



Federal Funding Update: What's New, What to Expect, and How to Prepare

A Changing Landscape ...



Looking Back at 2021



SPRING 2021

**House & Senate Earmarks
Return**



MARCH 2021

**AMERICAN RESCUE PLAN
Local Fiscal Recovery Funds**



NOVEMBER 2021

**BIPARTISAN
INFRASTRUCTURE LAW (BIL)**



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Earmarks

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
 - Capped at 1% of discretionary spending
- ▶ *Interior/Environment Subcommittee* EPA State and Tribal Assistance Grant Program (STAG) for Water, **Wastewater**, Stormwater
 - SRF projects eligible
 - 1-year POP
 - IUP Listing recommended
 - Demonstrated 20% Local Match
 - Community Support (letters, press clippings, State/Local plan excerpts, resolutions)

Earmarks 2021 - Results

The Federal Fiscal Year 2022 Budget approved earlier this year included...

- **Clean Water** Earmarks totaling **\$444.6M**
 - **Drinking Water** Earmarks totaling **\$398M**
- ▶ **Overall, 4,975 earmarks funded totaling \$9.7 billion**



Earmarks 2022

- ▶ House **Community Project Funding Requests** – **15 requests** per Member (up from 10)
- ▶ Senate **Congressionally Directed Funding Requests** – no limit
- ▶ Opened in March with April deadlines
- ▶ 1-year Period of Performance for STAG projects (*October 1, 2022 – September 30, 2023*)
- ▶ Capped at 1% of discretionary spending
- ▶ Public or Non-profit applicants only

Earmarks – Guidelines for Success

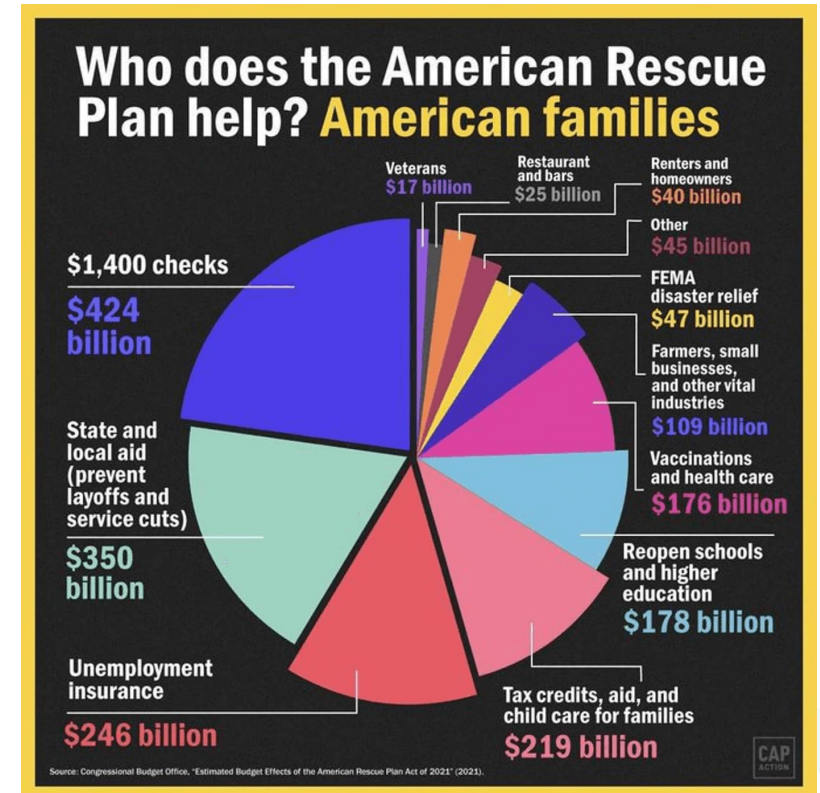
- ▶ **Plan now for 2023**
- ▶ Contact Congressional Members well in advance of the application period to discuss your project
- ▶ Apply on-line and by hard copy to DC Office
- ▶ Include official letter request for funding
- ▶ Include letters of Community Support – community groups carry more weight than elected officials and municipal agencies
- ▶ Include Municipal Resolution of support and cost-share (20% for wastewater)
- ▶ Include copy of State SRF IUP Listing page
- ▶ **Apply to BOTH House and Senate members**



