

THE ARRA AND SRF

QUESTIONS AND ANSWERS FOR THE GREEN PROJECT RESERVE

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- **Can States combine the 20% green project requirement from both the Clean Water and Drinking Water IUPs? For example, if I have 30% green infrastructure in my CW IUP and 5% in my DW IUP, would the total meet the requirement?**

No. The 20% minimum for the GPR is tied to the individual State grant for each program. This position has been confirmed by our EPA's Office of General Counsel.

- **Are water line replacement projects (replacing leaking pipes) Green Projects?**

Some water line replacement projects may be considered eligible under the green project reserve if they are promoting water efficiency. For example, a project needed to replace a line that is leaking 70% of its water may be eligible, but a standard replacement that may or may not reduce water loss would not be eligible. As explained in Attachments to EPA's ARRA Guidance, for such traditional projects as pipe replacement, the state will have to include a business case in the project file to demonstrate the substantial (and not incidental) water or energy efficiency benefits of the project in order to claim a credit against the requirement.

- **Will infiltration/inflow projects that result in reduced energy consumption in a system meet the definition of green infrastructure?**

Yes, such a project might meet the definition, if the primary purpose is focused on energy efficiency. See the CWSRF guidance on green projects for additional information.

- **How long will it take EPA to accept the lack of projects for GPR certification?**

States will need to allow 180 days to pass before they can certify that they did not have sufficient applications to make use of any part of the 20% for projects which do not qualify for the GPR. Where the State has made the "timely and concerted solicitation" for additional GPR projects identified in the ARRA Guidance, it should not take long for project officers to review that certification for compliance.

- **Must EPA concur with a State determination it does not have 20% qualifying "green" projects? If so, at what level?**

The grant project officer will need to concur on the state determination. EPA HQ will work with regional staff to ensure that consistent standards and practices are used in making that assessment.

- **How is attainment of the 20% "green" reserve counted? Is it by actual dollar amount or estimated amount?**

The final amount will be based on dollars in assistance agreement. States should expect that some projects may come in under cost and plan accordingly. Remember that the provision requires that a minimum of 20% of ARRA funds go for green projects..

- **What happens when funds are moved between the DWSRF and CWSRF?**

If funds are transferred, any remaining requirement tied to the donor program at the time of the transfer conveys with the funds to the program receiving the money. If a state DWSRF fails to meet any or some portion of the 20% before the transfer, then the CWSRF would have to meet all or that portion of the 20% associated with those funds. If the DWSRF met the 20% prior to the transfer, then the CWSRF would not have to direct 20% of the transferred amount for green projects (although it is free to do so if it wants to because the reserve is a floor, not a ceiling).

- **Will EPA have a grant condition that requires States to make a timely and concerted solicitation for GPR projects prior to 8/17/09?**

Yes, states will have to demonstrate that they have solicited applications before they can use funds for "non-green" projects.

- **Can activities funded through DWSRF set-asides count toward the 20% green infrastructure requirement? For example, can water and energy efficiency grant projects funded under the set-asides be considered GPR projects?**

The 20% is based on the amount of the grant, so non-capital activities funded through set-asides could count towards the total as long as they qualify to be included under the GPR. Activities which qualify could include energy/water loss audits, or planning and design activities for water or energy efficiency if they are reasonably expected to result in a capital project or are required as a condition of assistance.

- **If 20% green projects are shown on both IUPs and some of the projects do not proceed to construction, can the money be reallocated to other non-green projects?**

If the State cannot identify other green projects for funding, then after 180 days it will have to make a certification that there are no applications available for funding. If other applications for funding for green projects have been submitted that are able to meet the contracting deadline, those projects must be funded in order to reach the 20% threshold.

- **What if an engineering company uses green practices (paperless or other practices) would this count towards the GPR?**

No, while a laudable practice, this would not meet the intent of the provision, which is to carry out new projects and activities that support green infrastructure, energy or water efficiency, or are environmentally innovative.

- **Would Supervisory Control And Data Acquisition (SCADA) be considered as green?**

If the system can make a business case that the installation of a SCADA system would result in energy or water efficiency, it may be eligible under the GPR.

Green Project Minimum

- **If a State combines ARRA funding with SRF funding in an agreement, would the whole funding amount count towards the 20% green project minimum, or only the amount that was funded from ARRA monies?**

The State would only count the amount that was funded with ARRA monies. For example, if a State finances a project for water efficiency that uses \$500k of SRF and \$500k of ARRA funding, it would only count the \$500k that was derived from the ARRA cap grant.

- **Is the 20% minimum for green projects based on the amount of the grant or the amount of the amount of the grant deposited into the Fund?**

It is based on the amount of the capitalization grant made to the State. (*verified with OGC*)

- **What constitutes a “timely” consideration of green projects before a State can use all or part of the 20% minimum for non-green projects?**

A State must make a good faith effort to meet the 20% minimum and must certify as such before directing funds to non-green projects. If the State cannot meet the 20% minimum, it must wait until 180 days after enactment before seeking EPA approval of the State’s certification that it cannot meet the provision. This is to ensure the State takes that time to solicit projects.

- **If a larger project which may not be entirely green includes a green component, does the entire amount of funding directed to the project count against the green project reserve, or only the amount associated with the green component?**

The State would only count the dollar amount associated with the green component towards the 20% minimum. For example, if a project was constructing a treatment facility with a green roof, only the project costs associated with the green roof would count towards the 20%.