

The background of the page is an abstract composition of watercolor-like textures. It features a mix of vibrant green and deep blue hues, with some areas appearing more saturated and others more washed out, creating a sense of depth and movement. The textures are layered and somewhat irregular, resembling brushstrokes or natural pigments on paper. The overall effect is artistic and modern.

2022
FORECASTING
CHANGE,
OPPORTUNITIES
AND
CHALLENGES

FLASHBACK – MARCH 2020

- County Government Day 2020
- March 2nd and 3rd
- At a luncheon on March 2nd, our membership heard from Lt. Governor McNally, newly-elected Speaker of the House Cameron Sexton and Governor Bill Lee, who had been in office a little over a year
- After the luncheon, the Governor held a press availability and answered questions regarding a newly emerging public health threat – COVID 19
- Shortly after midnight in the early hours of March 3rd, a tornado crossed Nashville, damaging North Nashville, Germantown, East Nashville, Donelson and Mount Juliet
- The supercell storm front produced a total of 9 tornadoes that touched down in Gibson, Carroll, Benton, Humphreys, Dickson, Chatham, Davidson, Wilson, Smith, Putnam, Overton and Cumberland Counties
- March 4th – Exec. Order 13 to provide relief to victims of severe weather
- March 12th – First COVID Exec. Order

IMPACT OF COVID IN TENNESSEE

- Health Impacts
 - Over 2 million cases
 - Over 24,000 deaths
 - At an average of 12,000 deaths per year, COVID overnight became the third leading cause of death in Tennessee, second only to Heart Disease (16,019 in 2017) and Cancer (14,302 in 2017)
- Economic Impacts
 - Overnight the state jumped from 4.0% unemployment in March of 2020 to 15.8% in April
 - We did not return to 4% unemployment until November 2021

FEDERAL RESPONSE

CARES Act – March 27, 2020 - \$2.2 Trillion

ESSER (Elementary and Secondary School Emergency Relief Fund) \$13.2 Billion

ESSER II – December 27, 2020 - \$54.3 Billion

American Rescue Plan - March 11, 2021 - \$1.9 Trillion

Infrastructure Investment and Job Act - \$1.2 Trillion

TENNESSEE'S ARP ALLOCATIONS

- State of Tennessee received \$3.725 billion from the Coronavirus State and Local Fiscal Recovery Fund
- Counties, metropolitan governments and municipalities are estimated to receive a combined total of \$2.28 billion
- The local government portion broke down as follows:
 - \$1.326 billion for counties (direct entitlement)
 - \$516 million for large cities (direct entitlement)
 - \$438 million for smaller cities (non-entitlement)



“Never underestimate
the trouble a billion
dollars can create”

2021 Public Chapter 393

TIMELINE OF THE AMERICAN RESCUE PLAN



- However...
- If you spent funds prior to the rule becoming final on expenditures that were permitted under the interim final rule, you have a safe harbor; and...
- Even though the final rule doesn't take effect until April 1, 2022, you can take advantage of the new provisions prior to the effective date of the rule.

OXYMORON OF THE YEAR 2021

“Interim Final Rule”

LOST REVENUE

- Local governments may allocate up to \$10 million of their total Recovery Fund Allocation to spend on government services
- Simplifies reporting requirements for local governments using the standard \$10 million allowance
- In TN 64 counties were allocated a total of less than \$10 million



PROHIBITED USES OF STATE AND LOCAL FISCAL RECOVERY FUNDS

Cannot use funds to make “extraordinary contributions” to pension funds

Cannot use funds for paying legal settlements or judgements

Cannot use funds for debt service

Cannot use funds in a manner that undermines COVID-19 mitigation practices

Cannot use funds in violation of Uniform Guidance conflict of interest requirements and other laws

