

December 1, 2011

**MEMORANDUM**

TO: The Honorable Phil Berger, Co-Chair

The Honorable Thom Tillis, Co-Chair

**Joint Legislative Commission on Government Operations**

The Honorable David Rouzer, Chair

The Honorable Robert Mitchell Gillespie, Co-Chair

The Honorable Ruth Samuelson, Co-Chair

**Environmental Review Commission**

The Honorable Don East, Co-Chair

The Honorable Carolyn Justice, Chair

The Honorable David Rouzer, Co-Chair

The Honorable Roger West, Chair

**Subcommittees on Appropriations for Natural and  
Economic Resources**

Mr. Mark Trogdon, Acting Director, Fiscal Research Division

Ms. Lanier McRee, Fiscal Research Division

**Division of Fiscal Research, North Carolina General  
Assembly**

FROM: Richard E. Rogers, Jr., Executive Director, CWMTF

Re: Clean Water Management Trust Fund's 2011 Annual Report

## **Introduction**

The Board of Trustees of the Clean Water Management Trust Fund (CWMTF) is writing to thank the members of the General Assembly of North Carolina for your continuing support for investments in clean water and to make our annual report to the General Assembly and the public pursuant to GS 113A-257.

Water is the essence of life. All things that live rely on water to sustain themselves. As a state, our economic viability, health and ability to sustain ourselves and the natural environment all rely on clean water. The ability for the state to sustain its most important economies including agriculture, tourism and recreation require good water quality. To ensure sufficient drinking water supply for growing industry and the state's growing population, surface water must be protected. Since its start in 1996 the CWMTF, a non-regulatory program, has strived to protect North Carolina's surface water through a wide array of programs that include wastewater, stream and wetland restoration, stormwater, riparian buffer conservation and greenways. The program has actively managed more than 1,500 grants while leveraging more than \$1.50 (totaling \$1.5 Billion) for every \$1.00 the state has invested with the fund.

In 2011 the CWMTF was able to fund close to 50 projects (Appendix 1) to protect, restore and enhance the surface waters to the state, yet the CWMTF left more than \$125,000,000 in requests for projects unfunded. If funded these projects would have helped protect drinking water supplies and provided improved water quality to support the state's economy, improve our citizens' quality of life and sustain our natural heritage.

Today, the need for water quality protection is greater than ever because of the growing reliance the state will have on surface water to meet the drinking water needs of the growing population. The CWMTF has set its sights on aiding communities to help meet their need in protecting their drinking water supplies through drinking watershed protection as well as reservoir development. And with adequate funding the drinking water needs of the state can be met for generations to come. There remains a great deal of work that needs to be done to protect our surface waters in North Carolina.

## **Background**

The 1996 General Assembly created the Clean Water Management Trust Fund (CWMTF). The purpose of the CWMTF is (Chapter 113A Article 18 (GS 113A-251 et seq.)), "to clean up pollution in the State's surface waters and to protect, preserve and conserve those waters that are not yet polluted." The CWMTF "shall be used to help finance projects that specifically address water pollution problems and focus on upgrading surface waters, eliminating pollution, and protecting, preserving, and conserving unpolluted surface waters, including enhancement or development of drinking water supplies" and "to build a network of riparian buffers and greenways for environmental, educational, and recreational benefits. It is lastly the intent of the General Assembly that moneys from the Fund also be used to preserve lands that could be used for water supply reservoirs."

The CWMTF is an independent non-regulatory agency housed for administrative purposes in the Department of Environment and Natural Resources (DENR.) A 21-member board of trustees establishes criteria, allocates funds, reviews applications, approves grants, and hires the executive director. Seven members are appointed by the Governor; seven by the General Assembly upon the recommendation of the President Pro Tempore of the Senate; and seven by the General Assembly upon the recommendation of the Speaker of the House. An advisory council composed of the

Commissioner of Agriculture, Chair of the Wildlife Resources Commission, Secretary of DENR, and Secretary of Commerce or their designees advises the board of trustees.

Local governments, state agencies, and nonprofit conservation organizations, such as land trusts, are eligible applicants. The next deadline for applications is February 1, 2012.

