

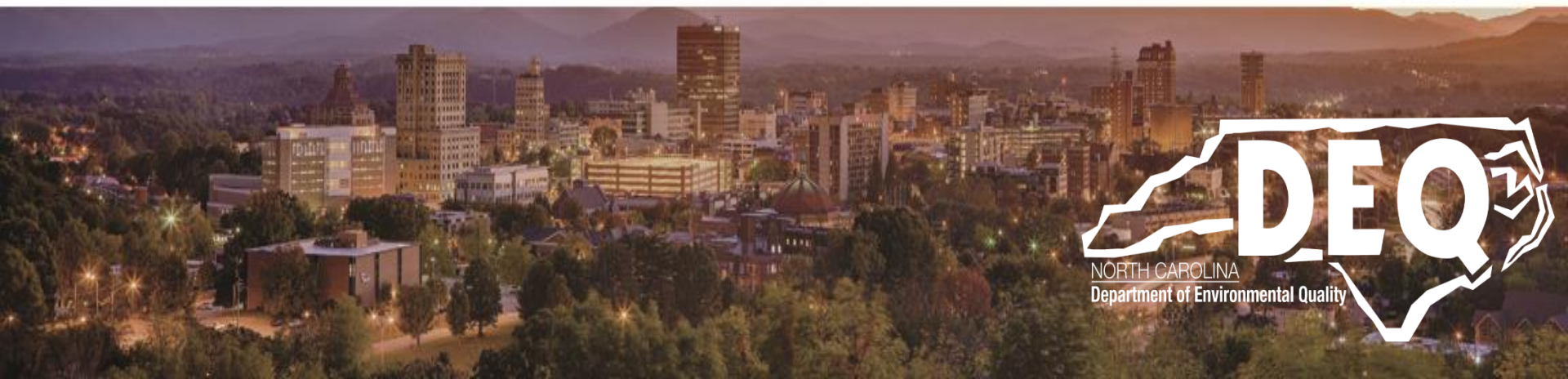


February 7, 2024

# **Water, Wastewater, and Stormwater Funding**

*North Carolina Department of Environmental Quality  
Division of Water Infrastructure*

**Presentation to Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources**

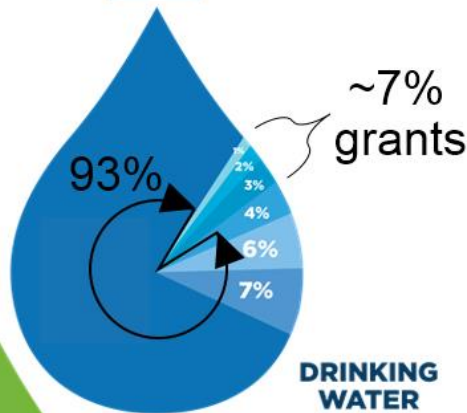


# Water Infrastructure Needs

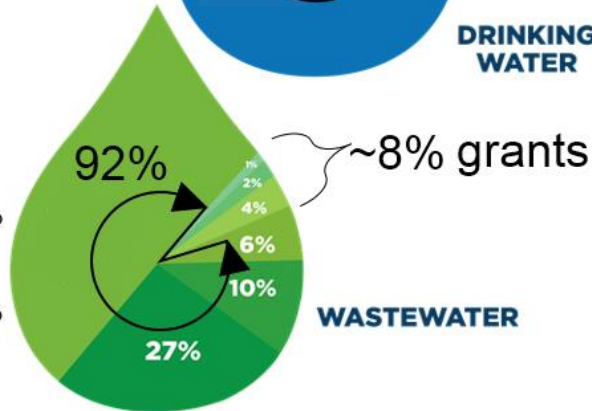
Estimated  
Water and Sewer  
**INFRASTRUCTURE NEEDS**  
For  
FY 2017 and FY 2018  
(Funding includes Connect NC bonds)



