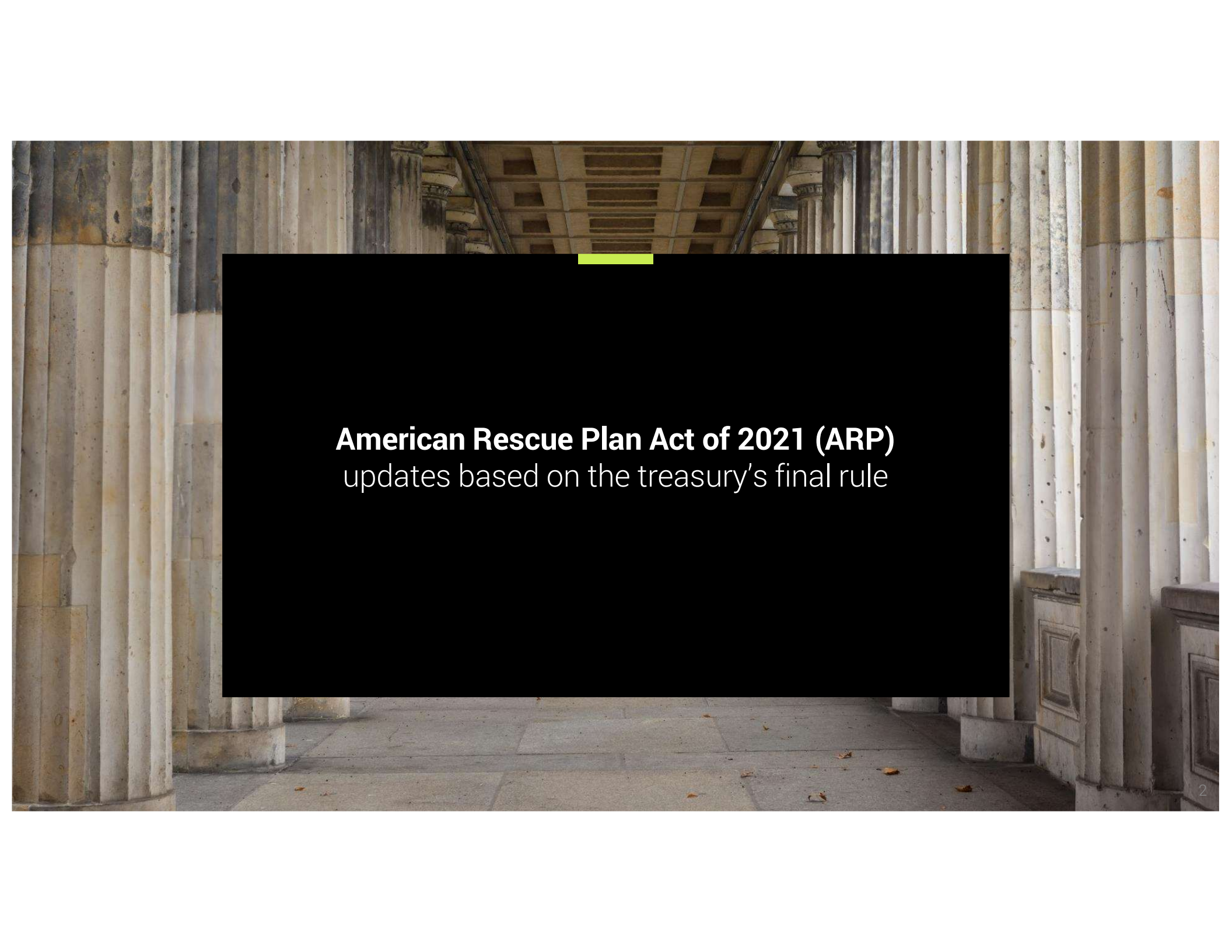

Utility federal funding update – ARPA and Infrastructure Act

2022 MS4 Stormwater Partnership
Annual Meeting

May 10, 2022





American Rescue Plan Act of 2021 (ARP)
updates based on the treasury's final rule

ARP OVERVIEW

ARP for the public sector

Fiscal recovery funds

\$350 billion

of non-competitive funding for states, counties, cities, tribes and territories.
of this funding:

\$195.3 billion

to states and Washington, D.C.

