



Federal Funding for Wastewater Infrastructure

What We Know and What to Expect

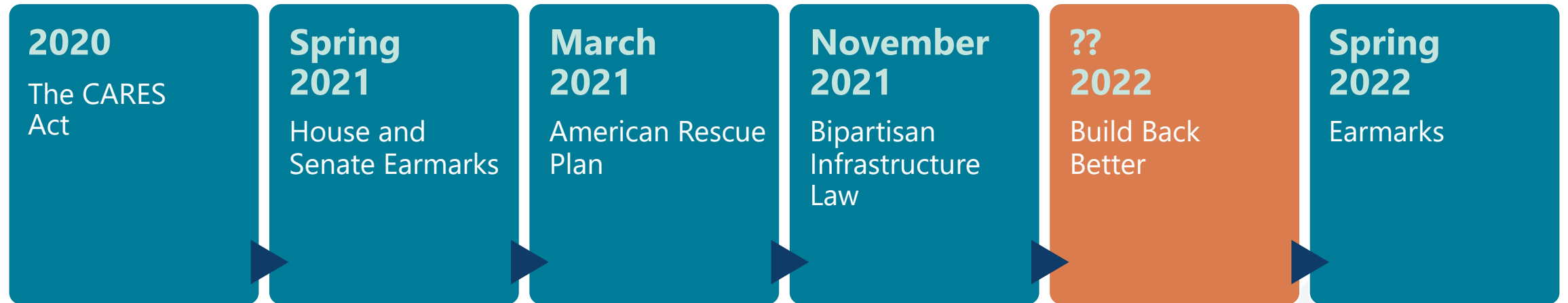




Looking Back

2020-2021 Stimulus & Infrastructure Funding

2020-2021 in the Rear View Mirror





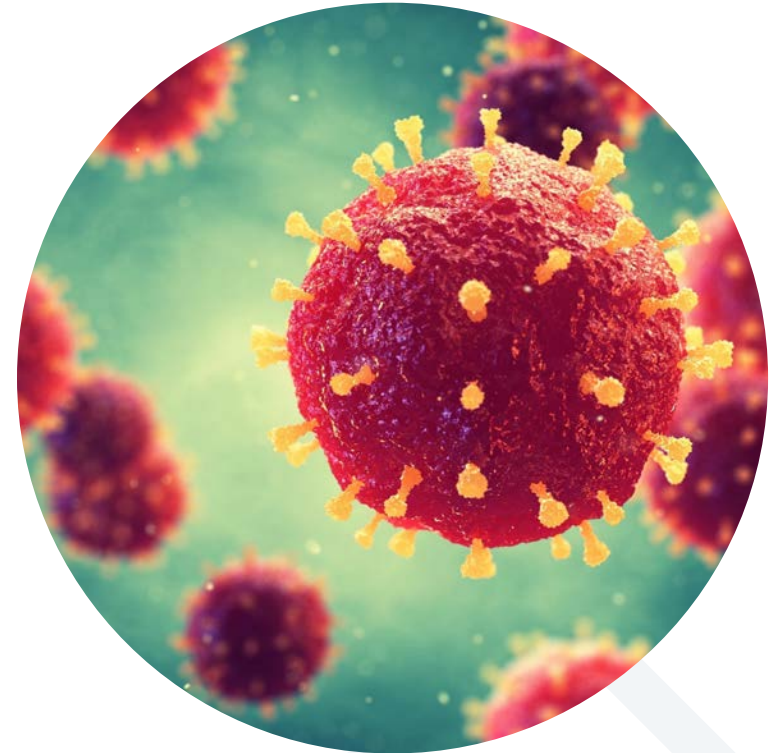
Short-Term Stimulus

The CARES Act

(Coronavirus Aid, Relief, and Economic Security Act)

