



Department of  
**Environment &  
Conservation**

# SWIG and SRF Funding Assistance

## Fleming Training Center Workshop

# Agenda

- Program Overview
  - State Revolving Fund (SRF) Program
  - State Water Infrastructure Grant (SWIG) Program
- Lead and Copper Funding
  - SRF Lead and Copper Loan Funding
  - SWIG Lead and Copper Grant Funding
- Resources
- Questions

A scenic view of a waterfall cascading over moss-covered rocks into a pool of water, surrounded by a dense forest. The water is blurred, suggesting a long exposure. The rocks are covered in vibrant green moss. The background is a lush green forest with tall trees.

# **DWR Funding Assistance Programs**

# SWIG and SRF

The Tennessee Department of Conservation (TDEC) works diligently to provide Tennessee communities with clean, safe, and reliable water systems. TDEC works to accomplish this through its Division of Water Resources via the SRF Loan Program and SWIG Program.

## *SRF Loan Program*

- The **Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) Loan Program** is run by the TDEC Division of Water Resources and has provided **billions** in assistance since its inception.
- This program provides low-interest loans and assistance to cities, counties, utility districts, and stormwater authorities for planning, design, and construction phases of drinking water, wastewater, and stormwater systems.
- SRF is designed as a federal-state partnership to assist public water systems to remain compliant with federal-state requirements.

## *SWIG Program*

- The **State Water Infrastructure Grants (SWIG)** program is a part of TDEC's Division of Water Resources and supports the rollout of SRF funds, as well as ARP funds from the federal government through non-competitive and competitive grant programs.
- This office promotes TDEC's mission to **protect and improve water quality** across the state by helping communities afford compliant wastewater and stormwater systems.



# **State Revolving Fund (SRF) Loan Program**

# How The SRF Loan Program Works

- Solicitation for projects occurs at the **beginning of the calendar year**.
- **Drinking Water** has a second solicitation in the fall. **Clean Water** has a rolling list, and entities can ask to be ranked any time of the year.
- Applicants seeking funding must submit a Questionnaire that includes a detailed project description, project need, total project cost, projected construction start and completion dates, requested loan amount, and term of the loan.
- Projects are prioritized (**Priority Ranking List**) by those that address reducing risks to human health or those working to maintain or improve compliance with the Safe Drinking Water Act and the Clean Water Act.
- Ranked projects are eligible to seek a loan and may receive significant loan forgiveness.

# How The SRF Loan Program Works

- Projects are ranked based on the highest number of priority points awarded on the **SRF Priority Ranking Lists (PRL) for Clean Water and Drinking Water**.
- SRF gives priority to communities with projects that are **ready to proceed**.
- Upon receipt of the FFY Capitalization Grants, TDEC will contact all communities with projects on the current PRL with a funding **notification letter**.
- Communities that do not respond to the funding notification letter or are not ready to proceed may be **bypassed**.

# Financial & Technical Capacity

- SRF will assess the loan applicant's managerial, technical, and financial capacity before recommending the loan for approval to the **Tennessee Local Development Authority Board**.
- SRF will not recommend approval of loans for entities that cannot demonstrate **sufficient capacity to operate, maintain, and manage assets**.
- Entities must have enough revenue to cover the requested debt, or SRF will recommend rate adjustments to ensure the debt is adequately covered.



# Clean Water SRF Awards SFY 2025

- CW SRF Base Capitalization Grant is **\$11,859,000**
  - The State required match is 20% of the federal allocation or \$2,371,800 to receive the full allotment
- CW SRF BIL Supplemental Capitalization Grant is **\$33,036,000**
  - The State required match is 20% of the federal allocation or \$6,607,200 to receive the full allotment
- The EPA Capitalization Grant plus State match provides an expected **\$53,874,000** in funds available for the CWSRF program in SFY 2025

# Drinking Water SRF Awards SFY 2025

- The DW SRF Capitalization Grant is **\$7,846,000**.
  - The State required match is 20% of the federal allocation or \$1,569,200 to receive the full allotment.
- The DW SRF BIL Supplemental Capitalization Grant is **\$38,692,000**.
  - The State required match is 10% of the federal allocation or \$7,738,400 to receive the full allotment.
- The EPA Capitalization Grant plus State match provides an expected **\$55,845,600** in funds available for the DWSRF program in SFY 2025.

# TN SRF Contacts

- TN SRF Program Information and Contacts:
  - Pre-application Meetings - [Richard.E.Thomas@TN.Gov](mailto:Richard.E.Thomas@TN.Gov)
  - Technical/Environmental Questions - [Felicia.D.Freeman@TN.Gov](mailto:Felicia.D.Freeman@TN.Gov)
  - <https://www.tn.gov/environment/program-areas/wr-water-resources/srfp.html> -
    - Visit [SRF website](#) for details on how to access funding, technical assistance, information on your community's ATPI, and resources like Asset Management Plan guides and more!