\$130.2 billion

to local governments

\$20 billion

to tribal governments

Other provisions of the bill include:

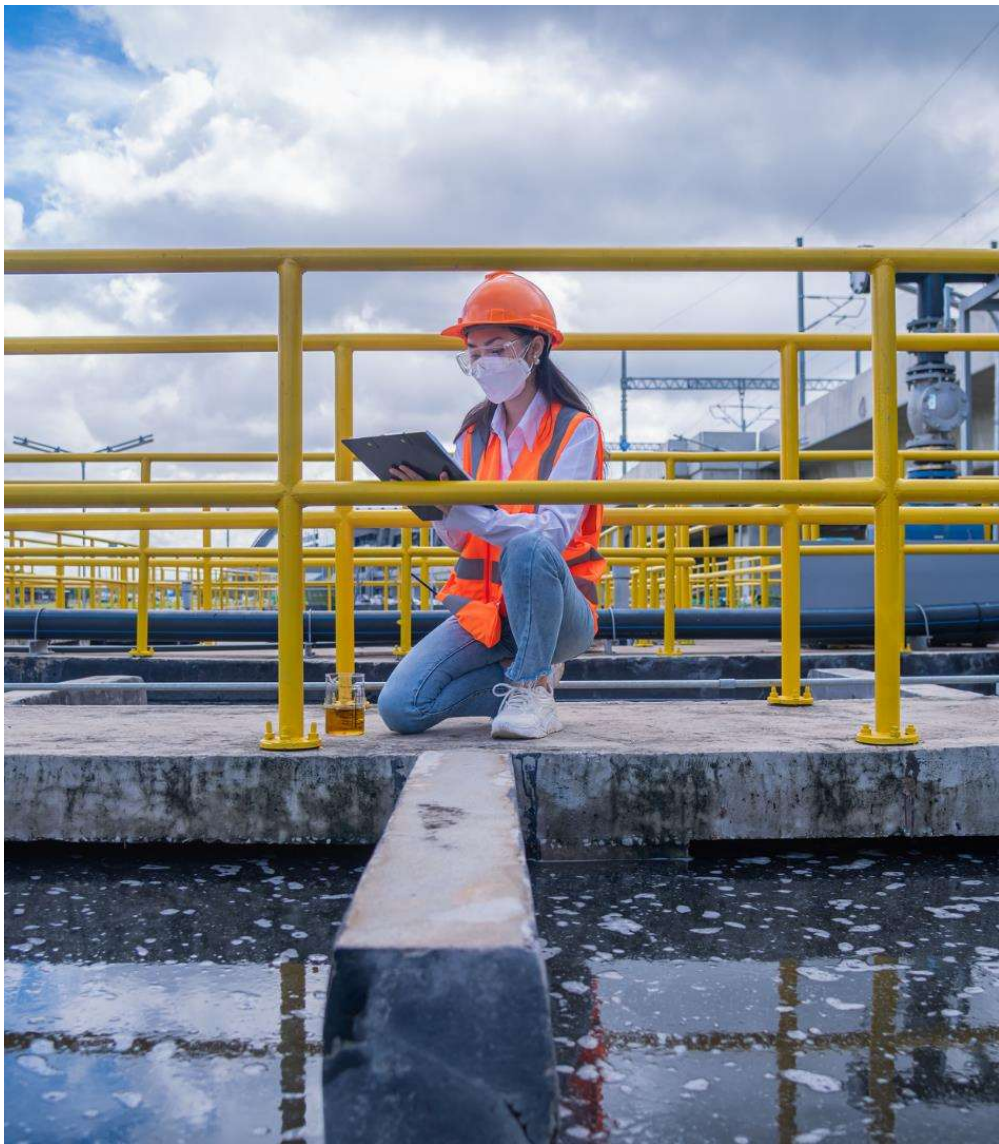
| | | |
|---|---|---|
| Recovery \$10 billion Coronavirus capital projects fund | Schools nearly \$170 billion | Housing \$25 billion in emergency rental assistance |
| Small business \$22 billion in EIDL and PPP | Transportation and infrastructure \$58.2 billion | Energy and water \$4.5 billion in household assistance |
| Restaurants and bars \$25 billion | Emergency connectivity fund \$7.6 billion for internet access for distance learning | Public health \$72 billion for COVID-19 testing, contact tracing and vaccine distribution |

