WATER INFRASTRUCTURE ADVISORY COMMITTEE
Kick-Off Meeting

September 14, 2021
Welcome & Introductions

- Name
- Affiliation
- Why is water important to you?

Remarks from the Governor’s Office and Finance & Administration
• Membership
  ▫ Who isn’t in the room that needs to be?
• Goals & Objectives
• Roles & Responsibilities
• Game plan for first 6 months
• Questions
Let’s get quickly oriented!

- TDEC Water Infrastructure Investment Plan Storyboard Video
Framework for Infrastructure Investment Plan

• Incentivize communities to utilize their local ARP funds in alignment with the State’s Infrastructure Investment Plan and other State-led priorities
  ▫ Leverage local financial resources through match requirements based on ATPI, as well as other potential factors

• Provide all communities the opportunity to partner with the State to address critical infrastructure needs across the state
  ▫ Ensure support and program access for systems with the greatest needs, including small systems
  ▫ Non-competitive grant format that encourages cooperation between counties, locals, and utilities

• Ensure fiscally responsible investments
  ▫ Emphasize comprehensive asset management
  ▫ Encourage projects that will improve the financial sufficiency rating required for future SRF funding opportunities

• Coordinate with partner agencies and offices
  ▫ ECD, Comptroller’s Office, F&A, Governor’s Office, Financial Stimulus Accountability Group (FSAG)

• Informed by engagement with stakeholders
Current Eligibility Based on US Treasury’s Interim Final Rule
Water and wastewater infrastructure projects that align with clean water and drinking water SRF eligibility, such as:
• Comprehensive asset management
• Line replacement
• Plant/facility upgrades
• Regionalization and consolidation
• Stormwater management
• Nonpoint source pollution
• Water conservation and energy efficiency
• Water storage
• Workforce training

Final Rule anticipated September 2021
Proposed Disbursement Strategies

- Formula-Based Grants
- State Strategic Projects
- Competitive Grants

Priorities Emphasized

- Comprehensive asset management planning
- Water loss and infiltration/inflow reductions
- Water quality
- Optimization and modernization
- Replacement of lead service lines
- Managing stormwater and green infrastructure
- Consolidation and regionalization
- Managing risk and building resilience to multiple hazards
- Enhancing service to underserved communities
- Partnerships
- Fiscal sustainability
Approach to Funds Disbursement

Formula-Based Grants + State Strategic Projects + Competitive Grants

- **Formula-Based, Noncompetitive Grants**
  - Provide funding for eligible projects that meet minimum requirements, subject to availability of funds and TDEC approval
  - Encourage cooperation between counties, locals, and utilities
  - Empower local communities or utilities to select projects, with guidance from TDEC
  - Each county eligible to receive a base allocation plus a portion of monies based on county population
  - TDEC to publish proposed allocations for each county in mid-September as part of its draft investment plan
  - Sliding scale for match requirements based on Ability to Pay Index and other considerations
Potential Approach to Funds Disbursement

Formula-Based Grants + State Strategic Projects + Competitive Grants

- State Strategic Projects
  - Infrastructure Scorecards for All Utilities
  - Funding for Select Community Development Block Grant and Infrastructure Planning Grants
  - Non-Competitive Grant Program Project and Proposal Development Support for Small and Disadvantaged Communities
  - New SRF Loan Incentive
  - State Agency Priority Projects (including General Services projects)
  - Industrial Site Development Projects
  - Major Regional Water Supply Projects
  - Statewide IT/GIS Project
  - Education and Workforce Development Projects

- Competitive Grants
  - Funded by unused noncompetitive grant allocations and remaining funds from state strategic projects
  - Supports innovative approaches to enhancing water/wastewater infrastructure and implementation of best practices
Present proposed framework for water/wastewater infrastructure investment plan to Financial Stimulus Accountability Group (FSAG) August 4, 2021

Anticipate release of U.S. Treasury ARP Final Rule September 2021

Publish draft water/wastewater infrastructure investment plan, open comment period September 2021

Publish final water/wastewater infrastructure investment plan November 2021

Close comment period and initiate revision of draft water/wastewater infrastructure investment plan October 2021

Engage in outreach to ensure communities are aware of funding approach, eligibility, requirements, and other critical elements Fall 2021-Spring 2022

Open process for non-competitive grant letter of acceptance and project proposals January 2022
Anticipate utilizing contractors for some elements of program administration and covering some functions with existing staff.

Developing ARP program reporting to Division of Water Resources:
- Alignment with SRF, Engineering Services Unit, and permitting sections.

