" button and review the <u>registration tutorial video</u> for additional support.



GMS Tip #1: Creating a new Regionalization Application

Once logged in, navigate to the **Funding Opportunities** tab and identify the grant application associated with **Regionalization**

 Select "Apply Now" to begin a new grant application



GMS Regionalization Application Tabs

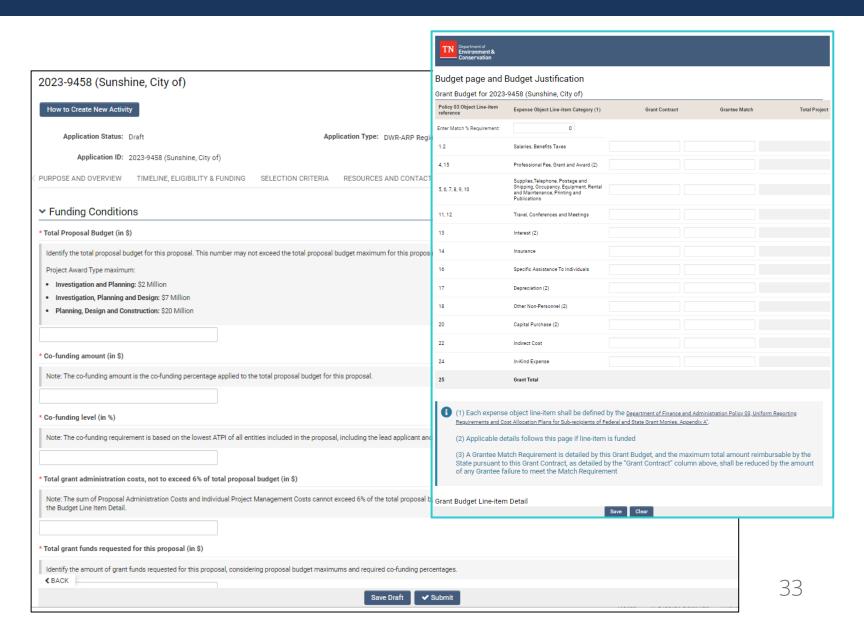
Below are the tabs you will find in GMS for regionalization grant applications:

1. Purpose & Overview	10. Narrative Questions
2. Timeline, Eligibility & Funding	11. Drinking Water
3. Selection Criteria	12. Wastewater
4. Resources & Contact	13. Authorization
5. Title VI Compliance	14. Self Debarment Verification
6. General Information	15. Pre-Application Submission Authorization
7. Budget & Attachments	16. Applicant Acknowledgments
8. General Proposal Information	17. Application Summary
9. Partner Information	

Budget and Attachments Tab

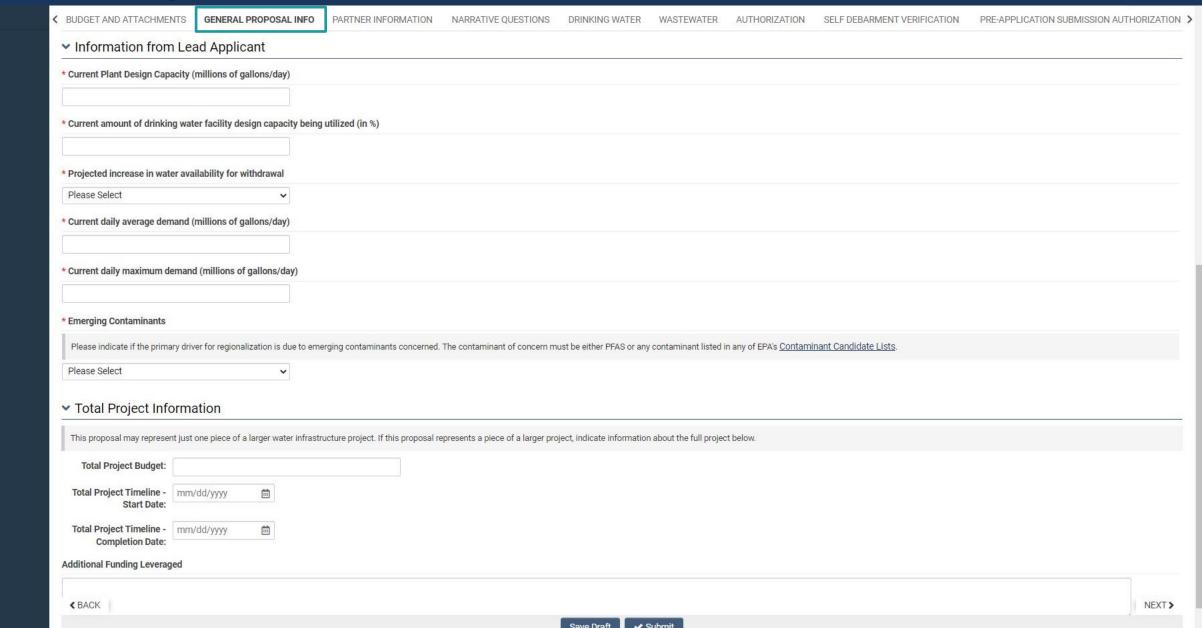
The Budget and Attachments Tab is now simpler

