

Assistance for Small and Disadvantaged Communities Drinking Water Grant

Information for States
October 9, 2019



OFFICE OF GROUND WATER
AND DRINKING WATER

PURPOSE OF THE WEBINAR

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OVERVIEW

Section 1459A of the Safe Drinking Water Act (SDWA), as amended by the 2016 Water Infrastructure Improvements for the Nation Act and the 2018 America's Water Infrastructure Act, authorizes the EPA to award grants to states to assist underserved, small and disadvantaged communities that are unable to finance activities needed to comply with the SDWA, as well as for a state to respond to a drinking water contaminant. The grant includes approximately \$42.8 million in funding for 2019.

SAFE DRINKING WATER ACT (SDWA) SECTION 1459A

Section 1459A of the Safe Drinking Water Act (SDWA) authorizes EPA to award grants to states, on behalf of an **underserved community**.

The term “**underserved community**” includes a political subdivision of a State that either:

“(A) does not have household drinking water or wastewater services; or

(B) 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, including—

- ‘(i) a maximum contaminant level;
- ‘(ii) a treatment technique; and
- ‘(iii) an action level.”

SDWA SECTION 1459A DEFINES SMALL AND DISADVANTAGED COMMUNITIES AS:

The term '**small and disadvantaged**' is specified in the statute as a community:

“(A) that, under affordability criteria established by the State under section 1452(d)(3), is determined by the State —

- ‘(i) to be a disadvantaged community; or*
- ‘(ii) to be a community that may become a disadvantaged community as a result of carrying out a project or activity under subsection (b); or*

‘(B) with a population of less than 10,000 individuals that the Administrator determines does not have the capacity to incur debt sufficient to finance a project or activity under subsection (b).’”

Note: EPA will defer to states to identify which of their small communities lack the capacity to incur debt to finance a project and can most benefit from this funding opportunity.

ELIGIBLE APPLICANTS



Funds will be awarded noncompetitively to states, which includes the 50 states, Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands.

* Implementation Document for state funding is provided at www.epa.gov/safewater/grants.

ALLOCATION OF FUNDS

- Based on a formula similar to that of the *Drinking Water State Revolving Fund*
- View the national allotments for this grant at www.epa.gov/safewater/grants
- Approximately 2% as a tribal allotment
 - Regional tribal allotment calculated according to Drinking Water Infrastructure Grants - Tribal Set-Aside formula

ELIGIBLE ACTIVITIES

Eligible activities under Section 1459A of the SDWA include:

- Investments necessary for a public water system to comply with the SDWA;
- Efforts that benefit a disadvantaged community on a per household basis;
- Programs to provide household water quality testing, including testing for unregulated contaminants; and
- Activities necessary and appropriate for a state to respond to a contaminant.

ELIGIBLE ACTIVITIES

Grant funding can be used for activities that may include:

- Treatment
- Transmission and Distribution
- Storage
- Consolidation
- Household water quality testing, including for unregulated contaminants
- Assistance to increase technical, managerial, and financial (TMF) capacity
- Drinking water contamination response efforts

Note: More detailed information is provided in the Implementation Document at <https://epa.gov/safewater/grants>

TREATMENT - EXAMPLE ACTIVITIES

- Construction of new facilities or portions of facilities, including:
 - Mixers/Flocculation/Sedimentation
 - Filtration
 - Chemical addition systems and equipment
 - Disinfection
 - Filter backwash recycling
 - Residuals handling
 - On-site generation of disinfectants
 - Corrosion control infrastructure
- Upgrades, rehabilitation or replacement of facilities or portions of facilities
- Raw water storage that is part of the treatment process and located on the property where the treatment facility is located
- Point of access or point of use treatment devices (i.e. filters) are only eligible if the device is the compliance treatment technology and the device is owned and maintained by the public water system

TRANSMISSION AND DISTRIBUTION- EXAMPLE ACTIVITIES

- Installation, replacement or rehabilitation of infrastructure to improve water pressure to safe levels or to prevent contamination caused by non-potable liquids entering the system through leaks or pipe breaks
 - Transmission mains
 - Distribution mains
 - Meters (e.g., flow meters, customer meters, master meters)
 - Appurtenances (e.g., valves, hydrants, pipe restraints)
 - Pump stations
- Service line replacements, regardless of pipe material and ownership of the property on which the service line is located (service line can be replaced up to premise plumbing). NOTE: Partial replacement of lead service lines is not permitted under this Grant Program.
- New water main extensions to serve existing residents not served by a safe supply of potable water (this includes installation of the service line up to premise plumbing)

STORAGE - EXAMPLE ACTIVITIES

New storage or replacement/rehabilitation of existing structures to continue to maintain compliance and protect public health by:

- Preventing microbiological contaminants from entering a public water system
- Equalizing water demands
- Reducing pressure fluctuations in the distribution system
- Providing reserves when power outages and other emergencies occur
- Providing drought resiliency

CONSOLIDATION – EXAMPLE ACTIVITIES

- Purchase of a water system
- Interconnection of systems:
 - to resolve SDWA noncompliance
 - to achieve the technical, managerial, and financial (TMF) capacity needed to prevent noncompliance
 - to reduce the overall per household cost of service
 - for resiliency

Note – Funding from the Grant Program cannot be used to purchase land, easements, rights-of-way, or relocations (prohibited by statute).

