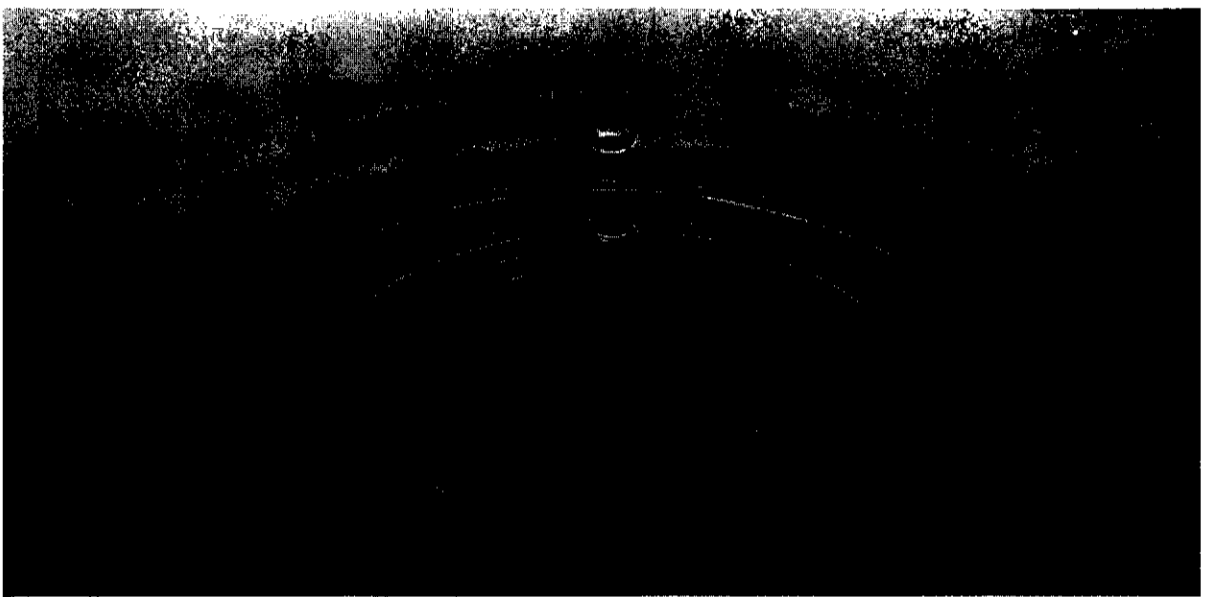


Water Sector Program

Recommended Guidelines



July 19, 2021

Water Sector Program – Guidance

Federal Guidance

- US Department of Treasury requirements pursuant to American Rescue Plan Act, 31 CFR Part 35
- Interim Rule published on May 17, 2021 in the Federal Register Notice Vol. 86 No. 93
- FAQs located on US Treasury's website at <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>

State Guidance

- Act 410 of the 2021 Regular Session of the Louisiana Legislature

Important Dates

- June 30, 2021 – First meeting of Commission must occur by this date
- July 15, 2021 – DOA shall submit proposed guidance to Commission for review and approval
- August 1, 2021 – DOA must begin accepting applications
- January 1, 2022 – DOA shall begin submitting a quarterly construction progress report for projects funded by JLCB.
- December 31, 2024 – All funds must be obligated by this date
- December 31, 2026 – All funds must be expended by this date

Definitions

DOA	Louisiana Division of Administration
OCD-LGA	Louisiana Office of Community Development – Local Government Assistance
LDH	Louisiana Department of Health
DEQ	Louisiana Department of Environmental Quality
OFPC	Louisiana Office of Facility Planning & Control
JLCB	Joint Legislative Committee on the Budget
The Act	Act 410 of the 2021 Regular Session of the Louisiana Legislature
Commission	Water Sector Commission

Application Process

Applications will be accepted via the online portal created by the Office of Technology Services. The applications will be scored by the Louisiana Department of Health (LDH) and the Department of Environmental Quality (DEQ) based on documentation submitted and data available to the reviewing agency. OCD-LGA and OFPC will review scores submitted by LDH and DEQ and develop funding recommendations for submittal to Commission. No additional information or documents can be submitted to the working panel unless requested by a member of the working panel.

Late applications will not be accepted.

All of the following applies to the application process:

Timeline

- Online portal will be open August 1-September 15, 2021 to receive applications.
- DOA will provide panel ratings to Commission by November 1, 2021.
- Online portal will be open January 3-February 18, 2022 to receive applications.
- DOA will provide panel ratings to Commission by April 4, 2022.

Eligible Applicants

Public water system – System for the provision to the public of water for potable water purposes through pipes or other constructed conveyances, if such system has at least 15 service connections or regularly serves an average of at least 25 individuals daily at least 60 days out of the year (LAC 51:XII).

Community sewerage system – System which serves multiple connections and consists of a collection and/or pumping/transport system and treatment facility (LAC 51:XIII)

Eligible Activities

Guidance has aligned the use of these funds with the wide range of types or categories of projects that would be eligible to receive financial assistance through the Environmental Protection Agency's (EPA) Clean Water State Revolving Fund (CWSRF) or Drinking Water State Revolving Fund (DWSRF).

