

July 19, 2021

AMWA says COVID-19 aid dollars should fund wide range of water projects

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The Treasury Department should allow recipients of grants through COVID-19 relief legislation enacted earlier this year to spend their share of dollars on a wide range of water infrastructure projects, AMWA said in comments last week in response to an Interim Final Rule (<https://home.treasury.gov/system/files/136/FRF-Interim-Final-Rule.pdf>) governing how the funds may be used.

AMWA's comments (<https://www.amwa.net/testimonycomments/comments-use-covid-19-relief-funds-water-infrastructure>) said that Treasury's Interim Final Rule represented "a reasonable starting point" by allowing states and communities that receive assistance through Treasury's State and Local Fiscal Recovery Funds to spend them on water infrastructure projects that are eligible for EPA's State Revolving Fund (SRF) programs. However, AMWA noted that narrowly applying the SRF eligibility test could lead to the exclusion of projects that do not appear on a state's intended use plan or projects that might be eligible for another water infrastructure funding program but not the SRFs. To avoid this problem, AMWA said the Interim Final Rule should be revised to specifically include eligibility for projects that qualify for aid through other water infrastructure programs, such as EPA's Water Infrastructure Finance and Innovation Act (WIFIA) program.

AMWA's comments also urged the Treasury to clearly cite the water sector as an "essential critical infrastructure sector," a designation that would enable states and communities to use Fiscal Recovery Fund dollars to cover premium pay earned by critical water utility staff during the pandemic. The Interim Final Rule did not specifically reference the status of the water sector or its workers, potentially discouraging funding recipients from reimbursing water utilities for these expenses.

The Treasury Department announced (<https://www.amwa.net/article/treasury-outlines-eligible-water-projects-local-allocations-covid-19-relief-funds>) the availability of \$350 billion worth of State and Local Fiscal Recovery Fund dollars in May. In addition to paying for

necessary water and wastewater infrastructure projects, recipients may also use them on broadband infrastructure and other pandemic response priorities. All funding obtained through the funds must be obligated by December 31, 2024.

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