- Drinking Water Connect NC bond loans (7%)
- Drinking Water State Revolving Funds (6%)
- USDA - Rural Development (4%)
- Drinking Water Connect NC bond grants (3%)
- Community Development Block Grant - Infrastructure (2%)
- State Drinking Water Reserve Grants (1%)



- Clean Water State Revolving Funds (27%)
- Wastewater Connect NC bond loans (10%)
- USDA - Rural Development (6%)
- Wastewater Connect NC bond grants (4%)
- Community Development Block Grant - Infrastructure (2%)
- State Wastewater Reserve grants (1%)



Drinking water and  
wastewater infrastructure  
needs in North Carolina:

**\$17 - \$26 billion  
over 20 years**

(2017 estimate)





***Overview of DWI and  
Process for Funded Projects***

# *Division of Water Infrastructure*

Administers low-interest loans and grant funding programs for:



Construction: Drinking water infrastructure  
Wastewater infrastructure  
Stormwater infrastructure

Planning: Pre-construction planning  
Asset Inventory and Assessment (AIA) grants  
Merger/Regionalization Feasibility (MRF) grants  
Stormwater planning  
Developing and implementing a new stormwater utility

# Funding Programs

## Federal & State

- Clean Water State Revolving Fund (CWSRF)
- Drinking Water State Revolving Fund (DWSRF)

include the IIJA / Bipartisan  
Infrastructure Law funds

## Federal

- Community Development Block Grant – Infrastructure (CDBG-I)

## Drinking Water Reserve & Wastewater Reserve (State Reserves)

- Drinking water and wastewater loans and grants
- Asset Inventory and Assessment (AIA) grants
- Merger Regionalization / Feasibility (MRF) grants

include appropriations in  
SL 2021-180, 2022-74 &  
2023-134

## Viable Utility Reserve (VUR)

- Drinking water and wastewater grants, MRF, AIA, rate study and other grants to improve long-term viability of utilities designated as distressed
- Emergency grants for operating deficits of utilities under LGC fiscal control

## Local Assistance for Stormwater Infrastructure Investments (LASII)

- Stormwater construction
- Stormwater planning
- Developing and implementing a new stormwater utility

Created by SL 2021-180

# Active Projects as of January 31, 2024

Type	# of Active Projects
Planning	658
Construction	841
<b>Total</b>	<b>1,499</b>

*Excludes completed loan projects that are now in loan repayments.*

Funding Source	# of Active Projects
State Revolving Funds	279
CDBG-I	72
State Reserves	991
Viable Utility Reserve	219
LASII	107
Other	8

*Projects that are co-funded by multiple sources are double counted.*

*Note: numbers change constantly as projects are initiated, changed, or closed.*

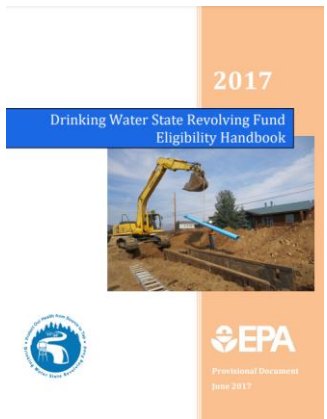
# Determination of Eligibility

NC G.S. 159G

Federal Law & Rules

Session Laws with Direct Appropriations

## Chapter 159G. Water Infrastructure. Article 1. General Provisions.



4338 Federal Register / Vol. 87, No. 18 / Thursday, January 27, 2022 / Rules and Regulations

**DEPARTMENT OF THE TREASURY**  
**31 CFR Part 35**  
**RIN 1505-AC77**  
**Coronavirus State and Local Fiscal Recovery Funds**

**AGENCY:** Department of the Treasury.  
**ACTION:** Final rule.

**SUMMARY:** The Secretary of the Treasury (Treasury) is adopting as final the interim final rule published on May 17, 2021, with amendments. This rule implements the Coronavirus State Fiscal Recovery Fund and the Coronavirus Local Fiscal Recovery Fund established under the American Rescue Plan Act.

