



North Carolina Department of Environment and Natural Resources

Beverly Eaves Perdue
Governor

Dee Freeman
Secretary

MEMORANDUM

TO: ENVIRONMENTAL REVIEW COMMISSION
The Honorable David Rouzer, Chair
The Honorable Mitch Gillespie, Co-Chair
The Honorable Ruth Samuelson, Co-Chair

FISCAL RESEARCH
Mr. Mark Trogon, Acting Director, Fiscal Research Division

FROM: Kari Barsness *KKB*
Director of Legislative and Intergovernmental Affairs

SUBJECT: State Infrastructure Fund Annual Report

DATE: November 1, 2011

Pursuant to General Statute 159G-26, the department shall submit to the Environmental Review Commission and the Fiscal Research Division a report on the State Infrastructure Fund by November 1st of each year. Please consider the three attached reports: the Water Infrastructure Fund report and the Drinking Water and Clean Water State Revolving Loan Fund annual reports to meet this reporting requirement.

If you have any questions or need additional information, please contact me by phone at (919) 715-4189 or via e-mail at Kari.Barsness@ncdenr.gov.

cc: Robin Smith, Assistant Secretary for Environment
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**NORTH CAROLINA
WATER INFRASTRUCTURE FUND
Annual Report
Fiscal Year 2011**

Prepared by
The Division of Water Quality
Department of Environment and Natural Resources
Dee Freeman, Secretary
November 1, 2011

EXECUTIVE SUMMARY

North Carolina Water Infrastructure Fund

Fiscal Year 2011

This annual report on the North Carolina Water Infrastructure Fund has been prepared pursuant to North Carolina General Statute 159G-26.

During fiscal year 2011 the Division of Water Quality, Construction Grants and Loans Section, received Capitalization Grants from the Environmental Protection Agency in the amounts of \$12,281,148 and \$36,773,000, respectively. The State of North Carolina provided the required twenty percent State match for both EPA grants through a combination of appropriations, reserves, and monies received from the rural center. The 2011 EPA Capitalization Grant application was submitted to EPA following the close of June 30, 2011. The award details will be made available in the 2012 Annual Report.

The Division of Water Quality, Construction Grants and Loans Section also continued to effectively administer EPA funds received under the American Recovery and Reinvestment Act of 2009 during FY 2011. As of June 30, 2011 there were 27 ARRA projects closed out (project completed and all payments made) and it is expected that the 22 remaining projects will be closed out during fiscal year 2011-2012.

During fiscal year 2011 the wastewater reserve general loan account provided funding for 4 wastewater infrastructure projects for 4 local government units all of which met the high-unit cost threshold (i.e., interest rate for the loan is 0%). These loans totaled \$6,205,652. In addition, 10 local government units received Technical Assistance Grants to help resolve non-compliance. These Technical Assistance Grants totaled \$435,475. Ongoing project costs continued to be reimbursed from the general loan, high unit cost grant, and emergency loan accounts.

During fiscal year 2011 the Division of Environmental Health¹ received the 2009 Environmental Protection Agency Capitalization Grant in the amount of \$27,414,000. The State of North Carolina has provided the required \$5,482,800 State match through appropriations. As of June 30, 2011 the Division of Environmental Health (PWS) had not received approval of the 2010 EPA Capitalization Grant or applied for the 2011 EPA Capitalization Grant. The Division of Environmental Health has also continued to administer EPA funds received under the American Recovery and Reinvestment Act of 2009 during FY 2011.

Exhibits I through V in this report provide full details regarding the financial status of the Wastewater and Drinking Water Reserves within the North Carolina Water Infrastructure Fund. Detailed information about the Clean Water and Drinking Water State Revolving Fund accounts is contained in the respective EPA Annual Reports (copies attached).

¹ The Public Water Supply Section in the Division of Environmental Health that administers the DWSRF program was moved to the Division of Water Resources effective the beginning of the 2011-2012 Fiscal Year pursuant to SL 2011-145.

