



Department of
**Environment &
Conservation**

Frequently Asked Questions (FAQs)

State Water Infrastructure Grant Program:
American Rescue Plan

Tennessee Department of Environment & Conservation | May 2022



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Non-Competitive Formula-Based Grant

Project Selection and Planning

When selecting projects, eligible subrecipients (counties and eligible cities) should keep in mind that the Tennessee Department of Environment and Conservation (TDEC) is targeting enhancements to public drinking water systems, wastewater systems with a component of municipal or domestic wastewater, and stormwater management systems serving the public including municipal separate storm sewer systems (MS4s). These systems are collectively referred to as “water systems” in the FAQs. Eligible subrecipients should also review and consider the areas of critical need, as identified in the [Tennessee Infrastructure Scorecard](#).

Subrecipients are encouraged to invest in thoughtful pre-grant planning activities that will position their communities to identify and prioritize successful collaborative projects that support comprehensive approaches to the communities’ needs.

1. Are collaborative projects eligible?

Yes, collaborative projects to address major water challenges are eligible and encouraged uses of these funds. TDEC encourages eligible subrecipients to collaborate across water systems that operate within their jurisdiction to explore potential regional projects. Only collaborative projects may be submitted under the first phase of the non-competitive grant solicitation. TDEC encourages eligible subrecipients to review [TN H2O](#), a plan that includes an assessment of current water resources and recommendations to support the future of Tennessee’s water resources.

2. How is a collaborative project defined?

A collaborative project involves multiple entities (water systems, cities, or counties) working together for a shared purpose. Allocated funds may be shared to accomplish the collaborative project(s). Eligible subrecipients may collaborate with entities that are not eligible subrecipients, including utility districts or authorities or ineligible cities. Collaborative project(s) must identify a lead applicant; the lead applicant must be an eligible subrecipient. TDEC will enter a grant contract with the lead applicant to execute all activities. TDEC provides additional information about collaborative projects in the non-competitive [grant manual](#).

3. Are there any tools available to help applicants identify and prioritize projects?

All systems will need to complete a [Tennessee Infrastructure Scorecard](#) (“scorecard”), which is a benchmarking and diagnostic tool for water, wastewater, and stormwater systems. It highlights the financial stability of a system and can assist in identifying critical needs like addressing excessive water loss of drinking water, inflow and infiltration of wastewater, and opportunities to improve system resiliency.

4. What procurement procedures must be followed if a city or county would like to hire an outside consultant to support pre-grant collaborative planning and administrative activities?

Eligible subrecipients will need to ensure any procurement using non-competitive State Water Infrastructure Grant (SWIG) funds or payments are consistent with state procurement standards and those set forth in the [Uniform Guidance 2 CFR Part 200](#). When the terms of a grant award allow disbursements for the cost of goods, materials, supplies, equipment, or contracted services, such procurement must be made on a competitive basis, including the use of competitive bidding procedures, where practical. Grant applicants must maintain documentation for the basis of each procurement for which a disbursement is made pursuant to the grant award. In each instance where it is determined that use of a competitive procurement method is not practical, supporting documentation must include a written justification for the decision to use non-competitive procurement. Further, subrecipients must comply with 2 C.F.R. §§ 200.317—200.327 when procuring property and services under a federal award.

For additional information, see the [U.S. Treasury’s Compliance and Reporting Guidance for State and Local Fiscal Recovery Funds](#) and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards contained in 2 CFR Part 200.

5. Are unsuccessful Community Development Block Grant (CDBG) applications a good starting place to identify projects?

TDEC recommends that eligible subrecipients and project owners consult existing project lists and past applications that were not selected as a starting point in project planning. The CDBG applications may be a good start if the applications align with the scorecard critical need areas.

6. How should eligible subrecipients respond to vulnerable or at-risk residents or constituents who may have concerns and needs, such as contaminated well water and a lack of access to city water?

