

## EPA Community Grants Program Questions and Answers (Q&A)

The [FY 2022](#) Consolidated Appropriations Act (P.L. 117-103), FY 2023 Consolidated Appropriations Act (P.L. 117-328), and [FY 2024](#) Consolidated Appropriations Act (P.L. 118-42) provide [\(Community Grants\) projects](#) and funding amounts. Through these laws, Congress identifies funds for specifically named community infrastructure projects, referred to by the Senate as Congressionally Directed Spending (CDS) and in the House of Representatives as Community Project Funding (CPF). Water infrastructure CDS/CPF projects are further referred to as Community Grants in this document. This document provides information to foster understanding of the Community Grants Program and applicable requirements to facilitate recipients to apply for their grants.

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## Acronyms and Abbreviations

AIS	American Iron and Steel
AOR	Authorized Organization Representative
ARPA	American Rescue Plan Act
ASAP	Automated Standard Application for Payments
BABA	Build America, Buy America
CATEX	Categorical Exclusion
CDS	Congressionally Directed Spending
CEQ	Council on Environmental Quality
CFR	Code of Federal Regulations
CPF	Community Project Funding
CWA	Clean Water Act
CWSRF	Clean Water Act State Revolving Fund
DBA	Davis-Bacon Act
DBE	Disadvantaged Business Enterprise
DWSRF	Drinking Water State Revolving Fund
EA	Environmental Assessment
EBiz POC	E-Business Point of Contact
EID	Environmental Information Document
EIS	Environmental Impact Statement
EPA	U.S. Environmental Protection Agency
FONSI	Finding of No Significant Impact
FY	Fiscal Year
HQ	Headquarters
IJA	Infrastructure Investment and Jobs Act
MHI	Median Household Income
NEPA	National Environmental Policy Act
NOI	Notice of Intent
OFA	Office of Federal Activities
OGD	Office of Grants and Debarment
PO	Project Officer
RFP	Requests for Proposals
RFQ	Request for Quotes
SDWA	Safe Drinking Water Act
SERP	State Environmental Review Process
SF	Standard Form
SNAP	Supplemental Nutrition Assistance Program
UEI	Unique Entity Identifier
UGG	Uniform Grant Guidance
USDA	U.S. Department of Agriculture

## 1. General - Grants

### 1.a. I have never received a federal grant before. How do they work?

A grant agreement is a legal instrument of financial assistance between a federal awarding agency and a non-federal entity to support the project described in the workplan for the grant agreement. The grant lifecycle includes:

- Pre-award/Application:
  - EPA headquarters (HQ) develops implementation memos, conducts outreach to ensure communities are aware of requirements, and provides Technical Assistance.
  - EPA regions and recipients ensure federal requirements are met.
  - Recipients register on and receive a unique entity identifier (UEI) needed to register in and apply for grants through [Grants.gov](https://www.grants.gov).
  - Recipients identify match and complete the application process (through [Grants.gov](https://www.grants.gov)) which includes a grant workplan and budget.
- Managing a Grant:
  - Once EPA sends a grant agreement to the recipient, the recipient can start working on activities outlined in the approved grant workplan, complying with the terms and conditions of the agreement.
  - Recipients submit invoices for actual costs incurred. In some cases, pre-award costs are included.
  - Funds are provided to the recipient on a reimbursable basis.
  - Once each invoice is reviewed and approved, the recipient can draw down the invoiced amount.
  - Recipients should regularly review grant award terms and conditions throughout the project to ensure that the organization remains in compliance with all requirements and must inform EPA if problems arise that jeopardize the completion of the project. EPA Regions perform construction monitoring and oversight.
  - EPA HQ and Regions conduct administrative monitoring, including reviewing recipient invoices/payments and programmatic reports.
  - EPA can disallow costs, request access to all records, conduct grant audits, and take enforcement if the recipient becomes non-compliant.
- Closing Out a Grant:
  - Closeout refers to the process EPA uses to determine that a recipient has completed all the required technical work under a grant and confirm that all applicable financial and administrative requirements as described in [2 CFR § 200.344](https://www.ecfr.gov/current/title-40/chapter-I/subchapter-C/part-200/subpart-344) have been met.

Recipients prepare and submit several reports as part of the grant closeout process. EPA's Frequently Asked Questions about Closeouts provide information about closeout requirements, procedures, records retention and associated regulations. EPA provides more information via [grant training for recipients](#) online free of charge.

### 1.b. I am new to federal grants, who can answer my questions? Is training available?

- Recipients should contact their [EPA Regional Point of Contact](#) with questions about specific Community Grants projects.
- Questions about the [Grants.gov](#) system will be most quickly answered via the [Grants.gov Support Center](#).
- New recipients are required to complete [EPA Grants Management Training for Applicants and Recipients](#) and the training on [How to Develop a Budget](#). Additional information on this requirement is available [online](#).

### 1.c. My project is included in an Appropriations Act, do we still need to apply for the grant?

Yes. The identification of projects in appropriations acts does not constitute issuance of a grant award. Recipients will need to submit a full grant application through [Grants.gov](#). See instruction in [EPA's Community Grants Program Implementation Guidance \(Guidance\)](#).

### 1.d. Can we receive more funding than was listed in the Appropriations Acts?

EPA is not authorized to provide funds in excess of the amounts listed in the Appropriations Act for this program. Recipients may reach out to their respective congressional representatives to inquire about additional, future Community Grants funding. Recipients seeking additional funds to support their projects can explore EPA's [CWSRF](#) and [DWSRF](#) programs and search for other federal grant opportunities available through [Grants.gov](#). EPA only has authority to fund at the amount in the appropriations bill.