A scenic view of a river flowing through a forest. The foreground is dominated by large, moss-covered rocks. The river flows through the center, leading to a waterfall in the background. The surrounding forest is lush and green.

## **State Water Infrastructure Grants (SWIG) Program**

# How SWIG Program Works

- Grant solicitations occur at various times **throughout the year**.
- **Grant opportunities** are typically restricted to EPA-approved Clean Water or Drinking Water activities or State Revolving Fund-approved activities. Grant manuals are published on our website (<https://www.tn.gov/environment/program-areas/wr-water-resources/srfp/srf-home/swig.html>) with eligibilities, target timelines, and the process.
- Applicants must submit a grant application with a detailed project description, project need, total project cost, projected start and completion dates, requested grant amount, and responses to narrative questions.
- Projects are evaluated and ranked based on completeness and how well the applicant addressed the scoring rubric published in the grant manual.

# How SWIG Program Works

- Ranked and selected projects will receive award notification letters and begin the contract process.
- Contracts typically last 2 years for projects without construction and 5 years for projects with construction. Contracts will include scopes of services that must be followed throughout the grant term.
- Once a contract is signed, the entity can initiate the project and begin incurring costs associated with the approved projects. All costs must be within the contract period. Most contracts are not backdated.
- All contracts operate on a reimbursement-only basis. Requests for reimbursement on awarded grants must solely cover actual, reasonable, and necessary expenses incurred. Reimbursement requests cannot encompass future expenditures.

# SWIG Awards

| Current Grant Programs                                    | Grant Contracts | Funds                  |
|---|-----------------|------------------------|
| American Rescue Plan (ARP)                                | 337             | \$995 Million          |
| Asset Management Plan<br>FY 2022 (AMP)*                   | 60              | \$10.6 Million         |
| Sewer Overflow and Stormwater<br>Reuse Grant FY 2022(OSG) | 3               | \$1.5 million          |
| <b>Total</b>  | <b>400</b>      | <b>\$1,007,100,000</b> |

# TN SWIG Contacts

- TN SWIG Program Information and Contacts:
  - Grant Management System Issues- [TDEC.Grants@TN.Gov](mailto:TDEC.Grants@TN.Gov)
  - Technical/Funding Questions – [Ask.SRF@TN.Gov](mailto:Ask.SRF@TN.Gov)
  - American Rescue Plan Questions – [TDEC.ARP@TN.Gov](mailto:TDEC.ARP@TN.Gov)
  - <https://www.tn.gov/environment/program-areas/wr-water-resources/srpf/srf-home/swig.html> -
    - Goals & Priorities, Grant Manuals, Eligibilities, Funding, Workshops & Timelines



# **SRF Lead and Copper Loan Funding**



# Current Solicitations From SRF

- The DWSRF Loan Questionnaire opened 1/30/2024 and closed 2/28/2024.
- The SRF program is currently evaluating and ranking the projects.
- DWSRF-eligible projects will be prioritized and published on the Summer Priority Ranking List.

# Next SRF Loan Solicitation

- The next DWSRF Loan Questionnaire cycle will open in the Fall of 2024 and remain open for the duration of the year.
- The questionnaire will include loan funding for lead service line replacement.
- Small, economically disadvantaged communities are eligible for principal forgiveness, which can cover a portion of the SRF loan and will significantly reduce the amount owed.
- Eligibility for principal forgiveness is restricted to communities with a population of 10,000 or less combined with an ATPI of 50 or less.

# DWSRF LSLR Program

- The State's allotment of FFY 2023 DWSRF LSLR BIL Supplemental Capitalization Grant is **\$89,756,000**
  - No State required match
  - 49% DWSRF Lead Service Line Replacement Funding must be provided as grants and forgivable loans to disadvantaged communities (**\$43,980,440**)

## Eligible Categories

- Develop LSL inventories
- Technical Assistance (identify or create inventories)
- Full LSL replacement (no partial replacement)

## Eligible Applicants

- Public Water Systems
  - Focus on small or disadvantaged

## Ineligible Activities

- Non-LSL-Related projects or project activities
- Any partial replacement of an identified LSL service line

# DWSRF LSLR Program: Project Types

## Planning, Design, and Construction

1. Submit Letter of Request, Planning Documents and Specifications, Project Description & Map
2. Submit prior three FY of audited financials to Comptroller's Office
3. Financial Sufficiency Review
4. Environmental Review
5. Loan Application
6. TLDA Loan Approval