CARES Act Overview

- ▶ March 27, 2020
- ▶ > \$2T for workers, families, small businesses (paycheck protection etc.)
- ▶ \$150B to States, Local, and Tribal governments for pandemic response costs
- ▶ Covered **necessary COVID-related expenditures** over 20 months (March 2020 through December 2021)
- ▶ Not for infrastructure except for public health software
- ▶ BUT provided State/local government support = less impact on local capital project funding





Community Project Funding/Earmarks 2021

Congressionally Directed Spending Requests

Earmarks 2021

- ▶ Reinstated after 10-year moratorium
 - House **Community Project Funding Requests** – 10 requests per Member
 - Senate **Congressionally Directed Funding Requests** – no limit
- ▶ Deadlines varied by Congress Member
- ▶ 1-year Period of Performance
- ▶ Capped at 1% of discretionary spending
- ▶ Public or Non-profit applicants only



Earmarks for Wastewater

- ▶ **EPA STAG program** (Interior and Environment Subcommittee) for wastewater projects
- ▶ SRF projects eligible
- ▶ IUP Listing recommended
- ▶ Demonstrated 20% Local Match
- ▶ Community Support (letters, press clippings, State/ Local plan excerpts, resolutions)



Earmarks for Wastewater

- ▶ **USACOE Environmental Infrastructure program** (Water and Energy Subcommittee) for large or regional wastewater projects
- ▶ Early discussion with representatives and COE
- ▶ Community Support (letters, press clippings, State/ Local plan excerpts, resolutions)
- ▶ More difficult to secure
- ▶ Congress approves feasibility then construction

Earmarks 2021 Overall Lessons

- ▶ Contact with Congressional Member to discuss project
- ▶ On-line application and hard copy to DC Office
- ▶ Signed Letter Requesting Funding on Official letterhead
- ▶ Letters of Support and Municipal Resolution
- ▶ Copy of State SRF IUP Listing page
- ▶ Statement of 20% Match and source



Earmarks 2022

- ▶ Expected to be offered in 2022 for FFY23
- ▶ Likely to be more competitive (GOP buy-in)
- ▶ For wastewater, EPA STAG program
- ▶ For large/regional wastewater projects, Water & Energy ACOE Environmental Infrastructure program

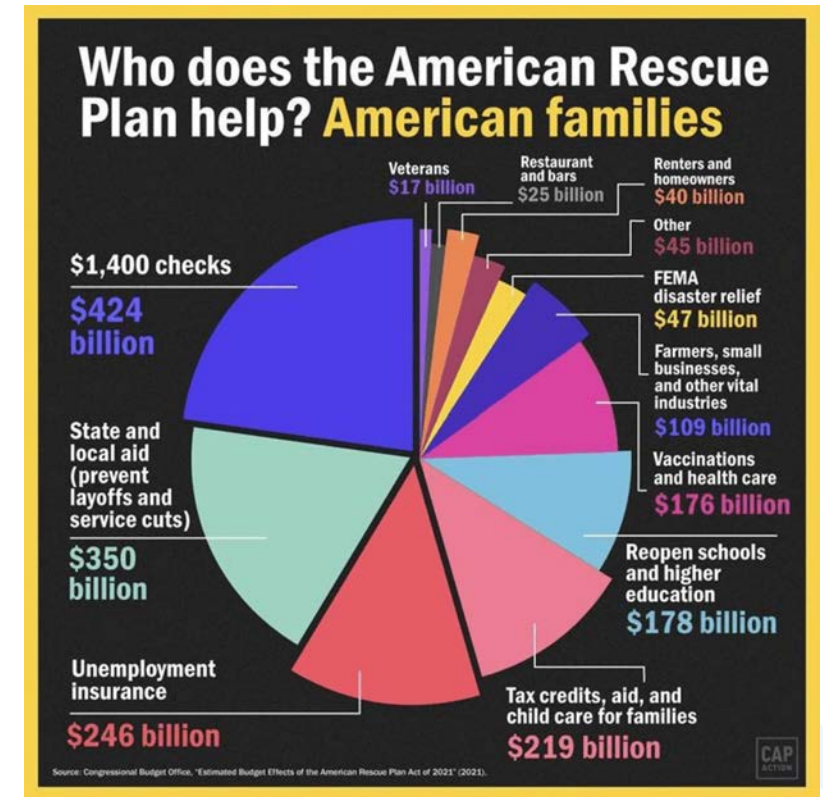


Medium-Term Stimulus

The American Rescue Plan Act of 2021
(ARPA)