ARP OVERVIEW

Use of funds categories

1. Public health
 - Responding to COVID-19 health crisis
 - Premium pay
2. Economic impacts
 - Responding to negative economic impacts
 - Emphasis on providing relief to low-income and Native American communities (i.e., individual, business and not-for-profit assistance programs)
3. Revenue loss (governmental operations)
4. Infrastructure






INFRASTRUCTURE

Water, sewer and stormwater

- Projects generally eligible under the clean water and safe drinking water funds (i.e., CWSRF and DWSRF)
- Treatment, transmission and distribution, source, consolidation or creation of new systems, stormwater, energy efficiency, security and more



Utility impacts – stormwater

ARPA eligible stormwater projects

- Management and treatment of stormwater or subsurface drainage water
 - Reuse or recycling of wastewater, stormwater or subsurface drainage water
 - Culvert repair, resizing, and removal, replacement of storm sewers and additional types of stormwater infrastructure
- * Professional engineering fees are eligible



ARP

Final Rule released Jan. 6, 2022

- Became effective April 1, 2022
- The Final Rule preserves the interim rule’s focus on promoting a strong, equitable recovery by:
 - Supporting COVID-19 response efforts
 - Replacing lost public sector revenue
 - Economically stabilizing impacted households and businesses
 - Addressing systemic public health and economic challenges inequitably borne by certain populations
- Generally, maintains previously authorized eligible uses
- Increases flexibility with which funds may be utilized and, in some cases, simplifies administration



ARP

Final Rule – key provisions

- The most significant change in the Final Rule is a dramatic simplification to the lost revenue provision
- Recipients may now choose to make a one-time election of the following options:
- Perform the revenue loss calculation provided in the Final Rule (automatic growth factor increased from 4.1% to 5.2%)
 - Assume a standard allowance of up to their entire award or \$10 million, whichever is less
 - Revenue loss dollars can be broadly used for “governmental services”
 - Government services include, **but are not limited to**, maintenance or pay-go funded building of infrastructure, including roads; modernization of cybersecurity, including hardware, software, and protection of critical infrastructure; health services; environmental remediation; school or educational services; and the provision of police, fire and other public safety services

ARP

Final Rule – key provisions (cont.)

- Ineligible uses remain the same:
 - Outstanding debt (including fees and debt issuance costs),
 - Replenishing rainy day or other reserve funds or
 - Paying settlements or judgments





ARP

Final rule – key provisions

Procurement process

Must follow federal procurement requirements consistent with Uniform Guidance Rules

Informal method allowed for:

- Micro-purchases (less than \$10,000)
 - May be awarded without soliciting competitive price or rate quotes if entity considers price to be reasonable based on research, experience, purchase history or other information and documents accordingly
- Non-federal entity may self-certify the micro-purchase threshold up to \$50,000
 - The self-certification must include a justification, clear identification of the threshold and supporting documentation of any of the following:
- Small purchases – higher than micro-purchase but does not exceed small acquisition threshold (\$10,000 - \$250,000)
 - Price or rate quotes must be obtained from an adequate number of qualified sources as determined appropriate by the entity



ARP

Final rule – key provisions

Procurement process (cont.)

Formal method required for purchases exceeding small acquisition threshold of \$250,000 (or lower threshold as established by the entity)

- Sealed bids
- Proposals (generally used when conditions are not appropriate for the use of sealed bids)
 - May use qualifications-based procurement of **architectural/engineering** professional services whereby most qualified offeror is selected, subject to negotiation of fair and reasonable compensation; not applicable to other services



ARP

Final rule – key provisions

Procurement process (cont.)

