

*Webinar Training Series*



## **Leveraging American Rescue Plan Act Funding Opportunities to Support Your Stormwater Program**

July 14, 2022 | 10:30 a.m. – 11:30 a.m. (Eastern)

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# Leveraging American Rescue Plan Act Funding Opportunities to Support Your Stormwater Program

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## SESWA Webinar

July 14, 2022



# Speakers



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# Agenda

1. **Background**
2. **Changing Story**
3. **New Hanover County Stormwater**
4. **Where We Are Now**
5. **Takeaways**
6. **Questions**

# Background



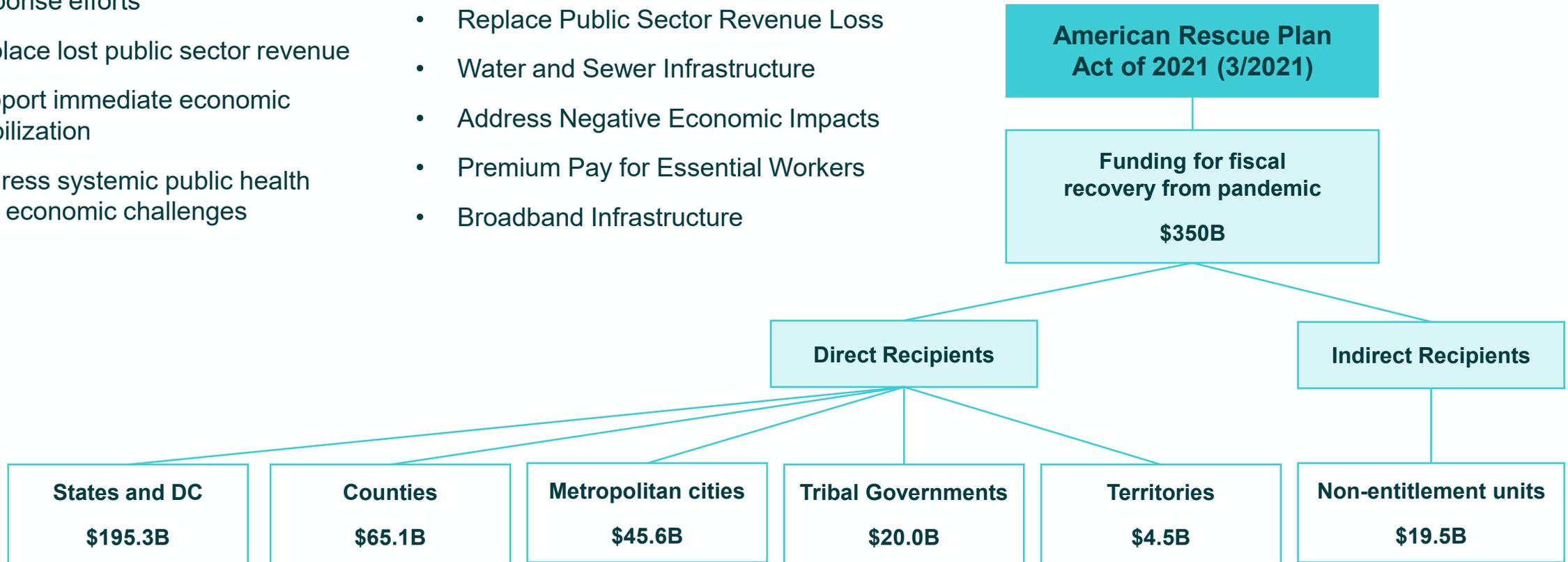
# American Rescue Plan

## Funding Objectives

- Support urgent COVID-19 response efforts
- Replace lost public sector revenue
- Support immediate economic stabilization
- Address systemic public health and economic challenges

## Eligible Uses

- Support Public Health Response
- Replace Public Sector Revenue Loss
- Water and Sewer Infrastructure
- Address Negative Economic Impacts
- Premium Pay for Essential Workers
- Broadband Infrastructure



