



Federal Funding Workshop: Water and Sewer Infrastructure

May 24, 2021



Meeting Agenda

- Opening Remarks and WRC Introduction
 - *Jim Nash, Oakland County Water Resources Commissioner*
- Great Lakes Water Authority Introduction
 - *Sue McCormick, Chief Executive Officer*
- SEMCOG Introduction
 - *Kelly Karll, Environment and Infrastructure Manager*
- Workshop Kick-off
 - *Mary Beth McGowan, Dykema Government Policy Advisor*
- Q&A and Closing Remarks

Oakland County

Jim Nash, Water Resources Commissioner



Great Lakes Water Authority

Sue McCormick, Chief Executive Officer



Southeast Michigan Council of Governments

Kelly Karll, Environment and Infrastructure Manager



Federal Resources For Water and Sewer Projects



- Annual Congressional Appropriations Process – “Earmark” via the EPA State and Tribal Assistance Grant account (secured by member of Congress)
- Competitive Funding Opportunities – EPA grant programs authorized by previous Water Resources Development Act (WRDA) bills
- Federally-backed Financing – Clean/Drinking Water State Revolving Funds (SRFs) and Water Infrastructure Finance and Innovation Act (WIFIA) loans
- American Rescue Plan Act (ARPA) funding – \$350 billion for state, local, territorial, and Tribal governments to respond to the COVID-19 emergency and create jobs
- Army Corps of Engineers Sec. 219 funding – Corps support for non-federal projects
- Bond Authority – pending proposals to reauthorize Build America Bonds and tax-exempt advance refunding; and raise the limit on tax-exempt bank-qualified debt to \$30 million for nonprofit borrowers
- Water Utility Rate Assistance – Low Income Household Water Assistance Program (LIHWAP); and Emergency Rental Assistance program



Annual Congressional Appropriations Process

- For Fiscal Year (FY) 2022, Congress is presumably reinstating “earmarks” for the first time in a decade.
- Water and Sewer projects are eligible to be funded by the House and Senate Interior and Environment Appropriations Subcommittees via the EPA State and Tribal Assistance Grants (STAG) account.
- Projects must be eligible under the Clean and Drinking Water SRFs; and must be able to provide a 20 percent match from non-federal sources.
- For FY22, the Senate Appropriations Committee is requiring that STAG project requests be listed on the state’s most recently finalized Clean or Drinking Water State Revolving Fund Intended Use Plan (IUP).
- Opportunity for FY22 requests is currently past, but for future years:
 - Internally select project(s) for request by March 1;
 - Seek Community Letters of Support;
 - Make outreach to congressional offices for online submission directions; and
 - Submit requests according to member deadlines (generally mid-March until mid-April).



Competitive Funding Opportunities

Recent WRDA bills have authorized grant programs administered by EPA for water and sewer projects.

- Funding availability for each program is subject to annual appropriations.
- Recent funding opportunities include:
 - [Assistance for Small and Disadvantaged Communities](#): EPA [Fact Sheet](#); funding to states to support underserved communities
 - [Reducing Lead in Drinking Water](#): EPA 2020 [Solicitation](#); community water systems can apply directly to EPA
 - [Sewer Overflow and Stormwater Reuse Municipal Grants Program](#): EPA 2021 [Guidance](#); funding to states to provide sub-awards to eligible entities
 - Great Lakes Restoration Initiative: Funding is specifically marked for green stormwater infrastructure by the Army Corps as part of their GLRI allocation. Contact the District Outreach Coordinator Jim Luke for more information. (James.D.Luke@usace.army.mil)

Additionally, water and wastewater projects are eligible under HUD's Community Development Block Grant Program and EDA's Public Works and Economic Development Program.

