TDEC ARP
Non-Competitive Grant Town Hall 2024

March 7, 2024

Agenda

- Welcome
- Deliverables, Asset Management Plans, & Site Inspections
- _**New**_ Non-Competitive Milestone Updates & Requirements
  - Procurement Status Update
  - Reimbursement Status Update

- Wrap-up & Q&A
- Appendix:
  - Reimbursement Process Barriers

Meet the Facilitators

Vena Jones, PG
Manager, State Revolving
Fund & Water Infrastructure
Grants

Cameron Ketchum, EY
Deliverables (Site
Inspections)

Jaamal Whittington, EY
Procurement

**Darby Miller, Blue Cypress
Consulting, LLC**
Deliverables (AMPs)

Sarah Lawrence, EY
Reimbursement

Jovanni Mahonez, EY
Communications

Deliverables, Asset Management Plans, and Site Inspections

Deliverables

- Required deliverables vary depending on the make-up of the water infrastructure utilities, each system's critical needs, and project award type.
- All deliverables must be uploaded to the Grants Management System (GMS).
- Each utility must submit an Asset Management Plan (AMP) or AMP certification, a capital improvement plan (CIP), a business action plan or a prioritized list of critical needs, and a final TN Infrastructure Scorecard Summary once projects are complete.

Deliverable Examples by Award Type	
Award Type	**Deliverable Examples**
Investigation and Planning	AMP, CIP, Final scorecard summary, Corrective Action Plan/engineering report (CAP/ER), engineering agreement, preliminary engineering report (PER)
Investigation, Planning, and Design	AMP, CIP, Final scorecard summary, CAP/ER, engineering agreement, PER, plans and specifications (P&S)
Planning, Design, and Construction	AMP, CIP, Final scorecard summary, CAP/ER, engineering agreement, PER, plan of operations, P&S, site certification
Construction Only	AMP, CIP, Final scorecard summary, Engineering agreement, P&S, plan of operations, site certification

Asset Management Plans (AMPs)

- Each utility must submit an AMP or AMP Certification Form.
- The AMP Certification Form can be found on pg. 30 of the AMP Guide.
- A complete Asset Management Program that meets the minimum scorecard requirements must be completed by September 30, 2026.

The Five Core Components of an Asset Management Plan
1. Current State of the Assets – Inventory and Condition Assessment
2. Level of Service
3. Critical Assets
4. Minimizing Life Cycle Costs – Capital Improvement Plan
5. Long-Term Funding Plan – Rate Evaluation

AMP Resources

- AMP Guide
- Coming soon!
  - AMP Minimum Requirements Checklist
  - AMP Frequently Asked Questions

- If a grantee does not have an AMP as a critical need requirement, an **AMP Certification Form must be submitted** for approval.
- If a grantee is using non-ARP grant funding to develop an AMP to meet their critical need requirement:
  - An **AMP and TDEC approval letter is required to be submitted** for approval if alternative SRF or SWIG funding is used to complete the AMP.
  - An **AMP is required to be submitted** for review and approval if alternative funding (non-SRF or non-SWIG) is used to complete the AMP.
  - If a grantee is using ARP grant funding to develop an AMP to meet their critical need requirement, **an AMP must be submitted** for review and approval.

Site Inspections

- Site inspections are required for all **<u>construction-only projects and planning, design, and construction projects</u>** receiving ARP grant funds for construction activities.

- Grantees can make site inspection requests in GMS using the site inspection activity at the bottom of the grant application's Manage Projects tab. Grantees will provide:
  - Preferred date of the site inspection
  - Project manager's contact information
  - Location of the inspection
  - ARAP or NPDES General Construction permit numbers (if applicable)

Site Inspections (continued)

- Site inspections should be requested as projects approach the following milestones:
    - Project start (20-30% project progress)
    - Initiation of operations (75-90% project progress)
    - Project closeout (construction completion)
- Final closeout inspections for all projects with construction must be requested **at least 60 days (August 1, 2026)** before the contract end date (September 30, 2026).
- Inspections must occur during the eligible performance period (on or after March 3, 2021 through September 30, 2026).