TDEC strongly encourages eligible subrecipients to consider how this funding opportunity may be used to provide centralized services to underserved communities, especially for those citizens who are struggling with contaminated well water. TDEC also encourages eligible subrecipients to consider using local fiscal recovery funds for these activities if there are areas of critical need identified through scorecard completion that may take priority for project development under the non-competitive grant solicitation.

7. I am concerned about relationships between cities and counties and how this will affect the non-competitive granting program. How will the State ensure the counties are working with systems and cities to contribute to the county's proposal? Will/can TAUD assist where needed on this component if counties remain the recipient of funds in the final plan?

Under the final [Water Infrastructure Investment Plan](#) (WIIP), incorporated cities that operate water or wastewater systems or that have a stormwater system including an MS4 program are eligible subrecipients. By expanding eligibility to include those cities with water, wastewater, and stormwater responsibilities, TDEC anticipates alleviating some of the concern about relationships between cities and counties. Counties can also collaborate with non-municipally owned systems such as utility districts that serve their residents using the county funding allocation.

TDEC has partnered with TAUD to provide collaborative planning and system support for proposal development. TAUD will assist with non-competitive grant coordination and annual non-competitive grant support. Other potential technical assistance providers may be able to help facilitate the collaborative process, such as MTAS, CTAS, development districts, or consulting groups. Although there are no formal partnerships with these agencies, TDEC believes they may be beneficial in supporting collaborative planning activities with counties and cities.

Planning activities, including contracting with a third-party partner to support collaborative conversations and facilitate project and proposal development, are allowable expenses with

these funds. TDEC encourages recipients to consider leveraging some of these funds to support planning activities.

8. Can counties hold up funding or refuse to pass funding through?

Eligible cities can receive funding directly. The funds available to eligible subrecipients through this offering may not be used for purposes other than those explicitly identified in the [WIIP](#). Funds will not be provided to subrecipients until all application requirements are met, including addressing technical and administrative criteria. TDEC expects counties to collaborate with non-municipally owned systems in their jurisdiction to identify projects and must direct allocated funds to water infrastructure or planning projects.

9. How can MS4s be included in the collaborative planning process?

MS4s play an important role in managing stormwater and water quality. Eligible subrecipients that are permitted MS4 entities may use their funding allocation to address stormwater concerns. Visit the "[NPDES Municipal Separate Storm Sewer System \(MS4\) Program](#)" website for additional information. Identification of eligible water quality-focused stormwater projects and stormwater management planning can be viewed in the [EPA Overview of Clean Water State Revolving Fund Eligibilities](#).

Application

10. Will the ARP non-competitive grant program follow the same application process and requirements as the state revolving fund (SRF) loan program?

No. The application process for ARP funds will be a unique and streamlined process. TDEC released a [grant manual](#) in March 2022 with details about the application process and requirements.

11. When will the application be available?

TDEC anticipates that the application to receive funds under the non-competitive grant program will open in April 2022 and close in November 2022.

12. What will the application consist of?

TDEC released a [grant manual](#) with detailed instructions about the application and relevant requirements. The application will be submitted through TDEC's [Grant Management System \(GMS\)](#). Application requirements include but are not limited to descriptions of proposed activities, timelines, budgets, demonstration of meeting co-funding requirements, and technical documents for construction projects. TDEC's goal is to streamline the application and reduce administrative burden during the process.

13. What are the phased approaches for the application?

TDEC will utilize a two-phase approach to accepting proposals under the non-competitive grant solicitation.

The first phase of application solicitation will be open to collaborative proposals, which include one or more projects completed in collaboration (multiple entities working together under a shared purpose). TDEC recognizes that these projects are of high priority to the state and will therefore be incentivized through the availability of an early application period. Eligible subrecipients do not need to utilize their entire funding allocation on collaborative projects to apply under the first phase and should consider how funding these projects will intersect with requirements to address critical need areas identified by systems in the scorecard.

The second phase of the application solicitation will also be open to non-collaborative proposals consisting of one or more projects. These projects will not involve collaboration and instead will be completed by a single system.

14. Do cities and counties apply or do project managers/owners (systems) apply? If counties and cities apply, do county mayors need to prioritize projects within their counties first and then submit them to TDEC in a ranked fashion?

