

Water Sector Program Payment and Closeout Requirements for Projects Utilizing American Rescue Plan (ARPA) Funding

1. Payment Release for Projects in Construction

For projects that have commenced construction, the program will authorize a **single payment release of the remaining balance of the ARPA grant award**, subject to the following conditions:

- The payment shall **not exceed the project's total cost** .
- Payment shall be contingent upon confirmation that construction has commenced and submission of documentation substantiating the work performed and the total project cost. Acceptable documentation may include a contractor pay application, invoice, AIA payment application, or other comparable supporting documentation. In addition, if the grantee receives Water Sector Program (WSP) funds for costs that have not yet been incurred the grantee shall deposit the funds in a separate fund or account for use on the approved water sector program project. WSP funds shall not be commingled with or maintained in an unrestricted general revenue account.
- In no case shall the payment exceed the amount of awarded grant funds as reflected in the cooperative endeavor grant agreement along with any approved amendments.

At the time of payment, the release of ARPA funds will be based on total project cost not to exceed the ARPA grant award reflected in the CEA as amended. Payment may include reimbursement of previously documented match funds in order to prioritize and ensure the timely expenditure of ARPA funds.

2. Local Match Considerations

The program acknowledges that issuing a single payment of the grant award could effectively reduce the **local match percentage** originally proposed in the application or subsequently approved by the Water Sector Commission, e.g., if a deductive change order is issued.

- The program accepts this outcome as an allowable and intentional policy decision.
- No recalculation or enforcement of the originally proposed match percentage will be required at payment.

3. Elimination of Cost-Incurred Documentation for Local-Match and requirements for ARPA funds supporting documentation

Under this revised policy:

- Grant recipients will **no longer be required to submit invoices, pay applications, or other supporting documentation** to demonstrate costs incurred for the local match.
 - As the projects progress and as a part of the grant closeout, grant recipients would be required to submit invoices, pay applications, or other supporting documentation to demonstrate costs incurred for all ARPA grant funds expended on the project. Any amount unable to be supported may be subject to recapture and return of grant funds.
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Closeout Package Requirements

Although interim cost documentation shall no longer be required, a **robust closeout package** is essential to demonstrate that the project was completed as approved and that public funds achieved their intended purpose.

The following closeout documentation for all projects funded with ARPA grant funds:

Required Closeout Documentation

1. Project Completion Certification

- A signed certification from the grantee stating that:
 - The project has been fully constructed in accordance with the approved scope of work.
 - The project is complete and operational. Funded infrastructure assets have been placed into service and are being operated by the grantee or its authorized operator.

2. Certificate of Substantial Completion or Final Acceptance

- Documentation evidencing final acceptance of the project, such as:
 - A Notice of Substantial Completion, or
 - A Letter of Final Acceptance issued by the grantee to the contractor.

3. Final Cost Summary

- A summary identifying:
 - The original construction contract amount,

- Approved change orders (if any), and
 - The final contract amount.
 - Detailed listing of project expenditures, list should include vendor names, payment dates, amounts, purpose. This list would include all costs associated with the project funded with either ARPA funds or local funds.
- Any additional invoices, pay applications, or other supporting documentation (not already submitted) to support the total amount of ARPA funds received.