EXHIBIT I**Balances in Wastewater and Drinking Water Reserves - for the Period Ending 06/30/11****Wastewater Reserve****General Loan Account**

Beginning Balance 07/01/2010	\$16,682,890
Interest on Investments	174,653
Payment of Interest on Loans	486,370
Repayment of Principal	2,621,309
Current Year Disbursements	-3,394,910
Ending Balance 06/30/2011	<u>\$16,570,312</u>

Less: Existing Commitments	-15,566,435
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** Availability 06/30/2011	<u>\$1,003,877</u>
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High Unit Cost Grants

Beginning Balance 07/01/2010	\$14,462,801
Interest on Investments	4,675
Current Year Disbursements	-3,095,164
Ending Balance 06/30/2011	<u>\$11,372,312</u>

Less: Existing Commitments	-11,091,745
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Availability 06/30/2011	<u>\$280,567</u>
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Technical Assistance Grants

Beginning Balance 07/01/2010	\$431,658
Interest on Investments	4,582
Current Year Disbursements	0
Ending Balance 06/30/2011	<u>\$436,240</u>

Less: Existing Commitments	-435,475
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Availability 06/30/2011	<u>\$765</u>
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Emergency Loan Account

Beginning Balance 07/01/2010	\$3,498,891
Interest on Investments	38,379
Payment of Interest on Loans	183,390
Repayment of Principal	866,288
Current Year Disbursements	-5,095

Ending Balance 06/30/2011	<u>\$4,581,853</u>
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Less: Existing Commitments	-2,774,073
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Availability 06/30/2011	<u>\$1,807,780</u>
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Drinking Water Reserve**General Loan Account**

Beginning Balance 07/01/2010	\$6,386,860
Interest on Investments	69,736
Payment of Interest on Loans	213,993
Repayment of Principal	1,713,127
Current Year Disbursements	0
Ending Balance 06/30/2011	<u>\$8,383,716</u>

Less: Existing Commitments	0
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Availability 06/30/2011	<u>\$8,383,716</u>
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High Unit Cost Grants

Beginning Balance 07/01/2010	\$3,010,088
Interest on Investments	162
Current Year Disbursements	-374,505
Ending Balance 06/30/2011	<u>\$2,635,745</u>

Less: Existing Commitments	-2,269,951
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Availability 06/30/2011	<u>\$365,794</u>
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Technical Assistance Grants

Beginning Balance 07/01/2010	\$0
Interest on Investments	
Current Year Disbursements	
Ending Balance 06/30/2011	<u>\$0</u>

Less: Existing Commitments	0
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Availability 06/30/2011	<u>\$0</u>
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Emergency Loan Account

Beginning Balance 07/01/2010	\$2,980,681
Interest on Investments	32,087
Payment of Interest on Loans	60,782
Repayment of Principal	210,336
Current Year Disbursements	0

Ending Balance 06/30/2011	<u>\$3,283,886</u>
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Less: Existing Commitments	0
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Availability 06/30/2011	<u>\$3,283,886</u>
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EXHIBIT II - Wastewater Reserve
Identification of Each Loan and Grant for Fiscal Year 2011
General Loan Account

<u>Recipient</u>	<u>New</u>	<u>Commitment</u>	<u>Amount Disbursed FY 2011</u>	<u>Amount Disbursed Prev. Years</u>	<u>Remaining Commitment</u>
Contentnea, MSD		3,000,000	150,000	2,850,000	0
Town of Stantonburg		306,710	13,895	292,815	0
Town of Clarkton		786,327	570,303	0	216,024
Town of Black Mountain		974,345	799,196	0	175,149
Town of Stantonburg		1,616,251	0	0	1,616,251
Town of Norwood		2,451,000	0	0	2,451,000
Johnston County		3,000,000	0	0	3,000,000
Macon County		2,043,250	1,043,761	0	999,489
Town of Creedmor		845,625	817,755	0	27,870
Junaluska Sanitary Dist.		1,625,000	0	0	1,625,000
Town of Oakboro	Y	2,019,292	0	0	2,019,292
Town of Columbus	Y	2,750,000	0	0	2,750,000
Town of Conway	Y	686,360	0	0	686,360
Total		\$22,104,160	\$3,394,910	\$3,142,815	\$15,566,435