**DATES:** The provisions in this final rule are effective April 1, 2022.

**FOR FURTHER INFORMATION CONTACT:** Katharine Richards, Director, Coronavirus State and Local Fiscal Recovery Funds, Office of Recovery Programs, Department of the Treasury, (844) 529-9527.

**SUPPLEMENTARY INFORMATION:**

makes several changes to the provisions of the interim final rule, summarized below in the section Executive Summary of Major Changes.

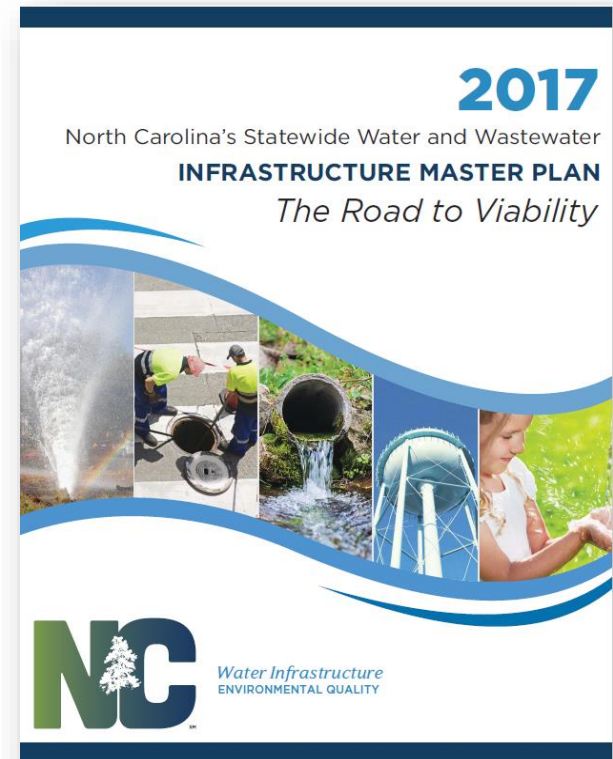
Since Treasury issued the interim final rule in May 2021, both the public health and economic situations facing the country have evolved. On the public health front, the United States has made tremendous progress in the fight against COVID-19, including a historic vaccination campaign that has reached over 80 percent of adults with at least one dose and is reaching millions of children as well.<sup>8</sup> However, the disease continues to present an imminent threat to public health, especially among unvaccinated individuals. As the Delta variant spread across the country this summer and fall, the United States faced another severe wave of cases, deaths, and strain on the healthcare system, with the risk of hospitalization and mortality exponentially greater to unvaccinated Americans. COVID-19 has now infected over 50 million and killed over 800,000 Americans since January 2020—tens of thousands of Americans exceeded its pre-pandemic size<sup>9</sup> and unemployment had fallen below 5 percent;<sup>10</sup> but despite this progress, too many Americans remain unemployed, out of the labor force, or unable to pay their bills, with this pain particularly acute among lower-income Americans and communities of color. Again, moving forward, state, local, and Tribal governments will remain on the frontlines of the economic response and rebuilding a stronger economy in the aftermath of the pandemic.

However, as state, local, and Tribal governments continue to face substantial needs to respond to public health and economic conditions, they have also experienced severe impacts from the pandemic and resulting recession. State, local, and Tribal governments cut over 1.5 million jobs in the early months of the pandemic amid sharp declines in revenue and remain over 950,000 jobs below their pre-pandemic levels.<sup>10</sup> As the Great Recession demonstrated, austerity among state, local, and Tribal governments can hamper overall

(46) Eighteen million five hundred fifty thousand dollars (\$18,550,000) to Lincoln County to connect water service between Lincoln County and Gaston County.