### 1.e. Are Community Grants subject to intergovernmental review?

Yes, See [EPA's Recipient/Application Information Notice \(RAIN\) on Intergovernmental Review](#). EPA has determined that Community Grants (outside of California) that have completed a State Environmental Review Process ("SERP"), are included in an Intended Use Plan ("IUP"), Environmental Assessment ("EA"), and/or an Environmental Impact Statement ("EIS"), under the National Environmental Policy Act ("NEPA") have satisfied the functional equivalent of Intergovernmental Review requirements described in 40 CFR Part 29 and no further action is necessary. If an applicant has provided the application documents and/or consulted with state and local metropolitan planning agencies on the specifics of the proposed grant activities before submitting the application to EPA, the applicant has satisfied the functional equivalent of Intergovernmental Review requirements described in 40 CFR Part 29 and no further action is necessary. Congressionally Mandated Projects located in California must comply with California state law as it pertains to Intergovernmental Review.

### 1.f. When can I submit a grant application?

Recipients are encouraged to review the [Guidance](#) to understand requirements applicable to Community Grants, and to reach out to their [Regional Points of Contact](#) to ensure development of complete application packages and discuss any pre-award compliance, such as compliance with the National Environmental Policy Act (NEPA).



### 1.g. What costs are allowed under Community Grants?

Costs must be incurred for activities within the scope of the project language provided in Appropriations Acts. Allowability of costs is based on a number of factors specified in [2 CFR Part 200, Subpart E](#). EPA POs and grant specialists review costs included in project budgets as part of the application/pre award process to ensure they conform with general principles of cost allowability:

- A cost is eligible if it is permitted by statute, program guidance, or regulations.
- A cost is reasonable if it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.
- Costs must be allocable: they must be incurred either directly or indirectly to carry out the project and have to be charged proportionately across all benefitting cost centers.
- Costs must be necessary for the project being funded.

Allowable costs are:

- Adequately documented.
- Conform to limitations of laws, regulations, etc. and grant terms and conditions.
- Consistent with recipient's policies/procedures – same factors apply to both federal and non-federal activities.
- Accorded to consistent treatment – a cost may not be assigned as direct if a similar cost incurred for the same purpose has been allocated as indirect cost.
- Not included as a cost or used to meet a matching requirement for any other federal grant.
- Consistent with generally accepted accounting principles.

### 1.h. My project language includes “Water Improvements and Upgrades.” Can I use the funds for either drinking water or wastewater activities?

In the context of determining that the scope of work of the grant is in conformance with the project description contained in Appropriations Acts, the word ‘water’ can be considered to mean: drinking water, wastewater, storm water or combined sewer overflow. Furthermore, the words ‘and’ & ‘or’ as used in the project description are interchangeable.

### 1.i. My project language includes “Sewer Improvements.” What kind of improvements can I include in my project?

The phrases ‘sewer project,’ ‘sewer improvements,’ ‘sewer upgrade,’ ‘sewer development,’ ‘sewer expansion,’ ‘sewer system,’ ‘plant project,’ ‘plant upgrade,’ or ‘plant expansion’ are considered broad enough to include all aspects of the upgrade, expansion and development of a complete wastewater treatment system as defined at 40 CFR § 35.2005(12). Comparable phrases concerning the project descriptions for drinking water facilities should be similarly interpreted.

**1.j. If recipient oversight costs are included, is an indirect cost agreement required?**

If a recipient is seeking reimbursement for indirect costs, the recipient will need to submit a request and negotiate an indirect cost rate with the cognizant agency. See [Indirect Cost Rate Proposal Information](#).

**1.k. We have a project manager in charge of multiple grants, with unique, specific project codes for each grant. Can we use the project manager's timecard with notes as a sufficient source of documentation for allowable costs?**

Yes, that would be sufficient to demonstrate actual time worked that can be traced back to the work conducted under the specific grant.

## 2. Applying for Grant Funds

### 2.a. How do I apply?

Recipients must be registered in [SAM.gov](https://sam.gov), including being assigned a Unique Entity Identifier (UEI). Recipients with active [SAM.gov](https://sam.gov) registrations prior to April 2022 automatically have a UEI but may need to complete entity validation.

Once registered in [SAM.gov](https://sam.gov) recipients who have obtained a UEI can then register with [Grants.gov](https://grants.gov) and assign [Grants.gov](https://grants.gov) Roles.

Recipients may proceed with [SAM.gov](https://sam.gov) and [Grants.gov](https://grants.gov) registration and obtaining a UEI as an immediate first step (prior to meeting other federal grant requirements and/or initiation of the environmental review).

Comprehensive instructions on how to submit applications via [Grants.gov](https://grants.gov) are available in the [Resources section](#) of the Community Grants Program web page.

### 2.b. Do I need to register on [SAM.gov](https://sam.gov) even after being appropriated money?

Yes, all grant recipients must be registered via [SAM.gov](https://sam.gov) before applying for and being awarded grant funds. Recipients may need to update [SAM.gov](https://sam.gov) annually. It is recommended that recipients verify this account to ensure information is up-to-date and valid.

### 2.c. My organization is registered in [SAM.gov](https://sam.gov). Should I check to make sure the account is active?

Yes! You can only successfully submit an application package if your organization has an active account in [SAM.gov](https://sam.gov). The registration must be renewed annually by the E-Business Point of Contact, so recipients should ensure the account is active and will not expire before the application is submitted.

### 2.d. Can I apply for grant funding if the [SAM.gov](https://sam.gov) account is not active, or is in the process of being updated or re-activated?

No. Your organization must have an active account in [SAM.gov](https://sam.gov) in order to apply for funding.

### 2.e. My organization has several departments and corresponding UEI numbers. Can I use a different department's UEI number to submit the application package?

No. You must use the UEI number assigned to the department that is submitting the application package.

### 2.f. Can I use another organization's UEI number to submit the application package?

No. You must use the UEI number assigned to the organization that is submitting the application package.