# Timeline



# Changing Story



# Uses of Funds



**In May 2021 the Treasury published the Interim final rule which defined eligible and ineligible uses for the funds**

Initially the eligible uses were narrowly defined



**In April 2022, the Treasury published the final rule**

The final rule expanded the eligible uses for ARPA funds



**Community strategies on how to use and spend the money have also evolved**

# Key Changes Between Interim and *Final* Rule

- **Replace lost public sector revenue**

- › Recipients may determine their revenue loss by choosing between two options:
  - A standard allowance of up to \$10 million in aggregate (not to exceed award amount)
  - Calculating their jurisdiction's specific revenue loss each year using Treasury's formula, which compares actual revenue to a counterfactual trend.
- › Recipients may use funds up to the amount of revenue loss for government services, which generally includes any service traditionally provided by a government

# Key Changes Between Interim and *Final* Rule

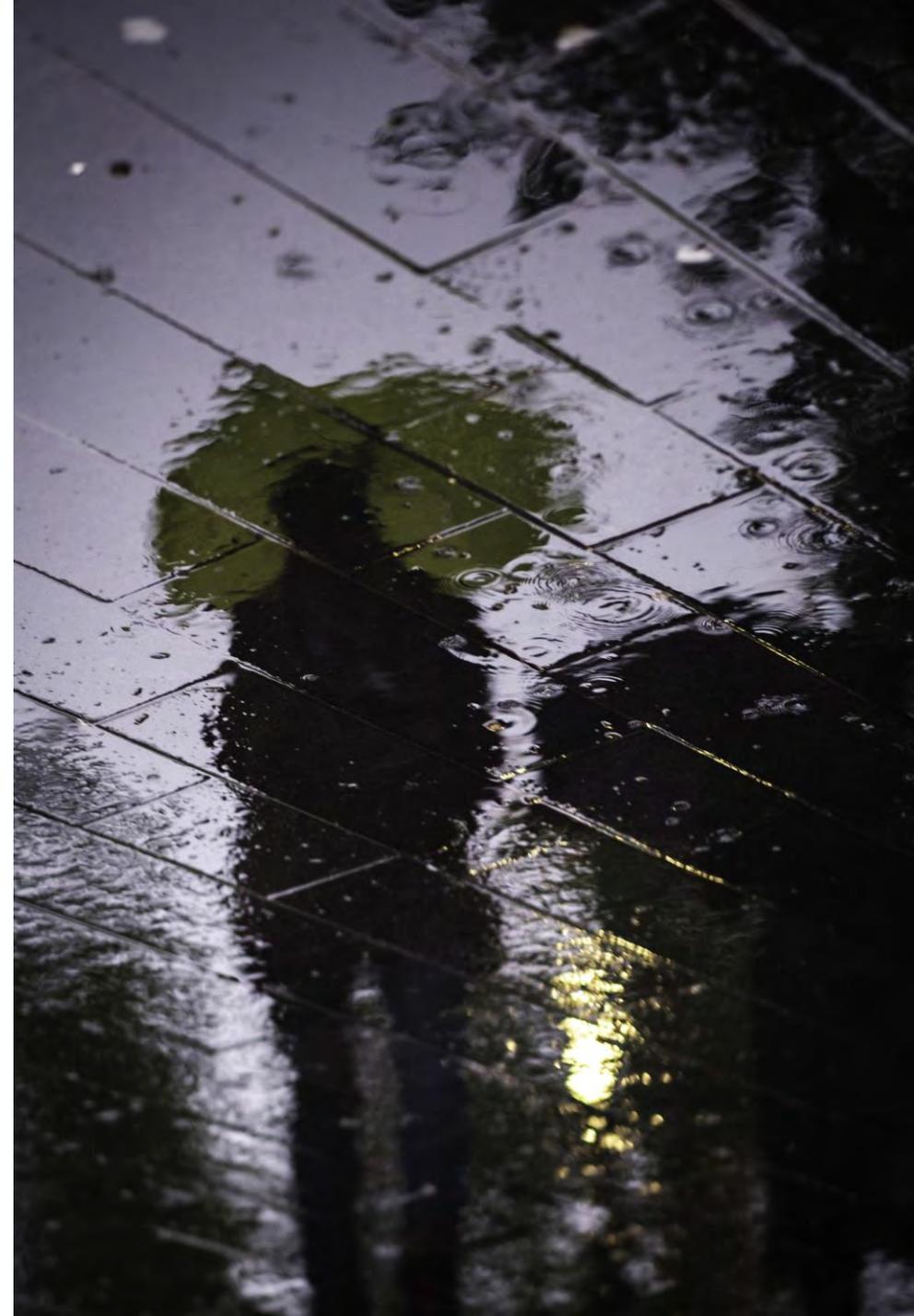
- **Invest in water, sewer, and broadband infrastructure**
  - › Additional projects beyond the CWSRF and DWSRF, if they are found to be “necessary”, including a wide set of lead remediation, stormwater infrastructure, and aid for private wells and septic units
    - Culvert repair, resizing, removal, and replacement of storm sewers, and additional types of stormwater infrastructure
- › All projects that would be eligible for funding under CWSRF and DWSRF are considered “necessary”
- › For stormwater projects that would not otherwise be eligible for funding under CWSRF and DWSRF, “necessary” means
  - responsive to an identified need to achieve or maintain an adequate minimum level of service, which may include a reasonable projection of increased need, whether due to population growth or factors