# State Water Infrastructure Authority (SWIA)

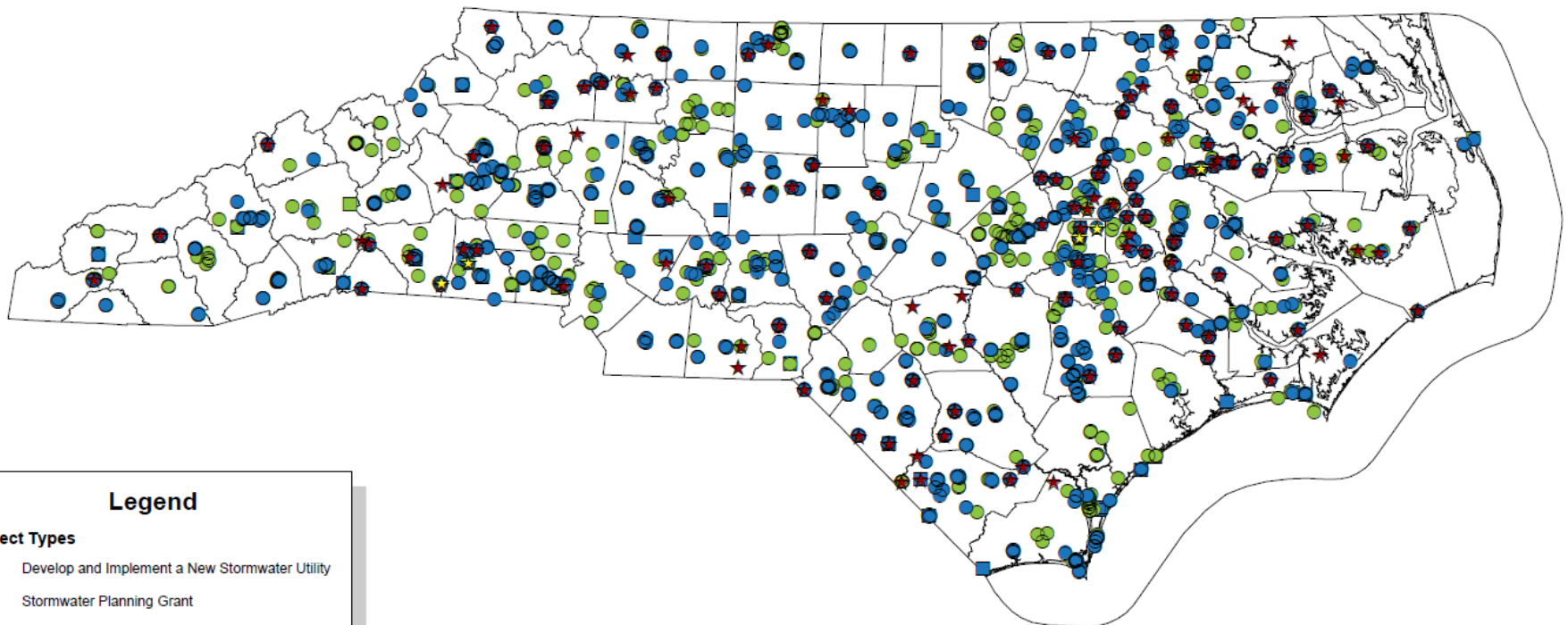
- Established in 2013
- 12 powers and duties (§ 159G-71), including:
  - Establish priorities for making loans and grants
  - Rank and select applications eligible to receive loans and grants (funding awards)
  - Develop a Master Plan to meet State's infrastructure needs
  - Assess/recommend role of the State in developing and funding infrastructure
  - Assess the need for a "troubled system" protocol (led to Viable Utilities Program)



# SWIA-Awarded Funding

Water, Wastewater, and Stormwater Infrastructure Projects Awarded from January 2014 to February 2023

~\$5 billion awarded by SWIA in competitive applications in loans and grants through February 2023.