Site Inspections (continued)

Evaluation Criteria

1. Observed construction activities align with the approved contractual scope of the project
2. Grantee progress reports match the work observed during the site inspection
3. Completed or in-progress activities align with the project milestones defined in the project contract
4. Grantee contractors have the documentation and processes in place to fulfill the proposed scope of work
5. Required signage is present at the construction site

Required Signage for Inspections

- Comptroller's Waste, Fraud, and Abuse Hotline Notice
- Project Wage Rate Sheet
- Davis-Bacon wage decision (if applicable, >$10M)
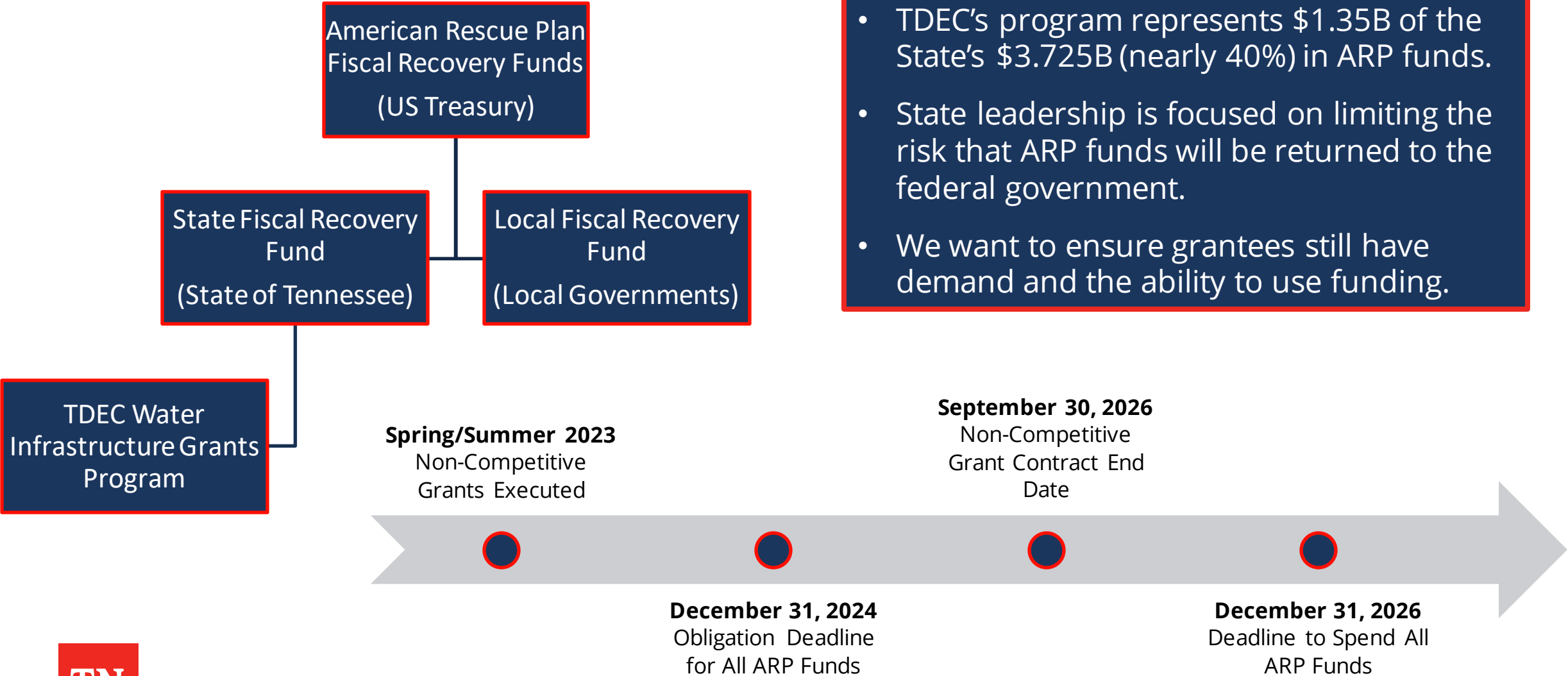- Notice to All Employees (WH1321)
- SWIG project sign

Required Documentation for Inspections

- Approved set of plans
- ARAP permit (if applicable)
- Construction General permit Notice of Coverage (if applicable)
- Daily log
- Approved shop drawings
- Red-lined drawings (if applicable)
- Materials testing results (if applicable)