The American Rescue Plan Act (ARPA)

- ▶ \$1.9T relief package enacted March 11, 2021
 - Direct payments to taxpayers, housing, food security, public health etc.
 - \$500M for Low-Income Household Drinking Water and Wastewater Emergency Assistance Program
- ▶ **Coronavirus Fiscal Recovery Fund** (\$350B to State and Local governments)
- ▶ \$65.1B direct funding to counties, cities, towns, territories
- ▶ Administered by US Treasury (Final Rule issued January 6, 2022)



ARPA Fiscal Recovery Funds in New England

- ▶ State Allocations
 - Connecticut - \$2.8B
 - Maine - \$997M
 - Massachusetts - \$5.3B
 - New Hampshire - \$995M
 - Rhode Island - \$1.1B
 - Vermont - \$1.05B
- ▶ Counties and Entitlement Communities receive funds directly
- ▶ Small Cities, Towns, Villages receive funds through the State
- ▶ Distributed direct from Treasury in 2 equal tranches 1 year apart



ARPA Eligible Uses of Funds

- ▶ **Necessary investments to improve access to clean drinking water and invest in wastewater and stormwater infrastructure**
 - Final Rule broadens eligibility
- ▶ Projects eligible for CWSRF qualify
- ▶ Costs incurred March 3, 2021, through December 31, 2024
- ▶ Funds obligated by December 31, 2024
- ▶ Funds expended by December 31, 2026
- ▶ Essentially 3-year Period of Performance



U.S. DEPARTMENT OF THE TREASURY



ARPA — Considerations

- ▶ Use of Fiscal Recovery Funds subject to **2 CFR 200** (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award)
- ▶ All projects must comply with applicable federal, state, and local laws, including environmental permitting and regulations





Long-Term Funding

Bipartisan Infrastructure Investment and Jobs Act (IIJA)

IIJA — Complex & Far-Reaching

> 100 Funding Programs



\$550B in NEW Spending



11 Agencies



\$1.2T BIPARTISAN INFRASTRUCTURE LAW — \$550B NEW SPENDING

\$55B for Water



Formula & Competitive Grants



2740 pages of Legislation



The IIJA — Landmark Legislation

- ▶ Signed November 15, 2021
- ▶ Historic, generation-defining
- ▶ **NOT** a Stimulus bill
- ▶ Long-term (5 years) funding for every infrastructure sector
- ▶ New grant programs
- ▶ Increased funding for existing programs
- ▶ Focus on low-income communities



The IIJA — Landmark Legislation

- ▶ \$1.2T Total Spending
- ▶ **\$550B NEW** funding above Baseline
 - Half Transportation-focused (\$283.8B)
 - **\$55B for Water**
 - EPA estimates capital cost of wastewater infrastructure need >\$271B over next 20 years.
- ▶ Formula v. Competitive Grants
 - New competitive grants require rulemaking – will rollout more slowly



The IJA — Infrastructure Implementation Task Force

- ▶ President signed Executive Order on November 15, 2021, creating an Infrastructure Implementation Task Force
- ▶ Governors will appoint a high-level person to serve as Infrastructure Implementation Coordinator
 - Also encouraged to create an interagency task force structure



The IIJA — Infrastructure Implementation Task Force

- ▶ OMB will release formal guidance on:
 - Financial Oversight and Reporting
 - Labor
 - Made in America/Buy American
 - Equity
 - Climate and Resilience
 - Environmental Justice
- ▶ Guidebook will be released regarding available funding sources