# New Hanover County Stormwater



# Why a Fee Based Stormwater Utility

- Increased growth and demand on the drainage system
- Increased maintenance costs to keep drainage ways functional
- Difficulty residents have experienced in performing the required maintenance
- Lack of a comprehensive, resilient solution to drainage in the unincorporated area





# Benefits of a Stormwater Utility

- Watershed approach
- System-wide improvements
- Comprehensive approach to reduce the negative effects of flooding
- Every property benefits from the drainage system

# Solution Overview

- Request for Proposals to perform a Feasibility Study
- Contract with Raftelis Financial Consultants. Inc.
- Completed Feasibility Study and presented to County Management and then the Board of County Commissioners
- Board directed Engineering to proceed with an Implementation Study
- Public Meetings to include stakeholder meetings and receive input from various groups
- Board approved Resolution to create Stormwater Services
- Began performing maintenance and capital projects

# Feasibility Study

- Level of Service
- Types of maintenance and projects
- Drainage Easements
- Specific needs based on property type
- Credits

# Implementation Study

- Measure the amount of impervious coverage
- Residential and Non-residential properties
- Finalize Level of Service to be provided
- Fee structure and billing process
- Equipment and personnel needs
- Final rounds of public meetings

# Stormwater Services Program

- Approved as a fee-based program with a separate budget
- Work to be completed by County crews and contractors
- Budget divided into maintenance and capital projects
- Reserve for future expenditures
- Matching funds available for grants



# Billing

- Fees to be collected as a separate fee on the yearly tax bill
- Special Revenue Fund
- Fee based on an Equivalent Residential Unit (ERU) of \$5.65 per month/\$67.80 per year
- Single family residences billed a flat rate of 1 ERU
- Non-single family residential properties billed at a calculated rate of total measured amount of impervious cover divided by 4000 square feet and multiplied by \$5.65 per month
- Credits

# Billing Decisions

- Covid-19 delayed implementation of fees by one year
- USDA Emergency Watershed Protection (EWP) grant provided funding for projects in the first year
- ARPA Funding considered for second year
- County ultimately decided to utilize General Fund revenue to reduce an ERU from \$5.65 per month to \$1.00
- 2022 tax bills will go out this July and will include a full stormwater services fee for the first time

# Key Lessons Learned

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Assistance in developing the program

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Flexibility in funding sources

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Public input meetings are critical to success

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Accurate billing is essential

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Asset inventory is the next logical step

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Building a funding reserve for future needs

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Credits were well received and effective

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Labor market is a completely new landscape

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Program will involve numerous other departments