Consolidation activities cannot be for growth purposes. Deviations will be considered for water systems in small and disadvantaged communities to consolidate with existing systems that have adequate TMF capacity.

HOUSEHOLD WATER QUALITY TESTING – EXAMPLE ACTIVITIES

- Testing for unregulated contaminants
- Conducting initial, special (non-routine) monitoring to establish a baseline understanding of a contaminant of concern or operation of newly-used technology
- Testing for potential contamination in drinking water wells or home systems
- Testing and analysis of household water through a compliance lab
- Testing to help identify and improve conditions that may trigger drinking water well pollution

Note – Funding from the Grant Program cannot be used for maintenance and operation purposes (prohibited by statute) or for routine compliance monitoring and sampling.

TECHNICAL, MANAGERIAL, AND FINANCIAL CAPACITY- EXAMPLE ACTIVITIES

- Training for system staff and board members on the importance of TMF capacity and how to achieve compliance
- Identification and inventory of Lead Service Lines
- On-site visits to systems experiencing compliance challenges
- Water/energy audits
- Completion of an engineering feasibility study to highlight operational areas of improvement
- Operator certification training to qualifying systems
- Completion of environmental reviews
- Preparation of Consumer Confidence Reports
- Developing cost estimates for project planning
- Rate evaluations and project development
- Drafting of source water protection ordinances
- Financial assistance for planning and design of infrastructure improvements
- Asset management
- Identification and inventory of service lines, including lead service lines

DRINKING WATER CONTAMINATION RESPONSE EFFORTS - EXAMPLE ACTIVITIES

- Investigation of a suspected water contamination incident to determine the extent of contamination
- Planning activities for remediation
- Contaminant characterization, decontamination, and clearance activities to return a public water system to normal operation
- Risk communication / public notification activities
- Post-remediation monitoring to verify removal of a contaminant

INELIGIBLE ACTIVITIES

- Purchase of land, easements, rights-of-way, and relocations (prohibited by statute)
- Operations and maintenance costs (prohibited by statute)
- Partial lead service line replacement
- Replacement of premise plumbing such as faucets (private side lead service line replacement is eligible)
- Construction or rehabilitation of dams
- Purchase of water rights, unless the water rights are owned by a system to be purchased for consolidation as part of a capacity development strategy
- Construction or rehabilitation of reservoirs, except for finished water reservoirs and those reservoirs that are part of the treatment process and are on the property where the treatment facility is located
- Activities needed primarily for fire protection
- Activities needed primarily to serve future population growth
- Activities that have received assistance from the tribal allotment for Indian Tribes and Alaska Native Villages
- Costs that are unallowable (e.g., lobbying and alcoholic beverages) under 2 CFR 200 Subpart E – Cost Principles.

COST SHARE REQUIREMENTS

By the statute:

“(1) to pay not less than 45 percent of the **total costs of the project or activity**, which may include services, materials, supplies, or other in-kind contributions;

(2) to provide any land, easements, rights-of-way, and relocations necessary to carry out the project or activity; and

(3) to pay 100 percent of any operation and maintenance costs associated with the project or activity.”

COST SHARE REQUIREMENTS

States may use their own funds or other sources for cost share as long as the standards of 2 CFR Part 200, as applicable, are met. The non-federal cost share may also be provided from in-kind contributions, such as use of volunteers and/or donated time, equipment, expertise, etc., and is subject to the regulations governing matching fund requirements, as applicable. In-kind contributions often include salaries or other verifiable costs and this value must be carefully documented. In the case of salaries, states may use either minimum wage or fair market value. Cost share must be used for eligible and allowable project costs and be used for the reasonable and necessary expenses of carrying out the workplan. Other federal grants may not be used as cost share without specific statutory authority.

For the full set of rules and requirements regarding cost sharing see the Electronic Code of Federal Regulations §200.306 at <https://www.ecfr.gov/cgi-bin/text-idx?SID=c16296aecfef71d582e0634cf6658cf1&node=2:1.1.2.2.1.4.29.7&rgn=div8>

STATE ACTIVITIES/PROJECT SELECTION PROCESS

- States are strongly encouraged to begin their internal process as early as possible to identify activities/projects for the grant award.
- States will submit draft workplans and activity / project lists to their respective EPA Region.
- EPA Regions will work with states to ensure that final workplans: (1) are designed to help achieve the goals and objectives of the grant program; (2) include costs that are eligible, reasonable, necessary, allowable and consistent with the grant; (3) clearly identify the specific outcomes, outputs, and other results that are linked to funding and include target dates and milestones for achieving them; (4) clearly identify the source of the required minimum non-federal cost share that is **45% of the total project cost**, and meets other applicable cost share requirements.