Noncompetitive procurement—only allowed if one or more of the following apply

- Property or services in which the aggregate dollar amount does not exceed micro-purchase threshold
- Item is available only from a single source
- Public exigency or emergency for the requirement will not permit a delay resulting from publicizing a competitive solicitation
- Federal awarding agency or pass-through entity (PTE) expressly authorizes a noncompetitive procurement as requested by the entity
- After solicitation of a number of sources, competition is determined inadequate



ARP

Payment to other entities

PTEs (state, county, city, town) are responsible for determining the relationship

Contractor payments

Subrecipient payments

Beneficiary payments

ARP

Payment to other entities (cont.)

Common characteristics of a contractor

- Provides a specific number of goods or services (i.e., 100 notebooks or hours of labor) requested by the buyer
- In the business of providing the same goods or services to other buyers
- Procurement often involves obtaining bids or quotes
- Could be federal requirements they need to follow, but they are not subject to single audit

Common characteristics of a subrecipient

- Control over how funds are spent
- Determines eligibility
- Help with mission of the grant; provide service to other end users (i.e., prevent homelessness)
- Federal requirements typically pass-through to them and are subject to single audit

Common characteristics of a beneficiary


- Identification of need
- Application process
- Eligibility requirements
- Federal requirements do not transfer to them
- End user



STRATEGIES FOR ARP FUNDING

Reminder before spending ...
Think marathon, not sprint!

- Local governments have until Dec. 31, 2024 to obligate ARP Fiscal Recovery Funds (FRF)
- ARP dollars must be fully spent by Dec. 31, 2026
- Consider community collaborations to tackle regional and/or local issues
- Maximize available funding opportunities from other ARP provisions (in addition to direct funding allocations)



Take the time now
to think **broadly and
strategically** about
community needs



H.R. 3684
**Infrastructure Investment
and Jobs Act (IIJA)**

IIJA Overview of IIJA

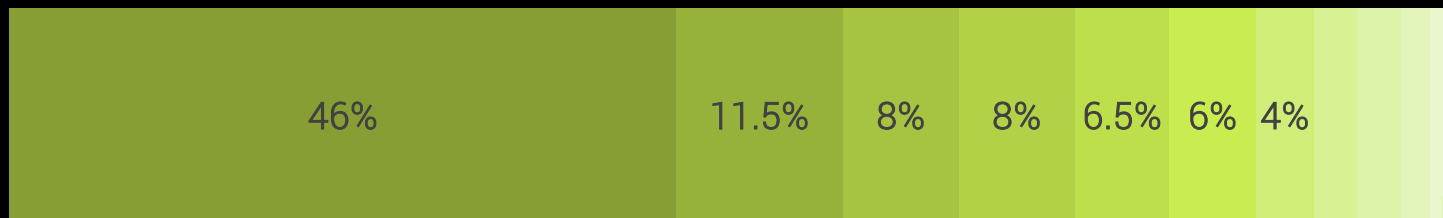
The President signed into law the \$1.2 trillion bipartisan Infrastructure Investment and Jobs Act (Infrastructure Act or IIJA) on November 15, 2021

- \$550B of this is new funding
- \$650B are reauthorization of existing spending



IIJA

Funding breakdown over five years



- 46% — Highway and bridges
- 11.5% — Transit
- 8% — Rail
- 8% — Broadband
- 6.5% — Energy grid, tech, supply chains
- 6%** — **Drinking and wastewater (stormwater)**
- 4% — Western water, wildfire management, dam safety
- 3% — Ports and waterways
- 3% — Aviation
- 2% — Economic development, public buildings, agency operations
- 2% — Mine/well cleanup, environmental remediation

