



Water and Sewer Projects

This document provides specific guidance for **water and sewer projects**. Applications may involve multiple activities as part of a single project; ARC encourages applicants to review the specific guidance for each type of activity included in an application.

ARC investment in water and sewer projects targets one of the most essential building blocks for the survival and economic prosperity of any community. Infrastructure investments and integrated economic development plans offer some of the largest returns on investment for economic and community prosperity. ARC categorizes water and sewer projects under Goal 3 of its strategic plan.

Examples of eligible water and sewer projects include, but are not limited to:

- Industrial park improvements or site development to spur or drive economic activity and opportunity.
- Extending public water and wastewater service to previously unserved areas, and repair failing systems serving residential and/or commercial users.
- Addressing deficiencies and overflow in combined sanitary and storm sewer systems to protect public health and natural resources.
- Replacing aged and deteriorated pump stations to eliminate overflows, reduce constant repair costs and improve system efficiency and resiliency.
- Research, planning, and other non-construction activities, including flow monitoring, video line inspections, smart meter installation and circuit rider programs.

ARC's Residential Infrastructure Policy

ARC will award grants for basic residential water and sewer infrastructure projects only for communities in ARC-designated distressed counties, with some exceptions allowed for at-risk and transitional counties. These exceptions are:

- (1) the location of the project is in a distressed area of the county;
- (2) as disaster relief;
- (3) to address a mandate of the federal EPA or a state health or environmental agency; or
- (4) as a self-help project

ARC's policy for residential infrastructure can be found in Appendix A to ARC Project Guidelines (revised 2020)

Basic Agencies

ARC does not administer any construction projects, including water and sewer projects. ARC operates in partnership with federal and state agencies under an MOU to manage federal construction grants throughout the region. It is the applicant's responsibility to secure a letter from the appropriate federal or state agency, known as a basic agency letter, indicating their willingness to administer ARC funds for the applicant's project. An ARC grant for water/sewer cannot be approved without this letter from the federal or state agency. A list of eligible basic agencies can be found at <https://www.arc.gov/basic-agency-partners/>. Once an ARC grant for a water/sewer project is approved, grantees are encouraged to reach out directly to their basic agency to develop an implementation plan and schedule.

Key Principles of ARC Water and Sewer Investments

As outlined in ARC's strategic plan, activities should be strategic, collaborative, sustainable, and impactful.

More Information

For general guidance on how to develop a complete and competitive application for ARC project funding, all applicants should refer to the application framework and instructions detailed in the [Checklist for ARC Non-Construction Project Applications](#) form or the [Checklist for ARC Construction Project Applications](#) form, as appropriate, available in the applicant resources section of our website.

Applicants should also consult their ARC State Program Manager*, their state's Appalachian Development Plan* and Annual Strategy Statement* for additional information.

*This information can be found [HERE](#) by navigating to the page and clicking on the appropriate state link.

Strategic:

- Applicants should consider how proposed projects will address problems to existing systems or take advantage of unmet need or opportunity.
- Project proposals should indicate a strong familiarity with data on current water and sewer systems (coverage, costs, impact, etc.), number of households and businesses served in service area, industry expansion and impacts on employment, planned developments – any factor that demonstrates a project's need or demand.
- Project design considers other regional infrastructure systems and is part of an integrated approach to utility delivery, rather than an independent, stand-alone service.
- Project design should reflect awareness of the links between adequate utility infrastructure and economic development opportunity.

Collaborative:

- Any community or group that has interest in or will benefit from a proposed project are natural partners and should be offered a role in project planning.
- Some partners may participate in the project's financing, implementation, or administration, and may be brought in as partners through contract or procurement. Examples include engineering firms to provide preliminary budget reports, planning districts, county boards, businesses, organizations, and institutions that will benefit after project is completed.

Sustainable:

- Projects should be designed to become self-sustaining after the ARC grant period has closed. Applicants need to consider how the project will be maintained after ARC funds are used and address other factors that could affect sustainability.
- Qualified staff and on-going financial resources are imperative to project sustainability and need to be well documented in the project narrative through an asset management plan (e.g., a five-year pro forma financial projections).
- Applicants should assess whether ARC investment in the project could be used to effectively leverage more resources from state or federal programs, private foundations, or public and private enterprises.

Impactful:

- All project proposals should include performance targets. Applicants should refer to ARC's Guide to Performance Measures for information on determining appropriate project measures.
- All measures must be trackable. Applications should include an estimate of appropriate performance measures that will be achieved within three (3) years of the project's completion. Current impacts are reported at time of project close-out.
- Typical efficiency, output, and outcome measures for water and sewer projects include specific infrastructure calculations (i.e., # of linear feet to be installed, million gallons related to storage capacity, million gallons per day related to production capacity), businesses and jobs created or retained, leveraged private investment (LPI), communities served and improved). If job creation/retention or LPI dollars are part of the performance targets, letters from affected businesses are required.

Other Considerations

- Costs associated with water and sewer projects are often higher than anticipated and delays in obtaining necessary materials are frequent. These contingencies should be factored into the project budget and schedule and anticipated as likely challenges.
- Projects intended to increase a utility's resiliency to natural disaster, security breach, staff turnover, unexpected economic downturn, or other crisis must pair general benefits (i.e., reducing the likelihood of negative impacts) with clear ARC Performance Measures as described under the Impactful section.

Helpful Resources

- ARC's Current Strategic Plan <https://www.arc.gov/wp-content/uploads/2022/01/Appalachia-Envisioned-ARC-Strategic-Plan-FY-2022-2026.pdf>
- ARC Applicant Resources <https://www.arc.gov/grant-resources/>
- State and Federal Basic Agencies: <https://www.arc.gov/basic-agency-partners/>
- Research Report: <https://www.arc.gov/report/evaluation-of-the-appalachian-regional-commissions-drinking-water-and-wastewater-infrastructure-projects-fy-2009-fy-2016/>