TENNESSEE'S PROPOSED USE OF FUNDING - INFRASTRUCTURE

- \$1.351 billion for Water and Wastewater Infrastructure through the Dept. of Environment and Conservation
- \$500 million for Broadband Infrastructure through the Dept. of Economic and Community Development
- \$200 million for the State Public Health Laboratory
- \$180 million for 3 new DIDD regional offices
- \$129 million in Capital Investments for Local Health Department
- \$120 million in healthcare facility staffing assistance grants
- \$13 million for Dept. of Corrections Electronic Health Records project
- \$51 million to Strategic Technology Solutions within the Dept. of Finance and Administration for Cybersecurity

ADDRESSING
ECONOMIC
EFFECTS

\$61 million for Unemployment
Insurance Tax and Benefits System

\$80 million in Support for TN Arts
Organizations

\$55 million – TN Tourism and
Hospitality Recovery Fund

\$45 million – TN Tourism ARP
Marketing Fund

\$50 million Commercial Agriculture
and Forestry Supply Chain
Enhancements

WATER AND WASTEWATER INFRASTRUCTURE PROPOSALS



Initially, counties were named as the only eligible entities to receive the \$1.35 billion the state set aside for water and wastewater projects



After a public comment period, TDEC revised the rules and now allows permitted municipalities to be eligible for these funds



Utility districts still may not apply directly



Why? Utility districts did not receive ARP funds. The goal is to use these state funds to leverage local investment of ARP dollars

CRITICAL NEEDS AND PRIORITY AREAS

Achieving compliance with water, wastewater and stormwater quality requirements

Asset management planning

Water loss reductions for Drinking Water Systems

Infiltration and Inflow Reductions for Wastewater Systems

Modernization of Facilities and Equipment

- Water Reuse
- Green Infrastructure Best Management Practices
- Consolidation/Regionalization
- Managing Risk/Building Resilience to extreme weather, cybersecurity and other hazards
- Planning for Replacement of Lead Service Lines for Drinking Water Systems
- Enhancing Service to Small, Underserved or Disadvantaged Communities

TIMELINE

March 31, 2022 – Application period for collaborative grant proposals opens

May 30, 2022 – First round of collaborative grant awards announced

June 1, 2022 – Application for non-collaborative grant proposals opens

August 31, 2022 – First round of non-collaborative grants announced

November 1, 2022 – Non-competitive grant phase closes

December 31, 2022 – Remaining grant awards announced

January 31, 2023 – Competitive grant timeline and fund total announced

December 31, 2024 – All remaining WIIP funds awarded or obligated

September 31, 2026 – All grant agreements end

December 31, 2026 – Deadline for all projects funded by ARPA

CHANGES FROM INITIAL PROPOSAL

- Originally, local co-funding requirements were between 20-40% with the local government receiving a 5% reduction if a certain portion of the funds came from local ARPA funds.
- Co-funding requirements now range from 15%-35% (no additional reduction for using ARPA funds).
- Collaborative proposals use the lowest percentage of any partner for the match. They also get an additional 5% reduction in co-funding.
- If 50% of the grant budget is for priority areas of emphasis, co-funding is reduced by 5%.
- Collaborative proposals must identify a lead entity to serve as the grant applicant (county or city).
- Applicants can only submit one collaborative proposal.
- Collaborative proposals must identify partners.
- Partners must contribute either 15% in funding or in-kind contributions to qualify as a collaborative proposal.
- Applicants can also submit only one non-collaborative proposal.

TENNESSEE INFRASTRUCTURE SCORECARD



Applicants must complete and submit a Tennessee Infrastructure Scorecard with any application.



This is a benchmarking tool for water, wastewater and stormwater systems, developed in conjunction with TAUD