Federal Financing Programs – CWSRF and DWSRF

- **Clean and Drinking Water State Revolving Funds**
 - Funding level subject to annual appropriations (FY21: CWSRF – \$1.64B; DWSRF - \$1.13B).
 - Federal grants to states to capitalize state CWSRF and DWSRF loan programs.
 - Administered in MI by [EGLE](#).
 - CWSRF Eligible Uses: construction of publicly owned treatment works, nonpoint source, national estuary program projects, decentralized wastewater treatment systems, stormwater, water conservation, efficiency, and reuse, watershed pilot projects, energy efficiency, water reuse, security measures at publicly owned treatment works, technical assistance
 - DWSRF Eligible Uses: treatment, transmission and distribution, addressing contaminated sources, water storage, system consolidation, creation of new systems
- **State Water Infrastructure Financing and Innovation Act (SWIFIA)**
 - State SRFs are eligible to apply to EPA for WIFIA loans.
 - Due to increasing demand, Congress authorized the [SWIFIA](#) program within WIFIA as a set aside for SRFs under the program.
 - For FY21: \$5 million to provide approximately \$1 billion in credit assistance and finance approximately \$2 billion in water infrastructure investment.

Federal Financing Programs – WIFIA

- **WIFIA**

- Funding level subject to annual appropriations (FY21: \$54.5 million to cover approximately \$5.5 billion in credit assistance for approximately \$11 billion in water infrastructure investment.)
- Apply directly to EPA for a loan or loan guarantee. FY21 program is [currently open](#) with Letters of Interest due to EPA by July 23. (EPA [Informational Webinar](#))
- WIFIA Eligible Uses: CWSRF and DWSRF eligible projects, plus an [expanded list](#).
- 2021 Priorities: 1. Economically stressed communities; 2. Protection against extreme weather events; 3. Repair, rehabilitate, and replace aging infrastructure and conveyance systems; 4. Lead and emerging contaminants in drinking water and wastewater systems; 5. New or innovative approaches
- Minimum projects costs: \$20 million for large communities; \$5 million for small communities (population of 25,000 or less).
- Favorable [Loan Terms](#)

Since Fiscal Year 2017, WIFIA has selected [146 projects](#) to apply for a WIFIA loan. In total, selected borrowers requested over \$22 billion.

Coronavirus State and Local Fiscal Recovery Funds

Via the American Rescue Plan Act, Congress provided \$350 billion for state, local, territorial, and tribal governments to respond to the COVID-19 emergency and create jobs.

- Michigan received \$5,286,067,526.40 (\$500 million from even distribution and the balance based on average number of unemployed.) Funding will likely be received in two equal tranches.
- Local governments should expect to receive funds in two tranches, with 50% provided beginning in May 2021 and the balance delivered 12 months later.

Type	Amount (\$ billions)
States & District of Columbia	\$195.3
Counties	\$65.1
Metropolitan Cities	\$45.6
Tribal Governments	\$20.0
Territories	\$4.5
Non-Entitlement Units of Local Government*	\$19.5

*Non-entitlement units are generally local governments with populations of less than 50,000 and will receive funding from the state. Michigan received \$644,291,475 for this category.

Coronavirus State and Local Fiscal Recovery Funds

Recipients may use [Coronavirus State and Local Fiscal Recovery Funds](#)* to:

- Support public health expenditures, by funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff;
- Address negative economic impacts caused by the public health emergency, including economic harms to workers, households, small businesses, impacted industries, and the public sector;
- **Replace lost public sector revenue, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic*;**
- **Provide premium pay for essential workers, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors*;**
- **Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure**; and**
- Expand access to broadband internet.

* Funds must be obligated by Dec. 31, 2024 and spent by Dec. 31, 2026.

* **The Guidance explicitly states general revenue does not include revenues from utilities.**

* The Guidance lists “sanitation workers” as essential.

** The guidance acknowledges Congress recognized the critical role that clean drinking water and services for the collection and treatment of wastewater and stormwater play in protecting public health.

