


American Rescue Plan Act (ARPA): Rural Water Associations (RWA) Infrastructure Grant Program



MISSISSIPPI STATE DEPARTMENT OF HEALTH

Lee Alford
Program Director

American Rescue Plan Act

The American Rescue Plan Act of 2021 (H.R.1319) was signed into law on March 11, 2021. The Act created the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program to deliver \$350 billion to state, local, and Tribal governments across the country to support their response to and recovery from the COVID-19 public health emergency. This Program is administered by the U.S. Department of the Treasury (USDT). The state funding portion is approximately \$195 billion with \$25.5 billion distributed equally among the 50 states and the District of Columbia and the remaining amount distributed according to a formula based on unemployment.



Coronavirus State and Local Fiscal Recovery Funds program

The SLFRF program provides governments across the country with the resources needed to:

- Fight the pandemic and support families and businesses struggling with its public health and economic impacts
- Maintain vital public services, even amid declines in revenue resulting from the crisis
- Build a strong, resilient, and equitable recovery by making investments that support long-term growth and opportunity

Treasury has released the [Final Rule](#) for the program, which will take effect on April 1, 2022.



SLFRF program recipients may use funds to:

- **Replace lost public sector revenue**, using this funding to provide government services up to the amount of revenue lost due to the pandemic
- **Respond to the far-reaching public health and negative economic impacts of the pandemic**, by supporting the health of communities, and helping households, small businesses, impacted industries, nonprofits, and the public sector recover from economic impacts
- **Provide premium pay for essential workers**, offering additional support to those who have and will bear the greatest health risks because of their service in critical sectors
- **Invest in water, sewer, and broadband infrastructure**, making necessary investments to improve access to clean drinking water, to support vital wastewater and stormwater infrastructure, and to expand affordable access to broadband internet



Drinking Water (DW) Infrastructure

The Coronavirus State and Local Fiscal Recovery Funds may be used to make necessary investments in water infrastructure. State, local, and Tribal governments have a tremendous need to address the consequences of deferred maintenance in drinking water systems along with additional resiliency measures needed to adapt to climate change. Eligible projects are defined by the EPA'S Drinking Water State Revolving Fund (DWSRF) program and the SLFRF Final Rule (31 CFR Part 35).



Eligible drinking water projects include:

- Facilities to improve drinking water quality
- Transmission and distribution, including improvements of water pressure or prevention of contamination in infrastructure and lead service line replacements
- New sources to replace contaminated drinking water or increase drought resilience, including aquifer storage and recovery system for water storage
- Green infrastructure, including green roofs, rainwater harvesting collection, permeable pavement
- Storage of drinking water, such as to prevent contaminants or equalize water demands
- Purchase of water systems and interconnection of systems
- New community water systems
- Infrastructure to improve access to safe drinking water for individual served by residential wells, including testing initiatives, and treatment/remediation strategies that address contamination
- Dam and reservoir rehabilitation if primary purpose of dam or reservoir is for drinking water supply and 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 (WIIN) Act



A “necessary” investment in infrastructure must be: (1) 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 otherwise, (2) a cost-effective means for meeting that need, taking into account available alternatives, and (3) for investments in infrastructure that supply drinking water in order to meet projected population growth, projected to be sustainable over its estimated useful life.

DWSRF eligible projects are generally presumed to be necessary investments. Additional eligible projects generally must be responsive to an identified need to achieve or maintain an adequate minimum level of service. Recipients are only required to assess cost effectiveness of projects for the creation of new drinking water systems, dam and reservoir rehabilitation projects, or projects for the extension of drinking water service to meet population growth needs. Recipients should review the supplementary information to the final rule for more details on requirements applicable to each type of investment.



State ARPA DW Programs

During the 2022 State legislative session, lawmakers create two pathways for public drinking water systems to obtain ARPA DW funds.