The IIJA — Build America, Buy American Act

- ▶ Section 70914 - “None of the funds made available for a Federal financial assistance program for infrastructure, including each applicable program, may be obligated for a project unless all of the iron, steel, manufactured products, and construction materials used in the project are produced in the United States.”
 - **OMB will work with agencies to have policies and procedures in place by May 14, 2022**



The IIJA — What It Means for Wastewater

- ▶ **\$11.7B Clean Water SRF** Capitalization Grants to States over 5 years
 - 70% increase over prior annual average
- ▶ **\$1B** for Emerging Contaminants/PFAS in wastewater (over 5 years)
- ▶ Wastewater Efficiency Grant Pilot Program
- ▶ Clean Water Infrastructure Resiliency & Sustainability Program
- ▶ Small POTW Efficiency Grant Program
- ▶ Grants to Construct/Refurbish Individual WW Systems for Low-Moderate Income populations



The IIJA — What It Means for Wastewater

- ▶ Competitive grants for Connection to POTWs
- ▶ EPA Sewer Overflow & Stormwater Reuse Municipal Grants
- ▶ WIFIA
- ▶ FEMA STORM
- ▶ EPA Geographic Programs (Long Island Sound)
- ▶ FEMA BRIC



The IIJA — What It Means for Wastewater

► **Clean Water SRF Capitalization Grants**

- Increase each year through 2026
- \$2.4B for FY2022
- 49% as grants or PF loans
- 51% as low-interest loans
- State match reduced to 10%



The IIJA — What It Means for Wastewater

- ▶ **Wastewater Efficiency Grant Pilot Program**
 - Grants to owners/operators of POTWs for projects that create or improve waste to energy systems (sludge collection, anaerobic digester install, methane capture/transfer...)
- ▶ \$20M each year 2022 – 2026
- ▶ 15 recipients
- ▶ Max award \$4M



The IIJA — What It Means for Wastewater

▶ **Clean Water Infrastructure Resiliency & Sustainability Program**

- Grants to increase resilience of POTWs to a natural hazard or cybersecurity vulnerabilities.
- ▶ Funds system or area-wide planning, design, construction projects that increase POTW resilience through specific measures
- ▶ 75/25 cost share (90/10 if project serves <10,000 or meets affordability criteria)
- ▶ \$25M each year 2022-2026 (15% of funds to POTWs that serve < 3,300) subject to appropriations



The IIJA — What It Means for Wastewater

- ▶ **Small POTW Efficiency Grant Program**
 - Assist small POTWs serving <10,000 or a disadvantaged community to replace/repair equipment to increase water or energy efficiency.
- ▶ Subject to appropriations
- ▶ 15% of funds to POTWs that serve fewer than 3,300



The IIJA — What It Means for Wastewater

- ▶ **Grants to Construct/Refurbish Individual WW Systems for LMI populations**
 - Funds non-profits to construct, repair, replace decentralized wastewater systems for LMI households or groups of such households.
- ▶ \$50M each year 2022 through 2026



The IIJA — What It Means for Wastewater

- ▶ **Competitive grants for Connection to POTWs**
 - Funds any owner/operator of a POTW or nonprofit entity assisting LMI individuals to connect to public sewer.
- ▶ \$40M each year 2022-2026
- ▶ 15% to POTWs or NFPs serving fewer than 3,300

If it passes, Build Back Better would increase funding for this program (\$150M)



The IIJA — What It Means for Wastewater

▶ EPA Sewer Overflow & Stormwater Reuse Municipal Grants

- Planning, design, and construction of treatment works to intercept, transport, control treat, reuse municipal sewer or sanitary overflows or stormwater.
- ▶ \$280M each year 2022-2026
- ▶ 25% to distressed communities
- ▶ 60% to rural communities (<10,000)

If it passes, Build Back Better would increase funding for this program (\$1.85B)



The IIJA — What It Means for Wastewater

- ▶ **WIFIA**
- ▶ Reauthorized at **\$50M each year 2022-2026**
- ▶ Apply with Letter of Interest typically Spring each year
- ▶ Minimum project size \$5M or \$20M depending on population

