



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

OFFICE OF
WATER
ARRA 09-02

May 13, 2009

MEMORANDUM

SUBJECT: Adequate solicitation of Green Project Reserve applications under the American Reinvestment and Recovery Act

FROM: James A. Hanlon, Director
Office of Wastewater Management (4204M)

for Cynthia C. Dougherty, Director
Office of Ground Water and Drinking Water (4610M)

TO: Water Management Division Directors
Regions I - X

The American Reinvestment and Recovery Act (ARRA) requires that at least 20% of each capitalization grant from ARRA funds be spent on green projects. States that have sufficient qualified projects to meet the Green Project Reserve do not need to solicit additional projects. States that do not have sufficient projects to meet the Green Project Reserve requirement must continue to actively solicit and accept applications. States may not decline to consider funding applications for qualified Green Reserve Projects unless the 20% requirement has been met.

EPA's goal is for all states to successfully utilize ARRA funding for the Green Project Reserve. EPA realizes this may be a new business model for some states and is prepared to help with outreach efforts to solicit project applications by connecting states with national associations involved in projects targeted by the Green Project Reserve, as well as development of outreach plans, templates for materials, and other project solicitation efforts at the individual state level. Please work with the EPA Regional Offices to elevate requests for assistance.

If sufficient qualified applications are not received for projects that are targeted by the Green Project Reserve, then states may certify that they have insufficient applications and request EPA approval to use the funding for other eligible projects. Please note that States cannot use State level prohibitions, whether based on State statute, regulation, or policy, on funding the types of projects targeted by the Green Project Reserve as a justification for insufficient applications. Regions should identify States that have limits on the types of green projects they can fund and actively work with the Directors to take the necessary steps to achieve the 20% requirement in

ARRA. The earliest a state can seek EPA approval for its certification of insufficient applications is 180 days from enactment of ARRA, or August 17, 2009. EPA will closely review all state certifications of insufficient applications before deciding whether to approve or disapprove the certification. EPA will use the following sample actions as a guide when evaluating state certifications of insufficient Green Project Reserve applications:

- Prominent messages on state SRF, recovery and green infrastructure websites;
- Notification clearly soliciting funding applications for projects eligible for the Green Project Reserve sent to all municipalities in the State;
- Targeted meetings with State programs associated with green infrastructure, water and energy efficiency, and other environmentally innovative projects;
- Notification clearly soliciting funding applications for projects eligible for the Green Project Reserve sent to mailing lists used by the aforementioned state programs;
- Targeted meetings with associations, watershed organizations and environmental groups involved in green infrastructure, water and energy efficiency and other environmentally innovative projects;
- Notification clearly soliciting funding applications for projects eligible for the Green Project Reserve sent to mailing lists and members of aforementioned associations, watershed organizations and environmental groups.

If EPA approves a state certification, then the portion of the Green Project Reserve for which there are no qualified applications can be used for other conventional, eligible projects. If EPA does not approve a state certification, then the state can continue soliciting projects thereafter. However, funds associated with the Green Project Reserve that are not committed to projects under construction or in a contract by February 17, 2010 will be deobligated from awarded grants.

If you have any questions concerning the contents of this memorandum, you may contact us, or have your staff contact George Ames, Chief, State Revolving Fund Branch, Municipal Support Division, at (202) 564-0661, or Charles Job, Chief, Infrastructure Branch, Drinking Water Protection Division, at (202) 564-3941.