Moneys from CWMTF may be used to repair failing wastewater collection and treatment systems; to eliminate failing septic tanks and straight pipes; to prevent, reduce, collect and treat stormwater pollution; to acquire conservation easements or land in fee simple to preserve riparian buffers, wetlands, floodplains, and greenways; to restore riparian buffers, streams, and wetlands; to plan water quality projects; and for administration and staff. The board works through three principal committees: infrastructure/wastewater, restoration/stormwater/greenways, and land/conservation easement acquisition.

CWMTF application forms for grants, grant evaluation guidelines, enabling legislation, lists of the board of trustees, staff directory, news releases, and other reports and documents are available at [www.cwmf.net](http://www.cwmf.net).

The executive director, a deputy director, wastewater/infrastructure project manager, restoration and stormwater project manager, water quality advisor, business officer, stewardship coordinator, acquisition program assistant, and infrastructure program assistant are based in the central office in Raleigh. Four field representatives cover the coast, piedmont and mountain regions of the state.

In 2011, the Board of Trustees met four times –once in Chapel Hill and three times in Raleigh. The board's regularly scheduled September and November meetings were cancelled.

## **2011 Summary**

During FY 2010-2011 the Clean Water Management Trust Fund (CWMTF) was still recovering from the budget crisis of 2009 and the Governor's action to reallocate \$115 million of its funding to help balance the budget deficit. At the beginning of 2010, CWMTF had more than a third of its 2008 grant awards (\$40 million of \$115 million) still on hold as a result of the budget crisis. After working with grant recipients to identify cost saving measures in its 2008 projects, the need was reduced from \$40 million to \$28 million and the board was able to use \$35 million of its 2010-2011 funds for new 2010 project awards.

In FY 2010-2011 \$2.4 million was allocated to fund remaining 2008 projects. With approximately \$5.5 million remaining to fund 2008 projects, the board will continue to work to fund these projects in 2011-2012 according to authorized expenditure of funds by the legislature.

In the 2011-12 Budget the General Assembly eliminated CWMTF's statutory authorization of \$100,000,000 and funded the program at \$11,250,000. The Legislature also directed CWMTF to allocate funds towards COPs debt service, administration, the acquisition of property to protect military bases, water infrastructure projects, donated easement minigrants and the purchase of

conservation easements. The Board of Trustees authorized an annual administrative budget of up to \$1.5 million for fiscal year 2011-2012 at its August 2011 meeting.

To date, the Board of Trustees has awarded \$9.8 million dollars in new 2011 projects including \$7.4 million on infrastructure projects and \$2.2 million for military base protection acquisition projects and \$.2 million in donated minigrants. (Appendix 1)

### **Budget Focus – Program Administration**

The CWMTF administrative budget is approved annually by our Board of Trustees. The trustees take a very businesslike approach to the implementation of the program. Over the past 3 years the administrative budget has been reduced by \$1,000,000 or 38%. This includes a 65% reduction in our operating cost and a total of 37% reduction in workforce over the same period of time. In just the last year CWMTF has reduced staff by almost 25%. CWMTF implemented a reduction in force plan that eliminated 4 permanent positions July 1, 2011.

The Fund has implemented these reductions by simplifying programs and processes and by reshaping its business practices. While making significant administrative changes, the program has improved its effectiveness in managing projects and stewarding state funds. Administrative reductions include: moving out of leased space and into state offices, eliminating all but one state cell phone and by eliminating a state vehicle and capping mileage. Through the trustee's oversight the Fund has been able to maintain and in some cases improve our management of the 300 ongoing grant contracts totaling nearly \$100,000,000 dollars that the program will continue managing this year..

CWMTF's management structure is attached. (Appendix 2)

### **HB 609 – Promote Water Supply Development/Efficiency**

This legislation provides CWMTF the authority to fund the acquisition of land for the purpose of water supply reservoirs. CWMTF is working to implement this legislation and will adopt criteria for the consideration of funding reservoirs in coordination with the Division of Water Resources which is responsible for the implementation of this legislation.

### **Summary**

In 2011 CWMTF did not have the opportunity to fund but a small percentage of the applications. More than \$127,000,000 in requests will go unfunded this year. However, the projects funded will support economically distressed communities help to protect the drinking water of almost 2 million North Carolina citizens and creating needed jobs in 26 counties.