- The questions and required inputs have been cleaned up
- The Budget Justification
 Worksheet is now a pop-up
 tab within GMS, rather than
 an Excel worksheet



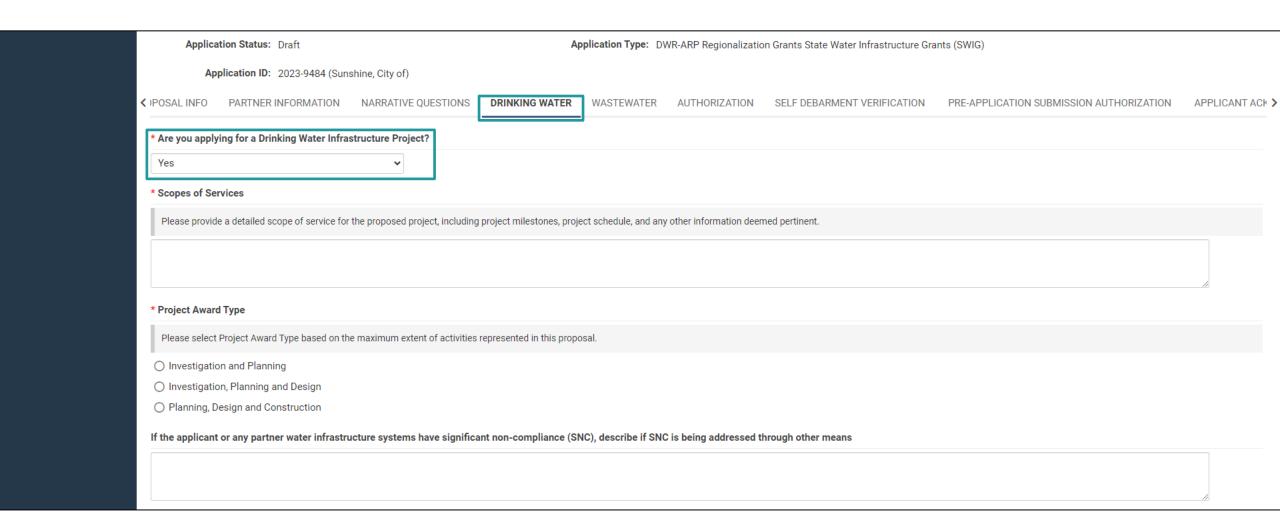


General Proposal Information Tab

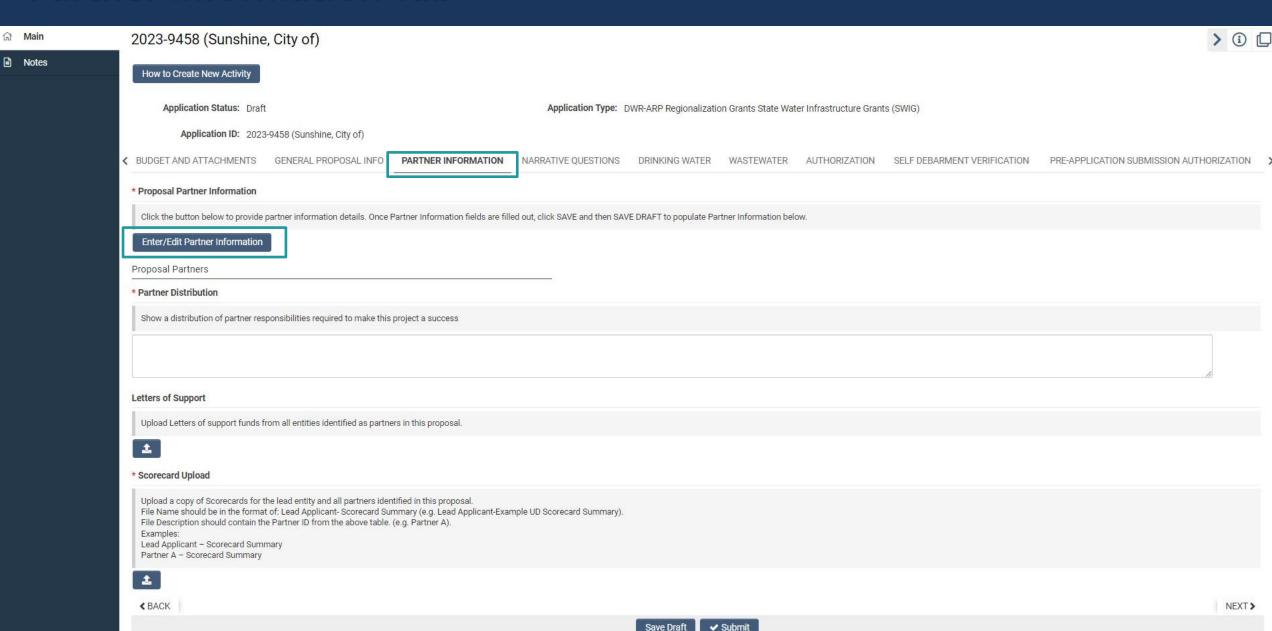


Drinking Water and Wastewater Tabs

The Drinking Water <u>OR</u> Wastewater tab will need to be completed based on applicant response to the "Water