Agenda

• Overview of Fund to Date

• External Requests – Introduction and Discussion

• TDOT Presentation - IIJA Road and Highway Funding

• Next Meeting Agenda
Tennessee Resiliency Plan – 2021 Summary

- Tennessee Resiliency Plan - Phase 1 Allocated $2.876 billion to 17 specific projects and programs.

- December 15: Reported to US Treasury in State Recovery Plan and State Finance Committees as follow up to 2021 budget expansion approval.

- December 21 – Amendments
  - University of Tennessee Ag Research and Education - $50 million
  - STS Projects - $196.8 million

- Phase 2 of Plan - $603 million remaining for 2022 Planning
  - $275 million reserved for External Relief
  - $327 million additional unallocated
Requests for Relief by External Entities

- 60+ requests; Approximately $650 million requested;
- Overview and full proposals posted to FSAG Website;
- Seeking greater member feedback today prior to releasing administration recommendations to FSAG;
- Funds and Grant Contracts process for approved entities to begin in FY23.
Limiting Considerations

While many proposals demonstrated a high possibility of ROI and value, not all will be well-suited to federal funding requirements. We will evaluate whether proposals demonstrate:

• Valid eligibility case under final rule
  ▫ i.e., Proposals should have a definitive, not speculative, connection to the eligible uses in the final rule;

• Reporting, Audit, and Accountability:
  ▫ With heightened Treasury scrutiny, mismanagement of funds by a state subrecipient could lead to financial liability of state and civil or even criminal liability by grantee.
  ▫ We’ll assess track record of administering and reporting on federal funds.
Preliminary Analysis / Discussion

• **46 Non-Profit Entity requests including:**
  - 10+ healthcare providers seeking funding for various program or capital investments;
  - 10+ non-profits seeking either: premium pay payroll support, reimbursement of lost revenue, or reimbursement of prior costs incurred;
  - 4 state and local chamber of commerce or similar trade association initiatives to support workforce and business recovery;
  - 4 organizations with proposals to directly support youth development and academic services statewide; 1 organization providing those services in Memphis and 1 in Chattanooga;
  - 2 organizations seeking funding to build housing for special population;
  - 2 entities seeking investment in supporting new tourism events.
Preliminary Analysis / Discussion

• 12 For-Profit Entities requests including:
  ▫ 3 for-profit substance abuse or special needs providers seeking funds to support costs of upgrading or improving services.
  ▫ 1 for-profit company soliciting purchase of product;
  ▫ 1 for-profit company seeking funds to build 10 new healthcare clinics;
  ▫ 1 for-profit company seeking state investment in medical research;
  ▫ 1 for-profit healthcare company seeking funds to support its own workforce;

• 5 government entity requests:
  ▫ 3 from Memphis Shelby Co Airport Authority for premium pay and UV light installation;
  ▫ 1 local sewer and water request (will refer to TDEC program);
  ▫ 1 payroll support for the TN State Veterans Home;
Infrastructure Investment and Jobs Act (IIJA) Update

Reminder – IIJA appropriates to TN $1.7B more than the FAST Act over 5 years.
- $1.0B in core programs (NHPP, STBG, HSIP, RR, CMAQ, Metro Planning, Freight)
- $0.7B in new programs (Carbon/Green Initiatives, Protect/Resiliency, Bridge Rehab, Electric Vehicle Infrastructure, Ferry Boats)
A 5-year bill helps with continuity in project planning and increased funding will help deliver planned projects.

- Continuing Resolution in effect until Mar 11, 2022. Most core apportionment loaded into system at IIJA levels ($1.1B), but obligation/spending authority still prorated at FAST Act levels (~340M of $800M). Must utilize all obligation authority by Sept 30, 2022.
- Guidance has not yet been released for many of the programs, particularly the $12.5B Bridge Investment Program for economically significant bridges and $16B in funding dedicated for major projects that will deliver substantial economic benefits.
- FHWA Memo issued on Dec 16 strays from the IIJA in discouraging projects that increase highway capacity and instead prioritizes projects that advance non-motorized transportation options.
IIJA Guidance

BRIDGE FORMULA PROGRAM –

- Guidance issued on Jan 14, 2022.
- TN to receive $302M over 5 years ($60,418,548 in year 1).
  - $51,355,766 for on-system bridges
  - $9,062,782 in off-system bridges (owned by local governments)
- Incentive included for States to direct funds to off-system bridges by making the federal share 100%.

ELECTRIC VEHICLE (EV) CHARGING NETWORK –

- Partial guidance issued on Feb 10 with formal guidance to come out within 90 days.
- State DOTs encouraged to coordinate directly with their State energy agencies in development of plans.
Next Meeting Agenda

• Review of External Requests

• Additional State Agency Requests

• State Infrastructure Program Updates
US Treasury Final Rule - Resources

- “Interim Final Rule” issued in May 2021 to govern eligible and ineligible uses of State and Local Fiscal Recovery Funds.

- Final Rule, incorporating several changes to the interim final rule issued on January 6, 2022.

- Sources for Detailed Review of Changes:
  - US Treasury Final Rule Overview (Link) and Other Resources (Link)
  - Comptroller Memorandum issued on Jan 11 (Link)
  - FSAG Local Technical Assistance Program Webinar Jan 12 (Link)