



Sewer Overflow and Stormwater Reuse Grant

State Water Infrastructure Grant Program

Tennessee Department of Environment & Conservation | November 2026



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Grant Overview

Background

The Division of Water Resources (DWR) State Water Infrastructure Grants Program (SWIG) is offering a funding opportunity through the Sewer Overflow and Stormwater Reuse Municipal Grant (OSG). This funding is dedicated to improving stormwater management and increasing green infrastructure within the state.

The DWR is providing this grant in recognition of the underfunded nature of stormwater management within the American water infrastructure. While some communities have been able to pass stormwater fees to fund stormwater quality and management projects, many communities do not have that financial resource. The funding from OSG aims to address the existing gap in stormwater funding.

Effective stormwater management is critical to maintaining a municipality's water system, mitigating stormwater damage, and protecting vulnerable outlets for stormwater, such as streams and tributaries. Inadequate stormwater infrastructure and management within municipalities can lead to water system failures, posing significant risks to residents and causing harm to the community. Municipalities that encounter stormwater infrastructure failures may face higher costs in addressing these failures compared to implementing proactive stormwater management measures beforehand.

The groundwork for OSG funding was established by including the Wet Weather Water Quality Act amendment to the Clean Water Act in 2000. However, funding for the OSG program was dormant from 2002 until the passage of the America's Water Infrastructure Act of 2018. Upon being signed into law, this legislation modified section 221 of the Clean Water Act (CWA) to renew the authorization for the Sewer Overflow and Stormwater Reuse Municipal Grants Program (OSG program). Notably, this bill significantly altered the existing Sewer Overflow Control Grants by broadening the scope of eligible projects to include stormwater management initiatives and revalidating program allocations.

OSG Goals and Priorities

OSG funding allows municipalities or municipal entities to plan, design, and implement strategies to manage, minimize, treat, or reclaim stormwater or subsurface drainage water. TDEC is directing its grant initiative toward achieving the following objectives:

- Support rural and small communities with a population of 10,000 or fewer;

- Support disadvantaged communities with an Ability to Pay Index (ATPI) of 50 or less that want to improve stormwater quality and/or restore natural features for improved hydrology with green infrastructure components;
- Improve the water quality within the watersheds where projects are executed by increasing pervious surfaces or infiltrating, reusing, and evapotranspiring stormwater before entering the stream;
- Fund projects where 50-100% of the project consists of green infrastructure; and
- Fund projects that focus on implementing best management practices for stormwater activities.

Eligibility

Grant Applicants

Eligible grant applicants include municipalities or municipal entities that own or operate a public water system. Grant applicants are responsible for overseeing and monitoring grant activities, submitting progress updates as requested by SWIG, and managing the grant contract scopes of services. For additional information about oversight, monitoring, and progress update submittal, see the Funding Conditions section of this grant manual.

Eligible Projects

Eligible projects for this OSG funding will focus on **green stormwater** and **subsurface drainage** water management practices. The EPA's [OSG implementation guide](#) outlines the eligibility criteria for projects related to combined sewer overflows (CSO) and sanitary sewer overflows (SSO). However, the State of Tennessee has opted not to accept project applications in these categories. The State of Tennessee is seeking proposals for projects focused exclusively on managing stormwater and subsurface drainage water. All projects related to CSO and SSO will be ruled **INELIGIBLE** upon submission. This is **NOT** a solicitation for projects focused on flood preparedness and projects to fortify flood resiliency. Projects focused on flood preparedness and flood resiliency will be ruled **INELIGIBLE**. Examples of eligible financial assistance are provided below. This list is not exclusive, and other eligible projects may be consistent with the OSG authorizing statute but not specifically mentioned in this document.