Non-Competitive Milestone Updates
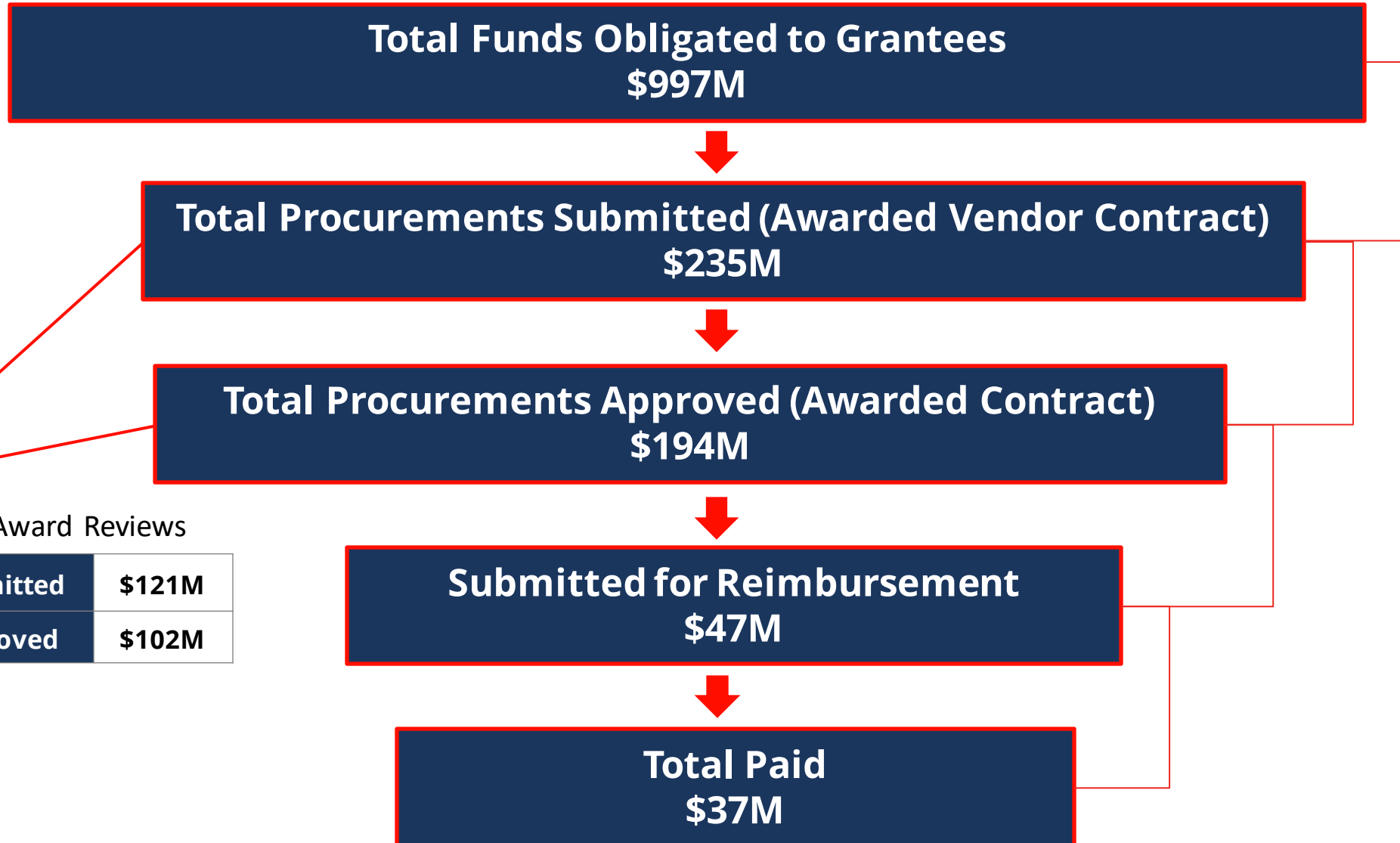
State of Tennessee ARP Funding

American Rescue Plan Fiscal Recovery Funds
(US Treasury)

State Fiscal Recovery Fund
(State of Tennessee)

Local Fiscal Recovery Fund
(Local Governments)

TDEC Water Infrastructure Grants Program

- TDEC's program represents $1.35B of the State's $3.725B (nearly 40%) in ARP funds.

- State leadership is focused on limiting the risk that ARP funds will be returned to the federal government.

- We want to ensure grantees still have demand and the ability to use funding.

Spring/Summer 2023
Non-Competitive Grants Executed

September 30, 2026
Non-Competitive Grant Contract End Date

December 31, 2024
Obligation Deadline for All ARP Funds

December 31, 2026
Deadline to Spend All ARP Funds

Total Funds Obligated to Grantees
$997M

↓

Total Procurements Submitted (Awarded Vendor Contract)
$235M

↓

Total Procurements Approved (Awarded Contract)
$194M

↓

Submitted for Reimbursement
$47M

↓

Total Paid
$37M

Optional Pre-Award Reviews

Pre-Award Submitted	$121M
Pre-Award Approved	$102M

Procurement Status Update
as of March 7 (9 a.m. CT)

744 Approved Procurements

233 Grants
700 Projects

Engineering Procurements
489

Construction Procurements
90

Professional Services Procurements
165

Reimbursement Status Update
as of March 7 (9 a.m. CT)

Grantees with Submitted Reimbursements

96

Reimbursement Requests Received

151

Reimbursement Requests Approved

115

Total reimbursements requested: $46,406,946

Total reimbursements paid: $37,190,362

Overview of Changes

- TDEC has established new critical milestones for **non-competitive grantees** to demonstrate sufficient progress on grant contracts in order to mitigate completion risk.

- Not reaching these milestones will lead to a further analysis of your grant contract and/or projects. This **may** result in contract or project termination.