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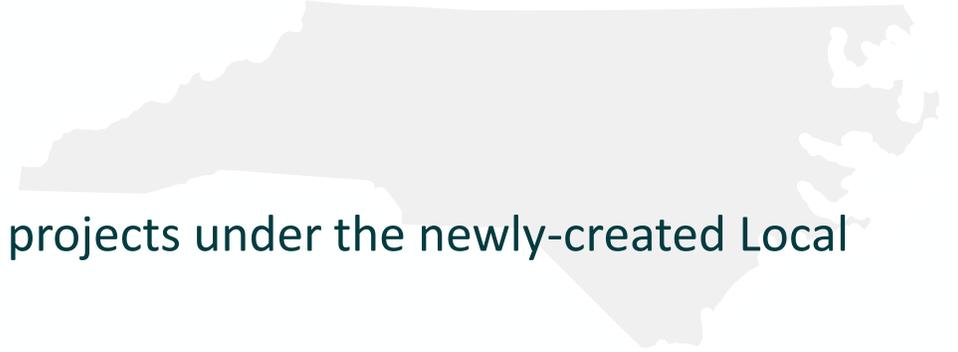
Technology based solutions

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# Where We Are Now



# North Carolina

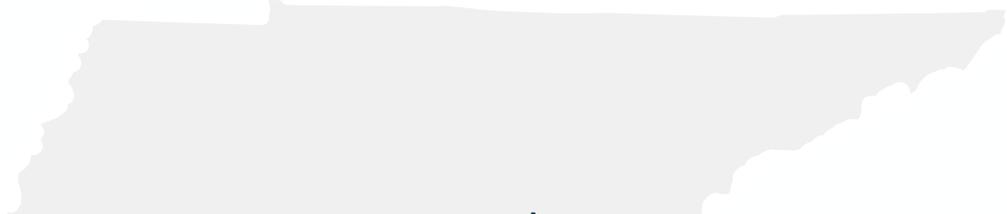


- ARPA State Fiscal Recovery Fund includes grants for stormwater projects under the newly-created Local Assistance for Stormwater Infrastructure Investments fund.
- There are 2 types of grants available:
  - › Construction Grants - projects that will improve or create infrastructure for controlling stormwater quantity and quality
  - › Planning Grants - which include grants for establishing stormwater utility
- Eligibility for Construction Grants:
  - › Document Water Quantity or Quality Issue
  - › Demonstration of Significant Hardship Raising the Revenue
    - project falls in a disadvantaged area
- Planning Grants
  - › Eligibility for Establishing Stormwater Utility Grant:
    - Must demonstrate that there is a significant hardship in raising the revenue necessary to finance stormwater management activities within its jurisdiction. The grant amount will be capped at different levels based on need

# Kentucky

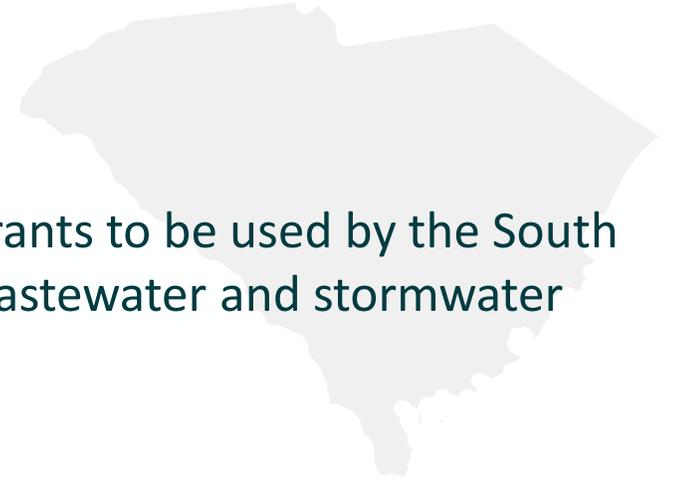
- Kentucky Infrastructure Authority (KIA) in charge of ARPA funds and awarding Cleaner Water Program Grants to provide or improve water and sewer services.
- There are 3 funding categories:
  - › Population Proportion Allocation
  - › Unserved, rural customer drinking water service grants
  - › Supplemental project grants – for projects with a cost in excess of a county’s allocation and other available grant sources
- There are 2 types of funds available:
  - › Clean Water State Revolving Fund- sewer and stormwater projects
  - › Drinking Water State Revolving Fund- drinking water projects
- Eligibility:
  - › City-owned water or sewer utilities, water commissions, water and sewer districts and counties