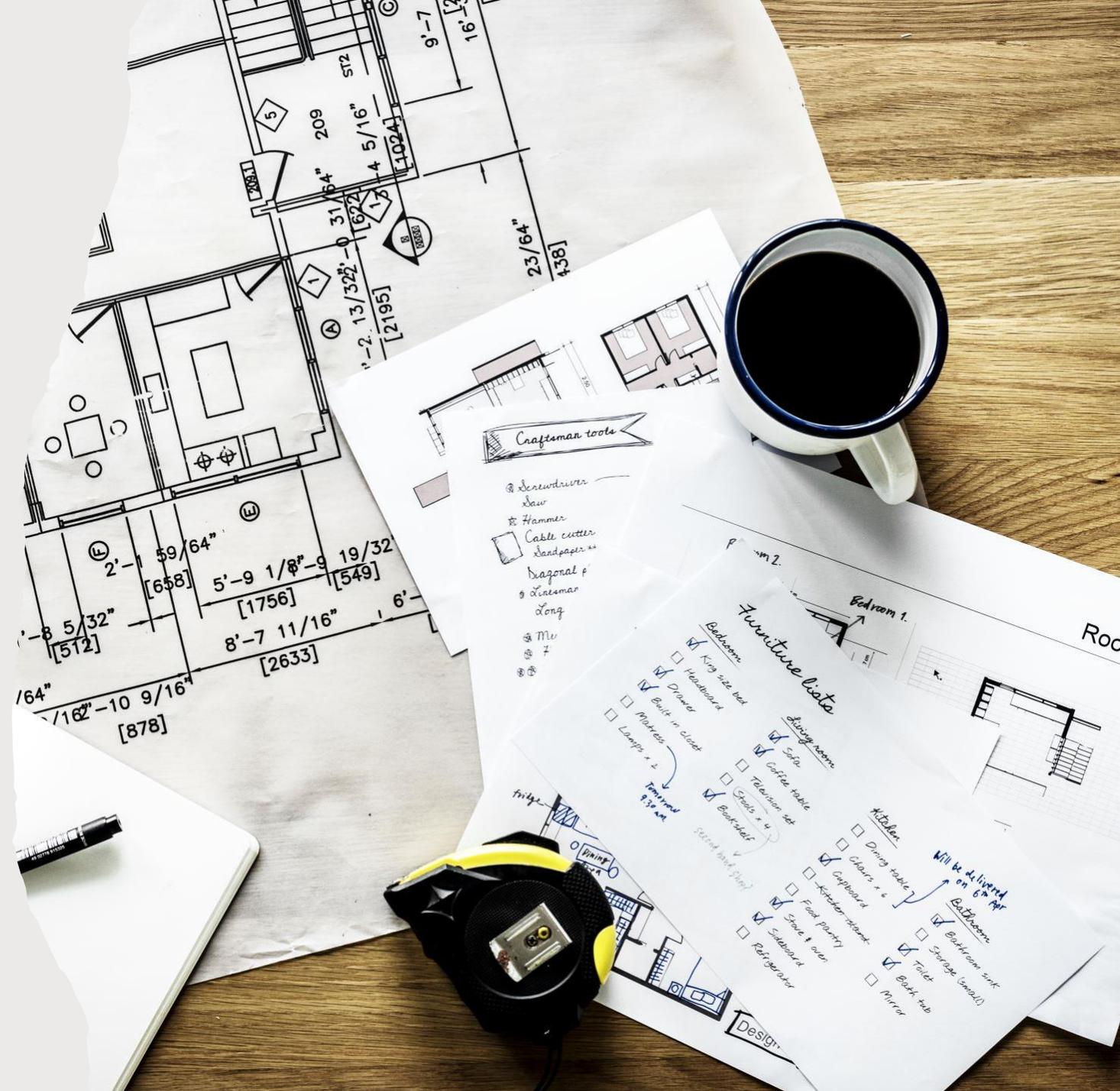


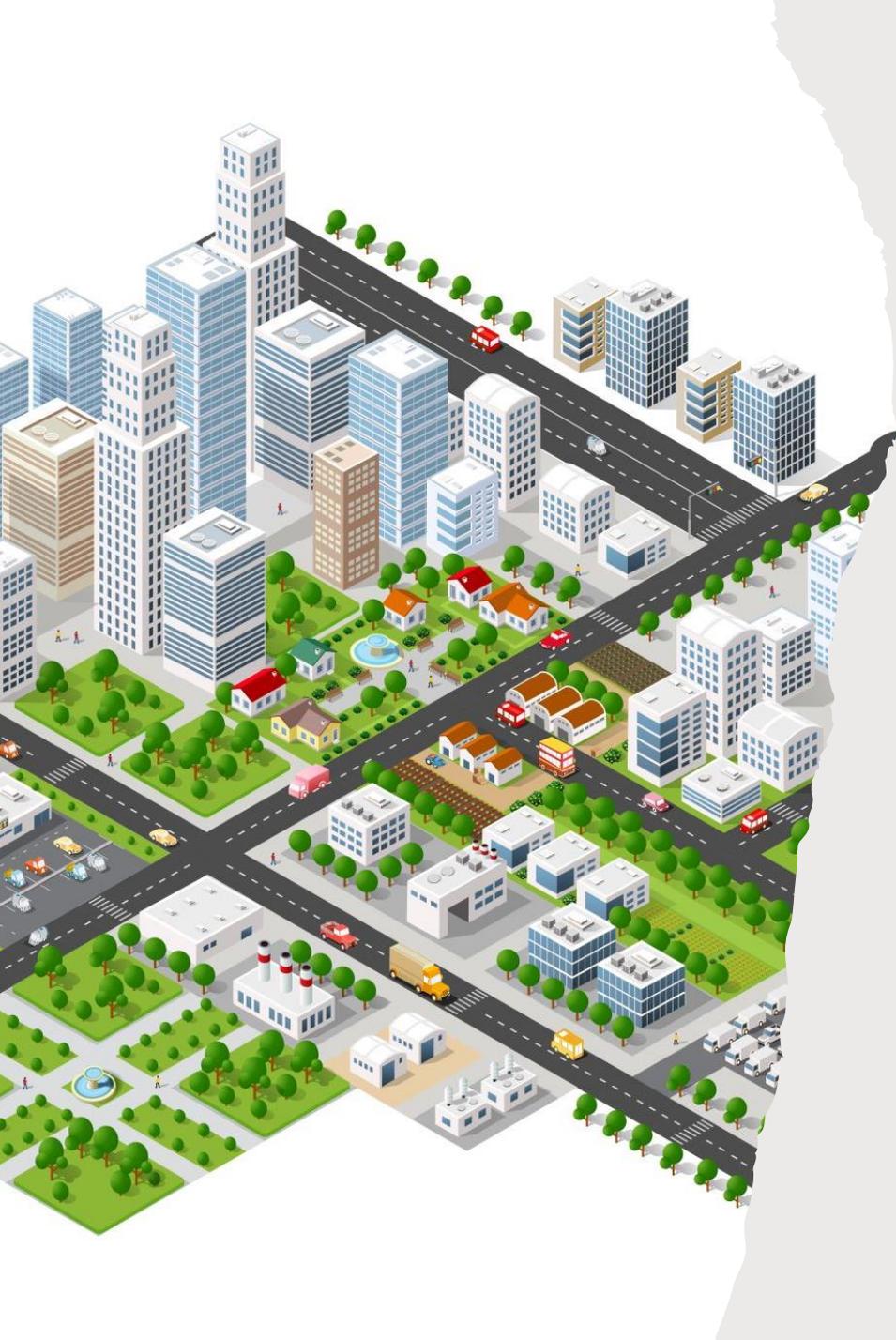
The scorecard will be used to highlight critical system needs.

- If a system has one critical need, it must be addressed in the application.
- If it has two needs, both must be addressed.
- If it has three or more needs, two must be addressed.
- Once critical needs are addressed, applicants may propose funding additional activities as long as the activities do not exceed the funding allocated to that applicant.