## 2.g. What does the application package consist of?

In addition to registration, recipients must complete all applicable federal requirements (including those related to procurement and the environmental review described below) and submit a complete application package via [Grants.gov](https://www.epa.gov/grants). The [Guidance](#) lists all applicable federal requirements and application materials.

Grant applications must include several forms and attachments:

- Application for Federal Assistance Standard Form (SF) 424
- Budget Information SF-424A
- Pre-Award Compliance Review Report Form 4700-4
- EPA Key Contacts Form 5700-54
- Project Narrative/Workplan Attachment Form – Project Workplan
  - The workplan should outline all the activities to be performed under the grant, describe the project and milestone schedule, the need for the project, and the anticipated environmental and public health benefits (outputs and outcomes), itemized budget activities as well as task linkage to [EPA's Strategic Plan](#).
- Other Attachments Form – Budget Table

Recipients may review sample application forms in order to get a sense for what the forms entail at <https://www.epa.gov/grants/epa-grantee-forms>. In addition, EPA's [Interim General Budget Development Guidance for Applicants and Recipients of EPA Financial Assistance](#) provides information on preparation of the budget component of the application package.

## 2.h. For my construction project, should I use the non-construction form (SF-424A)?

Yes, recipients should use the SF-424A form, Budget Information for Non-Construction Programs forms for Community Grants applications.

## 2.i. Who can submit the application?

Applications must be submitted electronically through [Grants.gov](https://www.epa.gov/grants) by the organization's Authorized Organization Representative (AOR). Applicants that have limited or no internet capacity should refer to the [process to request an exception](#) from this requirement.

## 2.j. Do I need to enter all grant application information into [Grants.gov](https://www.epa.gov/grants) in one sitting or can I exit and come back to it at another time?

Recipients should be able to upload documents and work on them over time. Information on using [Grants.gov](https://www.epa.gov/grants) is available [online](#).

## 2.k. Why is the E-Business Point of Contact important to the application submission process?

The E-Business Point of Contact (EBiz POC) is the individual in your organization who oversees all activities within [Grants.gov](https://www.grants.gov) and grants permissions to Authorized Organization Representatives (AOR).

If your organization is already registered in [SAM.gov](https://www.sam.gov), take note of who is listed as the EBiz POC. If you are not registered yet, it is the EBiz POC within your organization who must register your organization with [SAM.gov](https://www.sam.gov).

The EBiz POC is issued a Marketing Personal Identification Number (MPIN) by [SAM.gov](https://www.sam.gov), which gives the EBiz POC the authority to designate a person(s) in your organization that can submit applications through [Grants.gov](https://www.grants.gov) (i.e., the Authorized Organization Representative). The EBiz POC is also responsible for approving role requests in [Grants.gov](https://www.grants.gov).

Upon creating an account in [Grants.gov](https://www.grants.gov), the AOR role request is automatically sent to your organization's EBiz POC for approval. Note: There can only be one EBiz POC per UEI number.

## 2.l. Is there an application deadline?

There is no application submission deadline. Recipients are encouraged to reach out to their [Regional Points of Contact](#) to ensure development of complete application packages and discuss any pre-award compliance and to apply for grant funds once applicable federal requirements have been met.

### 3. Technical Corrections

#### 3.a. How can a designated Community Grants recipient identified in an Appropriations Act modify the type, purpose, or recipient of their project?

An approved Technical Correction will be needed to modify the legally binding project language identified in an Appropriations Act. Recipients should contact their [Regional Point of Contact](#) to inquire about pursuing a Technical Correction for a specific project. The [Guidance](#) includes additional information on Technical Corrections.

#### 3.b. Our project is listed as a clean water project, but it is actually a drinking water project. There may be a mistake in the language of the Appropriations Act. Can we still use the funds?

If the appropriation provides for a specific type of project (*e.g.*, drinking water) when a different type of project (*e.g.*, wastewater) is needed, the recipient can request a Technical Correction to make changes to the purpose of the project.

#### 3.c. Our drinking water system is owned and/or operated by a utility, but the city manager's office is listed in the Appropriations Act. Can the utility receive the grant and complete the project?

If a recipient (*e.g.*, City of Salem) is named in the authorizing language but a different entity (*e.g.*, Salem Wastewater Utility) owns the infrastructure, the recipient can request a Technical Correction.

#### 3.d. My Community Grants project is included in an Appropriations Act, but the language appears to read that the grant funds are to be awarded to the state environmental agency "for my project." How will that work?

Any change to the recipient requires a Technical Correction unless the intended grantee is an agency of the project recipient or is wholly owned or controlled by the project recipient (*e.g.*, the recipient is listed as Greater State, but the intended recipient is the Greater State Department of Water Quality). In such cases, a grant may be made to the intended recipient without a technical correction.

## 4. Cost Share

### 4.a. The Appropriations Act didn't list the amount of funds I need to provide to meet the 20 percent cost share requirement. How do I calculate this amount?

For the purposes of calculating the cost share amount, the amount specified in the Appropriation Act (EPA contribution) represents 80% of the total grant project cost.

Here's an example of how to calculate the cost share amount using \$100,000 as the EPA contribution:

#### A. Identify the Total Grant Project Cost

Divide the EPA contribution by .80 to calculate the total grant project cost:

$$\$100,000 \div 0.80 = \$125,000.$$

\$125,000 is the total grant project cost

#### B. Multiply the Total Grant Project Cost by .20 to determine the cost share amount

Total grant project cost x .20 = required cost share amount

$$\$125,000 \times .20 = \$25,000$$

\$25,000 is the required 20% cost share amount

#### C. Confirm

*Total grant project cost = EPA Contribution + Cost Share Amount.*

$$\$125,000 = \$100,000 + \$25,000$$

Note: grant applications are not required to reflect costs that exceed total grant project costs as calculated above; this is the minimum total grant project cost required to receive the full amount specified in the Appropriations Act.