## Legend

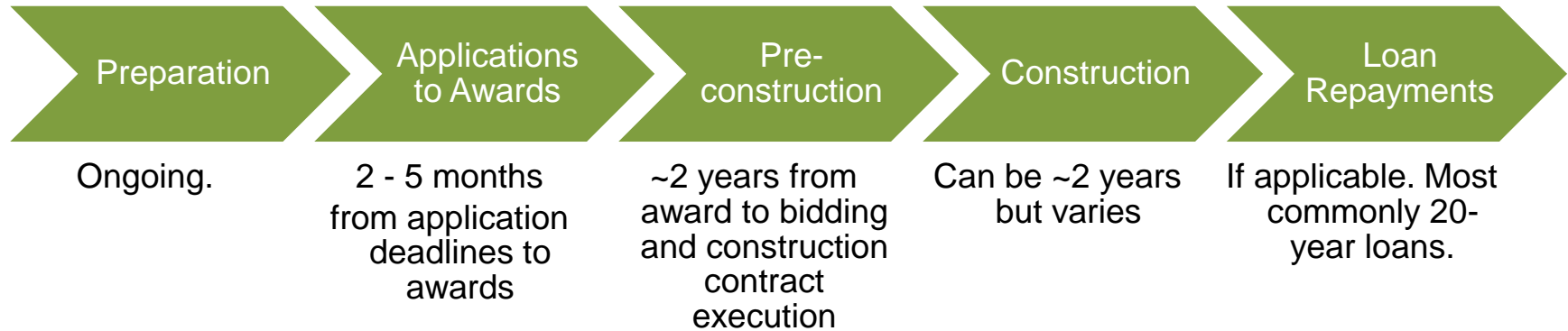
### Project Types

- Develop and Implement a New Stormwater Utility
- Stormwater Planning Grant
- Stormwater Construction Project
- ★ Viable Utility Reserve Emergency Operating Grant
- ★ Viable Utility Reserve Training Grant
- Water/Sewer Planning Grant
- Water/Sewer Construction Project
- Counties

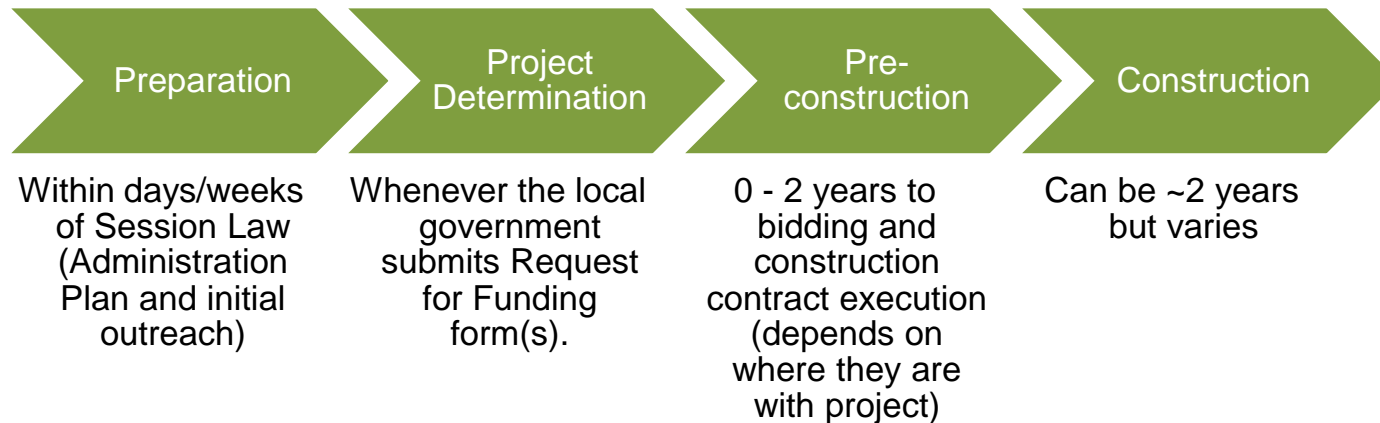
SWIA prioritizes funding for communities that most need funding assistance. Focus on viability, public health, regionalization, aging infrastructure, service, etc.