The Environmental Protection Agency (EPA) defines stormwater management as any measures to manage, reduce, treat, or recapture stormwater or subsurface drainage water. The EPA defines green infrastructure (see Appendix A) as a range of measures that use plant or soil systems, permeable pavement or other permeable surfaces or substrates, stormwater harvest and reuse, or landscaping to store, infiltrate, or evapotranspire stormwater and reduce flows to surface

waters. The following activities are examples of eligible stormwater activities and include the use of green infrastructure to mitigate the impact of stormwater on the environment:

- Planning, design, and construction of treatment works to intercept, transport, control, treat, or reuse municipal stormwater; and any other measures to manage, reduce, treat, or recapture stormwater or subsurface drainage water;
 - Installation of permeable pavement in urban areas to allow stormwater infiltration;
 - Construction of green roofs on municipal buildings to capture and manage rainfall;
 - Creation of bioswales or rain gardens to naturally filter and manage stormwater runoff;
 - Implementation of stormwater harvesting systems to capture and reuse rainwater for irrigation or other non-potable uses;
 - Establishment of vegetated buffer zones along water bodies to reduce runoff and promote filtration;
- The development and/or implementation of a stormwater conservation and management plan;
- Reduce demand for publicly owned treatment works capacity and energy consumption through water conservation, efficiency, reuse, or other reasonable methods.

Additionally, applicants can refer to the [Clean Water State Revolving Fund](#) eligibility guide and the EPA's January 2015 memorandum, "Interpretive Guidance for Certain Amendments in the Water Resources Reform and Development Act to Titles I, II, V, and VI of the Federal Water Pollution Control Act," for further discussion of eligible activities.

When developing projects for OSG, entities must meet the minimum framework elements of [EPA's OSG guide](#). This OSG guide outlines basic eligibilities and desired outcomes for proposed OSG projects.

Application Review, Deadlines, and Timelines

Proposal Ranking

All grant applications will be ranked based on application completeness and how well the applicant has addressed the ranking components. Grant applicants cannot revise or add to applications following application submission. Proposals will be reviewed and ranked based on the merits of the submitted application. Incomplete applications may not be eligible for funding.

SWIG will review, rank, and recommend proposals for funding based on project rank and the State of Tennessee's priorities. Proposals will be reviewed and ranked relative to other proposals submitted following the close of the application period. Proposals will not be ranked as they are received.

Applications will be ranked according to points scored using a rubric system. 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 will be considered for funding at the end of scoring. Each proposal will be evaluated using the following scoring rubric:

Section	Criteria	Maximum Available Points
COMMUNITY/SYSTEM CONSIDERATIONS		45
C1	Financial capacity of the applicant: • 15 Points for ATPI 20 or below • 12 Points for ATPI 30-40 • 9 Points for ATPI 50-60 • 6 Points for ATPI 70-80 • 3 Points for ATPI 90-100	15
C2	Applicant's population served: • 15 Points for <=500 Population Served • 10 Points for <=10,000 Population Served • 5 Points for >20,000 Population Served	15
C3	A demonstration of the need for stormwater Rehab projects in the last five years: • 15 Points for exceptional demonstration • 10 Points for adequate demonstration • 5 Points for no demonstration	15
PROPOSAL CONSIDERATIONS (SELECT ONE)		55
P1(a)	Through the use of the Tennessee Runoff Reduction Assessment tool , the project displays the ability to increase pervious land cover at the site within the following ranges: • 15 points for a 10-20% increase in pervious land cover • 35 points for a 21-30% increase in pervious land cover • 55 points for a pervious land cover increase of 31% or greater	55

P1(b)	OR Through the use of the Tennessee Runoff Reduction Assessment tool, the project displays the ability to increase infiltration, evapotranspiration, or reuse on-site within the ranges below: • 15 points for the capture of 0.5-.74 inches of runoff in a one-year, 24-hour storm event • 35 points for the capture of 0.75-.99 inches of runoff in a one-year, 24-hour storm event • 55 points for the capture of 1 inch of runoff or greater in a 1-year, 24-hour storm event	55
P1(c)	OR The percentage of overall project costs associated with green infrastructure practices are at least: • 15 points for 20-30% of total project cost being applied to green infrastructure • 35 points for 31-40% of total project cost being applied to green infrastructure • 55 points for greater than 41% of the total project cost being applied to green infrastructure	55
MAXIMUM AVAILABLE POINTS TOTAL		100

Small and Disadvantaged Communities

A key priority of this grant opportunity is to ensure disadvantaged communities benefit equitably from this funding. A community must score 50 or less on the ATPI to be considered disadvantaged. Small communities have a population of 10,000 or fewer. During grant evaluation and scoring, communities with greater economic need will be prioritized first, followed by systems with smaller populations.