CWMTF will continue to steward state dollars in its administration of grants and in funding projects that provide the greatest water quality benefit to the surface waters of the state. Water is a resource that is vital to current economic engines in North Carolina such as agriculture, tourism and recreation. Access to clean water is critical in recruiting new industry. It is important to continue to assist local governments with infrastructure needs and keep our surface water clean for business interests and the people of North Carolina.

CWMTF 2011 Grant Awards

Appendix 1

Project Type	Board Approved For Funding	Board Conditional Approval Pending Funds Becoming Available	Total Project Cost	% Matching Funds
Protection of Military Installations	\$2,194,817	\$0	\$4,583,019	52%
Donated Minigrant*	\$253,765	\$0	\$5,055,203	95%
Wastewater Infrastructure	\$5,526,500	\$2,433,221	\$20,338,755	61%
Restoration/Stormwater	\$2,092,811	\$2,423,818	\$12,320,606	63%
<b>Total</b>	<b>\$10,067,893</b>	<b>\$4,857,039</b>	<b>\$42,297,583</b>	<b>65%</b>

\* An additional \$496,000 has been allocated for future minigrant awards during the fiscal year.

Overview of CWMTF 2011 Awards:  
 \* 46 awards made in 26 different counties across the state  
 \* CWMTF funds will leverage an overall 65% in matching funds  
 \* 76% of wastewater awards made to economically distressed communities  
 \* Infrastructure awards focus on projects that are construction ready  
 \* 17 awards will help to protect downstream water supplies serving over 1.8 million people in 26 different communities, with 3 communities serving over 250,000

Projects Receiving Final Awards

Application Name	Board Approved For Funding	Board Conditional Approval Pending Funds Becoming	Total Project Cost	% Matching Funds	Proposed Project Description	County
<b>Protection of Military Installations</b>						
1 NC Coastal Land Trust - Military Land Acquisition/ Lukens Island Phase III, Brown's Creek	\$1,022,744		\$2,375,344	57%	Acquire easements on 678 acres along Brown's Creek to protect water quality and the Marine Corps Piney Island Bombing Range from encroachment.	Carteret
2 NC Coastal Land Trust - Military Land Acquisition/ MCAS Cherry Pt, Lewis Farm Tract, Goodwin Cr	\$427,125		\$927,250	54%	Acquire 49 acres along an unnamed tributary to Goodwin Creek to protect MCAS Cherry Point military installation from encroachment. Property to be managed as park by City of Havelock.	Craven
3 Sandhills Area Land Trust - Military Land Acquisition/ Ft. Bragg, Thompson Tract, Deep River	\$330,548		\$451,625	27%	Acquire 116 acres along McLeandons Creek to protect Ft. Bragg military training lands.	Moore
4 The Nature Conservancy- Military Land Acquisition/ Seymour Johnson AFB, Davis & Kilkenny Tracts, Alligator River	\$414,400		\$828,800	50%	Acquire 1,655 acres along the South West Fork of the Alligator River to protect the primary approach corridor to the Dare Co Bombing Range.	Tyrrell
<b>Subtotal</b>	<b>\$2,194,817</b>		<b>\$4,583,019</b>	<b>52%</b>		
<b>Donated Minigrants</b>						
5 12 Donated Minigrants have been awarded to date	\$253,765		\$5,055,203	95%	Fund transaction costs to accept the donation of conservation easements on over 800 acres along streams across the state providing significant water quality benefits and matching funds.	