Cities and counties will serve as grant applicants, as those are the eligible subrecipients as defined in the [WIIP](#). Proposals will consist of one or more projects addressing water, wastewater, and/or stormwater needs demonstrated by water systems including MS4s. Systems should work with cities and counties to develop a complete proposal consisting of one or more projects.

TDEC envisions a collaborative planning process that enables systems, cities, and counties to identify and develop project proposals with the city or county primarily serving as a convener and aggregator of projects for all systems in the city or county's jurisdiction.

15. Will engineering reports be required as a part of the application process?

Most construction-ready project proposals will require the submittal of a justification, alternatives analysis, and may require submittal of plans and specifications prior to award. Examples of projects requiring plans submittals include modifications to drinking water or wastewater treatment plants and construction projects that propose significant impacts to streams, lakes, or wetlands. Further, all construction projects will be required to demonstrate stormwater permit coverage, identify any water resources within the boundaries of the project, and obtain an aquatic resource alteration permit (ARAP) for any impacts to water resources before construction begins. For all construction projects, final plans and specifications and appropriate permit coverage must be submitted after the grant award and prior to the construction start.

For projects executing planning, design, and construction after the grant award, the grant contract will specify the documents and approvals required for the grant.

Certain projects, like asset management plans, water loss-reduction projects, and projects focused on eliminating inflow and infiltration, will not be required to provide justification. An alternatives analysis and plans and specifications may be submitted after the grant award. Construction projects that fit into these categories may also be eligible for a streamlined permitting process.

Contracting and Oversight

16. What kind of mechanisms will be in place to ensure subrecipients are spending this funding correctly (i.e., only on water infrastructure projects)?

TDEC will conduct routine subrecipient monitoring. Oversight mechanisms typically consist of reviewing invoices, receipts, and site inspections.

17. Are these reimbursement grants that need to be in the subrecipients' budgets and temporarily paid for until subrecipients are reimbursed by TDEC?

The non-competitive grant application process includes a step during which TDEC will review and approve projects for eligibility and alignment with the [WIIP, grant manual](#), and relevant federal law and guidance. This step will occur prior to issuance of a grant contract and disbursement of funds. After approval, issued ARP grants will follow current grant contract templates issued by the State's Central Procurement Office (CPO), which typically require reimbursement of payments. The local government would need to include the ARP funds in the local government's budget and demonstrate proof of payment prior to reimbursement requests. TDEC will reimburse for allowed incurred costs. More information regarding reimbursement is detailed in the [grant manual](#).

18. Will local procurement practices be allowed?

Yes, local procurement practices will be allowed provided they are also compliant with [Uniform Guidance 2 C.F.R. Part 200](#) and 2 C.F.R. §§ 200.317—200.327.

19. Can a subrecipient utilize outside services such as a consulting firm to support administrative activities, including monitoring and oversight?

Yes, administrative activities whether accomplished in-house or through outside services are eligible expenses of fiscal recovery funds. TDEC is limiting administrative and pre-grant collaborative planning activity expenses that a subrecipient may claim to 6% of the funding allocation.

Subrecipients should ensure that proper procurement practices are utilized if seeking outside support for pre-grant collaborative planning or administrative activities. Procurement should comply with [Uniform Guidance 2 C.F.R. Part 200](#) and 2 C.F.R. §§ 200.317—200.327 when procuring property and services under a federal award.

20. Will the subrecipient be responsible for acquiring design and construction services for all the projects included in its proposal and grant application or will that responsibility go to the entity requesting the project?

A subrecipient may acquire its own design and construction services or may subcontract that responsibility to the entity requesting the project. The subrecipient should specify that responsibility in the written agreement with the project manager/owner.

21. Do Design-Build projects meet ARP competitive procurement requirements?

No. All design and construction projects need to follow advertising and bidding processes.