High Unit Cost Grants

Macon County		3,000,000	3,000,000	0	0
Town of Tabor City		3,000,000	0	2,823,860	176,140
Catawba County		3,000,000	0	1,366,258	1,633,742
Swan Quarter		3,000,000	0	2,837,823	162,177
Town of Louisburg		2,295,500	0	1,464,165	831,335
Town of Magnolia		3,000,000	0	2,996,345	3,655
Town of Mt. Olive		3,000,000	0	2,850,000	150,000
Town of Clayton		1,833,333	0	1,749,361	83,972
Harnett County		2,000,000	95,164	1,904,836	0
City of Hickory		2,946,043	0	0	2,946,043
Town of Burnsville		3,000,000	0	0	3,000,000
City of High Shoals		2,104,681	0	0	2,104,681
Total		\$32,179,557	\$3,095,164	\$17,992,648	\$11,091,745

Technical Assistance Grants

City of Kinston	Y	50,000	0	0	50,000
Town of Robersonville	Y	19,600	0	0	19,600
Town of Elm City	Y	50,000	0	0	50,000
Town of Murphy	Y	50,000	0	0	50,000
Town of Elizabethtown	Y	50,000	0	0	50,000
Town of Franklinton	Y	50,000	0	0	50,000
City of Conover	Y	50,000	0	0	50,000
Yadkin Valley Sewer Auth.	Y	50,000	0	0	50,000
City of Eden	Y	50,000	0	0	50,000
Town of Vanceboro	Y	15,875	0	0	15,875
Total					\$435,475

Emergency Loan Account

City of Northwest	1,444,123	0	0	1,444,123
Town of Rutherfordton	101,850	5,095	96,755	0
Thomasville	579,950	0	0	579,950
Burke County	Y 750,000	0	0	750,000
Total	\$2,875,923	\$5,095	\$96,755	\$2,774,073

EXHIBIT III - Drinking Water Reserve
Identification of Each Loan and Grant for Fiscal Year 2011
General Loan Account

<u>Recipient</u>	<u>New</u>	<u>Commitment</u>	<u>Amount Disbursed FY 2011</u>	<u>Amount Disbursed Prior FY's</u>	<u>Remaining Commitment</u>
Total		\$0	\$0	\$0	\$0

High Unit Cost Grants

Avery County		987,653	0	980,710	6,943
Beaufort County (Water Dist. VI)		627,494		534,726	92,768
Town of Clyde		222,510	0	205,426	17,084
Duplin County (Water Dist. E)		818,610	0	670,164	148,446
Town of Elm City		410,152	0	0	410,152
Greenville Utilities Comm.		130,819	130,819	0	0
Town of Saratoga		193,899	11,760	96,628	85,511
Duplin County (Water Dist. F)		3,000,000	0	2,971,181	28,819
Duplin County (Water Dist. G)		3,000,000	0	2,979,577	20,423
Granville County	Y	710,660	0	0	710,660
SW Wayne Sanitary District		1,136,850	50,546	1,086,304	0
Town of Hillsborough		135,299	135,299	0	0
Parkton, Town of		2,382,760	45,081	1,667,375	670,304
Bertie County Water District IV	Y	1,952,427	1,000	1,951,427	0
Montgomery County WD II	Y	2,570,030	0	2,570,030	0
Lincoln County	Y	78,841	0	0	78,841
Total		\$18,358,004	\$374,505	\$15,713,548	\$2,269,951

**Technical Assistance
Grants**

N/A					\$0
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Emergency Loan Account
N/A

Total					\$0
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EXHIBIT IV

**Water Infrastructure Fund
Water Quality Impacts Assessment and Environmental
Benefits
Fiscal Year 2011
DIVISION OF WATER QUALITY**