WIFIA
PROGRAM



The IIJA — What It Means for Wastewater

- ▶ **STORM – Safeguarding Tomorrow through Ongoing Risk Mitigation (FEMA)**
 - **Revolving loan program** for states and local governments for projects that reduce disaster and natural hazard risk
- ▶ May finance water and wastewater projects that mitigate risk
- ▶ \$100M each of 2022-2026



The IIJA — What It Means for Wastewater

▶ EPA Environmental Programs & Management, Geographic Programs: Long Island Sound

- \$106M over 5 years (~\$20M in 2022)
- No Match
- Expect to be distributed via Long Island Sound Futures Fund/NFWF
- Likely will fund documentable N reduction at POTWs



The IIJA — What It Means for Wastewater

- ▶ **Pre-Disaster Funding – BRIC**
 - \$1B each year 2022-2026 in addition to the 6% annual FEMA set-aside*
- ▶ *6% of the assistance the agency provides following major disaster declarations through the Public Assistance and Individuals and Households Program. The funding is based off an estimated 180 days after each declaration and does not include funding made available through the Hazard Mitigation Assistance grant programs.



The IIJA — What It Means for Wastewater

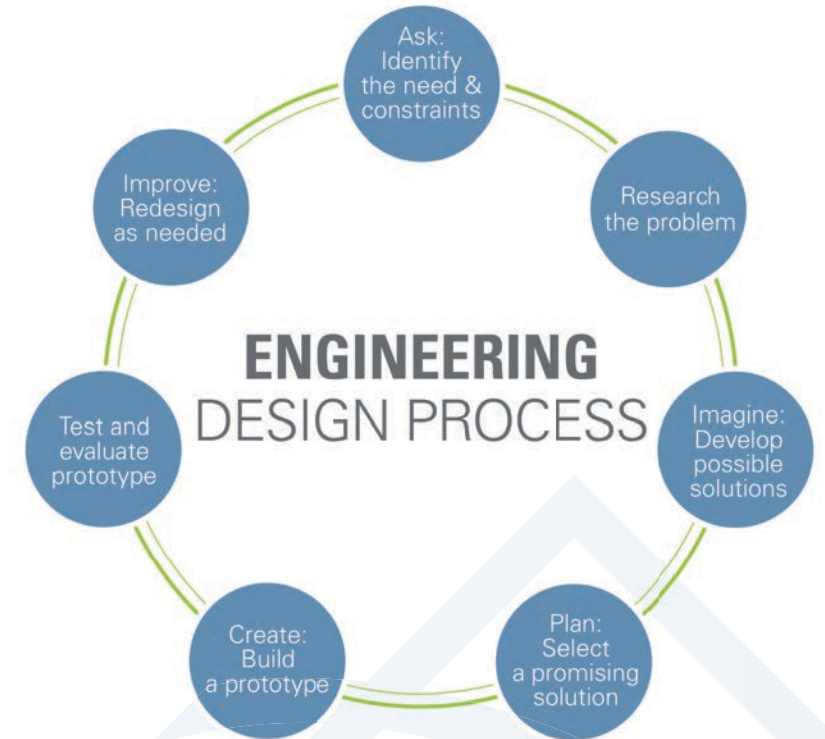
▶ Disaster Funding – FMA

- **\$700M each year 2022-2026**
- Available to states and communities to reduce risk of flood damage to homes and businesses through buyouts, elevations, and other activities.
 - May include POTW relocations



The IJA — Mobilization Challenges

- ▶ Federal Agencies – need to establish new programs and guidelines to distribute funds (DOT, DOE, EPA...)
 - Increased staffing impeded by CR (stopgap funding)
- ▶ State and Local officials – need to design and build new assets, hire workers/consultants, mobilize financial resources
- ▶ Small/disadvantaged communities need tech assist to access competitive programs
- ▶ All added to current ARPA administrative challenges
- ▶ Impact on government operations, labor demand, supply chains, esp. with Covid



IJA - Justice 40 Initiative

- ▶ Intended to “address the disproportionate health, environmental, economic and climate impacts on disadvantaged communities”
- ▶ Plan to deliver 40% of the overall benefits of climate investments to disadvantaged communities
 - EPA released EJSCREEN – EPA’s Environmental Justice Screening and Mapping Tool in October 2021.