# Tennessee



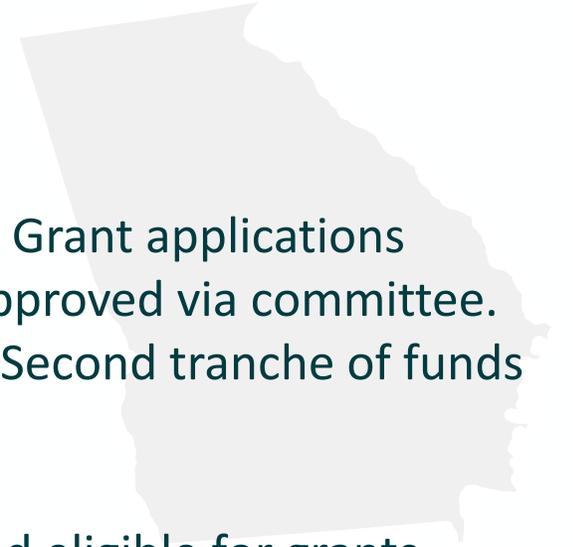
- Water Infrastructure Investment Program using ARPA funds for water, wastewater and stormwater infrastructure projects. 4 potential project reward types:
  - › Investigation & Planning
  - › Investigation, Planning, & Design
  - › Planning, Design, & Construction
  - › Construction
- There are 3 types of grants available:
  - › Formula-Based Non-Competitive Grants
    - Phase 1: Collaborative projects
    - Phase 2: Non-collaborative projects
  - › State-Initiated Strategic Projects - projects initiated by the state to improve water, wastewater, or stormwater infrastructure
  - › Competitive Grants – TBD based on remaining funds after first two strategies
- Eligible Subrecipients:
  - › All counties
  - › Cities that are incorporated and operate water or wastewater systems or a permitted stormwater program

# South Carolina



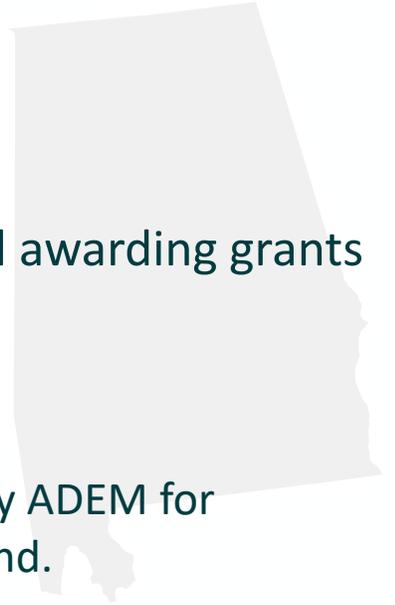
- Newly created South Carolina Infrastructure Investment Program includes grants to be used by the South Carolina Rural Infrastructure Authority to provide improvements in water, wastewater and stormwater infrastructure.
- There are 3 types of grants available:
  - › Community Impact Grants - projects that fund utilities around the state with a minimum local investment requirement
  - › Regional Solution Grants - projects that result in regional consolidation or new/expanded operating agreements of other partnerships
  - › Viability Planning Grants – projects for very small systems serving 3,300 or fewer people
- Eligibility:
  - › Unit of local government, special purpose district, commission of public works, or joint municipal organization
  - › Unit of local government may apply on behalf of non-profit water and sewer systems
  - › Applicants must generally own or operate the facilities to be improved