Infrastructure Type" question on the General Proposal Info tab.



Partner Information Tab



Partner Information Tab Pop-up Window

Partner Information

8

Please provide a Partner ID in the form of A, B, C, etc.

Scorecards must be completed by all partners that own or operate a system.

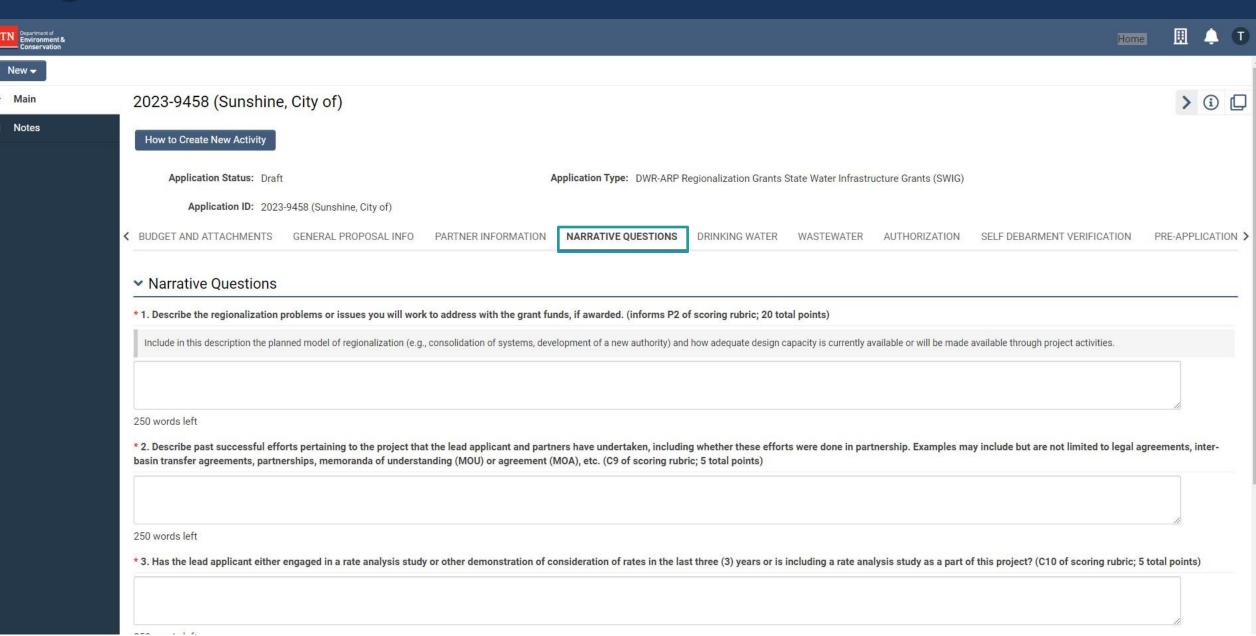
Utility ID code is assigned by Comptroller's Office and is used for Infrastructure Scorecard login.