	Application Name	Board Approved For Funding	Conditional Approval Pending Funds Becoming Available	Total Project Cost	% Matching Funds	Proposed Project Description	County
	<b>Wastewater Final Awards</b>						
6	Bath, Town of - Wastewater/ WWTP & Disposal Upgrade, Carter Creek	\$600,000		\$1,388,915	57%	Fund first phase of a WWTP and disposal upgrade project to treat effluent to reuse standards and reduce pollutant loading to Carter Creek, a nutrient sensitive water in the Tar-Pamlico river basin.	Beaufort
7	Camden County - Septic Tanks/ South Mills Septic Tank Elimination, Dismal Swamp Canal	\$600,000		\$1,010,025	41%	Eliminate failing septic systems in South Mills Community by constructing septic tank effluent pump (STEP) systems to serve residences and the NCDOT Visitor Center. Waste would be transported to South Camden Water & Sewer District WWTP and would improve water quality in Dismal Swamp Canal.	Camden
8	Gastonia, City of - Wastewater/ Cramerton & Gastonia Regional Sewer Project, South Fork Catawba River	\$600,000		\$2,800,000	79%	Continues work to eliminate the Town of McAdenville and Pharr Yarns wastewater treatment plants and send wastewater to Gastonia Long Creek plant which will reduce pollutant loading to South Fork Catawba River, an impaired stream.	Gaston
9	Green Level, Town of - Wastewater/ Sewer Rehabilitation, Haw River	\$220,000		\$2,094,900	89%	Construct upgrade to Otter Creek pump station and force main to transport wastewater from Greenlevel to the East Burlington WWTP. Project will mitigate sewer overflows and reduce pollutant loading to Otter Creek, an impaired stream, and help protect downstream water supplies on the Haw River (serving Pittsboro) and on Jordan Lake (serving over 120,000 customers in Chatham County and Cary).	Alamance
10	Johnston County - Wastewater/ Community College Reclaimed Water System, Neuse River	\$580,000		\$1,532,000	62%	Expand Johnston County reclaimed wastewater disposal system to serve Johnston County Community College, Williams Lumber Company and Lampe Malphrus Lumber Company. Will decrease wastewater discharge and nutrient loading to the Neuse River, a nutrient sensitive waterbody, and help protect downstream water supply for Goldsboro.	Johnston
11	Maysville, Town of - Wastewater/ Treatment System Upgrades, White Oak River	\$440,000		\$550,000	20%	Construct first phase of a WWTP upgrade project by installing a pump station and force main to irrigate leased land with a reel gun until storage ponds and an infiltration basin can be funded. Will improve water quality in the White Oak River, a state significant aquatic habitat.	Jones



	Application Name	Board Approved For Funding	Conditional Approval Pending Funds Becoming Available	Total Project Cost	% Matching Funds	Proposed Project Description	County
12	Salisbury, City of - Wastewater/ WWTP Elimination, Second Creek	\$600,000		\$1,771,700	66%	Construct wastewater regionalization project to eliminate one pumping station and a poorly performing package treatment plant. Will reduce pollutant loading to Second Creek, an impaired stream, and help to protect downstream water supplies on the Yadkin River serving Denton and on Tuckertown Reservoir serving Albemarle.	Rowan
13	Stantonsburg, Town of - Wastewater/ WWTP Improvements Phase I, Contentnea Creek	\$600,000		\$2,054,400	71%	Construct WWTP improvements to reduce discharge of pollutants to Contentnea Creek, an impaired stream, and reduce nutrient loading to nutrient sensitive waters in the Neuse River basin.	Wilson
14	Taylorsville, Town of - Septic Tanks/ Lower Little River Catawba	\$600,000		\$1,950,335	69%	Construct wastewater collection system to eliminate failing septic systems in the community of Millersville and transport wastewater to Taylorsville's WWTP for treatment. Will improve water quality in the Lower Little River and help to protect a downstream water supply on Lake Norman, serving over 740,000 customers in the areas of Charlotte-Mecklenburg, Lincoln County, and Mooresville.	Alexander
15	Troy, Town of - Wastewater/ Discharge Reduction & Land Application, Densons Creek	\$600,000		\$1,219,919	51%	Construct pump station and force main to transport reuse quality effluent from Town's WWTP to municipal golf course for spray application. Will reduce pollutant loading to Denson's Creek, home of rare aquatic species, and help protect downstream water supply on the Pee Dee River serving Richmond and Anson Counties.	Montgomery
16	West Jefferson, Town of - Wastewater/ Sewer Rehabilitation, Little Buffalo Creek	\$86,500		\$183,000	53%	Replace gravity sewer and rehabilitate manholes to reduce wastewater spills to Little Buffalo Creek, an impaired stream, and to protect waters further downstream supporting trout and rare aquatic species.	Ashe
	<b>Wastewater Final Awards Subtotal</b>	<b>\$5,526,500</b>		<b>\$16,555,194</b>	<b>67%</b>		
	<b>Restoration / Stormwater Final Awards</b>						
17	Charlotte, City of - Stormwater/ South Park Campus Watershed Enhancement, Little Sugar Creek	\$400,000		\$1,544,764	74%	Construct 6 stormwater best management practices on multi-school campus which would help to improve downstream impaired Little Sugar Creek. Continues comprehensive local effort to improve water quality in Little Sugar Creek.	Mecklenburg