KEY WORKPLAN ELEMENTS

- **Project Summary and Overall Approach**

- SUMMARY STATEMENT
- A. ACTIVITIES: [A description of activities to be funded including discussion of how the proposed activities are necessary for a public water system to comply with the SDWA, and/or provides household water quality testing, and/or is necessary for a state to respond to a contaminant. The activities described in the workplan must fund projects and activities that benefit underserved communities, with consideration for those communities with the greatest needs. This section also includes the 1459A List.
- B. ROLES AND RESPONSIBILITIES: [A discussion of the roles and responsibilities of the state and any other project partners, contractors, or subrecipients.]
- C. TIMELINE AND MILESTONES: [A timeline for the activities selected for funding, including milestones for specific tasks.]

KEY WORKPLAN ELEMENTS

Programmatic Priorities and Strategic Plan Goals

- The activities described in this workplan support the grant Programmatic Priorities and EPA's FY 2018-2022 Strategic Plan Goal 1, "A Cleaner, Healthier Environment: Deliver a cleaner, safer, and healthier environment for all Americans and future generations by carrying out the agency's core mission," Objective 1.2, "Provide for Clean and Safe Water: Ensure waters are clean through improved water infrastructure and, in partnership with states and tribes, sustainably manage programs to support drinking water, aquatic ecosystems, and recreational, economic, and subsistence activities."

Environmental Results—Outputs and Outcomes

- [This section of the workplan includes a discussion of the outputs and outcomes of the project /activities].

Budget Narrative

- [This section of the workplan is a description of the budget and includes estimated funding amounts for each work component/task. A detailed description of how the 45 percent cost share will be obtained and used is included. If a proposed cost share is to be provided by a named third-party, a letter of commitment will be required.]

RESPONSES TO FREQUENTLY ASKED QUESTIONS

- Awarded as grants and not principle forgiveness
- No administrative set aside. The Grant Program will follow the administrative requirements as outlined in the Office of Management and Budget Uniform Grant Guidance 2CFR 200 and 2 CFR part 1500. <https://www.epa.gov/grants/uniform-requirements-managing-grants-apply-all-federal-executive-agencies>
- No Davis Bacon or American Iron and Steel requirements for the grant
- NEPA does apply and grant recipients may be required to conduct environmental reviews
- Activities/projects can be ones on lists already developed through the DWSRF Intended Use Plan (IUP) process

RESPONSES TO FREQUENTLY ASKED QUESTIONS

- Quality Assurance Project Plan (QAPP) is required for activities that involve collection of environmental data – e.g. Household water quality testing
- No DWSRF funds will be considered as cost share for the Grant Program, including federal capitalization grants, state match, principal repayments, interest earnings, fees, or leveraged funds. State services, materials, supplies, or other in-kind contributions are eligible to be considered towards the 45% cost share requirement.
- In general, funds from one federal grant (from any agency) may not be used to meet a statutory cost share requirement on another federal grant (from any agency) unless there is specific statutory authority that provides otherwise. The Department of Housing and Urban Development's (HUD) Community Development Block Grant (CDBG) statute is an example of statutory authority to use federal funds for a cost share on another grant.

RESPONSES TO FREQUENTLY ASKED QUESTIONS

- States, as the receiving entity, are the entities required to provide the 45% cost share.
 - States may require some cost share from the communities receiving the assistance; however, consideration should be given to the fact that the purpose of this program is to assist communities with limited financial capacity.
 - The non-federal cost share may be provided as cash or as in-kind resources, such as use of volunteers and/or donated time, equipment, expertise, etc., and is subject to the regulations governing matching fund requirements described in 2 CFR 200.306, as applicable.
 - In-kind resources often include, and are not limited to, salaries or other verifiable costs.

RESPONSES TO FREQUENTLY ASKED QUESTIONS

- State general obligation bond funds are a valid source of cost share for the grant program. This is provided that the use of the funds in this way is legal under state law, and the funds
 - are specifically going to projects under the grant (to support underserved, small and disadvantaged communities),
 - are not being used to fulfill any other cost share requirements, and
 - adhere to the regulations governing matching fund requirements described in 2 CFR 200.306
- Non-federal Public Water System Supervision overmatch can count towards the cost share, provided that this is legal under state law, and that the funds
 - are specifically going to projects under the grant (to support underserved, small and disadvantaged communities),
 - are not being used to fulfill any other cost share requirements, and
 - adhere to the regulations governing matching fund requirements described in 2 CFR 200.306.

NEXT STEPS

Funding Timeline for 2019 Grant Program

- September, 2019: Implementation Document released
- September, 2019: Applications open on www.grants.gov
- Extended application window – Applications close September 30, **2020**
- States will work with EPA Regional staff on workplan and list of activities/projects
- **Funding will be awarded on a rolling basis, as applications are submitted. EPA Regional offices are the primary points of contact to approve grant applications and award funding.**

FOR ADDITIONAL INFORMATION VISIT:

www.epa.gov/safewater/grants

- EPA Regional Contacts by State and Territory
- State and territory agency contacts
- State Implementation Document
- Additional Frequently Asked Questions
- Grant Program Factsheet and Other Materials

EPA Regional Contacts by State and Territory

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