Water Sector Program
Round 2
Program Guidelines
Water Sector Program – Guidance

Federal Guidance

- US Department of Treasury requirements pursuant to American Rescue Plan Act, 31 CFR Part 35
- Final Rule published in the Federal Register, Volume 87, Number 18, pages 4338-4454.

State Guidance

- Act 410 of the 2021 Regular Session of the Louisiana Legislature
- SB 48 of the 2022 Regular Session of the Louisiana Legislature
- HB 1 of the 2022 Regular Session of the Louisiana Legislature
- HB 406 of the 2022 Regular Session of the Louisiana Legislature

Important Dates

- June 8, 2022 – OCD-LGA conducts webinar to discuss requirements to use federal funds to procure professional services, such as engineering services. Weekly question/answer sessions will be held at 1:00 pm on June 15, 22, and 29, 2022. Links available on the OCD-LGA website at https://www.doa.la.gov/doa/ocd-lga/american-rescue-plan-act/.
- June 16, 2022 – OCD-LGA conducts webinar to discuss Water Sector Program Round 2 guidelines and application process.
- July 15, 2022 to August 31, 2022 – Water Sector Online portal open for application submittal.
- September 1, 2022 to October 28, 2022 – Working panel reviews submitted applications and prepares funding recommendations for Water Sector Commission.
- November 2022 – Water Sector Commission approves funding recommendations to submit to Joint Legislative Committee on the Budget.
- November 2022 – Joint Legislative Committee on the Budget approves funding recommendations from Water Sector Commission.
- 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
Commission Water Sector Commission

Adopted 6-2-22 by Water Sector Commission
Application Process

Applications will be accepted via the online portal created by the Office of Technology Services. The working panel for this program is made up of representatives from the following: Louisiana Department of Health (LDH), Department of Environmental Quality (DEQ), Office of Community Development – Local Government Assistance (OCD-LGA), and Office of Facility Planning and Control (OFPC). The applications will be reviewed by LDH and 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. Funding recommendations will be provided to the Water Sector Commission in separate tiers based on the population of the community water or sewer system. The 3 tiers are as follows:

- Less than 3,300
- 3,301 – 10,000
- Greater than 10,000

The population of a water or sewer system is determined by multiplying 3 times the number of active services connections. On a case by case basis, population can also be determined using census data (i.e. when a system does not serve customers outside the corporate limits of the municipality). 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 July 15, 2022 – August 31, 2022 to receive applications.
- DOA will provide panel ratings to Commission by October 28, 2022.

Eligible Applicants

Public community 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 used by year-round residents or regularly serves an average of at least 25 year-round residents (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

Adopted 6-2-22 by Water Sector Commission
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

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%. The source of the matching funds must be identified on the detailed cost estimate for the proposed improvements. Applicants may request a waiver or reduction of the match requirement by completing the appropriate section in the online portal and uploading supporting documentation. Projects that involve consolidation will be considered for a waiver or reduction of the match requirement. 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.

Round 1 Grantees

Systems that received funding in Round 1 of the Water Sector Program will not be eligible to receive funding in Round 2 except for the following:

- A consolidation project that is including additional systems not included in Round 1 approved application.
- The project received funding for the amount or a portion of the amount contained in Act No. 485 of the 2021 Regular Session of the Legislature and did not submit an application for the first round or did not receive the full grant amount requested in the first round.

Commission

OCD-LGA and OFPC will provide the working panel’s ratings and recommendations for funding to the commission for review. 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.

Adopted 6-2-22 by Water Sector Commission
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 to discuss the program and post the recording of the workshop online. OCD-LGA will also conduct a virtual workshop and several question and answer sessions to discuss federal requirements when procuring professional services, such as engineering.

Scoring Criteria for Application Review – Up to 115 points

Please note, a lower score could result due to the submittal of incomplete or inaccurate information to any of the scoring criteria.

Sewer Application Scoring Information

Project Severity and Needs – Up to 40 points

Project Severity is the existence of conditions in violation of Federal Safe Drinking Water Act (SDWA), Federal Clean Water Act 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.

The following will be considered, but not limited to, in this scoring criteria:

- Economic characteristics of the system area.
- System inclusion on DEQ’s Significant Non Compliance List.
- System receipt of Compliance Orders/Notices and/or unsatisfactory inspections.
- Lack of opportunity to consolidate with other systems.
- Water quality of facility receiving stream
- Cost efficiency of the project.

Consolidation – Up to 20 points

Consolidation is considered two (or more) existing sewer systems combining into one larger system. The responsible consolidated system must own, operate and maintain all other systems post consolidation. The Score is calculated in consideration of the average daily flow of outfalls eliminated.