### 4.b. Can recipients provide voluntary cost share funds?

EPA recommends that the budget forms do not reflect more than the appropriated funding amount and required cost share amount (unless cost share requirement is waived). Once voluntary cost sharing funds are included in a grant award, these funds become a legally binding commitment that the recipient is required to provide. Any voluntary cost share funding will be subject to the grant terms and conditions as well as applicable requirements and must be used on eligible activities.

### 4.c. What kinds of funding can be used as cost share?

Recipients can use any or a mix of the following as long as the requirements in 2 CFR § 200.306 are met:

- **Public sources.** These include state appropriations or local government match to the grant project. The following federal funding sources will be treated as non-federal funds and can be used to meet the cost share requirement:
  - U.S. Department of Housing and Urban Development, Community Development Block funds.

- U.S. Department of Agriculture, Rural Development funds.
- Appalachian Regional Commission funds; and,
- Delta Regional Authority grants can be used to meet the cost share requirement for projects identified in the FY 24 Appropriations Act.
- The CWSRF and DWSRF programs are eligible sources for the cost share if those funds are:
  - non-federal funds such as loan repayments, interest earnings, bond proceeds, and fees, or
  - a state contribution to the SRF above the statutorily required 20 percent match.
- **Private sources.** These include funding from a local business or nonprofit contributing to the project.
- **In-kind services.** These may include the applicant's administrative expenses for managing and overseeing the grant and projects can provided that the expenses are not being reimbursed by the federal share of the grant award. In-kind services contributed by other entities may also be allowable as cost share.

#### 4.d. Can funding made available to jurisdictions through the American Rescue Plan Act (ARPA) of 2021, including ARPA Coronavirus State and Local Fiscal Recovery Funds (SLFRF funds) be used for a match for Community Grants projects?

No. The explanatory statement accompanying the FY 2022 and FY 2024 Appropriations Acts specifically prohibit the use of ARPA funding to satisfy cost-share for Community Grants projects.

#### 4.e. How do I know if I qualify for a cost share waiver?

The cost share requirement is waived for Community Grants awarded to U.S. territories<sup>1</sup> and to tribal entities.<sup>2</sup>

EPA will consider waiving the cost share requirement when requested and appropriate. Recipients with projects for which the primary purpose is to serve and benefit a community that meets at least one of the available cost share waiver criteria may request that EPA consider waiving the non-federal cost share requirement under the Community Grants Program. Systems that serve large service areas with a specific project that will primarily serve and benefit a subset of its service area that meets one of these criteria may also apply for a waiver.

Recipients can request waivers to the 20% cost share requirement by following the instructions provided in the [Guidance](#).

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<sup>1</sup> Omnibus Territories Act of 1977 authorizes grant awards to Insular Territories without a match requirement.

<sup>2</sup> Implementation of the Clean Water Indian Set-Aside Grant Program under Clean Water Act (CWA) Section 518 and the Drinking Water Infrastructure Grants Tribal Set-Aside Program under Safe Drinking Water Act (SDWA) Section 1452(i) do not require tribal cost share.



#### 4.f. What criteria will EPA consider when determining cost share waiver approval?

Effective March 1, 2024, EPA will take any of the following criteria listed below into consideration when determining cost share waiver approval. The [Guidance](#) provides additional information on cost share waivers and how individual recipients can identify meeting criteria applicable to their communities.

- A. Community median household income (MHI) is less than 80% of state MHI**
- B. Communities with an Upper Limit of Lowest Quintile Income Less Than or Equal to the Current National Upper Limit of Lowest Quintile Income**
- C. Communities with  $\geq 30.9\%$  population living under 200% of poverty level**
- D. Communities with Poverty Rates Greater Than or Equal to 20%**
- E. Communities with Poverty Rates Greater Than or Equal to 20%**

- Recipients with projects identified in FY 2022 who submit requests for waivers from the cost share requirement prior to March 1, 2024 may include criteria identified in the [FY 2022 Community Grants Program Final Implementation Guidance](#).
- Recipients with projects identified in FY 2023 who submit requests for waivers from the cost share requirement prior to March 1, 2024 may include criteria identified in the [FY 2023 Community Grants Implementation Guidance](#).

#### 4.g. Where can I find Guidance on waivers from the cost share requirement?

EPA's Cost Share Waiver Implementation Guidance was published on January 31, 2024, and is available in the [Guidance](#) section of the Community Grants Program webpage. This guidance replaces all previous this guidance on waivers to cost share requirements including that provided in the FY 2022 and FY 2023 Community Grants Program Final Implementation Guidance documents and ensures Community Grants program recipients that are defined as disadvantaged for the purpose of this program are the primary and direct beneficiaries of the projects for which cost share requirements are waived.

## 5. Procuring Goods and Services

### 5.a. What do I need to know about procurement in order to hire a contractor?

Whenever a recipient purchases supplies or hires a contractor, this is considered a procurement action. The term “procurement” covers many different, but coordinated actions, such as how the request for proposals or contract documents (plans and specifications) are prepared and advertised.

By statute, Community Grants projects identified in the FY 2024 or prior Appropriations Acts are not subject to compliance with Federal procurement requirements for competition and methods of procurement applicable to Federal financial assistance if the recipient has:

- (1) procured services or products through contracts entered into prior to March 9, 2024; and
- (2) complied with state and/or local laws governing competition.

If you believe your Community Grant project qualifies for this flexibility, please reach out to your [EPA Regional Point of Contact](#) and provide a statement affirming that your contract was entered into prior to March 9, 2024, and that you complied with state and/or local laws governing competition (including laws/policies relating to participation by disadvantaged business enterprises as applicable). The terms and conditions of your grant agreement will require recipients to retain documentation demonstrating compliance with state and/or local laws governing competition in their own files.

