

PROGRAM GUIDELINES

FFY 2024 OSG GRANT APPLICATION SCHEDULE

<u>Date</u>	<u>Activity</u>
May 2, 2025	Project letters of intent due
July 3, 2025	Project application must be emailed, postmarked, or received (if hand delivered)
Aug 31, 2025	Applicants notified of selected projects
September - December 2025	Memorandum of Agreement drafted (anticipated)
February 1, 2026	Projects may begin (anticipated)
September 30, 2028	Project completion

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1.0 Introduction

1.1 Sewer Overflow and Stormwater Reuse Municipal Grant (OSG) Funding for Green Infrastructure

The America's Water Infrastructure Act (AWIA) of 2018 and the Infrastructure Investment and Jobs Act amended section 221 of the Clean Water Act (CWA) to reauthorize the Sewer Overflow and Stormwater Reuse Municipal Grants Program. The OSG program is a **reimbursement grant** intended to address the infrastructure needs of local governments for combined sewer overflows (CSO), sanitary sewer overflows (SSO), and stormwater management. Federal grant requirements mandate that **a minimum of 20% of the total grant award must be used for implementation of green infrastructure solutions**. The grant specifically targets rural and disadvantaged communities, requiring zero match from communities that qualify. Communities that do not meet the eligibility requirements to qualify as rural or disadvantaged will be required to provide 20% in matching funds (cash or in-kind) and will receive lower priority in the project ranking.

1.2 What is Green Infrastructure?

The 2019 Water Infrastructure Improvement Act defines green infrastructure as “the range of measures that use plant or soil systems, permeable pavement or other permeable surfaces or substrates, stormwater harvest and reuse, or landscaping to store, infiltrate, or evapotranspire stormwater and reduce flows to sewer systems or to surface waters.” Green infrastructure practices include Downspout Disconnection, Rainwater Harvesting, Rain Gardens, Planter Boxes, Bioswales, Permeable Pavements, Green Streets/Alleys/Parking/Roofs, Urban Tree Canopy, Land Conservation, Green Detention Basin Retrofits, Wetland Restoration, Stream Restoration, and Riparian Zone Plantings, among others. Benefits to communities include providing cleaner air and water, flood protection, increased recreational spaces, and diverse habitat for wildlife.

2.0 OSG Program Guidelines

2.1 Applicant Eligibility

To be eligible to apply for OSG funds, you must be a municipal entity.

While all municipalities are eligible to apply, communities that qualify as rural or disadvantaged will receive priority in project ranking. Rural communities are those with a population of $\leq 10,000$ people. Communities with an MHI of $\leq 80\%$ of the state's MHI are automatically designated as disadvantaged. Communities that do not meet definitions for rural or disadvantaged are required to provide 20% matching funds.

Applicants that do not meet the eligibility requirements will not be considered for funding.

2.2 Project Eligibility

Projects that do not meet the eligibility requirements will not be considered for funding.

Ineligible projects include but are not limited to projects involving:

- Routine compliance monitoring and sampling
- Stormwater storage that does not utilize green elements
- Traditional “grey” infrastructure; aka engineered infrastructure that does not mimic the natural environment to infiltrate or filter stormwater
- Direct acquisition of land/easements

Eligible projects must address issues related to stormwater management utilizing green infrastructure or nature-based solutions.

Green Infrastructure Project Planning vs. Project Implementation:

Project Planning Activities

Planning – Funds can be used to identify appropriate green infrastructure measures, such as Best Management Practice (BMP) selection and siting. Applications for planning projects should explain how the project will support the implementation of stormwater management controls and *should convincingly demonstrate a high likelihood of progressing to the implementation of the project.*

Design – Funds can be used to complete engineering design of identified green infrastructure BMPs.

Project Implementation Activities

Construction - Funds can be used for construction of identified green infrastructure practices to control stormwater runoff. This can include implementation of any of the measures identified under *Planning*, **with the exception of direct land acquisition.**

Examples of eligible green practices include, but are not limited to the following:

- Downspout Disconnection
- Rainwater Harvesting
- Rain Gardens
- Planter Boxes
- Bioswales
- Permeable Pavements/Pavers
- Green Sinks
- Green Streets/Alleys/Parking/Roofs
- Urban Tree Canopy
- Land Conservation
- Green Detention Basin Retrofits
- Wetland/Stream Restoration
- Riparian Zone Plantings

Associated Costs of Land Acquisition: Funds may be used for costs associated with land transactions that result in the permanent protection of property that could be used to reduce stormwater runoff, provide flood control, or improve natural infiltration of stormwater. This includes, among others:

- Performing land surveys as a precursor to acquisition
- Associated legal and transaction costs
- Title opinion
- Attorney fees
- Baseline documentation
- Stewardship plans