Application and Funding of Projects

Eligible grant entities will complete a grant application using SWIG's [Grants Management System \(GMS\)](#). The grant application will establish the items needed for a complete application. SWIG will rank projects with the potential to be funded based on the highest number of priority points awarded. SWIG will provide award letters to all communities with projects on the grant award

announcement. Communities must respond to the award letter within thirty (30) days, notifying SWIG of their intent to accept or decline the grant award. Communities that do not respond or are not ready to proceed with a contract will be bypassed.

Notice of Award and Grant Contract

SWIG will review and announce awards within (30) days after the grant application closing. SWIG will provide contracts for the grant applicant's signature within 60 days of the award recommendations. SWIG will work with the grant applicant and discuss the overview of the award, scopes of services, project timelines, terms and conditions, subcontracting, the budget, and the process to reimburse for costs incurred.

Grant Timeline

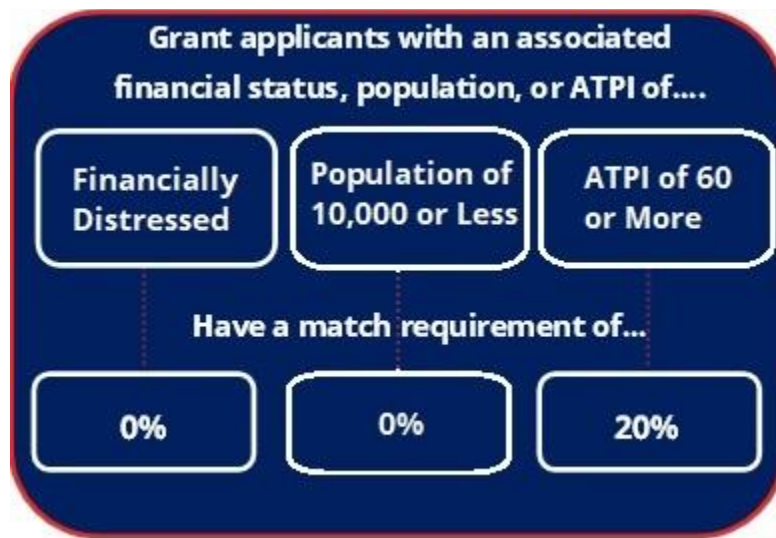
The anticipated timeline for this grant offering is as follows:

Application Opens:	50 Days
Application Review, Scoring and Funding Decisions:	30 Days Post Application Closing
Executed Contracts:	90 Days Post-Funding Decisions
Total Time:	170 Days from Application Opening

Funding and Match Requirements

The maximum grant award is \$500,000 per applicant. Applicants must consider proposal budget maximums and match requirements when developing and submitting proposals. A proposal's total project budget is the sum of the grant award and the match. The match will be applied to the total project budget for each reimbursement request. The most up-to-date ATPI determines the match requirements. No match is required for entities with an ATPI of 50 or less OR for entities with a population of 10,000 or less. If an applicant has a required match, this does not affect the maximum grant award. Please see the example below.

Cash, forced labor, and in-kind services to offset expenditures are eligible to meet match requirements. Cash may include financial assistance grants and loans, cash reserves, revenue bonds, and public-private partnerships or sponsors. 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. SWIG will consider using in-kind match contributions provided supporting documentation, like an individual accountability report submitted with the grant application. During the reimbursement process, you must provide additional documentation indicating the in-kind value of the project, tracked throughout the contract term.