## Planning and Design

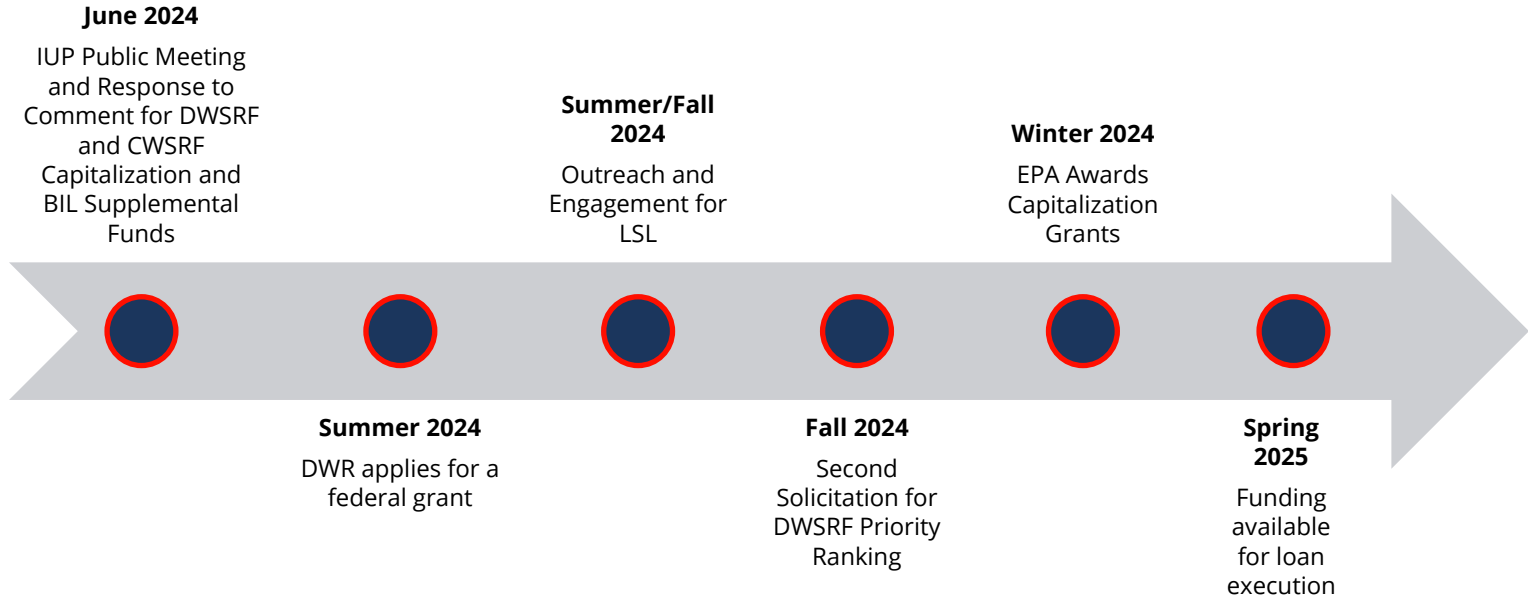
1. Letter of Request
2. Financial Sufficiency Review
3. Loan Application
4. TLDA Loan Approval

# SRF LSLR Loan Specific Information

For entities seeking funding via a loan for LSLR activities, the following applies:

- LSLR available funding currently exceeds \$120M.
- 0.5% interest rates on LSL loans for **ANY** entity, large or small, disadvantaged or not.
- **50%** principal forgiveness for any disadvantaged community regardless of size.

# SRF Timeline



A scenic view of a forest stream with moss-covered rocks and a waterfall in the background. The water is blurred, suggesting a long exposure. The rocks are covered in vibrant green moss, and the surrounding forest is lush with green foliage.

## **SWIG Lead and Copper Grant Funding**



# Current Solicitations From SWIG

- The Lead Service Line Inventory Grant opened on 11/29/2023 and closed on 1/16/2024.
- The SWIG program selected 57 entities for funding and will receive a contract.
- The total amount of awards this round is **\$8,348,769.97**.

# Next SWIG Grant Solicitation

- The next Lead Service Line Inventory Grant will be opened in the Winter of 2024. This funding assistance will be for LSL inventory, planning, and design grants.
- Grant award maximums are \$250,000 per applicant with a total allocation of **\$8,483,949.03**.
- Designated funding allocations will represent the dollar amount available for reimbursing eligible LSLI projects.
- Match is mandatory for all LSLI grants, with recipients expected to contribute between 15% and 25% of the total project cost.