Coronavirus State and Local Fiscal Recovery Funds

Premium Pay

- Grant recipients (units of government) may provide premium pay to eligible workers performing essential work during the COVID-19 public health emergency or to provide grants to third-party employers with eligible workers performing essential work.
- Premium pay means an amount up to \$13 per hour in addition to wages or remuneration the worker otherwise receives and in an aggregate amount not to exceed \$25,000 per eligible worker.
- Essential work means involving regular, in-person interactions or regular physical handling of items that were also handled by others.
- If premium pay would increase a worker's total pay above 150 percent of their residing state's average annual wage for all occupations, the recipient must provide Treasury and make publicly available, whether for themselves or on behalf of a grantee, a written justification of how the premium pay or grant is responsive to workers performing essential worker during the public health emergency.
- Premium pay must be entirely additive to a worker's regular rate of wages and other remuneration and may not be used to reduce or substitute for a worker's normal earnings.
- An essential worker may receive both retrospective premium pay for prior work as well as prospective premium pay for current or ongoing work.
- If an employee's wages and salaries are an eligible use of Fiscal Recovery Funds, recipients may treat the employee's covered benefits as an eligible use of Fiscal Recovery Funds.

Coronavirus State and Local Fiscal Recovery Funds

Investments in Water and Sewer Infrastructure

- Allows funds to be spent on a wide range of projects that support clean drinking water and improve wastewater and stormwater infrastructure systems.
- Eligible uses align with categories allowable under the Clean and Drinking Water SRFs, which is intended to support expedited project identification and deployment of funds.
- Grantees can apply their own additional project eligibility criteria, on top of federal requirements.
- There will be reporting requirements for workforce plans and practices for projects funded with Fiscal Recovery Funds.
- Treasury encourages priority for projects that: replace lead service lines and utilize green infrastructure projects to improve resilience to the effects of climate change

Additionally, Treasury is seeking feedback on whether other water or sewer project categories should be considered, in addition to DWSRF and CWSRF eligible projects, to best address the needs to unserved and underserved communities and mitigate negative impacts of climate change. The guidance also asks whether dam and reservoir projects should be considered. Comments due by July 9.

Army Corps of Engineers Sec. 219 funding

Environmental Infrastructure (EI)

- The Army Corps is authorized by Congress to assist with planning, design, and construction of municipal drinking water and wastewater infrastructure projects, such as distribution and collection works, stormwater collection and recycled water distribution, and surface water protection and development projects.
- Funding is subject to annual appropriations. (FY21 - \$100 million)
- 25% non-federal cost share
- EI assistance projects are identified in the agency's work plan for the fiscal year.
- Requests should be made by local unit of government to the Army Corps [Detroit District Office](#).

Bond Authority/Infrastructure Discussion

- As part of the congressional debate over comprehensive infrastructure legislation, consideration is being given to reauthorize Build America Bonds and tax-exempt advance refunding; and raise the limit on tax-exempt bank-qualified debt to \$30 million for nonprofit borrowers.
- Various legislative proposals would:
 - Reauthorize the Clean and Drinking Water SRFs and WIFIA at higher levels;
 - Reauthorize and increase funding for EPA sewer overflow and stormwater reuse grants and water infrastructure workforce grants;
 - Authorize new grants for wastewater infrastructure, water resource recovery innovation pilot projects, and grants for lead abatement projects; and
 - Create a permanent program to help low-income households pay water bills.

Water Utility Rate Assistance

Low Income Home Water Assistance Program

- \$1.14 billion in [emergency funding](#) awarded to states to provide water utilities and treatment works with assistance to reduce arrearages and maintain continuity of service.
- Administered by the U.S. Department of Health and Human Services.
- First round of funding to be distributed by June 2021.
- First round funds must be obligated no later than September 20, 2023 and distributed no later than December 30, 2023.

Emergency Rental Assistance Program

- Funding to [states and communities](#) which in turn will allocate portions to offset qualifying tenants' rent and utility payments and arrearages, including water bills.
- For water bills, funds will be sent directly to utilities to credit the accounts of qualifying customers.

Thank you!



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