# Georgia



- Georgia Coronavirus State Fiscal Recovery Fund Grant Program using ARPA funds. Grant applications submitted through Governor's Office of Planning and Budget but reviewed and approved via committee. First round of grant applications is closed and currently under committee review. Second tranche of funds expected.
- Water, Sewer and Stormwater Infrastructure one of the project categories deemed eligible for grants.
- Eligible Recipients:
  - › Governmental Organizations:
    - › State Agencies
    - › County Governments
    - › City or township governments
    - › Special district governments
  - › Georgia Professional Associations and Organizations:
    - › Industry Trade Associations
    - › Business Organizations
    - › Trade/Professional Organizations
    - › Non-Profit Organizations

# Alabama



- Alabama Department of Environmental Management (ADEM) in charge of ARPA funds and awarding grants to provide or improve water and sewer services.
- There are 3 funding categories:
  - › Emergency/High-needs project grants - systems whose needs had previously been identified by ADEM for participation in the Clean Water State Revolving Fund or the Drinking Water State Revolving Fund.
  - › Water and Sewer System projects that may require local match grants
  - › Black Belt project grants - projects will target problems such as soil conditions that prevent wastewater from septic systems from being absorbed into the ground, failing sewer or septic systems, the use of “straight pipes in the absence of a functioning septic system or sewer service, and other issues related to poor, sparsely populated, rural areas of the Black Belt.
- There are 2 types of funds available:
  - › Clean Water State Revolving Fund- sewer and stormwater projects
  - › Drinking Water State Revolving Fund- drinking water projects
- Eligibility:
  - › All counties, municipalities, public-owned wastewater and water systems, utilities, authorities, boards, and nonprofit organizations

# Mississippi

- Two pathways created to obtain grant funds in the State of Mississippi.
- There are 2 types of grants available:
  - › ARPA Rural Water Associations Infrastructure Grant Program (ARPA Rural) – established under Mississippi State Department of Health for private, non-profit water associations and water utilities.
  - › Mississippi Municipality and County Water Infrastructure Grant Program (MCWI Grants) – established under the Mississippi Department of Environmental Quality for counties, municipalities, and public utilities that are not regulated by the Public Service Commission. This grant requires the recipient to match the grant funds with local ARPA funds.
- Eligibility:
  - › Ranking process that includes accounting for system non-compliance, economic impact of the project, environmental impact, timing of the project, and several other factors.



# Florida

- Florida Division of Emergency Management disperses funds in two tranches, with the second tranche payment to be made no earlier than 12 months after the date on which the first tranche payment is paid
- As per ARPA, funds can be used to make necessary investments in water, sewer, and stormwater infrastructure. Eligible uses aligned to EPA project categories across the CWSRF and DWSRF.
- All county governments (regardless of population) receive direct ARPA funding from the Treasury and Coronavirus Local Fiscal Recovery Fund. Non-entitlement units of local government (NEUs), which are local governments typically serving a population under 50,000, receive funding based on their population proportion as a share of the total population of all NEUs in the State.
- Some stormwater and mapping projects have received funding

# Takeaways



# Next Steps

- Determine whether your community has an APRA Plan or strategy
  - › How does stormwater fit in the community's APRA Plan
  - › Collaborate with others to create an APRA Plan or strategy that considers funding for stormwater
- If you have a stormwater utility or fee in place
  - › Identify projects that meet the selection criteria
    - Distressed, underserved portions of the community
    - Eligible for State Revolving Fund funding
  - › Look for other internal and external funding opportunities to accelerate timelines for stormwater capital projects
    - Additional money from the General Fund
    - Other grants that may be less competitive than before

# Next Steps

- If you do not have a stormwater utility or fee in place
  - › Consider whether a planning grant is right for your community
    - What specific, current challenges would a utility or fee address
      - Permit compliance
      - Impaired waters
      - Assist underserved areas
    - Does the community leaders see a secure long term, sustainable stormwater program funding through a stormwater utility fee in the future?

## **Don't give up**

- If ineligible or unsuccessful with ARPA – there is more to come!!
- Guidance is trickling out on Bipartisan Infrastructure Law (BIL) funding
- SESWA is creating a BIL Fact Sheet

Q&A



# Thank you!

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