For all other Community Grants projects, in general, all procurement transactions for professional engineering services and construction contractors must be conducted in a manner that includes and promotes fair and open competition. Community Grant recipients must follow their own procurement procedures, which must be documented and comply with State, local, or tribal laws and regulations as well as Federal laws and regulations, including:

- The Brooks Act ([40 U.S.C. 1101 et seq.](#)) or equivalent State qualifications-based procurement requirement if applicable,
- Procurement standards in Uniform Grants Guidance (UGG) at [2 CFR Part 200](#)
- EPA’s Supplement to the UGG at [2 CFR Part 1500](#), and
- EPA’s Participation by Disadvantaged Business Enterprises (DBE) regulations at [40 CFR Part 33](#).

Note, EPA cannot waive statutory requirements such as the Brooks Act. [EPA’s Best Practice Guide for Procuring Services, Supplies and Equipment Under EPA Assistance Agreements](#) describes the financial transactions covered by the competitive procurement requirements and other rules you must follow when awarding and administering EPA funded contracts. Additionally, the [Community Grants: Reminders for Preparing Solicitation Documents](#) discusses Community Grant specific procurement requirements.

**5.b. Can I receive sample Requests for Proposals (RFPs)/Requests for Quotes (RFQs) or other forms of assistance in developing RFPs/RFQs from potential contractors that will then be allowed to bid on the procurement that will be made under the RFP?**

No. If you seek any assistance from a contractor, including obtaining sample RFPs/RFQs, that contractor is not allowed to submit a proposal in response to your RFP/RFQ. If the contractor submits a proposal, you must reject the proposal. Accepting the proposal will be in violation of [2 CFR § 200.319](#). You may, however, seek assistance from a contractor that will not submit a proposal in response to your RFP/RFQ.

**5.c. Are there any requirements for pre-qualifying subcontractors?**

Recipients will need to follow federal procurement requirements and ensure fair and open competition.

**5.d. What is an example of an unfair competitive practice?**

One example of an unfair competitive practice is to allow a consultant (or any other type of contractor) who drafts specifications, requirements, statements of work, or invitations for bids or requests for proposals to compete for the services or products that will be procured. This practice violates [2 CFR § 200.319\(b\)](#) and may result in EPA disallowing any costs for the tainted contract that are charged to the Grant. Non-competitive contracts with consulting firms on retainers are another example of an unfair competitive practice as indicated at 2 CFR § 200.319(b)(4). Additionally, EPA will not accept sole source justifications for procurement contracts for services such as environmental consulting, engineering, and remediation that are available in the commercial marketplace.

**5.e. Is my RFP process federally compliant if I only receive one bid?**

Possibly, but additional inquiries by EPA are possible. Per the grant regulations at [2 CFR § 200.325\(b\)\(2\)](#), when only one bid is received in response to a RFP/RFQ, you must make the procurement documents available to EPA if requested.

**5.f. Can the same contractor that assists me with preparing the grant application also submit a proposal in response to an RFP/RFQ for environmental consulting services?**

Yes. EPA does not prohibit consultants who prepare grant applications from competing for contracts that will be funded under the grant as long as the competition is conducted fairly and openly. The contractor may not assist with drafting specifications, requirements, statements of work, or invitations for bids or requests for proposals and also be allowed to compete for the services or products that will be procured as indicated in 2 CFR § 200.319(b).

**5.g. The terms of the contract for application preparation services require us to hire the consultant to provide environmental services necessary to perform the grant if EPA selects the application for funding or pay the consultant a \$5,000 application preparation fee if we hire a different consultant. What is EPA's view on this practice?**

EPA may consider this practice to be a violation of the procurement requirements in the grant regulations because it may provide the consultant who prepared the application an unfair competitive advantage. The grant regulations require recipients to fully and openly compete professional services contracts when the amount of the contract will exceed the general \$10,000 micro-purchase threshold (or a higher threshold as authorized in [2 CFR § 200.320\(a\)\(1\)](#)). Additional information regarding EPA policies on procurements under EPA financial assistance programs is available in our [Best Practice Guide for Procuring Services, Supplies, and Equipment Under EPA Assistance Agreements](#). Additionally, if your organization did conduct a competition to procure environmental services, and the consultant that prepared the application won the bid/contract, EPA may question whether the decision to select the consultant was based on an improper factor such as the requirement to pay the consultant the \$5,000 application fee otherwise.

**5.h. Can a contractor that will only provide grant assistance (not design support) be sole sourced or do federal procurement requirements apply?**

Recipients would have to procure services competitively, in accordance with federal requirements.

**5.i. What is EPA's position on hiring a particular consulting firm or other contractor?**

EPA does not endorse hiring any particular firm or firms by EPA grant recipients. All contracts with consulting firms or any other type of contractor must be procured in compliance with the full and open competition requirements described in the Procurement Standards of 2 CFR Part 200.

**5.j. If I name a consulting, law, or engineering firm as a “partner” in the application is it proper to award that firm a sole source contract on that basis?**

No. All contracts for professional services in excess of the [2 CFR § 200.320\(a\)\(1\)](#) micro-purchase threshold (\$10,000 for most recipients) must be awarded competitively to the maximum extent practicable and in compliance with requirements to consider disadvantaged business enterprises set forth in [40 CFR Part 33](#). The market for consulting, legal, and engineering services is robust and it is unlikely that competition is impractical. Note that as required by [2 CFR § 200.320\(a\)\(1\)](#) recipients must distribute non-competitive micro-purchases equitably among qualified suppliers and the price must be reasonable. Recipient practices for distributing micro-purchases are also subject to requirements in [40 CFR Part 33](#) for the participation of disadvantaged business enterprises in EPA financial assistance programs. Additional information regarding EPA policies on procurements under EPA financial assistance programs is available in

our [Best Practice Guide for Procuring Services, Supplies, and Equipment Under EPA Assistance Agreements](#).