Resiliency – Up to 10 points

A resiliency plan, including local standards or guidelines that can be applied to sewer systems and increase resiliency 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. Up to 10 points will be awarded if the resiliency plan is complete.

Sustainability – Up to 15 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. Five points will be awarded for each category that the system demonstrates sufficient capacity.

Ready to Proceed—Up to 15 points
Points will be awarded as follows:
- 10 points for completed P&S in accordance with CWSRF Guidance: https://www.deq.louisiana.gov/page/clean-water-state-revolving-fund-forms
- 5 points for completed PER in accordance with CWSRF Guidance: https://www.deq.louisiana.gov/page/clean-water-state-revolving-fund-forms

Increased Local Cost Share—Up to 15 points
Points will be awarded for those applicants willing to provide local funds in excess of the 25% required match as follows:
- 26-30% local match – 3 points
- 31-40% local match – 6 points
- 41-50% local match – 9 points
- 51-75% local match – 12 points
- 76+% local match – 15 points

State funds are not included as other funds in the match calculation. Other funds can be local, private, or federal funds. The match is calculated based on the following equation:

\[
\text{Amount of other funds used for project} \times \frac{100}{\text{Amount of Water Sector funds requested}} = \text{Percentage of Local Match}
\]

**Water Application Scoring Information**

**Project Severity and Needs—Up to 40 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. Provide a list of existing violations and issues to assist in the evaluation of the existing condition of the system. Any available documentation that supports the severity of the existing issues. For example, personal statements from residents on the system, news articles, social media posts, etc. Provide an explanation as to how the proposed improvements will address the existing violations and issues of the system.

The following will be considered, but not limited to, in this scoring criteria:

- Compliance with State and Federal laws and regulations
  - Issues that directly or potentially affect public health
- Secondary contaminants
- Inclusion of unserved areas

**Consolidation—Up to 20 points**
Consolidation is considered two (or more) existing water/sewer systems combining into one larger system. The responsible consolidated system must own, operate and maintain all other systems post consolidation. Purchase only systems or bulk sale systems are not considered a consolidation. The system should include a discussion of the options for consolidation of the system with neighboring system in order to result in a more sustainable, resilient system. Any agreements for consolidation that are in place or currently being executed should be uploaded with the application.
Resiliency – Up to 10 points

With broad agreement that spending on resilience protection is an investment, infrastructure owners must first identify and prioritize their critical assets and essential functions. Priorities must also include the most probable scenarios that will occur and affect critical infrastructure. A resiliency plan (risk assessment and emergency response plan), including local standards or guidelines that can be applied to water 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. State sanitary code requires systems have a standby power system, status of compliance with this code must be included in the application.

Additionally, if the system was required to complete a risk and resilience assessment and develop an emergency response plan due to Section 2013 of America’s Water Infrastructure Act (AWIA) of 2018, then a copy of the plan should be included in the application portal.

Sustainability – Up to 15 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. A narrative should be included describing the infrastructure of the water system, including but not limited to, the source water adequacy (source, treatment, storage, and distribution) and the ability of the system personnel to implement the requisite technical knowledge.

Managerial Capacity refers to the management structure of the system, including ownership, accountability, staffing, and organization. A narrative should be included describing the management structure of the water system, including but not limited to ownership accountability, staffing and organization (including recruitment and retention of certified operators, and effective external linkages.

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. A narrative should be included describing the status of the system regarding all of these issues.

Resources for capacity development can be found at https://www.epa.gov/dwcapacity.

Ready to Proceed – Up to 15 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. Any completed documents should be included in the application.

Increased Local Cost Share – Up to 15 points

Points will be awarded for those applicants willing to provide local funds in excess of the 25% required match as follows:

- 26-30% local match – 3 points
- 31-40% local match – 6 points
- 41-50% local match – 9 points
- 51-75% local match – 12 points
- 76+% local match – 15 points
State funds are not included as other funds in the match calculation. Other funds can be local, private, or federal funds. The match is calculated based on the following equation:

\[
\frac{\text{Amount of other funds used for project}}{\text{Amount of Water Sector funds requested}} \times 100 = \text{Percentage of Local Match}
\]

**Grant Requirements**

If funded, the grantees will be required to meet the following conditions in order to receive the release of funds and permission to bid:

- **Grant Agreement** – The grant agreement must be signed by the chief executive officer identified in the agreement. The signed agreement must be received by the OCD-LGA within two (2) months of the date of the Grant Conditions letter.