Allocation and Co-Funding

22. Why are cities and counties, but not systems, eligible subrecipients of non-competitive grant funds?

TDEC chose to allow eligible cities (incorporated cities that operate water or wastewater systems or permitted stormwater programs) and counties to serve as subrecipients, with the expectation that municipally owned systems will work through their city allocation for project funding and non-municipally owned systems such as utility districts or authorities will work with the communities they serve (cities or counties) to receive project funding. In this model, water systems are not eligible subrecipients.

TDEC chose this strategy for a few reasons. Systems were not direct recipients of local fiscal recovery funds. Those funds were provided to cities and counties. The State has prioritized the use of local fiscal recovery funds to meet co-funding requirements for the non-competitive grant program. This strategy is limited if funds were offered directly to systems. Additionally, TDEC recognizes the challenge in identifying complete, current, and state-wide datasets to appropriately develop a formula that distributes money to all permitted systems across the state.

TDEC recognizes that some systems, such as utility districts and authorities, will need to collaborate with eligible subrecipients to receive non-competitive grant funds to fund water infrastructure projects. TDEC will consider systems that cannot access non-competitive grant funds and demonstrate need when developing guidelines for the competitive grant program.

23. How much money will my city or county be eligible to receive?

Under the final [WIIP](#), all counties and cities that operate water, sewer, or stormwater systems including permitted MS4s are eligible subrecipients. TDEC published city and county funding allocations in the WIIP. Funds are meant to be distributed amongst water, sewer, and stormwater systems serving the jurisdiction of the eligible subrecipient based on needs and opportunities, population served/size of the system, and available co-funding. Co-funding

requirements are also included in the WIIP and range from 15-35 percent of the allocation based on the [Ability to Pay Index \(ATPI\)](#).

24. What is the allocation formula?

There are three allocation types included in the allocation formula: a base allocation, a population allocation, and an ATPI-population allocation. The base allocation is a set amount split equally across counties and cities. The population allocation distributes funds across counties and cities based on the number of residents in that community. The ATPI-population allocation considers the city's or county's [ATPI](#), which is an indicator of a community's economic health. In-depth information about the allocation formula may be found in the [WIIP](#).

25. Why is my city not included on the list of eligible subrecipients?

TDEC chose to include eligible cities – those that are incorporated and operate water or wastewater systems or permitted stormwater projects – as eligible subrecipients of non-competitive grant funds. If your city is not included on the list of eligible subrecipients, TDEC determined that the city did not meet the requirements to be an eligible subrecipient. If your city operates a water or wastewater system(s) or a permitted stormwater program and should be included on the list, contact TDEC.ARP@tn.gov.

26. How can water and wastewater systems not operated by a city or county access project funding?

Water or wastewater systems that are not operated by a city or county will need to partner with the community or communities they serve (city or county) to fund projects through the non-competitive grant program.

27. When will subrecipients receive grant funds?

The funding allocation table published in the [WIIP](#) provides a distribution that eligible subrecipients may apply for under the non-competitive grant program. Eligible subrecipients will need to develop a proposal application and apply to TDEC to access these funds. Proposal applications will be reviewed by technical experts for alignment with minimum criteria as outlined in the U.S. Treasury's rule, the WIIP, and the [grant manual](#). Eligible subrecipients

cannot access grant funds prior to proposal application review and approval and reimbursement request and approval.

28. What are grant applicants? What are project owners?

Grant applicants are eligible subrecipients, including all counties and eligible cities. Grant applicants will compile a proposal, consisting of one or more projects across one or more water systems, to submit to TDEC. Grant applicants may not execute water infrastructure projects unless they are also eligible project owners or execute a project in collaboration with or on behalf of an eligible project owner.

Project owners are those entities that may execute projects. Project owners must be permitted water infrastructure systems or a county or city collaborating with and executing a project on behalf of a permitted water infrastructure system. All project owners must complete the scorecard or collaborate with a system that has completed the scorecard.

29. What entities are eligible to execute projects?

Projects must be executed by eligible project owners (water, wastewater, or permitted stormwater systems). Counties or cities that are not eligible project owners themselves may collaborate with or execute a project on behalf of an eligible project owner with appropriate letters of support from that system. All project owners will need to submit a scorecard summary to be eligible for state ARP funding under the non-competitive grant program.

