Funding Water and Wastewater Needs with CDBG

2019 Environmental Show of the South
What is CDBG?

- The Community Development Block Grant (CDBG) program is a federally funded grant program to address community development needs principally benefitting low and moderate (LMI) persons.

- The Department of Housing and Urban Development (HUD) provides and annual allocation of funds.

- Tennessee receives approximately $24-28 million each year.

- Approximately 70-75% goes toward water and wastewater infrastructure.

- Approximately 50% of applications are funded each year.
What is required?

• All CDBG projects must meet a national objective.
  – Benefit to low and moderate income (LMI) persons
  – Elimination of slums and blight
  – Imminent threat and urgent need

• All CDBG projects must comply with federal rules and requirements
  – Davis-Bacon Wage Act
  – Environmental Review
  – Bidding and Procurement
  – Etc.

• Projects must take place in non-entitlement jurisdictions.
  – Entitlement jurisdictions receive direct allocations.
Entitlement Jurisdictions

- Bristol
- Chattanooga
- Clarksville
- Cleveland
- Franklin
- Hendersonville
- Jackson
- Johnson City
- Knoxville
- Kingsport
- Memphis
- Morristown
- Murfreesboro
- Oak Ridge
- Knox County
- Shelby County
- Nashville-Davidson County Metro

- Talk with your local department that handles CDBGs
- Participate in the Consolidated Plan process
Project Funding

• $525,000 max grants for water and sewer applications

• Minimum matching requirement is determined by the Ability to Pay (ATP) Index.
  – Ranges from 10% to 30% (plus ThreeStar reduction of 4%)

• Other grants and loans can be used as match.
  – SRF
  – USDA-RD
  – ARC
  – EDA
  – FastTrack
Funding Categories

• Housing Rehabilitation
• Water Line Extension
• Sewer Line Extension
• Water System Rehabilitation
• Sewer System Rehabilitation
• Community Livability
  – Emergency Vehicles/Equipment
  – Emergency Facilities
  – Community Facilities
  – Drainage Improvements
Eligible Project Types

• **Wastewater**
  – Line replacement/rehab
  – Manhole replacement/rehab
  – Pump station replacement/rehab
  – Various plant improvements
  – Investigative work

• **Water**
  – Line replacement/rehab
  – Water storage tanks
  – Redundant transmission lines
  – Various plant improvements
  – Smart water meters
  – Investigative work

*This is a not a comprehensive list*
Considerations for Application Development

• Think about your local priorities and needs.
  – Be strategic and consider how other sources of funding meet your needs.
  – Apply for projects you need, not just because you are eligible.
  – Engineers and admins should consult and support, not determine projects.

• Refer to plans you may have developed or data you have collected.

• Develop timelines for the project and funding sources.

• Consider scoring (Don’t do this first).
  – Project Need Score – 35% of total score
    • 90% Base Need
    • 10% Sustainability and Planning
Other Considerations

- Applications are due annually in late February.

- Start application consideration early.

- Account for depreciation.
  - 100% required for water and sewer assets
  - Rate studies may be needed

- Communicate with other stakeholders for efficiency and cost savings.
  - Internet providers
  - Highway department
Questions?

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tn.gov/ecd/community-development-block-grant/cdbg