

JUNE 2021 SCWIE E-MAIL NEWSLETTER

[Frequently Asked Questions for the Coronavirus State and Local Fiscal Recovery Funds](#) provided under the American Rescue Plan Act.

Deirdre Finn, Executive Director of the Council of Infrastructure Financing Authorities (CIFA) recently shared with CIFA Members the U.S. Treasury updates on its [Frequently Asked Questions for the Coronavirus State and Local Fiscal Recovery Funds](#) provided under the American Rescue Plan Act. Below are a few of the relevant questions and answers for water, wastewater and stormwater infrastructure projects. The most recent Q&A is *(6.7.) How do I know if a water, sewer, or broadband project is an eligible use of funds? Do I need pre-approval?*

6. Eligible Uses – Water, Sewer, and Broadband Infrastructure

6.1. What types of water and sewer projects are eligible uses of funds?

The Interim Final Rule generally aligns eligible uses of the Funds with the wide range of types or categories of projects that would be eligible to receive financial assistance through the Environmental Protection Agency's Clean Water State Revolving Fund (CWSRF) or Drinking Water State Revolving Fund (DWSRF). Under the DWSRF, categories of eligible projects include: treatment, transmission and distribution (including lead service line replacement), source rehabilitation and decontamination, storage, consolidation, and new systems development. Under the CWSRF, categories of eligible projects include: construction of publicly owned treatment works, nonpoint source pollution management, national estuary program projects, decentralized wastewater treatment systems, stormwater systems, water conservation, efficiency, and reuse measures, watershed pilot projects, energy efficiency measures for publicly-owned treatment works, water reuse projects, security measures at publicly-owned treatment works, and technical assistance to ensure compliance with the Clean Water Act. As mentioned in the Interim Final Rule, eligible projects under the DWSRF and CWSRF support efforts to address climate change, as well as to meet cybersecurity needs to protect water and sewer infrastructure. Given the lifelong impacts of lead exposure for children, and the widespread nature of lead service lines, Treasury also encourages recipients to consider projects to replace lead service lines.

6.2. May construction on eligible water, sewer, or broadband infrastructure projects continue past December 31, 2024, assuming funds have been obligated prior to that date?

Yes. Treasury is interpreting the requirement that costs be incurred by December 31, 2024 to only require that recipients have obligated the funds by such date. The period of performance will run until December 31, 2026, which will provide recipients a reasonable amount of time to complete projects funded with Fiscal Recovery Funds.

6.3. May recipients use funds as a non-federal match for the Clean Water State Revolving Fund (CWSRF) or Drinking Water State Revolving Fund (DWSRF)?

Recipients may not use funds as a state match for the CWSRF and DWSRF due to prohibitions in utilizing federal funds as a state match in the authorizing statutes and regulations of the CWSRF and DWSRF.

6.4. Does the National Environmental Policy Act (NEPA) apply to eligible infrastructure projects?

NEPA does not apply to Treasury's administration of the Funds. Projects supported with payments from the Funds may still be subject to NEPA review if they are also funded by other federal financial assistance programs.

6.7. How do I know if a water, sewer, or broadband project is an eligible use of funds? Do I need pre-approval? [6/8]

Recipients do not need approval from Treasury to determine whether an investment in a water, sewer, or broadband project is eligible under CSFRF/CLFRF. Each recipient should review the Interim Final Rule (IFR), along with the preamble to the Interim Final Rule, in order to make its own assessment of whether its intended project meets the eligibility criteria in the IFR. A recipient that makes its own determination that a project meets the eligibility criteria as outlined in the IFR may pursue the project as a CSFRF/CLFRF project without pre-approval from Treasury. Local government recipients similarly do not need state approval to determine that a project is eligible under CSFRF/CLFRF.

However, recipients should be cognizant of other federal or state laws or regulations that may apply to construction projects independent of CSFRF/CLFRF funding conditions and that may require pre-approval. For water and sewer projects, the IFR refers to the EPA Drinking Water and Clean Water State Revolving Funds (SRFs) for the categories of projects and activities that are eligible for funding. Recipients should look at the relevant federal statutes, regulations, and guidance issued by the EPA to determine whether a water or sewer project is eligible. Of note, the IFR does not incorporate any other requirements contained in the federal statutes governing the SRFs or any conditions or requirements that individual states may place on their use of SRFs.

10. Miscellaneous

10.2. Can recipients use funds for administrative purposes?

Recipients may use funds to cover the portion of payroll and benefits of employees corresponding to time spent on administrative work necessary due to the COVID–19 public health emergency and its negative economic impacts. This includes, but is not limited to, costs related to disbursing payments of Fiscal Recovery Funds and managing new grant programs established using Fiscal Recovery Funds.

10.5. May recipients use funds to cover the costs of consultants to assist with managing and administering the funds? [6/8]

Yes. Recipients may use funds for administering the CSFRF/CLFRF program, including costs of consultants to support effective management and oversight, including consultation for ensuring compliance with legal, regulatory, and other requirements.

USEPA/CW Releases New Documents

The Clean Water State Revolving Fund at EPA Headquarters has been working on some new marketing and outreach projects, as well as increased collaboration both inside and outside EPA.

A fact sheet on how the CWSRF funds Cybersecurity practices and measures at POTW's recently has been released: <https://www.epa.gov/cwsrf/supporting-cybersecurity-measures-clean-water-state-revolving-fund> . This fact sheet outlines resources for free vulnerability assessments and cybersecurity training, as well as how to report a cybersecurity incident.