30. What are the co-funding requirements to accept funds under this offering?

All project proposals will be required to demonstrate a plan for contributing 15-35 percent of the project cost as outlined in in the WIIP. Projects submitted within an eligible subrecipient's proposal must follow the subrecipient's co-funding requirement. Collaborative projects that involve multiple entities will need to meet the lowest co-funding requirement of the included partners.

The WIIP includes strategies to reduce co-funding requirements. Collaborative proposals are incentivized through a 5% reduction in co-funding. Alternatively, committing at least 50% of the total project budget to priority areas will reduce co-funding by a 5%. Grant applicants may only leverage one of these strategies for a total co-funding reduction of up to 5%. Additional

information on co-funding reductions is included in the WIIP and is expanded upon in the [grant manual](#).

Cities and counties must ensure that their proposal application, which may contain one or multiple projects, meets the minimum cost share requirements and identifies the sources of those funds.

31. What sources of local co-funding will TDEC accept for non-competitive grants?

TDEC is strongly encouraging but not requiring co-funding of projects using local ARP funds. TDEC will consider co-funding of projects using any local source of funds that would allow the proposal to meet minimum requirements.

Co-funding may come from counties, cities, and systems as well as other sources. TDEC encourages counties to provide cost share funds especially for projects that benefit residents county-wide. If systems within the county have funds available to support co-funding requirements, TDEC encourages systems to communicate this availability to the county or counties and cities that they serve.

32. Can co-funding requirements be met with in-kind contributions as well as cash?

Yes, co-funding can be either cash or in-kind contributions.

- Cash can be in the form of other non-matching grants, cash reserves, municipal bonds, or donations from partners and sponsors. TDEC will also consider federal funds as a source of co-funding, including SRF loans, but note that there may be requirements associated with using those funds as a match that would then apply to projects funded by ARP. TDEC strongly encourages using local ARP funds to meet co-funding requirements. Goods or services, like plans and specifications developed on or after March 3, 2021, are allowable costs and considered a cash contribution.
- Third-Party in-kind contributions are the value of non-cash contributions (i.e. property or services) that benefit a federally-assisted project and are contributed without charge. The value applied to the contribution should be at fair market value or the regular rate of the service provider, as detailed in 2 C.F.R. § 200.306.

Note that non-competitive grant ARP funds may not be used as required matching funds for other federal grant programs that prohibit the use of federal funds as a match. These funds can be leveraged, but not provided as a source of matching funds.

33. Is TDEC considering co-funding on the project level or proposal level?

TDEC is applying co-funding at the proposal level. TDEC is not proposing to require local match on a project-by-project basis. TDEC is proposing to provide counties, cities, and systems the flexibility to coordinate with one another directly to determine how local match will be sourced across a proposal.

34. Can ARP funds be used to match Appalachian Regional Commission (ARC) grants?

Yes, ARP funds may be used to match ARC funding opportunities.

35. Can ARP funds be used to match Community Development Block Grants (CDBG)?

Yes, ARP funds may be used to match CDBG funding opportunities.

Eligible Expenditures

36. What are eligible uses of these funds?

The U.S. Treasury's Interim Final Rule specified that water, wastewater, and stormwater infrastructure activities using fiscal recovery funds must align with eligibility for the Clean Water (CWSRF) and Drinking Water State Revolving Fund (DWSRF) loan programs. The Final Rule, released in January 2022, expanded eligible activities to also include:

- Culvert repair, resizing, and removal, replacement of storm sewers, and additional types of stormwater infrastructure
- Infrastructure to improve access to safe drinking water for individuals served by residential wells, including testing initiatives, and treatment/remediation strategies that address contamination
- Dam and reservoir rehabilitation if the primary purpose of the dam or reservoir is for drinking water supply and the project is necessary for provision of drinking water

- Broad set of lead remediation projects eligible under EPA grant programs authorized by the Water Infrastructure Improvements for the Nation Act, such as lead testing, installation of corrosion control treatment, lead service line replacement, as well as water quality testing, compliance monitoring, and remediation activities, including replacement of plumbing, faucets, and fixtures in school and childcare facilities

In 2021, TDEC aligned eligible activities under the non-competitive grant program with eligible activities under CWSRF and DWSRF based on the Interim Final Rule. In January 2022, TDEC expanded eligibility for some projects deemed necessary under the Final Rule, including stormwater infrastructure projects that may be accomplished through a general aquatic resource alteration permit (ARAP); projects to address contamination in private, residential wells; and projects that address lead service line issues, specifically corrosion control studies.