# Lead Service Line Inventory Grant Overview

Lead Service Line inventory projects are required to create a **categorized inventory of all service lines, including partial ownership lines**. These categories will be determined based on **evidence-based records and approved investigation methods or techniques**

## Project Eligibility

- ✓ Identification and/or verification of lead service line material:
  - ✓ Exploratory digging/potholing (may require Compliance and Enforcement approval)
  - ✓ Gathering information from customers
  - ✓ Historical records review
- ✓ Development of service line inventory and integration of inventory information into GIS
- ✓ Hiring a third-party consultant(s)
- ✓ Purchasing tools or technology required for identification, inventory, or mapping

## Applicant Eligibility

- Counties and Cities
- Water Utility Districts
- Water Utility Authorities

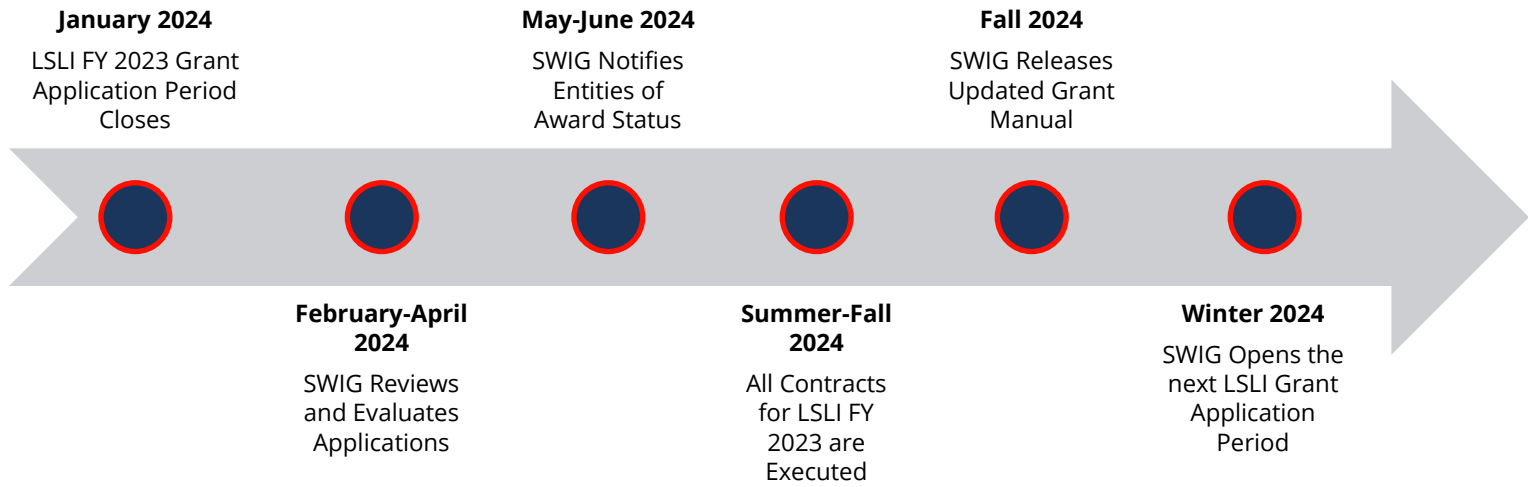
## Ineligible Projects

- Projects that include construction activity or those ready to pursue full-service line replacement should seek an SRF loan
- Corrosion control studies or infrastructure
- Water Meters
- Funding for Bottle Water and/or Pitcher Filters
- Premise Plumbing Assistance

# Requirements for Vehicle Purchases

- The purchase of vehicles and other capital purchases using grant funds is only eligible if the following requirements have been met:
  - **Cost Analysis:** Quantitatively assess the financial impact of a vehicle purchase and compare its estimated costs against alternatives. Eligibility requires demonstrating through cost analysis that procuring the equipment's services in any other way is not cost-effective.
  - **Life Cycle Statement:** Detail the complete operational life cycle of equipment, covering procurement, usage, maintenance, and decommissioning. Eligibility requires the life cycle statement to demonstrate that the purchased equipment will solely fulfill LSLI grant obligations.

# SWIG Timeline



# Loan and Grant Program Resources

- [LSLI Grant Website](#)
- [TDEC Grants Management System](#)
- [BIL Implementation Memo](#)
- [Drinking Water SRF Handbook](#)
- [TDEC SRF Website](#)
- [TDEC DW SRF Website](#)



A scenic view of a waterfall cascading over moss-covered rocks in a lush forest. The water is blurred, creating a sense of motion. The rocks are large and covered in vibrant green moss. The background is filled with dense green foliage and trees.

**Questions?**

**[Ask.SRF@TN.gov](mailto:Ask.SRF@TN.gov) or [TDEC.ARP@TN.gov](mailto:TDEC.ARP@TN.gov)**