Match Requirement Examples
Example 1: The applicant's population exceeds 10,000 with an ATPI of 60, which requires a 20% match. The total cost of the proposed project is \$480,000. Therefore, the applicant requests a grant of \$400,000 and will provide a match of \$80,000 (20% of \$400,000), resulting in a total project budget of \$480,000.
Example 2: The applicant has a population greater than 10,000 and an ATPI of 60, requiring a 20% match. The total cost of the proposed project is \$600,000. Therefore, the applicant would request the grant award a maximum of \$500,000 and provide a match of \$100,000 (20% of \$500,000), resulting in a total proposal budget of \$600,000.

Submission Guidelines

Each proposal should describe the OSG project. Grant applicants may choose only one stormwater infrastructure category to focus on. Grant applicants must demonstrate that their projects align with the OSG's minimum requirements and that their proposal aligns with the OSG requirements described in this grant manual's Eligibility section. Applicants will develop and submit this narrative as part of the proposal submission through GMS.

Grant Application

Applicants will complete a grant application using SWIG'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. The application is designed so that only complete applications may be submitted for SWIG review and approval. The GMS will also be 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.

Grant Application Requirements

The following information will be required in the grant application and used to generate the information required to complete the contract. Eligible entities can only submit one application.

A. Grant Applicant profile information

- a. Organization profile
 - i. Establishes the official contact and signatory.
 - ii. Establishes the individual responsible for grant application implementation and compliance (e.g., procurement oversight, adherence to reporting requirements, etc.).

B. Title VI Compliance

- a. The Title VI compliance application will be a separate application the applicant must complete. This application must be completed annually for the organizational profile through the grant term.
- b. Specify the completion date of the most recent Title VI application.

C. Budget

- a. The budget proposed in the pre-application questionnaire must be populated in Tennessee's budget worksheet. The budget will have expense line items that conform to the [Department and Finance and Administration's Policy](#).

D. General Project Information

- a. Project name
- b. Grant applicant ATP
- c. Narrative description of the project
- d. Project award type
 - i. Investigation and Planning
 - ii. Investigation, Planning, and Design
 - iii. Planning, Design, and Construction
- e. Detailed scope of work for this grant
 - i. Activities and milestones
 - ii. Timeline

- iii. Start and completion dates of construction (if applicable)
 - f. Total Project Information
 - i. Total project budget
 - ii. Total project timeline, including start and completion dates for all project phases
 - iii. Additional funding sources committed to the project (other than the match for this grant opportunity)
- E. Uploaded Tennessee Infrastructure Scorecard**
- F. Overall grant budget, including:**
 - a. Budget for project
 - b. Total administrative expenses
 - c. Match requirements
- G. Proposal details (maximum response – 250 words per question)**
- H. Authorization**
 - a. If the principal executive officer or ranking elected official wants to allow others to sign off on contract-related items, an authorization letter specifying the individuals who have the authority to sign and submit documents on behalf of the principal executive officer or ranking elected official will need to be uploaded.
- I. Self-Debarment Verification**
 - a. The applicant is required to check the debarment status of their organization along with the officers, directors, owners, partners, employees, or agents of the applicant organization and ensure each is not presently debarred, suspended, proposed for debarment, or declared ineligible for an award by any State or Federal agency.
- J. Application Submission Authorization and Acknowledgments**
 - a. The applicant must submit the authorization on official letterhead with the authorized signatory's approval of the submission.
 - b. Must sign a certification statement.

Tennessee Infrastructure Scorecard

The Scorecard is a benchmarking tool for drinking water, wastewater, and stormwater systems. It was developed as a pilot tool in 2020 through a partnership with TAUD to assist small systems with prioritizing their most critical needs. In 2021, the Scorecard was adapted as a needs assessment tool for systems of any size and covers key areas of a system's technical, managerial, financial, operational, and environmental health. Financial data, asset management, risk and resiliency, compliance, and operations are assessed at a basic level.