- [Overview of Clean Water State Revolving Fund Eligibilities](#)
- [Drinking Water State Revolving Fund Eligibility Handbook](#)
- [Additional Guidance for Eligible Stormwater Projects](#)

TDEC will include additional guideposts for project and proposal development, including to address areas of critical need as identified in the scorecard. Additional information about these guideposts is available in the [grant manual](#).

Pre-grant collaborative planning and administrative expenses are eligible uses of these funds and TDEC encourages systems, cities, and counties to consider how they may leverage these funds for those activities. TDEC is allowing eligible subrecipients to fund pre-grant collaborative planning and administrative expenses with up to 6% of the funding allocation.

37. Will activities that otherwise follow ARP water infrastructure eligibility but were completed prior to my receipt of non-competitive grant funds qualify as allowable expenditures?

The U.S. Treasury's Final Rule authorizes reimbursement for project expenditures that occurred on or after March 3, 2021, and qualify as an eligible activity. TDEC is working with state procurement partners and legal counsel to develop grant contract language to allow

reimbursement of eligible expenses that occurred on or after March 3, 2021. Activities occurring prior to March 3, 2021, will not be eligible for reimbursement.

38. Can ARP funds be used to build wastewater management capacity in preparation for future treatment needs?

Yes, ARP funds can be used to build wastewater treatment capacity in preparation for future needs, as these projects are eligible under the CWSRF program. TDEC is targeting systems that aim to improve current services and to expand service to existing communities as a part of this offering. We caution any system proposing capacity expansion to consider the cost of depreciation and operation and maintenance of a system that is not yet supported by a customer base.

39. Can ARP funds be used to build drinking water treatment capacity in preparation for future supply needs?

No, ARP funds cannot be used to fund drinking water growth projects, as these projects are ineligible under DWSRF program. Current need must be established for drinking water capacity development projects to be eligible expenses. TDEC is targeting systems that aim to improve the quality of public drinking water supplies for existing customers and provide service to existing communities that have yet to receive safe, reliable drinking water as a part of this offering.

40. What is considered a stormwater system and what type of stormwater infrastructure projects are eligible for ARP funding?

Stormwater systems, or controls, help manage stormwater through best management practices. Eligible stormwater projects are those that protect water quality through measures that manage, reduce, treat, infiltrate, or recapture stormwater or subsurface drainage water. These systems consist of both grey and green infrastructure, including wet weather conveyances.

The U.S. Treasury's Final Rule expanded eligibilities for stormwater projects to include culvert repair, resizing, and removal; replacement of storm sewers; and additional types of stormwater infrastructure. TDEC has reflected these expanded eligibilities in the non-competitive grant program. Please see the [grant manual](#) for additional information.

41. Can ARP funds be used for industrial development?

No, ARP funds may not be used for industrial development projects.

42. My community is anticipating significant population growth. How can ARP funds be used to prepare our infrastructure?

TDEC suggests that communities consider using ARP funds to plan for anticipated population growth. Planning may involve developing or improving asset management plans to understand the system's current assets and capacity or investigating and planning for anticipated needs.

43. Can ARP funds be used for waterline extensions for the purpose of meeting domestic drinking water supply?

Yes, waterline extensions for the primary purpose of addressing current, unmet domestic drinking water supply needs are an eligible expense under the DWSRF program. Generally, waterline extensions to address anticipated future domestic drinking water supply needs are not an eligible expense. Waterline extensions are only eligible if they are being pursued to provide supply to existing unmet domestic drinking water needs, not anticipated future domestic drinking water needs.