- House Bill 1421, An Act to provide that the State Department of Health shall establish a grant program to be known as the ARPA Rural Water Associations Infrastructure Grant Program to assist rural water associations in the construction of eligible drinking water infrastructure projects as provided in the Final Rule for the SLFRF as established by ARPA.
- Senate Bill 2822, The Mississippi Municipality and County Water Infrastructure (MCWI) Grant Program to be established by the Mississippi Department of Environmental Quality (MDEQ), provides the opportunity for grant funding for counties, municipalities and public utilities that are not regulated by the Public Service Commission for qualifying drinking water, wastewater and/or stormwater projects.



ARPA RWA Infrastructure Grant Program

HB1421 Outlines:

- Twenty percent (20%) of the funds appropriated to the department for the program be obligated to projects that have completed plans and specifications, acquired all necessary land and/or easements, and are ready to proceed to construction, in the first fiscal year after the effective date of this act.
- A system for use in ranking the grant applications to include the following factors related to the proposed project: (a) the environmental impact; (b) ability to address state or federal noncompliance (c) promotes economic development; (d) the number of people served; (e) impacts on disadvantaged/ overburdened communities; Cont. Next Slide



- (f) Prior efforts to secure funding; (g) the grant applicant's proposed contribution of other funds or in-kind cost-sharing; (h) the grant applicant's long-term plans for the financial and physical operation and maintenance; and (i) the grant applicant's capacity to initiate construction in a timely manner to be completed by the deadline specified by rules and guidelines of the USDT for SLFRF.
- Maximum \$2.5 million per water association
- Up to 5% may be used by MSDH for Administrative costs (\$15 Million)
- Exempt from any requirement that the Public Procurement Review Board (PPRB) approve any personal or professional services contracts or pre-approve any solicitation of such contracts.
- HB 1538, Appropriation Bill - Appropriated \$300 Million to the program with approximately \$285 Million available for Grants to RWAs.



Program Regulations

On June 22, 2022, the Board of Health held a special meeting. During this meeting, the board voted to approve Title 15 – Mississippi State Department of Health Part 20: Bureau of Public Water Supply Subpart 72: Public Water Supply Chapter 5: REGULATIONS GOVERNING AMERICAN RESCUE PLAN ACT RURAL WATER ASSOCIATIONS INFRASTRUCTURE GRANT PROGRAM

These regulations define the following related to the Program:

Rural Water Association - a non-profit corporation or organized not for profit with a primary function to finance, construct, operate and maintain a rural water distribution system, which has the authority to collect, treat, store, and distribute piped water for human consumption.

Eligible Applicant - A Rural Water Association or water organization that is user member created and has been granted tax exempt status under either federal or state law; has the authority under state law to receive ARPA RWAI grant assistance; and has the ability to comply with these regulations and the requirements of the grant agreement.”

All Regulations are post on the Agency’s website: <https://msdh.ms.gov/ARPAwater>

Other Notable Regulations

- Award Cycles will continue quarterly basis until all available ARPA funds are awarded. The first Cycle began on July 1, 2022, with a deadline of September 16, 2022. Awards occurring during the award cycle will be a product of a applicants' eligibility, the proposed projects eligibility, and the projects ranking score produced by the Program's Application Ranking System.
- Federal Procurement of Professional Services is required – Request for Qualifications by Grant Applicants.
- Environmental Review not due until post Grant Award when Plans/Specifications/Contract Documents are approved.
- Grant Recipient are required to develop an Asset Management Plan for funded facilities.



Other Notable Regulations

- The Ranking factors, outlined in HB 1421, will be quantified based on the point allocations within each of the ranking categories. A maximum of 100 points can be received by the combined total points within the nine ranking categories. An additional 10 points may be obtained if consolidation or regionalization of systems are involved in the proposed project.
 - The environmental impact category allows a maximum of 5 points
 - The project's ability to address noncompliance category allows a maximum of 30 points
 - The number of people served category allows a maximum of 15 points
 - The Impacts on disadvantaged communities category allows a maximum of 15 points
 - The prior efforts to secure funding category allows a maximum of 5 points
 - The applicant's proposed contribution category allows a maximum of 5 points
 - The asset management plan category allows a maximum of 10 points
 - The capacity to complete by the ARPA deadline category allows a maximum of 10 points.