Information should be taken from the partners' Tennessee Infrastructure Scorecards. If there are multiple datapoints for current infrastructure capacity of a system, the average of those datapoints should be reported.

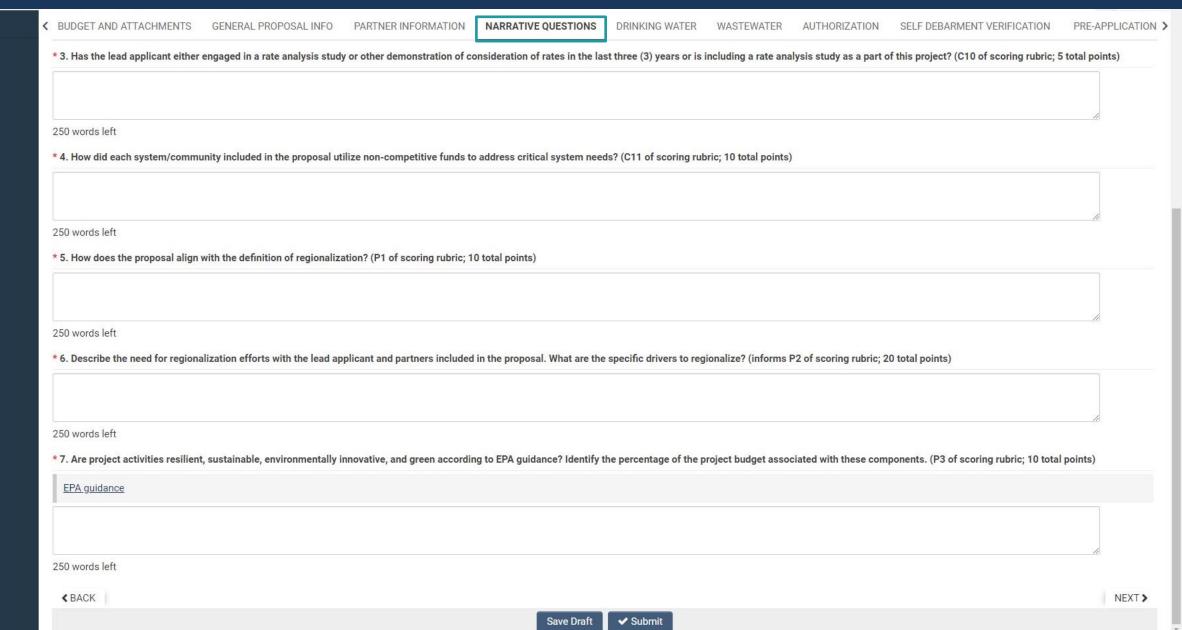




Regionalization Narrative Questions Tab



Regionalization Narrative Questions Tab Cont.



GMS Best Practices

6

- 1 Upon opening your application, be sure to **affiliate the application** with an organization or entity
- Be sure to click "Save Draft" frequently to ensure progress is not lost
- Only **one person** may have the application open **at a time**; the other user(s) will be locked out
- The system can be **slow** at times; try **refreshing** if the save button buffers for an extended period
- Ensure you upload the correct documentation as documents **cannot be deleted** after upload
 - Utilize the <u>TDEC GMS Resources page</u> and reach out to the <u>TDEC</u> <u>GMS email</u> with any questions

Resources

- Regional Water Resources Planning Guidelines for Tennessee
- Regional Water Supply Plans Approval Process for Tennessee
- EPA Water System Partnerships Site
- Regionalization Grant Manual
- Competitive Grant FAQs
- TDEC Grants Management System
- State Strategic Projects Framework





Feedback Survey

- Thank you for attending today's workshop!
- Please take 5 minutes to complete the feedback form.
- Your feedback helps us to plan for additional workshops and provide you with the most relevant resources and information.
- Contact our team with any specific questions at <u>TDEC.ARP@tn.gov</u>



https://forms.office.com/g/LLE0BcRxbY