### **5.k. How must recipients handle contracts for micro-purchases?**

As required by 2 CFR § 200.320(a)(1), for contracts that do not exceed the \$10,000 micro-purchase threshold (or a higher threshold as authorized in [2 CFR § 200.320\(a\)\(1\)](#)) recipients must distribute non-competitive micro-purchases equitably among qualified suppliers and the price must be reasonable. Recipients' practices for distributing micro-purchases are also subject to requirements in [40 CFR Part 33](#) for the participation of disadvantaged business enterprises in EPA financial assistance programs.

### **5.l. My city has a contractor that we typically work with. Can we pay them to work on our Community Grants project?**

Recipients must, to the maximum extent practicable, ensure open and free competition in your purchasing. Sole-source contracts in excess of the micro-purchase threshold should be rare. Potential justifications are described at 2 CFR 200.320(c) and include such factors as only one source has the goods or is able to perform the service, an emergency, EPA approval, or after soliciting a number of sources the recipient reasonably decided competition was inadequate. Sole source contracts with consulting firms on retainer are an improperly restrictive procurement practice as provided in 2 CFR 200.319(b)(4).

EPA will not approve sole-source contracts for services that are available in the commercial marketplace (e.g., Construction, environmental consulting, engineering) on the grounds that a recipient has a long-standing relationship with a contractor. Recipients may, however, use qualifications-based selection criteria for architectural and engineering services where price is not a factor as long as the costs are reasonable and geographic location can be a factor in selection as long as there are enough qualified firms in the area to compete for the contract.

### **5.m. We have our own in-house engineers. Can we use force account? Can that be part of our cost share?**

Personnel costs include salaries, wages, and allowable incentive compensation for recipient employees (i.e., who receive W-2 forms) who spend time working on the project. In-kind (match) contributions may include such costs so long as they are verifiable and carefully documented. For example, if the recipient does not intend to charge the EPA assistance agreement for all the time its employees (engineers or other positions) spend working on the EPA assisted project, the applicant may include their salaries or wages in the personnel category for cost share purposes.

### **5.n. My project is ready to undergo construction. What do I need to do to go out for bid?**

Community Grants recipients must follow their own procurement procedures, which must be documented and comply with State, local or tribal laws and regulation as well as Federal laws and Uniform Grant Guidance (UGG) [procurement regulations](#). Costs for projects may not be reimbursable if procurement regulations were not adhered to when hiring contractors for the

project. Recipients may refer to [EPA's Best Practice Guide for Procuring Goods and Services](#) for more information on how to comply.

**5.o. May we procure engineering services prior to award to support?**

Yes, if all procurement requirements are followed, including those related to architectural and engineering services as identified in 40 U.S.C. 1101 et seq., or an equivalent state requirement (also referred to as the Brooks Act) for projects inclusive of CWSRF eligible activities.

**5.p. What if bids come in above the grant amount?**

Recipients should discuss this with their respective [EPA Regional Point of Contact](#). However, the grant amount does not increase.

**5.q. Does the Uniform Grant Guidance (UGG) apply to both the CWSRF and Drinking Water State Revolving Fund (DWSRF)?**

Yes, the UGG applies to both CWSRF and DWSRF eligible activities.

The procurement processes for architectural and engineering services as identified in 40 U.S.C. 1101 et seq., or an equivalent state requirement (also referred to as the Brooks Act) only applies to CWSRF eligible activities.

**5.r. What about Davis Bacon, EPA's Disadvantaged Business Enterprise (DBE) Program, Build America, Buy America (BABA), and American Iron and Steel (AIS)? Do these apply to me?**

Yes. Federal cross-cutting requirements of certain federal laws and Executive Orders apply to projects and activities funded with federal financial assistance. Federal cross-cutting requirements include:

- The [Davis-Bacon Act \(DBA\)](#) requires that all contractors and subcontractors performing construction, alteration, and repair (including painting and decorating) work under federal contracts in excess of \$2,000, pay their laborers and mechanics not less than the prevailing wage and fringe benefits for the geographic location.
- [EPA's DBE Program](#) applies to all EPA Assistance Agreements and requires recipients who procure goods and/or services to: employ the good faith efforts, document their efforts and maintain DBE forms and other documentation from the prime contractor and [report their procurement and DBE activities](#).
- Recipients are required to ensure that procurement plans comply with BABA requirements prior to grants being awarded. Requirements call for all the iron, steel, manufactured products, and construction materials used in the project to be produced in the United States. EPA provides the most current [information related to BABA waivers](#) online.
- The AIS provision requires recipients to use iron and steel products that are produced in the United States for the construction, alteration, maintenance, or repair of a public water system or treatment works. [Additional information on AIS](#) is available online.

**5.s. Do recipients need a separate Disadvantaged Business Enterprise (DBE) Program procedure and policy, or can all procurement policies and procedures be combined in one document?**

Recipients can combine DBE procedures and policies with other procurement procedures and policies.

**5.t. Is there sample language to include in requests for proposals (RFPs) and contracts for Davis-Bacon Act (DBA)?**

Yes, the DBA includes required language, additional information is provided online at [EPA's DBRA Webpage](#) online

**5.u. If construction is already in progress would the costs still qualify if we did not comply with DBE, BABA or AIS?**

Activities covered under Community Grants must comply with federal procurement requirements as well as DBE, BABA, and AIS. Recipients should contact the [EPA Regional Point of Contact](#) to discuss the specific circumstances of your project.

## 6. Environmental Review (NEPA)

### 6.a. What are my responsibilities for an environmental review for my project?

Projects funded through the Community Grants Program must undergo a federal environmental review to evaluate impacts of the project on the quality of the environment. Recipients provide information to EPA about the project and its potential environmental effects through:

- Review of EPA's list of actions that can be categorically excluded;
- Submit a request to EPA for a [categorical exclusion \(CATEX\)](#), or submit an Environmental Information Document (EID);
- Collaborate with EPA in the cross-cutter review process. Environmental laws, Executive Orders, and implementing regulations that are integrated with the National Environmental Policy Act (NEPA) are referred to as "cross cutters."