# Major Stages of a Funded Construction Project

## Project funded by SWIA (competitive application)



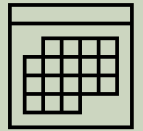
## Project funded by direct appropriation



# Applications for Funding



Develop Intended Use Plans, application materials, outreach; conduct trainings across the state on how to apply.



Twice/year applications for funding.  
One application form for all programs. Will be considered for all eligible funds.



Applications scored based on Priority Rating Systems that are approved by the State Water Infrastructure Authority (SWIA).

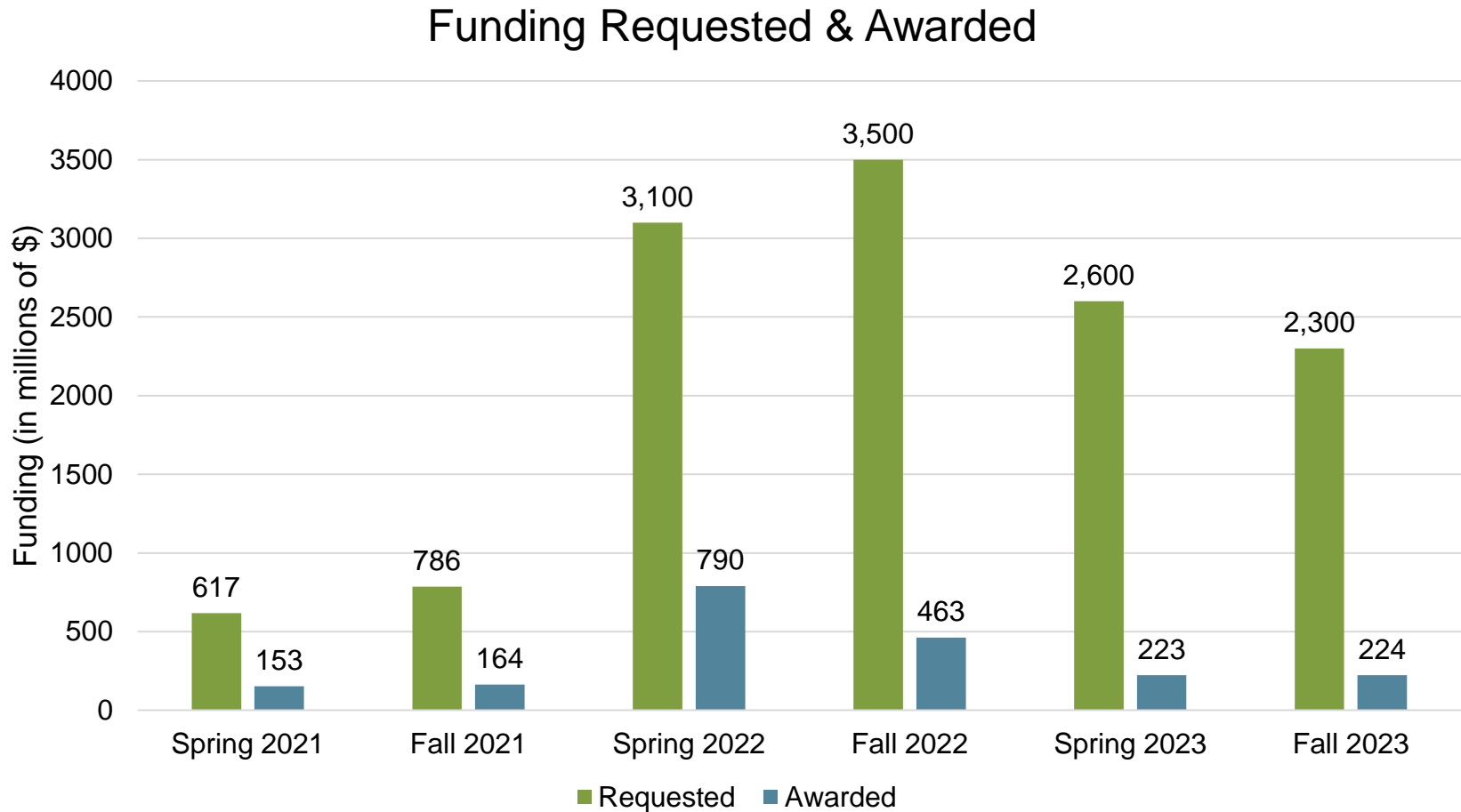


Funding decisions made by SWIA (and the Local Government Commission for VUR). Best available funding matched first.



Unfunded applications are reconsidered in one more funding round.

# Applications for Funding – Requested & Awarded



Fall 2023 awards are TBD on February 20.

# Annual Funds Typically Available

Program	Project Type	Funding Source	Annual Funds Typically Available
<b>CDBG-I</b>	DW & WW	Federal; amount set by NCGA	~\$20 million grants
<b>Drinking Water*</b>	DW	Federal SRF & State Reserve	~\$160 million loans and grants
<b>Wastewater*</b>	WW	Federal SRF & State Reserve	~\$200 million loans and grants
<b>AIA</b>	DW & WW	State Reserve	~\$10 million grants recurring + what else is appropriated
<b>MRF</b>	DW & WW		
<b>Viable Utility Reserve</b>	DW & WW	State Viable Utility Reserve	What is appropriated (current: \$0 recurring, \$10M non-recurring)
<b>LASII</b>	SW	State Special Fund	What is appropriated (current: \$0 recurring, \$16M non-recurring)