2.3 General Funding Criteria

- Projects must be completed within a two-year timeframe
- Projects must demonstrate a high likelihood of implementation
- Minimum project cost must be \$150,000
- Phased projects may be considered for funding in subsequent years
- Documentation of project partner commitment and/or landowner consent is required with applications
- Construction projects exceeding \$2,500 require a competitive bid process and must demonstrate a good faith effort regarding involvement and consideration of disadvantaged businesses
- Projects cannot begin prior to approval of the Memorandum of Agreement (MOA) by DOW
- Quarterly reporting and reimbursement
- Maintenance agreement, if applicable
- Projects involving construction will be subject to the Build America Buy America (BABA) Act that was enacted as part of the Bipartisan Infrastructure Law in 2021 (<https://www.doi.gov/grants/BuyAmerica>)
- Projects will be expected to comply with the [Davis Bacon Act](#) for wage determinations.
- Communities that do not meet definitions for rural or disadvantaged are required to provide 20% matching funds. Rural communities are defined as having a population of less than 10,000. A disadvantaged community is defined as having a Median Household Income (MHI) less than or equal to 80% of the state's MHI, as outlined in Kentucky's annual [Intended Use Plans](#).

2.5 Funding Approval Process

Applications received by the deadline are evaluated for eligibility and ranked according to established criteria (see Ranking Criteria). The ranking criteria give more weight to applications that contain:

- Locations in rural or disadvantaged communities
- Demonstration of a high likelihood of effective implementation
- Inclusion of matching funds (cash or in-kind)
- Demonstration of qualified project manager/personnel involvement
- Documentation of stakeholder commitment

Applicants will be contacted when proposed projects are selected for funding. Funding recipients must enter into a Memorandum of Agreement (MOA) with DOW using application information.

MOAs will include requirements for project timelines, budget, deliverables, reporting and reimbursement, and deadlines. MOAs will be provided to applicants for review and must be signed and returned to DOW for final approval. **Projects cannot begin until final approval of the MOA.**

2.6 Program Timeline and Reporting

- May 2, 2025 - Letter of Intent Due
- July 3, 2025 - Applications Due
- August 31, 2025 - Applicants Notified of Selected Projects
- September - December 2025 - Memorandum of Agreement Drafted (Anticipated)
- February 1, 2026 - Projects Begin (Anticipated)

Quarterly Report and Reimbursement Forms are required to be submitted by each project.

Projects funded through the FFY 2024 cycle will need to be completed no later than **September 30, 2028**, at which time a final invoice and report will be submitted. All reports and invoices must be approved by the DOW prior to reimbursement.

3.0 Applying to OSG

3.1 Application Steps

STEP 1: SUBMIT PROJECT LETTER OF INTENT

The Division of Water encourages submission of a Letter of Intent to notify the Division of the intended submission of an application. Letters should be submitted by May 2, 2025, using the OSG Letter of Intent Form.

STEP 2: THE PROJECT APPLICATION

It is important that applications clearly convey what the project proposes to accomplish and how that will be achieved. All applicants are encouraged to use the OSG Application Form. Applications that are incomplete or represent ineligible projects will not be considered for funding. The application must be emailed, postmarked, or received (if hand delivered) no later than July 3, 2025. Any submissions after this date will not be considered for funding under the current Federal Fiscal Year (FFY). All applicants will be notified regarding their project eligibility or allowability.

STEP 3: PROJECT APPLICATION RANKING AND SELECTION

Eligible and complete project applications submitted on time will undergo the ranking and selection process. Because funding is limited, it is very unlikely that all project applications will receive funding. Therefore, project applications compete against each other for these funds. A panel of reviewers from the DOW participate in evaluating project applications based on criteria for a successful project. Applicants will receive notice of whether a project has been selected for funding after the evaluation process is complete.

The review and ranking process takes into account the accuracy and completeness of an application. If your application is selected for funding, its content will be incorporated into a legal contract to complete the work described. **It is imperative that your application is accurate and complete.**

STEP 4: FUNDING

After the EPA awards OSG funds to Kentucky, DOW ranks and selects project applications for funding, then develops and submits a final workplan to EPA for review and approval. Once EPA approves the final workplan, a legal contract between DOW and the applicant will be written and executed. If you are working on your first OSG project, you may wish to obtain a sample legal contract to review. Please note that the EPA frequently adds special conditions and requirements grants. Those that apply to your project will be “passed on” to you in the legal contract.

OSG program funds are distributed as a **reimbursement grant**, meaning that projects will incur costs and submit invoices to the DOW for reimbursement. Quarterly invoicing is required by the program, but projects may wish to invoice more frequently. Project activities that will receive reimbursement cannot begin until DOW and the applicant sign and fully execute a legal contract. An executed contract will be emailed and/or mailed to the applicant.

3.2 Application Website

[Click here](#) for the application and application instructions.

3.3 Application Deadlines

Printed applications must be received (if hand delivered) or postmarked no later than **July 3, 2025**. Any applications submitted after this date will **not** be considered for funding under the FFY 2024 OSG Grant.

3.4 OSG Program Contacts

For assistance with your OSG application, please reach out to DOW Staff with questions:

Grant Technical Assistance Contacts

Dale Booth...502-782-6895
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