The American Rescue Plan

The American Rescue Plan Act (ARPA)

- ▶ A \$1.9T economic stimulus bill enacted March 11, 2021
- ▶ Establishes \$350B in the Coronavirus State and Local Fiscal Recovery Fund to support state, local, and tribal responses to and recovery from COVID-19
- ▶ Includes \$65.1B in Local Fiscal Recovery Funds – formula grants – not competitive direct funding to cities, villages, towns
- ▶ Administered by US Treasury
 - Interim Final Rule issued May 2021
 - Final Rule issued January 2022



ARPA Eligible Uses of Funds

- ▶ **Necessary investments to improve access to clean drinking water and invest in wastewater and stormwater infrastructure**
- ▶ Projects eligible for SRF qualify (Interim Final Rule)
- ▶ Broader eligible uses including water and sewer improvements responsive to community specific needs, including projected population increases (Final Rule)
- ▶ Funds obligated by December 31, 2024
- ▶ Funds expended by December 31, 2026



ARPA — Considerations

- ▶ Compliance & Reporting Requirements issued June 2021
- ▶ Use of Fiscal Recovery Funds subject to 2 CFR 200 (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award)



The Bipartisan Infrastructure Law (BIL)

aka The Infrastructure Investment and Jobs Act (IIJA)



The BIL - Complex & Far-Reaching

> 100 Funding Programs



\$550B in NEW Spending



11 Agencies



\$1.2T BIPARTISAN INFRASTRUCTURE LAW

\$55B for Water



Formula & Competitive Grants



2740 pages of Legislation



The BIL - Landmark Legislation

- ▶ Enacted November 15, 2021
- ▶ \$1.2T total spending
- ▶ \$550B **new** funding
 - ~Half Transportation-focused
 - **\$55B for Water**
- ▶ 5-year funding for every infrastructure sector
- ▶ 125 **new** programs across 9 federal agencies
- ▶ Increased funding for more than 300 existing programs



The BIL Implementation Task Force

- ▶ **Infrastructure Implementation Task Force**
 - Mitch Landrieu, WH Coordinator
- ▶ Infrastructure Implementation Coordinator for each Federal Agency
 - Points of contact for states
- ▶ Governors and Mayors asked to appoint Implementation Coordinators



The BIL Guidebook

- ▶ January 31 - White House released the **BIL Guidebook** - formal guidance on competitive programs with authorized appropriations
- ▶ Includes federal agency contact information, the White House letter to Governors, and Recommendations for Mayors

***Available at [BUILD.gov](https://www.build.gov)**



The BIL - Build America, Buy America Act (BABA)

- ▶ "... all of the [permanent, affixed] iron, steel, ***manufactured products, and construction materials*** used in the project must be produced in the US..."
- ▶ "Initial melting through application of coatings"
- ▶ All federal infrastructure grants, not just BIL*
- ▶ Waived for cost increase >25% and/or item nonavailability following public comment
- ▶ **OMB Made in America Office** charged with administering program
- ▶ **Agency policies and procedures must be in place by May 14, 2022**

* Excludes emergency disaster assistance.



The BIL - What It Means for Wastewater

- ▶ **2022 Clean Water SRF Capitalization Grants**
 - \$2.4B for FY2022 (Base Supplemental)
 - Increase each year through 2026
 - 49% as grants or PF loans
 - 51% as low-interest loans
- ▶ **Emerging Contaminants (WW) - \$92.78M**
 - All as PF loan, grant, or combination
- ▶ **FY2022 Budget added \$1.6B to States' CWSRF nationally** (Base allocation)



EPA SRF Implementation Memo to States

Issued March 8 and requires/recommends:

- Flexibility to meet Local Water Needs
- Increased **Investment in Disadvantaged Communities**
 - Evaluate/revise State definitions of Disadvantaged Community and Affordability Criteria
 - Evaluate priority point system for project ranking
- Rapid progress on **LSL Replacement** – use of base and supplemental funding
- Address **PFAS and Emerging Contaminants Grants and Forgivable Loans**
- Support for Resilience, including cyber security
- Simplified SRF application process

- **Federal procurement requirements apply to additional subsidy from the BIL**



Wastewater Programs under BIL

BIL – 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 *authorized appropriation*
- 15 recipients
- Max award \$4M



BIL - Clean Water Infrastructure Resiliency & Sustainability Program

- Grants to increase resilience of POTWs to **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 *authorized appropriation*
- 15% of funds to POTWs that serve <3300



BIL – Small POTW Efficiency Grant Program

- Assists small POTWs serving $\leq 10,000$ or a disadvantaged community to replace/repair equipment to **increase water or energy efficiency**.
- 15% of funds to POTWs that serve fewer than 3,300



BIL – Grants to Construct/Refurbish Individual Wastewater Systems for LMI Populations

- Funds non-profits to construct, repair, replace decentralized wastewater systems for Low- and Moderate-Income households or groups of such households
- Likely to be administered by USDA Rural Utilities Service
- **\$50M** each year 2022 through 2026 *authorized appropriation*



BIL – Competitive Grants for Connection to POTWs

- Funds any POTW owner/operator to **assist LMI individuals to connect to public sewer**
- **\$40M each year** 2022 through 2026
- 15% to POTWs or NFPs serving fewer than 3,300



BIL – EPA Sewer Overflow & Stormwater Reuse Municipal Grants

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



BIL- Water Infrastructure Finance & Innovation Act

- ▶ Established in 2014 for large/regional water/wastewater/stormwater projects
- ▶ Low interest fixed loans with highly favorable terms (5-yr deferred repayment, 35-yr loan term)
- ▶ 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



BIL – Safeguarding Tomorrow through Ongoing Risk Mitigation (STORM)

- FEMA-administered **Hazard Mitigation Revolving Loan program** for states and local governments for **projects that reduce disaster and natural hazard risk**
- Individual project funding up to \$5M
- Interest rates < 1%
- Repayment terms up to 20 years after project completion, 30 years for LMI communities
- Can finance water and wastewater projects that mitigate risk
- Projects must be identified in regional or local hazard mitigation plan
- Highest priority are projects that increase resilience/reduce risk to natural and built infrastructure, including critical infrastructure
- **\$100M** each year 2022-2026 for capitalization to States to establish program



BIL – Pre-Disaster Funding - BRIC

FEMA Building Resilient Infrastructure and Communities (BRIC)

- Existing program funded at much higher level
 - **\$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 (not HMA grants).



BIL – Pre-Disaster Funding - FMA

FEMA Flood Mitigation Assistance Program

- Existing program – much more funding
- **\$700M** each year 2022-2026
- Available to states and NFIP-participating communities to reduce risk of flood damage to homes and businesses through buyouts, elevations, and other activities
 - **May fund elevation of critical facilities, including water/wastewater infrastructure**
 - Community flood mitigation projects