IIJA

Funding by state

| | American society of civil engineers | Highways and bridges | Public transportation | Broadband | EV charging network | Water and wastewater | Cyber | Aviation | Total |
|---|-------------------------------------|----------------------|-----------------------|--------------|---------------------|----------------------|-------------|--------------|----------------|
| USA | <u>C-</u> | 46.0% | 19.5% | 8.0% | 6.5% | 6.0% | 4.0% | 3.0% | 93.0% |
| Texas | <u>C</u> | \$27,437 | \$3,300 | \$100 | \$408 | \$2,900 | \$42 | \$1,200 | \$35,387 |
| Illinois | <u>C-</u> | \$11,200 | \$4,000 | \$100 | \$149 | \$1,700 | \$22 | \$616 | \$17,787 |
| Pennsylvania | <u>C-</u> | \$12,900 | \$2,800 | \$100 | \$171 | \$1,400 | \$26 | \$355 | \$17,752 |
| Ohio | <u>C-</u> | \$9,683 | \$1,200 | \$100 | \$140 | \$1,400 | \$25 | \$253 | \$12,801 |
| Michigan | <u>D+</u> | \$7,863 | \$1,000 | \$100 | \$110 | \$1,300 | \$24 | \$363 | \$10,760 |
| Missouri | <u>C-</u> | \$6,984 | \$674 | \$100 | \$99 | \$866 | \$19 | \$246 | \$8,988 |
| Indiana | <u>C-</u> | \$7,001 | \$680 | \$100 | \$100 | \$751 | \$20 | \$170 | \$8,822 |
| Wisconsin | <u>C</u> | \$5,425 | \$592 | \$100 | \$79 | \$841 | \$18 | \$198 | \$7,253 |
| Minnesota | <u>C</u> | \$4,802 | \$818 | \$100 | \$68 | \$680 | \$17 | \$297 | \$6,782 |
| Kansas | <u>C</u> | \$2,825 | \$272 | \$100 | \$40 | \$454 | \$14 | \$109 | \$3,814 |
| <u>Note:</u> dollar amounts in millions | | | | | | | | | |



Indiana Finance Authority

State Revolving Fund Loan Program

New SRF funding programs

- Wastewater Infrastructure Supplemental Funds
- Drinking Water Infrastructure Supplemental Funds
- Lead Service Line Replacement Funds
- Emerging Contaminant Elimination Fund
 - (forever chemicals)



Indiana Finance Authority

State Revolving Fund Loan Program

Wastewater Supplemental Funding

- \$43 million annually for the next five years
- Traditional SRF treatment plant and collection system projects
- Disadvantaged Community Assistance is required!
- Approximately \$21 million to be provided as forgivable loans
- Projects must directly impact areas at 80% of the State's MHI (\$45,000)



Indiana Finance Authority State Revolving Fund Loan Program Drinking Water Supplemental Funding

- \$27.5 million annually for the next five years
- Traditional drinking water treatment and distribution system projects
- Disadvantaged Community Assistance is required!
 - Approximately \$13 million to be provided as forgivable loans
 - Projects must directly impact areas at 80% of the State's MHI (\$45,000)



Indiana Finance Authority

State Revolving Fund Loan Program

Lead Service Line Replacement Funding

- \$43+ million annually for the next five years
- Public and Private Side Lead Service Line Replacement is required
- Disadvantaged Community Assistance is required!
 - Approximately \$21 million to be provided as forgivable loans
 - Projects must directly impact areas at 80% of the State's MHI (\$45,000)



Indiana Finance Authority

State Revolving Fund Loan Program

Emerging Contaminant Funding

- Emerging Contaminants or “Forever Chemicals” – to include PFAS and PFOA remediation
- Awaiting EPA guidance as to additional uses and further definitions
- \$2.2 million annually for remediation associated with a wastewater utility for the next five years
 - Limited to remediation projects associated with a wastewater utility
 - All funds must be provided as forgivable loans
- \$11.5 million annually for remediation associated with drinking a water utility for the next five years
 - Limited to projects associated with a drinking water utility
 - All funds must be provided as forgivable loans
- Disadvantaged Community Assistance is required!
 - 25% of all funds must benefit disadvantaged communities meeting 80% of the State’s MHI (\$45,000)



Other federal IIJA stormwater related funding programs

Flood mitigation assistance grants

- Department of Homeland Security
- \$3.5B
- Reduce or eliminate the risk of repetitive flood damage to buildings and structures
- Applications expected to open no later than Sept. 30, 2022

Inland flood risk management projects

- Department of Defense (Army Corps of Engineers)
- \$2.5B
- Construction of authorized federal flood damage reduction projects
- Army corps to issue multiple contract awards during FY22

Next steps?