	Application Name	Board Approved For Funding	Conditional Approval Pending Funds Becoming Available	Total Project Cost	% Matching Funds	Proposed Project Description	County
18	Durham, City of - Stormwater/LID Raincatchers Retrofit, Ellerbe Creek	\$242,811		\$436,881	44%	In stall stormwater best management practices at 230 residences as a pilot project to determine the cost effectiveness of installing residential retrofits in reducing the pollutant loading to surface waters. Will improve the quality of runoff entering Ellerbe Creek, an impaired stream, and help to protect downstream water supply on Falls Lake serving Raleigh (over 345,000 customers).	Durham
19	Mecklenburg County Stormwater Services - Restoration/ Torrence Creek Tributary #1 Restoration Phase I	\$400,000		\$2,089,000	81%	Continue stream restoration and enhancement work in Torrence Creek watershed. This will help to protect downstream water supply on Mountain Island Lake serving the Charlotte-Mecklenburg area (over 775,000 served) and improve water quality in an impaired stream.	Mecklenburg
20	National Committee for the New River - Restoration/ South Fork Boone Greenway Restoration	\$250,000		\$1,956,100	87%	Construct stream enhancement project on South Fork New River at Town of Boone Greenway and ASU athletic fields. Will help to protect a downstream water supply on the South Fork New River serving the Town of Jefferson and pristine waters that support a significant aquatic habitat for rare species.	Watauga
21	NC Coastal Federation - Restoration/ Mattamuskeet Ventures Farm (Lux Farm) Watershed Restoration	\$400,000		\$934,273	57%	Fund phase I of a 3-phase project to reroute runoff from 42,500 acres of drained agricultural land back to its natural drainage pattern and help to protect sensitive shellfish waters. When completed, the effort will be the largest of its kind in NC to demonstrate the integration of innovative agricultural operations with water quality objectives.	Hyde
22	Resource Institute, Inc - Restoration/ Ararat Phase II Restoration & Greenway	\$400,000		\$985,085	59%	Construct 3 stormwater best management practices in developed areas to improve water quality in the Ararat River and help to protect downstream water supply on Yadkin River serving Davie County and King. Complete preliminary design for stream enhancement on Ararat River & Lovills Ck, which will be integrated & complementary to greenway design along same reaches.	Surry
	<b>Restoration /Stormwater Final Awards Subtotal</b>	<b>\$2,092,811</b>		<b>\$7,946,103</b>	<b>74%</b>		