Online Application

The application process is online using Smartsheet. There are a total of 4 Sections in the Online Application process. Not all Sections have to be completed at the same time, but each Section must be completed and once you hit Submit, that information is submitted and saved. Then you may come back later and complete another Section to Submit. One application is all you should need for each Water Association Board. Multiple elements can be a part of one application. If the water association has multiple public water system identification numbers, it is still limited to one application for all the individual ID numbers. There is not anything prohibiting a Rural Water Association from making multiple applications, but the total of all awarded grant funds from the program cannot exceed \$2.5 million for the one association entity. A consulting engineer is not required to complete the application process but would be highly beneficial in documenting the extent of need and establishing the cost of the proposed project(s).



Current Program Status

The RWA ARPA program was appropriated \$300M with up to \$15M (5%) available for admin leaving approximately \$285M for projects. In our first round of applications, the program received approximately 300 applications requesting around \$526M in funding. These applications still need to be evaluated for completeness and eligibility before scoring and ranking. There likely will not be a second round of applications/awards. Due to the overwhelming response in the first round, it will probably be next month before scoring and ranking is completed for awards to begin.



Other DW Infrastructure Funding Opportunities Available Through MSDH

[Drinking Water Loan Fund - Mississippi State Department of Health \(ms.gov\)](https://www.ms.gov)

- Improvements Revolving Loan Fund Program
 - Includes BIL LSL and EC Funding
- Emergency Revolving Loan Fund Program
- WIIN Grant Program



Drinking Water Systems Improvements Revolving Loan Fund (*DWSILF*) Program



Drinking Water Systems Improvements Loans

- Federal Sponsored by EPA DWSRF Capitalization Grant
- Interest Rate – The Lower of 1.95% or the prevailing market rate at the time of loan award of the twenty-year (20) triple-A rated, tax-exempt insured revenue bond yield published by fmsbonds, Inc.
- Term typically 20 years. Up to 40-Year Repayment Period for disadvantaged communities and 30-Year Repayment Period for non-disadvantaged communities.

Drinking Water Systems Emergency Revolving Loan Fund (DWSELF) Program



MISSISSIPPI
STATE DEPARTMENT OF HEALTH

Loans for Emergency Drinking Water Projects

- *State Sponsored*
- *100% financing (NO Maximum Amount)*
- *2% Interest Rate*
- *5-year Repayment Period*
- *Admin Fee – 5% Added to Loan Principal*

WIIN Act

Assistance for Small, Underserved, & Disadvantaged Communities (SUDC) Grant Program

- Small communities are those that serve a population of less than 10,000
- Underserved community is a political subdivision of a State that either, as determined by the Administrator, does not have household drinking water or wastewater services; or is served by a public water system that violates, or exceeds, as applicable, a requirement of a national primary drinking water regulation issued under section 1412.
- Disadvantaged communities are defined as those that serves a community with a median household income of less than \$46,511
- Typically, a Planning & Design with Technical Assistance Grant
- Requires a 45% cost share.
 - Can not be DWSRF funds
 - Can include state services, materials, supplies, or other in-kind contributions as part of the 45% cost share



MSDH DWSRF Contact Info

**P.O. Box 1700
Jackson, MS 39215
601-576-7518**

<http://msdh.ms.gov/dwsrf>

**<http://msdh.ms.gov/ARPAwater>
for reports and forms**

Lee Alford, Program Director
DWSRFs & ARPA RWA Grant Programs
Bureau of Public Water Supply
Office phone: 601-576-7738
Email Address: Bobby.Alford@msdh.ms.gov