### 6.b. Is the NEPA review needed before or after the application is submitted?

Recipients are encouraged to submit documentation to inform the environmental review before submitting the grant application. The NEPA review must be completed before EPA can award the grant. Recipients should reach out to [EPA Regional Point of Contact](#) to discuss.

### 6.c. There are many acronyms related to the environmental review. What are some of the significant ones and what do they mean?

A **Categorical Exclusion (CATEX)** is a determination prepared by EPA that supports a finding that an action does not have significant effects on the human environment and fits within predetermined categories. A CATEX may apply when the project is minor (rehabilitative infrastructure or projects at existing facilities).

An **Environmental Information Document (EID)** informs an Environmental Assessment (EA) and describes the project, purpose and need for the project, the existing environment, potential environmental impacts from the project and its reasonable alternatives, and applicable mitigation measures.

An **EA** is a public document that describes the project, its purpose and need, the existing environmental potential impacts from the project, its reasonable alternatives, and mitigation measures to reduce potential impacts.

A **Finding of No Significant Impact (FONSI)** - A FONSI is a document prepared by EPA and includes the EA and any mitigation measures necessary to make the recommended alternative environmentally acceptable. Both the FONSI and EA are made available for public comment.

### 6.d. Can we request a CATEX determination prior to the grant application? Is it submitted through Grants.gov?

Yes, recipients are encouraged to submit environmental review information to the [EPA Regional Point of Contact](#) or assigned Project Officer prior to submitting the grant application. EPA must complete the NEPA review process prior to issuing a grant award; starting the process sooner



can reduce review time and delays. The NEPA review is not part of the grant application package and therefore not submitted through [Grants.gov](https://www.epa.gov/grants).

**6.e. If the project is co-funded with SRF funds and has undergone a State Environmental Review Process (SERP), would a CATEX or an EA be needed as well?**

Community Grants recipients with Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) co-funded projects for which a State Environmental Review Process (SERP) has been completed can submit the completed state analysis for EPA review. EPA is required to complete its own environmental review; however, EPA will review the SERP document and incorporate by reference any pertinent part of that document into EPA's environmental document. EPA will request additional information from the recipient if necessary for EPA to conduct its own environmental analysis.

**6.f. How long does the environmental review take?**

The amount of time the environmental review takes varies. There are varying degrees of environmental impacts, from minor to significant and beneficial to adverse, all of which impact the level and length of the environmental review process. Every project seeking grant funding is evaluated for its potential environmental impacts and cross cutter reviews are required for projects that are CATEX eligible as well as those that are not. Due to the varying length of time, recipients are encouraged to submit documentation to inform the environmental review prior to submitting the grant application.

**6.g. We are using the funds for a project that is a component of a larger one. Can the environmental review focus on our component only?**

When Community Grants funds support a project that is part of a larger action, EPA may conduct an environmental review that is limited to the Community Grants funded project. EPA may find this permissible when the project is independent of the larger action and can or will proceed regardless of whether other parts of the larger action are implemented. Environmental reviews for Community Grants funded projects that are integral components of larger actions will need to cover the larger action as well as the Community Grants funded portion.

**6.h. Can an EID be used to provide information for an EIS?**

Yes, in accordance with [40 CFR 6.102\(b\)\(4\)](https://www.ecfr.gov/current/title-40/chapter-I/subchapter-D/part-102/section-102.102(b)(4)), an Environmental Information Document (EID) is a written analysis prepared by an applicant that provides sufficient information for the Responsible Official to undertake an environmental review and prepare either an EA and FONSI or an EIS and record of decision (ROD) for the proposed action. However, an EID is not required in order for an EIS to be issued. EPA is required to publish a Notice of Intent (NOI) in the Federal Register, conduct the scoping process and subsequently prepare the draft EIS.

**6.i. Where can I find Categorical Exclusions and Environmental Assessments prepared by EPA?**

EPA's NEPA Compliance Database contains EPA's NEPA documents, issued after August 1, 2013, for its own actions.

**6.j. When do cross cutter agency documents from the state need to be updated or verified to still be valid. Would this be the case only if major changes to the project are made or when substantial time has passed (how long is substantial)?**

If there are any project changes that might affect any concurrence or completed coordination/consultation received from administering cross-cutter agencies, EPA may need to undertake additional coordination or consultation with a cross-cutter agency. Typically, a review is done for ongoing actions of the NEPA determinations that are five years old or older to make sure that there is not substantial changes in environmental conditions or new circumstances or information relevant to environmental concerns, etc.

**6.k. Can the grant cover NEPA related costs?**

EPA may fund the recipient's development of an Environmental Information Document (EID) or other analysis for cross cutting authorities or executive orders in order to provide supporting information, however EPA has the legal obligation to make the NEPA related decision, to issue the NEPA documents, to sign NEPA determinations, and to fulfill other cross-cutting Federal requirements before approving or paying for design and/or construction. Therefore, EPA grant funds cannot be used to prepare a federal document, such as an Environmental Assessment (EA) or Environmental Impact Statement (EIS).

**6.l. How is NEPA conducted if we want to apply for pre-award costs?**

Recipients can submit NEPA pre-award costs (e.g., crosscutter coordination, Environmental Information Document (EID) development) for approval. Recipients should discuss this with their [EPA Regional Point of Contact](#) or assigned Project Officer, and review the [CATEX checklist](#) and [EID outline](#) to get started.

