Sewer Overflow and Stormwater Reuse Municipal Grant (OSG) Program Workplan

Division of Water Resources
Tennessee Department of Environment and Conservation

FFY 2024 Allotment

Purpose

The America's Water Infrastructure Act of 2018 and the Infrastructure Investment and Jobs Act amended section 221 of the Clean Water Act (CWA) to reauthorize the Sewer Overflow and Stormwater Reuse Municipal Grants Program. The OSG program is intended to address local governments' infrastructure needs for combined sewer overflows (CSO), sanitary sewer overflows (SSO), and stormwater management. The Tennessee Department of Environment and Conservation (TDEC) Division of Water Resources (DWR) will use the granted funds to make subgrants to eligible municipal entities for eligible projects. TDEC DWR will use the awarded funds to further improve the state's stormwater management and green infrastructure. The DWR intends to issue subgrants to eligible municipal entities for eligible projects that focus at least 50% of their grant budget on green infrastructure or improved stormwater management. The OSG grant and all subawards will be facilitated through the State Water Infrastructure Grants (SWIG) program.

Statutory Authority

Sec 221 Clean Water Act (33 USC 1301).

Amended by:

- Infrastructure Investment and Jobs Act of 2021, P.L. 117-58, Section 50204,
- America's Water Infrastructure Act of 2018, P.L. 115-270, Section 4106,

EPA Strategic Plan

This work plan and grant application support the EPA's Strategic Plan under Goal 5—Ensure Clean and Safe Water for All Communities—and Objective 5.1—Ensure Safe Drinking Water and Reliable Water Infrastructure.

CFDA#

66.447

OSG Grant Amount

The TDEC DWR application is for:

$620,000 from the FFY2024 allocation

Cost Share

EPA's OSG Implementation Document dated March 2021 requires a non-Federal 20 percent cost share unless rural or financially distressed communities are funded, as detailed in EPA's OSG Memo dated Nov 2022. This is calculated by setting the federal grant portion as 80% of the cost share of the project activities, which leaves the remaining 20% of the project activities to come from non-federal sources. The non-federal cost share amount may be reduced by the percentage of funds going to rural and/or financially distressed communities. For example, if a state provides 50% of its sub-award budget to rural and/or financially distressed communities, its cost share requirement will be reduced by 50%. Note: non-Federal Cost Share requirements cannot be passed down to municipal subrecipients considered rural communities, defined as having a population of 10,000 or less, OR are considered financially distressed communities defined by the state.

The TDEC DWR plans to meet this requirement through the following:

$166,679; State Appropriations

UNLESS

The State awards grants to rural, small (population of 10,000 or less) or disadvantaged (ATPI ≤ 50) entities. In this instance, the required state match will be reduced by increments of 25% proportional to the percentage of funds awarded to a small or disadvantaged community.

Administrative Costs

The State plans to use $24,800 in administrative costs to monitor and oversee these federal dollars.

Project and Budget Period

3/1/2025 – 2/28/20289

Tennessee is still evaluating projects to pull forward for the OSG Funds. We plan to meet this expectation by providing EPA-identified projects within 90 days of the grant and understand that grants will be conditionally awarded upon this expectation.

We expect all areas affected by the proposed projects will benefit from improved water quality and focus primarily on Stormwater activities.

Grant Reporting

TDEC will submit an annual report 90 days after the state fiscal year. The annual report shall provide an update on the deliverables and milestones accomplished by the program over a four-year performance period.

Prioritization for Project Sections

The State prioritized the projects for OSG subgrants by selecting projects in municipal entities that are either:

- A Disadvantaged Community as defined by the state. This includes municipalities that meet the criteria for the designation of disadvantaged through CWSRF using the state of TN's Ability To Pay Index.
- A rural community with a population of 10,000 or less.
- On the CWSRF Intended Use Plan, or
- 50-100% Green Project as defined by EPA's Green Project Reserve

Minimum Allocation Requirements for Project Sections

According to CWA section 221(f)(2)(A), at least 20 percent of a state's Federal grant must go towards projects that use green infrastructure, water and energy efficiency improvements, or other environmentally innovative activities.

Also, according to CWA section 221(f)(2)(B), at least 25 percent of a state's Federal grant must go to carry out projects in rural communities (pop. 10,000 or less) or financially distressed communities. Of this 25 percent set aside for these communities, at least 60 percent of this set aside (or 15% of the Federal grant) must go to carry out projects in rural communities. Suppose sufficient eligible projects are unavailable to fund rural or financially distressed communities. In that case, the state must provide documentation explaining why their project solicitation process did not result in any applications for these communities. EPA may not accept the application if section 221(f)(2)(B) is not met.

The State will set aside the following amounts to meet the minimum allocation requirements for subgrants:

Green Projects Types: Categorical Green Infrastructure Projects (1.2-1 through 1.2-10) as identified in the 2012 Clean Water State Revolving Fund 10% Green Project Reserve: Guidance for Determining Project Eligibility memo by EPA.

Green Projects Amounts: 50% of Federal grant

Rural Community Amount: 25% of Federal grant

Financially Distressed Community Amount: 25% of Federal grant

Environmental Outputs and Outcomes - Subgrants

State Tracking Number: OSG#4

Subgrant Amount: $744,000

Subgrantee(s):

Subgrantees	Federal Award Amount	Cost Share; Source	Total Project Costs
Stormwater-Focused Projects - Project budgets and narrative will be provided 90 days after the award date	$620,000	$166,679; State of Tennessee	$744,000

Environmental Output

TDEC DWR has had continued focus on resource protection and working towards securing (previous OSG FFY 20/21 and FFY 23 awards) and implementing state priorities with competitive American Rescue Plan funding (ARP Competitive Grant Manual - Resource Protection). for this OSG Funding opportunity, the State of Tennessee will award funds to projects that focus on green stormwater activities. Communities that are rural (small) OR disadvantaged that want to improve stormwater quality and/or restore natural features for improved hydrology with green infrastructure components will be a focus of this grant. TDEC-DWR recently allowed stormwater projects via American Rescue Plan funding, and individuals have proposed many stormwater activities. We will use this data to assist in evaluating needs across the state when we identify projects in the summer of 2025.

For this OSG funding opportunity, the State will award funds to approximately 3-6 Municipalities/Municipal Entities to fund projects focusing on green stormwater management practices. Tennessee will select projects that implement best management practices for stormwater activities.

Environmental Outcome

The target environmental outcome will be promoting the return of the natural hydrologic cycle, reducing stormwater runoff into streams, and improving water quality. Any project funded with TDEC-DWR OSG grant dollars will 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.

Prioritization

Prioritization will be determined during the project selection phase, along with amended work plans.

Project Title: To be determined

Project Description: To be determined

Environmental Outputs and Outcomes – Cost Share Projects with CWSRF Loans

This output and outcome will change once we identify projects. We are unsure if the proposed projects will include cost share with current CWSRF loans.

Environmental Outputs and Outcomes – Cost Share Projects with Other Funding

This output and outcome will likely not be required at this time. We will not require additional sources for entities when we solicit the opportunity.