The following are types of projects that are eligible under this program:

- Improvements to enable systems to comply with drinking water regulations
- Infrastructure capital improvements, including the installation and replacement of failing treatment and distribution systems
- Consolidation of existing drinking water systems
- Construct, improve, and repair wastewater treatment plants
- Control non-point sources of pollution
- Improve resilience of infrastructure to severe weather events
- Create green infrastructure
- Protect waterbodies from pollution

Ineligible Activities

- Development of new systems for new housing construction or developments
- Improvements to eligible water/sewer systems owned by federal agencies
- Improvements to eligible water/sewer systems to foster growth
- Refinancing debt of eligible water/sewer systems

Projects Originating in HB 2

Capital Outlay water and sewer projects that are identified by the Office of Facility Planning and Control (OFPC) will be imported into the online system by August 1, 2021. Although HB 2 projects are not required to apply by the Act, additional information can be requested by the Division of Administration (DOA) in order for the working panel to score and rank the projects. Applicant will receive notification when to upload required additional information and will be required to do so during the open application period. When all additional information is uploaded by the applicant, OCD-LGA will begin the review process. Upon completion of the review process, OCD-LGA will generate a list for submittal to the Water Sector Commission.

Match Requirements

All grantees will be required to pay for all engineering fees, including resident inspection fees, which will be applied toward a minimum match requirement of 25%. Applicants may request a waiver or reduction of the match requirement by completing the appropriate forms in the online portal. Commission recommendations to the Joint Legislative Committee on the Budget (JLCB) shall include proposed matching funds unless the Commission recommends a waiver of matching funds or decreased match for any project based on the determination that the local governing authority or water system is unable to provide the match.

Grant Funding Cap

A maximum of \$5 million will be allowed per application with the following exceptions:

- Projects involving a consolidation of systems can aggregate based on a \$5 million cap for each system involved in the project. For example, if System A applies to consolidate System B and System C into System A, then a maximum of \$15 million can be allowed.
- If an exception to the cap is approved by the Commission and JLCB.

Commission

OCD-LGA and OFPC will provide the working panel's ratings and recommendations for funding to the commission for review. The working panel's recommendations to the Commission shall include recommendations for utilization of existing funding sources including the Drinking Water Revolving Loan Fund, Clean Water State Revolving Fund, and Community Water Enrichment and Other Improvements Fund. The lists will include scoring criteria as well as the total score for each applicant. One

list will consist of applicants initially applying through the online portal. Another list will consist of projects originating in HB2. OCD-LGA will denote applicants that are seeking a waiver of the match requirement and include documentation supporting the request for the Commission's review.

The Commission shall review the ratings and recommendations submitted by the working panel. The Commission shall submit its recommendations for projects to receive monies from the fund and funding amounts to the Joint Legislative Committee on the Budget. The recommendations shall include proposed matching funds unless the Commission recommends a waiver of matching funds or decreased match for any project based on the determination that the local governing authority or water system is unable to provide the match.

JLCB

The JLCB shall review the recommendations submitted by the Commission and have final approval of funding for projects. No monies shall be expended from the fund without approval of the JLCB.

Communication Efforts

Upon Commission approval of the program guidelines, the OCD-LGA will send information regarding the Water Sector Program, including eligibility requirements to all water and sewer systems. A variety of methods may be used to disseminate information, including mail, e-mail, Facebook, and through Louisiana Municipal Association and Louisiana Rural Water Association. OCD-LGA will conduct a virtual workshop prior to the portal opening and post the recording of the workshop online.

Scoring Criteria for Application Review – 100 points

Project Severity – 20 points

Project Severity is the existence of conditions in violation of Federal Safe Drinking Water Act (SDWA) and provisions of the State Sanitary Code that most directly protect public health and the adequacy of the proposed improvements to eliminate such conditions. Compliance with federal and state laws and regulations will be considered. Verification of existing conditions based on records or field investigations.

A lower score could result due to the submittal of incomplete or inaccurate information.

Consolidation – 20 points

Consolidation is considered two (or more) existing water/sewer systems combining into one larger system. The larger system must own, operate and maintain all other systems post consolidation. Purchase only systems or bulk sale systems are not considered a consolidation.

Resiliency – 15 points

This will include completion of a risk assessment and resilience assessment and emergency response plan required for water systems by Section 2013 of America's Water Infrastructure Act (AWIA) of 2018. A resiliency plan, including local standards or guidelines that can be applied to sewer systems and increase resilience of the system, must be completed. Resiliency plans should include extreme weather events and the effect of water and wind damage to critical infrastructure as well as what must be done during and after an extreme weather event to maintain operating capabilities of critical infrastructure. The items identified in risk assessment/resiliency plan must be included in the cost estimate to increase resilience.

Sustainability – 20 points

This category is broken down into technical, managerial and financial capacity. Technical capacity refers to the infrastructure of the system, the technical ability of the system personnel to implement and operate the project, and an analysis of alternatives including but not limited to consolidation. Managerial Capacity refers to management structure of the system, including ownership, accountability, staffing, and organization. Financial Capacity refers to financial resources of the system including revenue sufficiency, credit worthiness, fiscal controls, and a financial strategy reflecting the full lifecycle costs and adequate revenues to ensure the system is sufficiently funded, maintained, and replaced as needed.

Population and Income Impact – 20 points

This category will include:

- Median income of area impacted is below state median income
- Population growth of area impacted is below state population growth
- Unemployment percentage is above state unemployment percentage

Ready to Proceed – 5 points

Points will be awarded if agreements (engineering, consolidation, etc.) are executed, an engineering report is complete (System Improvement Plan, Preliminary Engineering Report, etc.), and/or plans and specifications are complete.