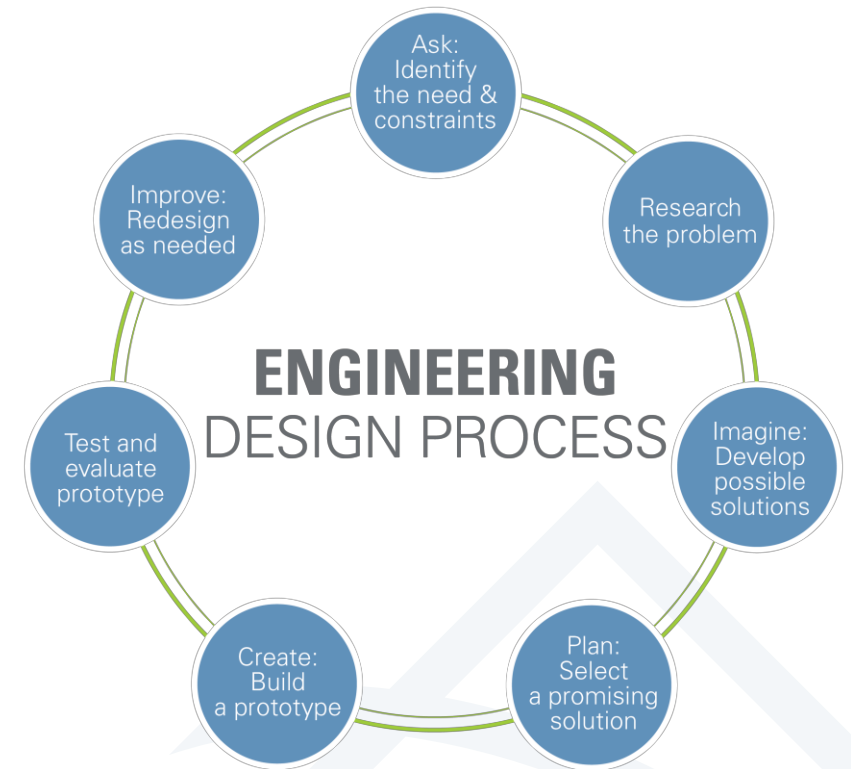
The BIL - Justice 40 Initiative

- ▶ To "*address the disproportionate health, environmental, economic, and climate impacts on disadvantaged communities*"
- ▶ 40% of BIL funding to benefit disadvantaged communities
- ▶ **Beta CEQ Tool** released February 18, 2022 – *differs from EJSCREEN*
 - To help federal agencies identify disadvantaged communities
 - Public comment period extended to May 25.



The BIL - Mobilization Challenges

- ▶ **Federal Agencies** must establish new programs and guidelines to distribute funds
 - Increased staffing impeded by delayed FFY22 Spending Bills
 - Most due within 60-90 days of law
 - **EPA SRF Guidance released March 8**
- ▶ **State and Local officials** – need to design/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
- ▶ Complicated by Covid impact on government operations, labor demand, supply chains, inflation...



Looking Ahead — What to Expect

- ▶ **Draft Water Resources Development Act (WRDA) 2022** being considered now
 - Passage expected before August recess
 - Senate hopes to pass before end of May
- ▶ Legislation unlikely to move after September due to Mid-term elections



Looking Ahead - Positioning for Success

- ▶ **Understand** BIL programs (Guidebook) and Earmarks
- ▶ **Prioritize capital needs** and develop project pipeline
- ▶ Confirm project cost, source of funds/match, and barriers to implementation
- ▶ **Identify priority projects that target Disadvantaged Populations**
- ▶ Develop 1-page Project Briefing Sheets
- ▶ Seek early support from Congressional delegates
- ▶ Solicit support from local organizations and community groups



Positioning for Success

List your projects for SRF Funding

- The bulk of water funding under the BIL will come through SRF
- ▶ Other lists
 - Regional CEDS project priority list
 - Regional/Local Hazard Mitigation priority project list



Positioning for Success

Federal Procurement Requirements 2 CFR Part 200

- ▶ Will apply to non-SRF grant programs
- ▶ Will apply to SRF grants
- ▶ May apply to SRF PF loans – awaiting State guidance



Other Developments

President's FY2023 Budget Proposal

- ▶ Would boost EPA spending to \$11.9B (an increase from \$9.56B in FY22)
 - SRF funding would remain flat
 - WIFIA would receive \$80M (up from \$60M in FY22)
- ▶ **Would fund all authorized programs in the BIL** (includes 20 new water grant programs)
 - Includes EPA Midsize & Large DW System Infrastructure Resilience/Sustainability Program for climate and cyber challenges (\$50M)
 - Includes similar programs for Small PWSs and **POTWs** (\$50M)
- ▶ More than \$180M for EPA lead reduction program (\$160M above FY22)
- ▶ *NEW* \$25M Water Sector Cybersecurity Grant Program pending Congressional authorization
- ▶ Significant increased funding for BRIC
- ▶ 10-fold increase in FEMA Pre-hazard Flood Mitigation Assistance Grants



Thank You!

Woodard & Curran Funding Services