44. Can ARP funds be used to fund waterline extension for the purpose of fire protection?

No, waterline extensions for the primary purpose of fire protection are ineligible projects under the DWSRF program. The U.S. Treasury's Final Rule specifies that eligibility for water and sewer projects under the ARP program aligns with that of the DWSRF and CWSRF programs. Therefore, waterline extensions to support fire protection are not eligible projects under this grant program.

45. Can ARP funds be used to address flooding?

It depends. A wide variety of stormwater management projects with a primary purpose of improving or maintaining water quality often have the co-benefit of providing flood mitigation for nuisance and/or minor episodic flood events. TDEC strongly encourages applicants to propose projects with these co-benefits, as these projects will make Tennessee communities

more resilient. In the U.S. Treasury's Final Rule, eligibilities were broadened such that stormwater projects do not have to demonstrate a measurable improvement to water quality, and rather may include culvert repair, resizing, and removal; replacement of storm sewers; and additional types of stormwater infrastructure. TDEC has reflected these expanded eligibilities in the [grant manual](#).

46. Can ARP funds be used for projects addressing EPA consent decrees?

It depends. Projects must meet SRF eligibilities and eligible projects that address consent decrees can be funded. Therefore, infrastructure and planning needs that have been identified in a consent decree are eligible. Projects can include the planning, design, and installation of new or rehabilitation projects necessary to bring the system into compliance. However, funds cannot be used to pay off fines or any other settlement costs, including those associated with a consent decree.

Addressing compliance with local, state, and federal drinking water, wastewater, and stormwater water quality requirements is one of the priority areas of emphasis for funding under this offering.

47. Can ARP funds be used for replacement of a lagoon liner?

Yes, systems that treat domestic or municipal sewage with decentralized wastewater treatment are eligible for ARP funds. Decentralized wastewater treatment is defined as an onsite or clustered system used to collect, treat, and disperse or reclaim wastewater from a small community or service area. Eligible decentralized wastewater treatment projects include the upgrade, repair, or replacement of existing systems; construction/installation of new systems; costs associated with the establishment of a responsible management entity; and septage treatment works and pumper trucks to support the proper maintenance of decentralized systems.

Privately-owned lagoons with non-domestic sewage are eligible under the 319 Non-Point Source program and must implement a watershed management program. These projects are best funded through the Tennessee Department of Agriculture or the SRF loan program, or both.

48. Can ARP funds be used for asset management planning or stormwater management planning?

Yes, ARP funds may be used for asset management planning or stormwater management planning. Given the timeframe associated with these funds – funds must be obligated by December 31, 2024 and spent by December 31, 2026 – TDEC encourages communities to consider how they may leverage these funds for planning and design activities and address future phases of projects through other funding sources, such as the SRF loan program.

49. Can ARP funds be used for road and highway repair costs resulting from ARP water, sewer, or stormwater projects?

Yes, as long as the scope of the repairs to the road or highway is kept to a minimum and is necessary because of and commensurate with impacts from the water infrastructure repair, replacement, or rehabilitation project. It is common for water infrastructure repair and replacement projects to occur within the right-of-way for roads and highways and to intersect roads and highways themselves.

50. Does the Uniform Relocation Assistance and Real Property Acquisition Act (URA) apply to ARP funded projects?

Yes, ARP funded projects need to comply with the URA.

Other

51. What about depreciation? If a subrecipient accepts these funds for a project, will the subrecipient be required to address depreciation?

Yes. State of Tennessee rules require utilities to fully fund depreciation for assets. There are several eligible project types, including asset management plans, stormwater management planning, and planning and design activities leading to capital improvements, that will not result in the need to increase depreciation expenses.

52. When will the guidelines come out for the competitive grants?

TDEC plans to shape its competitive grant process based on feedback provided during the public comment period, experience gained during the non-competitive grant process, and areas of unmet need during earlier stages of the investment program. As TDEC nears releasing competitive grant information, we plan to provide guidance and workshops prior to the application process, tentatively in the first quarter of 2023.