Contract Based

April 30, 2024 – Contract Procurement Requirement

April 30, 2024 – Voluntary Opt-Out

Project Based

May 30, 2024 – Project Procurement Requirement

May 30, 2024 – Plans and Specifications Requirement

*Construction only projects.

April 30, 2024 – Contract Procurement Requirement

- **All non-competitive grant contracts** should have **at least one procurement** submitted for approval by April 30, 2024.

- Procurement requests may be for grant administration or for project-based activities.

  - Pre-bid or pre-award procurement requests are considered as meeting this milestone.

- Grants without a single procurement request (including grant administration fees) may be considered for termination.

Grants At-Risk

10% or 34 grants

May 30, 2024 – Project Procurement Requirement

- **All individual projects** within a grant must have at least **one project-related procurement** submitted for approval.
  - Procurement submissions may also be in the pre-bid or pre-award phase as applicable for meeting this milestone.
  - Grant administration procurements *do not* satisfy this milestone requirement.
- Projects without a single procurement request will be considered at risk of not spending funds by the end of the contract term (September 30, 2026).

Projects At-Risk
38%

Grants At-Risk
23%

May 30, 2024 – Plans and Specifications Requirement

- All **<u>construction only</u>** projects must have submitted approved plans and specifications.

- Plans and specifications should be submitted in GMS and must be approved by the Engineering Services Unit (ESU) (except stormwater).

- *Note*: to have been eligible for a construction-only grant, grantees should have approved plans and specifications as part of the grant application before the grant contract was executed.

Construction Only Projects At-Risk

<u>19</u>

- Grantees may choose to terminate their grant contract **voluntarily** by submitting a written request for contract termination to **TDEC.ARP@tn.gov**.

- Requests must be submitted on letterhead and signed by an authorized representative for the grant contract. TDEC will engage those who start this process with additional guidance.

- Grantees may request voluntary termination if no reimbursement requests have been paid on the grant contract.

| Grants eligible for reimbursement	Funds eligible for reimbursement
71%	**$194M**

Milestone Risk Analysis

- TDEC will evaluate all grants and all projects that are unable to meet each milestone against known risk factors.

- Multiple factors may be considered during the risk analysis, including but not limited to:

    - Financial planning and stability
    - Alignment with deliverables and project schedule
    - External dependencies
    - Unforeseen challenges

- *Note*: Failure to meet a milestone does not automatically guarantee a loss of funding.

Q&A, Resources, & Feedback Survey

Resources Updates

- The ***TDEC ARP website*** is updated frequently with new information related to the Non-Competitive and Competitive Grant Programs
- The resources page includes many implementation materials for grant recipients, including:
  - ❑ Implementation Guidance
  - ❑ AMP Guidance
  - ❑ Quick Reference Guides
  - ❑ Workshop and Webinar Materials
  - ❑ Demonstrations and Tutorials

https://www.tn.gov/environment/arp.html
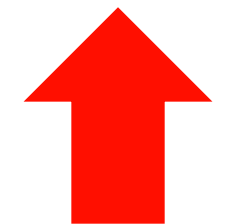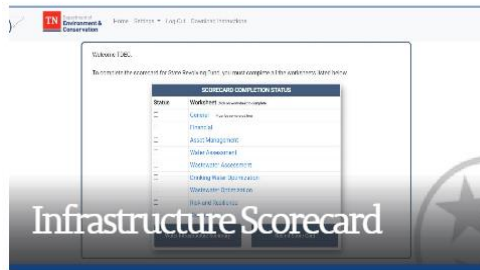
Feedback Survey

- Thank you for attending today's town hall!

- Please take 5 minutes to complete the **feedback form**.

- Your feedback helps us plan additional town halls and provide you with the most relevant resources and information.

- Contact our team with any specific questions at **TDEC.ARP@tn.gov**.

March ARP Town Hall Feedback Survey

Appendix

Reimbursement Process Barriers

	Reasons for Requests for Information (RFIs)	
Category	**Issue**	**Issue**
Invoice Errors	Invoices **missing signatures** from the Engineer of Record (PE) <u>AND</u> project owner/authorized Grantee representative with signature blocks that clearly identify the signatory	No clearly identifiable periods of performance on invoices and applications for payment
Missing Deliverables	Required deliverables for PDC projects include ESU approved PER and Plans and Specs; these must be submitted **before** requesting reimbursement for construction related costs	Requests for reimbursement are above 90% of project costs with missing deliverables; the maximum allowable reimbursement is 90% of the total individual project costs until all deliverables required are submitted for PDC and Construction projects
Proof of Payment Errors	**Proof of payment** does not clearly tie to or identify expenditures	**Missing escrow statements** as part of providing proof of payment
Change Orders	Submissions **missing change orders** to address applications for costs that differ from the executed vendor contract	

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