More Long-Term Funding?

Build Back Better (BBB)

BBB (Budget Reconciliation Bill)

- ▶ \$1.75T passed the House Nov 19, 2021
- ▶ Will it pass the Senate?
 - As of January 4, Manchin objects least to climate change provisions
- ▶ If it does...
 - \$550B for climate resiliency
 - More than \$10B for water-related priorities

"I think that the climate thing is one that we probably can come to agreement much easier than anything else."

Senator Joe Manchin, Chair of Senate Energy and Natural Resources Committee, to the Washington Post, January 5, 2022



Looking Ahead

2022 & Beyond

The 2022 Congress

- ▶ Election-year headwinds
- ▶ Early focus on BBB (\$550B for climate change in House version)
 - Schumer hoped to pass in January
- ▶ Debt limit raised twice in 2021, most recently \$2.5T
 - Unlikely to be reached before 2022 midterms



The 2022 Congress

- ▶ Battle over FFY2022 spending
 - Continuing resolution expires February 18
 - House passed 9 of 12 full-year spending bills in 2021
 - Senate Appropriations Committee advanced 3 (did not include Interior-Environment)
 - Lawmakers negotiating:
 - Top-line spending totals (302(a) - both Committees)
 - 302(b) allocations (Subcommittee spending levels)
 - Earmarks
- ▶ Disagreement is delaying 2023 budget process

● Passed by chamber ● Committee approved ● No votes

Bill	House	Senate
Agriculture-FDA	●	●
Commerce-Justice-Science	●	●
Defense	●	●
Energy and Water	●	●
Financial Services	●	●
Homeland Security	●	●
Interior-Environment	●	●
Labor-HHS-Education	●	●
Legislative Branch	●	●
Military Construction-VA	●	●
State-Foreign Operations	●	●
Transportation-HUD	●	●

Senate Appropriations Committee-Approved Bills

- ▶ S. 2599 – Agriculture, Rural Development, FDA
 - 145 earmarks (\$186M), most for rural development projects
 - \$1.45B for RD water and **wastewater projects**
- ▶ S. 2604 – Military construction, Veterans Affairs
 - 66 earmarks totaling \$1.2B
- ▶ S. 2605 – Energy & Water Development – USACOE, BOR
 - Water storage, dams, water recycling, desalination projects
 - 200 earmarks totaling \$759M



Interior — Environment Funding

- ▶ Part of House-passed “minibus” appropriations package of 7 bills (H.R. 4502)
- ▶ > 300 earmarks totaling \$444.6M
 - Filed under EPA STAG program
 - Several \$3.5M allocations for Drinking and Wastewater projects



Looking Ahead — What to Expect

- ▶ Earmarks reopen in Spring 2022 but not beyond?
- ▶ CR expires February 18 → another CR?
- ▶ Continued House-Senate negotiations on the 12 regular appropriations bills
- ▶ President due to release FY23 budget in February – agencies will have to manage extensions of FY21 funding, finalizing FY22 funding, and defending FY23 requests
- ▶ BBB continued



Looking Ahead — What to Expect

- ▶ Draft WRDA 2022 expected in January or February
 - To Senate floor in May/June
 - Conference with House for passage before August recess
- ▶ Legislation unlikely to move after September due to Mid-term elections
- ▶ **BIL** roll-out may be bumpy — federal staffing needs (EPA and DOT) and new programs
 - Each federal agency will have point person for government watchdogs who audit infrastructure spending

“Trying to get money out too fast is just a recipe for fraud.”
—EPA Inspector General





• Thank You!