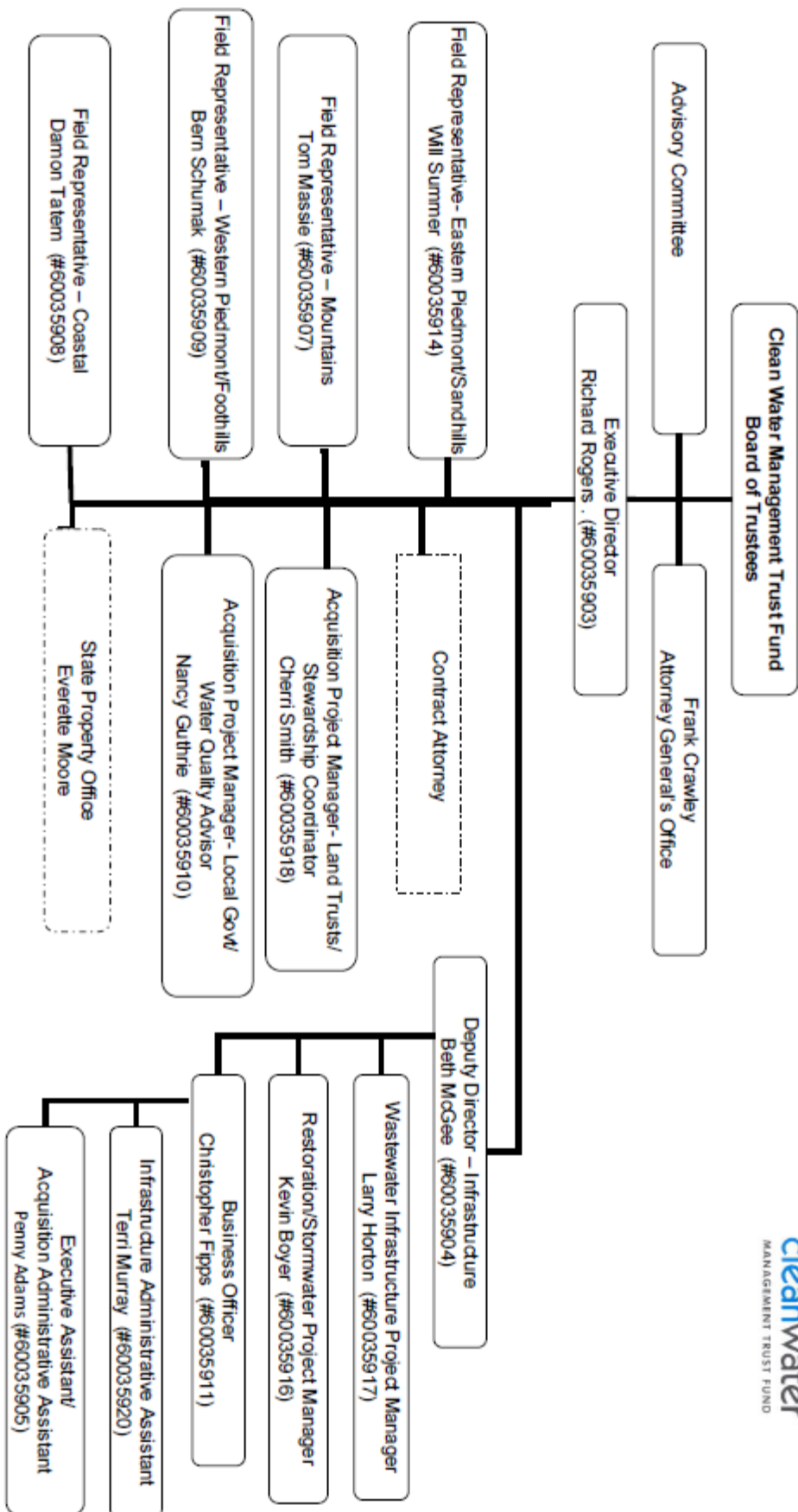
	Application Name	Board Approved For Funding	Conditional Approval Pending Funds Becoming Available	Total Project Cost	% Matching Funds	Proposed Project Description	County
	Projects Receiving Conditional Awards Pending Funds Becoming Available						
	Wastewater Conditional Awards						
23	Fairmont, Town of - Wastewater/ Sewer Rehabilitation Phase I, Lumber River		\$600,000	\$1,000,000	40%	Replace and rehabilitate sewer lines and manholes to reduce overflows of untreated sewage and improve water quality in the Lumber River, a state significant aquatic habitat with rare aquatic species.	Robeson
24	Thomasville, City of - Wastewater/ Sewer Rehabilitation, Hamby Creek		\$563,750	\$668,175	16%	Upgrade the East Davidson pump station to mitigate overflows of untreated sewage to Hamby Creek, and impaired stream, and help to protect downstream water supplies on Badin Lake, Yadkin River and Tuckertown Reservoir serving Albemarle and Denton.	Davidson
25	Ayden, Town of - Wastewater/Sewer Rehabilitation, Swift Cr		\$180,160	\$225,200	20%	Replace sewer lines and manholes to mitigate exfiltration/infiltration and overflows into Swift Creek, an impaired stream in the Neuse River basin.	Pitt
26	Pembroke, Town of - Wastewater/ Sewer Rehabilitation, Bear Swamp		\$600,000	\$750,000	20%	Rehabilitate gravity sewers and add standby power at 10 pump stations to mitigate overflows and reduce pollutant loading to a downstream water supply on the Lumber River serving Lumberton, and into Bear Swamp, an impaired stream. Will also reduce hydraulic loading to Pembroke WWTP.	Robeson
27	Saratoga, Town of - Wastewater/ Sewer Rehabilitation, Toisnot Swamp		\$459,811	\$1,106,401	58%	Rehabilitate manholes, repair sewer service lateral connections to the sewer main, and improve pump stations to reduce hydraulic leading to the Stantonburg WWTP and improve water quality in Toisnot Swamp in the Neuse River basin.	Wilson
28	Enfield, Town of - Septic Tanks/ Watson St Septic Tank Elimination, Fishing Creek		\$29,500	\$33,785	13%	Construct gravity sewer and service laterals to residences along Cub Drive to eliminate failing septic tanks and improve water quality in Fishing Creek and a downstream water supply on the Tar River serving Tarboro.	Halifax
	Wastewater Conditional Awards Subtotal		\$2,433,221	\$3,783,561	36%		
	Restoration / Stormwater Conditional Awards						
29	Riverlink - Stormwater/ Ross Creek Stormwater & Restoration		\$365,000	\$909,000	60%	Construct 7 stormwater best management practices to reduce pollutant loading from existing development into Ross Creek, an impaired stream. Helps to begin implementation of the City's master plan for the watershed.	Buncombe