- Holistic approach to strategic planning
- Think regional collaboration
- Focus on municipality's driven goal(s)/result
 - Start with the end goal in mind and work back through funding streams
 - ARP
 - IIJA
 - Competitive and non-competitive grants (ARP and IIJA)
 - State and local funds
 - Debt
- Be shovel ready

Baker Tilly COMPASS and ARP resources and solutions

Baker Tilly COMPASS

<https://www.bakertilly.com/page/baker-tilly-compass>

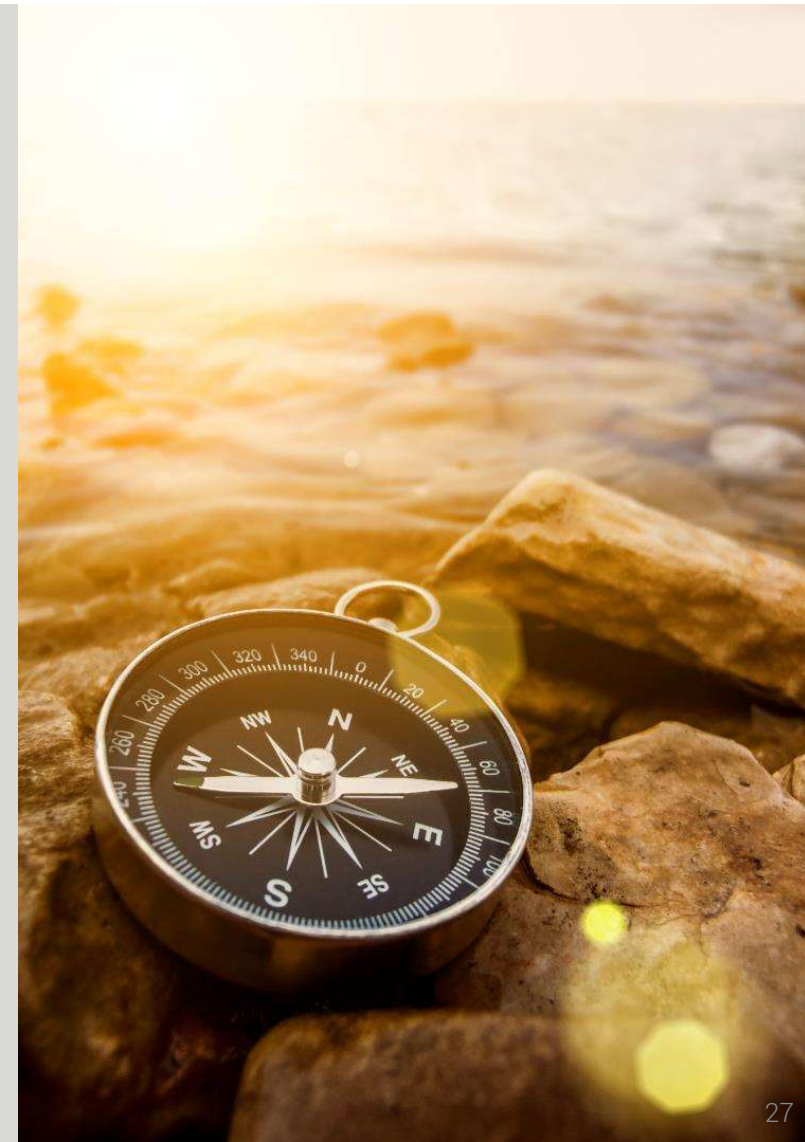
Baker Tilly's ARP resource center

<https://www.bakertilly.com/insights/american-rescue-plan-resources-for-public-sector>

- [ARP ACTion app and resources](#)
- [ARP readiness checklist](#)
- [EDA grant readiness checklist](#)
- [Infographic](#)
- Plus, video updates, webinar recordings, articles and tools

ARP solutions

<https://www.bakertilly.com/page/american-rescue-plan-solutions>



THANK YOU!
Questions?



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