SWIG aims to have all system Scorecards on file and use this information in its program moving forward. Systems must complete a Scorecard to be eligible for SWIG to rank and review

application materials. If a Scorecard was completed through State ARP grants, the file summary can be used for the grant application.

Scorecard Completion

Cities, counties, utility districts, and water authorities across the state that operate multiple systems must complete a Scorecard for every system they own or operate before applying. For those who have not created and submitted a Scorecard, please reference the Scorecard Completion section. If a system does not have a completed Scorecard, instructions on how to complete a Scorecard can be accessed on [SRF's website](#).

Funding Conditions

Grant Terms and Conditions

The grant contract will include strict performance measures to ensure the schedule and information provided in the grant application are executed in a timely manner. The grant contract will have a 48-month term. All grantees must fulfill the grant obligations to meet any terms, covenants, conditions, or provisions of the grant contract. SWIG will have no obligation to the grantee for fulfillment and reimbursement of funds outside the contract term.

Procurement

Grant applicants are responsible for ensuring that any procurement using competitive SWIG funds, or payments under procurement contracts using such funds, is consistent with state procurement standards¹ 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, procurement must be competitive, including competitive bidding procedures, if purchases exceed the simplified acquisition threshold. According to the State's Procurement Policy, acquisitions over \$50,000 must be formally procured. Local procurement policies and thresholds for simplified acquisitions may be lower. At a minimum, apply the lowest threshold (local, state, or federal) for any transaction. Grant applicants must maintain documentation for the basis of each procurement for which a disbursement is made under the grant award. In each instance where it is determined that using a competitive procurement method is impractical, supporting documentation must include a written justification for the decision and use of a non-competitive procurement process. Further,

¹ State public contracting laws under Tennessee Code Annotated Title 4, Chapter 56; Title 12, Chapter 3; and Title 12, Chapter 4.

grant applicants are considered subrecipients and must comply with 2 C.F.R. §§ 200.318—200.327 when procuring property and services under a federal award.

Reimbursement

A request to be reimbursed for costs incurred on awarded 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. Reimbursement may not include any request for future expenditures. The grant contract term for a reimbursement request means the time the grant applicant may incur new obligations to carry out the work authorized in the grant contract. Grant contracts will have a 48-month term from the contract issuance date. Grant applicants may elect to complete their final report early if all contract deliverables are complete and reports are submitted and approved.

Monitoring, Oversight, and Reporting Requirements

SWIG, state auditors, and the Comptroller of the Treasury will monitor and evaluate grantees or their duly appointed representatives. All grantees must submit annual and final progress reports through the GMS. The grantee shall comply with all applicable state and federal laws and regulations in performing the grant contract. The grantee and any approved subcontractor shall maintain documentation for all items managed under the grant contract. Grant recipients and partners should maintain accounting records to compile and report accurate, compliant financial data under appropriate accounting standards and principles. Records shall be retained for less than five years from the final payment date. Grant applicants may be subject to state and local audits.

Public Records

Any information submitted in response to the solicitation for the State of Tennessee's OSG grant may be considered public record 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 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 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

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

- Fail to submit a complete application;
- Do not respond to the funding notification letter;
- Exhibit poor performance in complying with the expectations and requirements of previous grant or loan contracts with the State of Tennessee or
- Has regulatory and/or programmatic compliance issues with the State of Tennessee.

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 Tennessee Code Annotated section 4-21-904, and that the applicant has either adopted and implemented these elements of compliance or has agreed to adopt and implement SWIG'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 understands that if SWIG awards the applicant a grant, the applicant will need to show evidence of completion of Title VI training when requested by SWIG;
- 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.

Appendix A: Useful Links and Resources

EPA Green Infrastructure Guidance: https://www.epa.gov/sites/default/files/2015-04/documents/green_project_reserve_eligibility_guidance.pdf

OSG Implementation Document: <https://www.epa.gov/cwsrf/sewer-overflow-and-stormwater-reuse-municipal-grants-program-grant-implementation-document>