	Application Name	Board Approved For Funding	Conditional Approval Pending Funds Becoming Available	Total Project Cost	% Matching Funds	Proposed Project Description	County
30	Pilot View RC&D, Inc - Restoration/ Elkin Creek Stream Restoration & Riparian Buffer Enhancement		\$371,038	\$526,697	30%	Construct stream enhancement project along Elkin Creek which will help protect downstream water supplies on the Yadkin River serving Winston-Salem (over 275,000 customers), Davie County, King and Jonesville. Will also improve water quality in Elkin Creek, a trout stream.	Surry
31	Durham Soil & Water Conservation District - Restoration/ Upper Sandy Creek Restoration Phase V		\$370,100	\$475,819	22%	Construct stormwater wetland to treat runoff from developed areas and stream restoration project along portion of unnamed tributary to Upper Sandy Creek. Part of a larger water quality improvement project in the watershed and would help protect downstream water supply at Jordan Lake serving Chatham County and Cary (over 120,000 customers).	Durham
32	Charlotte, City of - Stormwater/ McDonald Pond Rehabilitation, Irwin Creek		\$200,000	\$625,715	68%	Reconstruct pond's dam and spillway structure to optimize its performance in treating runoff from 98 acres and to improve water quality in Irwin Creek, an impaired stream.	Mecklenburg
33	Mecklenburg County Stormwater Services - Restoration/ Upper Torrence Creek Restoration Phase I		\$400,000	\$957,800	58%	Continue stream restoration and enhancement work in Torrence Creek watershed. This will help to protect downstream water supply on Mountain Island Lake serving the Charlotte-Mecklenburg area (over 775,000 served) and improve water quality in an impaired stream.	Mecklenburg
34	Durham Soil & Water Conservation District - Stormwater/ Southern High School Stormwater BMP Construction, Chunky Pipe Creek		\$320,000	\$370,692	14%	Construct stream stabilization project to improve water quality in Chunky Pipe Creek, an impaired stream, and help protect downstream water supply on Falls Lake for City of Raleigh (serving over 345,000 customers). Design, permit and record easements for a stormwater wetland to improve stormwater runoff from high school.	Durham
35	Pilot View RC&D, Inc - Restoration/ Linville River Watershed Phase III Restoration		\$397,680	\$508,780	22%	Construct stream restoration or enhancement project on the Linville River and a tributary. Would help to protect trout stream and downstream water supplies on Lake Rhodhiss and the Catawba River serving Morganton, Lenoir, Granite Falls and Valdese.	Avery
	<b>Restoration / Stormwater Conditional Awards Subtotal</b>		<b>\$2,423,818</b>	<b>\$4,374,503</b>	<b>45%</b>		



# Clean Water Management Trust Fund Organizational Chart With Position Numbers

Appendix 2



Current as of 07-2011

  = part time contract employee