		Assistance Amount	Type	Water Quality Impacts Assessment / Environmental Benefits (See Key)
Clean Water State Revolving Fund Account				
Johnston County	CS370560-11	\$500,000	Loan	12
Sanford, City of	CS370432-04	\$17,500,000	Loan	11, 4
Newton	CS370685-01	\$1,950,000	Loan	1, 4
Cary	CS370616-04	\$1,041,230	Loan	11, 7
Durham County	CS370575-03	\$3,323,740	Loan	12
Durham County	CS370575-02	\$11,589,000	Loan	4
Belmont	CS370702-05	\$901,920	Loan	4, 1
Apex	CS370624-03	\$17,500,000	Loan	11, 7
Cary	CS370616-05	\$35,000,000	Loan	11, 7
Moore County	CS370496-02	26,000,000	Loan	11
Monroe	CS370564-06	13,104,308	Loan	4, 11
Raleigh	CS370419-13	15,252,952	Loan	3, 1
Brevard	CS370476-03	\$1,150,000	Loan	4
Raeford	CS370457-02	\$1,254,482	Loan	4
GUC	CS370487-07	\$14,461,894	Loan	4, 1, 11
GUC	CS370487-08	\$10,703,136	Loan	4, 1, 11
Onslow WASA	CS370569-02	\$588,461	Loan	2
Wastewater Reserve Accounts				
Conway	E-SRL-T-11-0086	\$686,360.00	Loan	3
Oakboro	E-SRL-T-11-0085	\$2,019,292.00	Loan	4
Columbus	E-SRL-T-11-0087	\$2,750,000.00	Loan	3
Burke County	E-SRL-T-11-0084	\$750,000	Loan	3
Kinston, City of	E-TAG-P-11-0001	\$50,000	Loan	3
Robersonville, Town of	E-TAG-P-11-0002	\$19,600	Loan	3
Elm City, Town of	E-TAG-P-11-0003	\$50,000	Loan	3
Murphy, Town of	E-TAG-P-11-0004	\$50,000	Loan	3
Elizabethtown, Town of	E-TAG-P-11-0005	\$50,000	Loan	3
Franklinton, Town of	E-TAG-P-11-0006	\$50,000	Loan	3
Conover, City of	E-TAG-P-11-0007	\$50,000	Loan	3
Yadkin Valley Sewer Authority	E-TAG-P-11-0008	\$50,000	Loan	3
Eden, City of	E-TAG-P-11-0009	\$50,000	Loan	3
Vanceboro, Town of	E-TAG-P-11-0010	\$15,875	Loan	3

	Division of Water Quality
Key	
1	Corrects Sewer System Overflows
2	Addresses Failing Septic/Onsite Systems

3	Infiltration/Inflow
4	Compliance Resolution or Exceeded Useful Life
5	Stormwater BMP Addressing Existing Pollution
6	Stream, Wetland, Estuary Restoration
7	Addresses SOC or Regulatory Compliance Schedule
8	Corrects Documented Violations of Groundwater Standards
9	Directly Or Indirectly Addresses Water Body Impairment
10	Green Project
11	Treatment and Conveyance Capacity
12	Reclaimed Water

EXHIBIT V

**Water Infrastructure Fund
Water Supply Impacts Assessment and Environmental Benefits
Fiscal Year 2011
DIVISION OF ENVIRONMENTAL HEALTH**

		Assistance Amount	Type	Water Supply Impacts Assessment / Environmental Benefits (See Key)
Drinking Water State Revolving Fund Account				
Fork Township Sanitary District	1375	\$1,825,000	Loan	4
Goldsboro, City of	1620	\$2,065,008	Loan	3
Greenville Utilities Commission	1108	\$444,214	Loan	3
Johnston, County of	1622	\$228,000	Loan	2
Robbinsville, Town of	1057	\$722,500	Loan	3
Wade, Town of	1623	\$133,330	Loan	1
Wadesboro, Town of	1256	\$1,727,809	Loan	4
Drinking Water Reserve Accounts				

	Division of Water Resources
Key	
1	Consolidation
2	Compliance Resolution
3	Supply/Treatment Capacity
4	Other
L/PF	= Loan/Principal Forgiveness