PROJECT AWARD TYPES

- Grant applicants need to select the project award “type” that describes the maximum extent of activities proposed for the water infrastructure system (drinking water, wastewater or stormwater)
- The project award types are:
 - Investigation and planning
 - Investigation, planning and design
 - Planning, design and construction
 - Construction only





BROADBAND GRANTS

- Total of \$500 million of state ARP funds dedicated to broadband access and adoption projects
- Of this amount, \$400 million will be awarded for infrastructure projects and \$100 million will be awarded to promote adoption and usage of broadband.
- TNECD is conducting a mapping project to identify broadband infrastructure assets statewide. This is anticipated to be complete in June of 2022.
- The new map will be used to determine the State's remaining unserved homes and businesses and the required funding in Phase 2 to complete the goal of universal broadband covered by the end of 2026.

ELIGIBILITY

- Applicants must be authorized to provide retail broadband in the area to be served. This includes telecom providers such as cable, electric and telephone cooperatives, fixed wireless, municipal broadband and satellite.
- TNECD definition of an unserved area is a geographic area in which at least 80% of households and businesses within it lack a fixed, terrestrial 100Mbps/20Mbps connection. Areas lacking 25Mbps/3Mbps will receive priority in the scoring.
- At the time of application, the most recent FCC Form 477 will be used to determine existing service levels. TNECD's mapping project is not anticipated to be available prior to grant awards. ECD reserves the right to use data from the mapping project in determining eligible areas once it becomes available.
- Eligible expenses are the costs necessary to provide broadband service supporting the needs outlined above to an end user. Should deliver 100Mbps upload and download

ADDITIONAL APPLICATION DETAILS AND PROJECT TIMELINE

- Funds are available to cover up to 70% of eligible expenses for most projects
- Funds cannot be used for middle-mile only projects. Middle-mile expenses are only eligible when they are necessary for proving last-mile services also proposed in the application.
- Grant applications are due on March 15, 2022
- Awards will be tentatively announced in early Summer 2022
- Expected completion dates are before Fall of 2025.
- Areas that overlap announced and funded USDA ReConnect areas or TN Broadband Accessibility Grant areas are not eligible.
- Rural Digital Opportunity Funds (RDOF) areas are eligible, but will not be scored as highly.

MATCHING REQUIREMENTS

- Funds are available to cover up to 70% of most projects. Applicants are responsible for the remaining 30%
- Local funds (from cities and counties) may be pledged to the provider and count toward the required 30% match.
- ECD states that if a local government wants to select a single provider, it must conduct an RFP to select the provider. The Comptroller's Office has opined that this competitive bidding requirement is not required if the partner is another governmental entity.
- Alternatively, ECD has said that it will accept applications where the local government has pledged to support multiple or any provider that is awarded a grant in their jurisdiction. However, they are not stating that this satisfies all procurement requirements.
- ECD will contract with the provider, not the local government.



OPIOIDS

The Other Local Government Health
Crisis

RECENT DEVELOPMENTS

- Last Friday, there was a final approval of the \$26 billion national opioid settlement with the nation's three major pharmaceutical distributors – Cardinal, McKesson, and AmerisourceBergen – and Johnson & Johnson.
- Funds will begin being released to a national administrator on April 2, 2022.
- Money will start flowing to state and local governments in the 2nd quarter of 2022
- Tennessee is estimated to receive over \$613 million out of this settlement
- However, these funds will be paid out over an 18-year period

DISTRIBUTION OF THE FUNDS

- If maximum payments are earned, up to \$92 million would be paid directly to Tennessee counties and certain municipalities from the subdivision fund. All 95 counties have signed on to the agreement and will receive direct allocations.
- Funds from the subdivision fund do not have to be spent on opioid abatement, but local governments are encouraged to do so
- If maximum payments are earned, up to \$429 million of settlement funds will be paid into the Tennessee Opioid Abatement Fund and dedicated to future opioid abatement.
- 35% of these funds (approximately \$150 million) will be available as block grants to participating counties to be used for approved purposes to be determined by the county
- The remaining funds will be under the control of the Opioid Abatement Council and will be expended for statewide, regional and local opioid abatement projects.



WHAT LIES AHEAD?

CHALLENGES AND CHANGE

- Tennessee Invests in Student Achievement
- Inflation and recession
- War in Europe
- Future COVID variants
- Elections