**6.m. What if a NEPA determination was issued many years ago? How old is too old?**

For NEPA documents, there is no expiration date on NEPA documents. The mere passage of time does not trigger the need for a supplement to a NEPA document. In accordance with the Council on Environmental Quality (CEQ), documents more than five years old should be carefully re-evaluated to determine if a supplemental environmental review should be prepared. Typically, if there has been a substantial change in a proposed action that is relevant to environmental concerns, or if there are significant new circumstances or information relevant to environmental concerns and bearing on the proposed action or its impacts, a supplemental should be prepared.

**6.n. Will EPA adopt an old NEPA document that was issued for my project?**

EPA will need to review NEPA documents that are 5 years or older, to determine that there are no new circumstances or information relevant to environmental concerns or on the proposed action or its impacts.

For adoptions of another federal agency’s EA, EPA will need to review the EA to make sure the actions covered are substantially the same as EPA’s and the EA meets the standards for an adequate EA. EPA may need to supplement or reevaluate the EA as necessary in its FONSI.

For adoptions of another agency’s EIS, EPA will need to conduct an independent review and conclude that it meets the standards for an adequate EIS. If EPA determines that the EIS requires supplementation, it may require EPA to treat the EIS as a draft and supplement or reevaluate it as necessary. NOTE: Adoptions of EISs are more complex in the requirements under CEQ’s NEPA regulations and should be coordinated with EPA’s Office of Federal Activities (OFA) beforehand.

**6.o. When will I receive the funding listed in the Appropriations Act?**

While Congress directs Community Grants funds to specified recipients (legal entities) for defined projects as listed in Appropriations Acts, recipients are required to fulfill statutory and regulatory requirements before EPA can award a grant. EPA will award funding when those requirements are met but limited resources available to EPA to review and process applications will impact timing of awards

**6.p. We’ve already begun to incur costs for our project. When can I be reimbursed for these costs?**

Costs incurred by recipients prior to receiving grant awards will be assessed on a case-by-case basis, as part of EPA’s review of the project workplan and budget.

Costs incurred prior to grant awards may be allowable if the costs are in conformance with applicable federal and EPA regulations and if they are incurred on or after the start of the federal fiscal year in which funds were appropriated, )including both federal and recipient shares of costs (see the next question for additional details.) Notwithstanding, all costs incurred before EPA makes the award are at the recipient’s risk. EPA will award funding when these requirements are met but limited resources available to EPA to review and process applications will impact timing of awards.

**6.q. What can I expect in terms of the steps/process to be reimbursed for costs my project has incurred thus far?**

Costs incurred by recipients prior to receiving grant awards will be assessed on a case-by-case basis, including costs associated with EPA’s share of the funds as well as the recipient’s cost share. Costs incurred prior to grant awards may be allowable if the costs are in conformance with applicable federal and EPA regulations and if they are incurred on or after the **start of the federal fiscal year in which funds were appropriated, to be considered for eligibility.**

Appropriation Act Identifying Project and Funding	Appropriation Date	Earliest Potential Pre-Award Costs (Federal and/or Recipient Cost Share)
Consolidated Appropriations Act, FY 2022	March 15, 2022	October 1, 2021

Appropriation Act Identifying Project and Funding	Appropriation Date	Earliest Potential Pre-Award Costs (Federal and/or Recipient Cost Share)
Consolidated Appropriations Act, FY 2023	December 29, 2022	October 1, 2022
Consolidated Appropriations Act, FY 2024	March 9, 2024	October 1, 2023

If costs are determined to be allowable, the recipient must complete the application process, enroll in [Automated Standard Application for Payments \(ASAP\)](#) and receive a grant award. Once a grant is awarded, the recipient can begin work on the project and submit invoices and supporting documentation for all completed project activities reflected in the grant workplan. EPA will review the invoices and supporting documents, and once the invoices are approved, the recipient may draw the funds from the EPA payment system.

**6.r. How does EPA process reimbursements?**

To receive actual dollars, recipients will need to submit a payment request and supporting documentation in accordance with instructions provided in the grant award terms and conditions. Once payment requests are reviewed and approved by EPA recipients will be allowed to drawdown funds.

**6.s. During the post-award phase, is the money advanced, or is it reimbursed?**

All recipients are required to incur costs and submit a request for payment before a drawdown can be made

**6.t. Are grant management services eligible for the flat indirect cost rate of 10% for reimbursement?**

Personnel time for staff working on the grant is reimbursable. Eligible costs are negotiated with the assigned EPA Regional Grants Specialist and Project Officer. Recipients may want to view the General Principles and Considerations [training course module](#), as well as discuss this with the grant specialist and their project officer, if assigned.

## 7. Other-Miscellaneous

### 7.a. How is my state involved with my Community Grants project?

Unless a state and/or state agency is listed as a recipient in an Appropriations Act, states do not have explicit or inherent involvement or responsibility in managing and/or overseeing Community Grants projects. Recipients identified in the Appropriations Acts to receive Community Grants funding are responsible for implementing projects under grants from EPA and adhering to all applicable grant requirements and regulations.

### 7.b. Is my Community Grant an SRF grant?

No. While the Community Grants program is funded off the top of the Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) allocations, the Community Grants program is separate and distinct and funding is provided by direct grants to community recipients identified in Appropriations Acts.

### 7.c. Our project is already receiving SRF money, is there anything else I need to do for compliance with the Community Grants program?

The Community Grants program is separate from SRF. Community Grants recipients must apply separately through [Grants.gov](https://www.epa.gov/grants), and adhere to each of the applicable regulations as well as Terms and Conditions outlined in the grant award agreement.

### 7.d. Where can I find out what projects Congress has included within the Appropriations Acts?

Each Annual Appropriations Act identifies the grant recipients and their corresponding projects. The [FY 2022](#) Appropriations Act identifies 483 projects, the [FY 2023](#) Appropriations Act identifies 715 projects, and the [FY 2024](#) Appropriations Act identifies 1,022 projects. More information on the Community Grants Program and sortable project listings can be found at [EPA's Community Grants Webpage](#).