- **Authorized Signature Form** – A completed Authorized Signature Form must be received by the OCD-LGA within two (2) months of the Grant Conditions letter.

- **Electronic Funds Transfer (EFT) Enrollment Form** – If the grantee would like to receive funds through electronic transfer, contact the Office of Statewide Reporting and Accounting Policy (OSRAP) at DOA-OSRAP-EFT@la.gov or 225-342-1097 for the enrollment form. The completed document must be received by OSRAP within two (2) months of the date of this letter.

- **Request for Vendor Information Form** – Required if the grantee does not have a vendor number. The completed document must be received by the OCD-LGA within two (2) months of the date of the Grant Conditions letter.

- **W-9 Form** - Required if the grantee does not have a vendor number. The completed document must be received by the OCD-LGA within two (2) months of the date of the Grant Conditions letter.

- **Supplemental Information Page** – The form is located at https://www.doa.la.gov/doa/ocd-lga/american-rescue-plan-act/water-sector-program-forms/. Note that the federal government is no longer using the DUNS number for reporting purposes. You must obtain your Unique Entity Identification (UEI) number from www.sam.gov and include it on this form. Grantees must be actively registered in www.sam.gov in order to receive federal funds. The completed document must be received by the OCD-LGA within two (2) months of the date of the Grant Conditions letter.

- **The system must complete a “Financial Management Questionnaire.”** An attachment to the Questionnaire regarding proof of fidelity insurance or bonding must also be provided. The Financial Management Questionnaire is located at https://www.doa.la.gov/doa/ocd-lga/american-rescue-plan-act/water-sector-program-forms/. The completed document must be received by the OCD-LGA within two (2) months of the date of the Grant Conditions letter.

- **A copy of the signed Title VI Assurances form** which can be found at https://www.doa.la.gov/doa/ocd-lga/american-rescue-plan-act/water-sector-program-forms/. The completed document must be received by the OCD-LGA within two (2) months of the date of the Grant Conditions letter.

- **The system must submit a Performance Schedule** that identifies the schedule for expenditure of the WSP funds and project benchmarks. The projection should not exceed three years from the date of the Grant Conditions letter. The WSP Performance Schedule format and its instructions can be located at https://www.doa.la.gov/doa/ocd-lga/american-rescue-plan-act/water-sector-program-forms/. The completed document must be received by the OCD-LGA within two (2) months of the date of the Grant Conditions letter.

- **A copy of the plans and specifications plus a final cost estimate for the project must be submitted** to the Louisiana Department of Health (LDH), for review within six (6) months of the date of the Grant Conditions letter. The OCD-LGA must also receive a signed certification from the project engineer.
stating that the plans and specifications have been completed and submitted to LDH for their approval with a copy of the final cost estimate attached by the same deadline.

- A rate study must be completed on the utility system that is funded by the Water Sector Program grant. The OCD-LGA will assign an entity that will work with the grantee to complete the rate study. If the rate study determines that actions should be taken regarding the utility rates, the system must take actions to implement the changes. A summary of actions taken must be submitted to OCD-LGA. The document must be received by the OCD-LGA within six (6) months of the date of the Grant Conditions letter.

- If the completed Supplemental Information form indicates real property will be acquired, through purchase or donation and regardless of funding source, then the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Uniform Act) must be followed. It is important to note that acquisition of right of ways must comply with the Uniform Act requirements. Also, the system must submit an Acquisition Timeline that includes dates and specific actions that will be taken to complete the acquisition process that is identified in the approved application. The system should submit this document to this office within two (2) months of the date of the Grant Conditions letter.

- A contractor clearance form must be completed and submitted to OCD-LGA for any firm providing services being paid for with Water Sector Program funds. The completed document must be received by the OCD-LGA within two (2) months of the date of the Grant Conditions letter.

- Documentation identifying the matching funds provided by the system are available to be spent. The document must be received by the OCD-LGA within two (2) months of the date of the Grant Conditions letter.

- If the approved project involves consolidation with another system or systems, the executed agreement between the systems that memorializes consolidation must be submitted to OCD-LGA. The document must be received by the OCD-LGA within two (2) months of the date of the Grant Conditions letter.

Any extensions to these deadlines must be approved by the Water Sector Commission.

Grantees will be required to advertise for bids within thirty (30) days of being given permission to bid. Also, systems will be required to have a certified operator on staff or under contract prior to closing out the grant with the state. Onsite inspections will be conducted by the state when fifty (50) percent of the Water Sector Program funds are expended and when substantial completion has been reached.