Another activity update on funding resiliency infrastructure and communities with the CWSRF also has been released: <https://www.epa.gov/cwsrf/funding-resilient-infrastructure-and-communities-clean-water-state-revolving-fund>. This update describes the wide range of eligible activities that help communities become more resilient, with project success stories from New York, New Jersey, Rhode Island, and Oklahoma. It also highlights the EPA and Federal Emergency Management Agency (FEMA) [Memorandum of Understanding](#) of June 2019 that establishes a framework for EPA funded SRF programs to assist and collaborate with FEMA disaster assistance grant programs.

On March 29, 2021, the [Sewer Overflow and Stormwater Reuse Municipal Grants program](#) assistance listing was posted to [beta.SAM.gov](https://beta.sam.gov) and includes information on the application requirements for the program. This new grant program will provide funding for critical stormwater infrastructure projects in communities including combined sewer overflows (CSO) and sanitary sewer overflows (SSO). America's Water Infrastructure Act (AWIA) of 2018 amended section 221 of the Clean Water Act, which reauthorized the [Sewer Overflow and Stormwater Reuse Municipal Grants program](#). These amendments expanded project eligibilities to include stormwater management projects and authorized appropriations for the program. Grants will be awarded to states, which will then provide sub-awards to eligible entities for projects that address infrastructure needs for CSOs, SSOs, and stormwater management. For more information, please refer to this [announcement](#) or contact OSG@epa.gov and someone from the CWSRF will respond to your inquiry.

USEPA/DWSRF Releases New Resources

On June 1, the DWSRF released three new fact sheets that discuss DWSRF program eligibilities related to drought, emergency response planning and nitrates. The fact sheets cover the different types of projects that can be funded by the DWSRF loan fund and activities that can be funded through the set-asides. There also are several case studies where DWSRF funds were used for projects related to these eligibilities. Here is a link to each fact sheet:

Drought: https://www.epa.gov/sites/production/files/2021-06/documents/addressing_and_mitigating_drought_with_the_dwsrf-final.pdf

Emergency Response Planning: https://www.epa.gov/sites/production/files/2021-06/documents/emergency_response_plan-final.pdf

Nitrates: https://www.epa.gov/sites/production/files/2021-06/documents/addressing_nitrates_with_the_dwsrf-final.pdf

Please Keep your eye out for other new fact sheets coming soon at <https://www.epa.gov/dwsrf>.

Rural Development's Rural Utilities Service (RUS) Update

USDA is making funds available through the Water and Wastewater Projects Revolving Funds Program. This program helps qualified nonprofit organizations create loans to finance water and wastewater projects. The funds may be used for pre-development costs for water and wastewater treatment projects. They also may be used to finance short-term and small capital improvement projects that are not part of regular operation and maintenance costs. Within approved guidelines, program recipients set the loan terms for the individual communities they serve. Applicants can learn more on the program website <https://www.rd.usda.gov/programs-services/revolving-funds-for-financing-water-and-wastewater-projects> and apply through [grants.gov](https://www.grants.gov).

Funds are also being made available under the Rural Decentralized Water Systems Grant program. Through this program, USDA awards grants to qualified nonprofit or tribal lending institutions to provide affordable loans to homeowners who need

new household water systems. USDA has expanded the use of funds to include building or repairing septic systems. Additionally, lending institutions can now use funds to provide grants to homeowners who earn less than 60 percent of area median income. These changes are expected to greatly increase the number of households that can participate in the program, providing safe, clean water throughout rural America. Applicants can learn more on the program website <https://www.rd.usda.gov/programs-services/rural-decentralized-water-systems-grant> and apply through [grants.gov](https://www.grants.gov).

On June 29th the U.S. Environmental Protection Agency, U.S. Department of Agriculture-Rural Development, National Rural Water Association, and American Water Works Association are collaborating to help small and disadvantaged communities pursue water recycling. Through the Water Reuse Action Plan, several federal, state, and local agencies and organizations are taking actions like this one to build the nation's capacity to benefit from wastewater recycling and stormwater.

To register for the June 29th webcast, please visit this page:

https://www.zoomgov.com/meeting/register/vJItd--vrDwqGVc85yEm5t0uV--aQ07Z_68

Rural Community Assistance Partnership's (RCAP) Regionalization Research Report

RCAP recently released a regionalization policy research report which is on their website. This link (<https://www.rcap.org/blog/regionalizationresearchtwo/>) has all the info about the newly released regionalization policy research report including a copy of all three versions of the report (full, executive summary and one pager), the living document, Appendix A, and a link to the recording from the state policy roll out event which featured CA, FL, OH, PA and TX: If one has questions or updates, please reach out to:

Sara Buck (sbuck@rcap.org 978.894.4123) or

Laura Landes (llandes@rcap.org 833.203.4278).

The report provides 22 policy recommendations at the local, state and federal level that would help to better support regional collaboration implementation.

If your state is doing something unique that you wish to share with the rest of the country, please e-mail me.

This e-mail newsletter is sent to all water funding officials currently listed on the SCWIE website (www.scwie.org). It also is being sent to all those who have requested they wish to participate on the quarterly SCWIE Conference Calls.

In addition, it also is posted on the scwie website under newsletters. Please review the contact for state page for your state on the web site and provide any updates.

Please feel free to call Steve Grossman at 614-668-9597 or e-mail me at scwiecoordinator@gmail.com with respect to any item mentioned in this newsletter.

Thank you

Steve Grossman, SCWIE Coordinator