Potential contractor functions:
- Infrastructure Scorecards for all utilities (about 500 statewide).
- Grant administration support – Hybrid model with TDEC leading project approval and incorporating into existing grants management system.
  - Project Management
  - Sub-recipient monitoring
- Education and workforce development.
Communications, Education, & Outreach

- TDEC.ARP@tn.gov email address
- https://www.tn.gov/environment/arp website
- Internal and external communications distribution lists
- Communications Office, Office of External Affairs, Legislative Liaisons
- Talking points and standard presentations
- Planning robust outreach campaign, participating in forums and speaking engagements
- Participation in F&A Local Government Technical Assistance Program
Appendix
ARP State and Local Funding for TN

American Rescue Plan Fiscal Recovery Funds (US Treasury)

- State Fiscal Recovery Fund (State of Tennessee) $3.725 billion
- Local Fiscal Recovery Fund (Local Governments) $2.28 billion
  - Treasury distributes to Metro Cities $516 million
  - Treasury distributes to Counties $1.326 billion
  - Treasury to State as passthrough to Non-Metro Cities $438 million

Summary for TN:
- $3.91 billion to state government
- $2.28 billion* to local government
  *Mix of direct and passthrough the state

Link to U.S. Treasury Resources on American Rescue Plan, including allocations to states and local governments
American Rescue Plan – Statutory Limitations

**COVID-19 Health Costs**
This would cover any direct costs of responding to the public health components of the pandemic.

**Economic Relief**
Treasury will define in regulation; Statute suggests that grants to affected businesses will be permitted. This also allows “premium pay” wage subsidies to “essential workers.”

**Revenue Replacement**
Statute defines this as a drop relative to FY19 revenues & unavailable to states with positive revenues. This use is only vehicle to use ARP funds for general fund/operations.

**“Water, sewer or broadband” infrastructure**
Most specific use listed in statute. It does not include roads. Treasury regulations spell out in more detail how such projects could be identified and funded.

**Coronavirus Capital Projects Fund**
($216 Million)
Only available to states and is in addition to Fiscal Recovery Fund. It is limited to “critical capital projects directly enabling work, education, and health monitoring, in response to the public health emergency.”

**FISCAL RECOVERY FUND**
($3.725 BILLION for TN)
## Tennessee Resiliency Plan – August Recommendation

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount Recommended</th>
<th>Overall Percentage</th>
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<tbody>
<tr>
<td>Beginning Balance</td>
<td>$3,725,832,113</td>
<td>-</td>
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<tr>
<td><strong>1A. Infrastructure - Sewer and Water</strong></td>
<td>$1,350,000,000</td>
<td>36.24%</td>
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<tr>
<td><strong>1B. Infrastructure – Broadband</strong></td>
<td>$500,000,000</td>
<td>13.4%</td>
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<tr>
<td>2. Local Govt Technical Support</td>
<td></td>
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<tr>
<td>3. Eligible Health Capital Projects</td>
<td>$1,875,832,113</td>
<td>51.36%</td>
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<tr>
<td>4. Public Health</td>
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<td>5. Economic Relief</td>
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*Costs to be confirmed and allocated in September*
Operationalizing via State-Local Collaboration

*Specific to State Allocated ARP dollars towards water and wastewater infrastructure*

- **Potential State roles**
  - Program design and administration, including defining eligible project types and priority areas (TDEC)
  - Connecting and convening potential collaborators (TDEC, ECD, Comptroller, others)
  - Review/approval of State ARP funded projects (TDEC, WIAC)
  - Technical assistance where resources available (TDEC, ECD, others)
  - Plans review and permitting (TDEC)
  - Sub-recipient monitoring and some project management (TDEC, F&A, contractor)
  - Report out on impacts (TDEC and F&A)

- **Potential Local roles (counties, municipalities, and/or utilities and their contractors)**
  - Identification of projects
  - Identification of source of funds for match
  - Identification of potential local collaborators
  - Execution of projects, including some project management
# Local Support Program – Timeline

## SEPTEMBER 2021 (Phase 1 - Local Government Engagement)

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<tr>
<th>Sep 1 - 15</th>
<th>Release schedule for 8-week training program for local government officials</th>
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<td>Release local government ARPA spend plan template (after Treasury Interim Rule becomes Final.)</td>
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<td>Sep 15 - 30</td>
<td>Perform ongoing communication with local governments to encourage participation in assistance program and training (In coordination with MTAS, CTAS, and other local government associations)</td>
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## OCTOBER - DECEMBER 2021 (Phase 2 - Local Government Training)

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<tr>
<th>Oct 1 - Dec 31</th>
<th>Complete 8-week training program with local government officials</th>
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<td>Release monthly updates on Treasury guidance and local government assistance program</td>
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<td>Hold monthly call with public to solicit questions</td>
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<td>Launch local outreach process with ECD and TDEC to educate locals on the infrastructure grants process and affirmative steps necessary to participate.</td>
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## JANUARY 2022 - JUNE 2022 (Phase 3 - Local Government Annual Plan Review)

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<tr>
<th>Jan 4</th>
<th>Open portal for submission of local government annual ARP spend plans for state review</th>
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<td>Jan 4 - Apr 30</td>
<td>Perform review of local plans and provide feedback and guidance to local governments in response</td>
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<td>May 1 - June 30</td>
<td>Locals can integrate local government spend plans into local government budgets to be submitted and approved by the Comptroller.</td>
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