\* excluding BIL Emerging Contaminants and Lead Service Line Replacement funds

# Potential Available Funding in Spring 2024: \$200M-\$230M

## DWSRF Loans and Grants

- \$80 M

## CWSRF Loans and Grants

- \$100 M

## DW Emerging Contaminants

- ~\$22 M or remainder unawarded in Feb. 2024

## DW and WW SRP Grants

- Remainder unawarded from \$10 M in Feb. 2024

## CDBG-I

- Remainder unawarded from \$19 M in Feb. 2024

## LASII

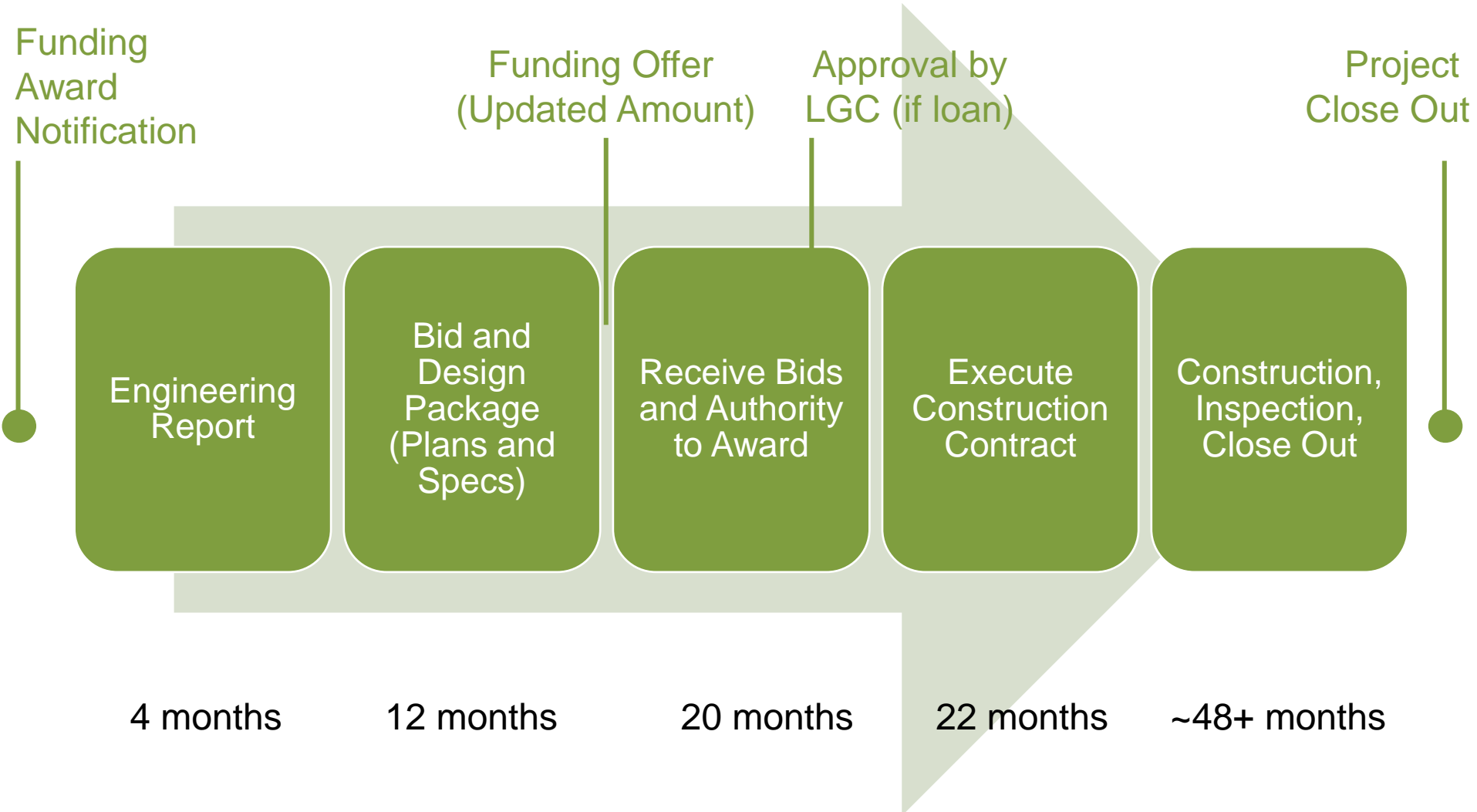
- Remainder unawarded from \$16 M in Feb. 2024

## VUR

- Portion of \$10 M from SL2023-134

*Preliminary estimate. Availability is dependent on cash flow and prior SWIA awards.*

# Construction Project Milestones After Award



# *Disbursements*

Disbursements based on eligible and allowable costs incurred for the documented project (or documented change to the project).

Can request disbursement prior to paying contractors. Has 3 business days to pay contractor upon receipt of funds.

For state grants, up to 15% of funding amount can be disbursed for costs incurred prior to construction. All other funds are disbursed after construction begins.



***SL 2021-180 (ARPA),  
SL 2022-74 (ARPA + GF),  
and SL 2023-134 (GF)  
Appropriations***

# *ARPA and G.F. State Appropriations*

November 2021 (S.L. 2021-180):

**\$1.69 Billion** appropriated from State's ARPA (State Fiscal Recovery Fund) to water, wastewater and stormwater infrastructure funding

July 2022 (S.L. 2022-74):

**\$611 Million** appropriated from General Fund and State's ARPA to water and wastewater infrastructure funding

October 2023 (S.L. 2023-134):

**\$2.00 Billion** appropriated from General Fund to water, wastewater and stormwater infrastructure funding

## SL 2021-180 (Nov 2021)

- Contacted all LGUs with direct appropriations within 3 - 4 weeks
  - *All except \$11,313 claimed*
- Published an Administration Plan for public review in less than a month; finalized in Feb. 2022
- Developed new LASII stormwater funding program within a year
- Awarded all competitive funds except \$1.5 million (will be awarded on Feb. 20)

## SL 2022-74 (July 2022)

- Contacted all LGUs with direct appropriations within 2 weeks
  - *\$33.8 M still to be claimed*
- Awarded 92% of the competitive funds available within 3 days of S.L.

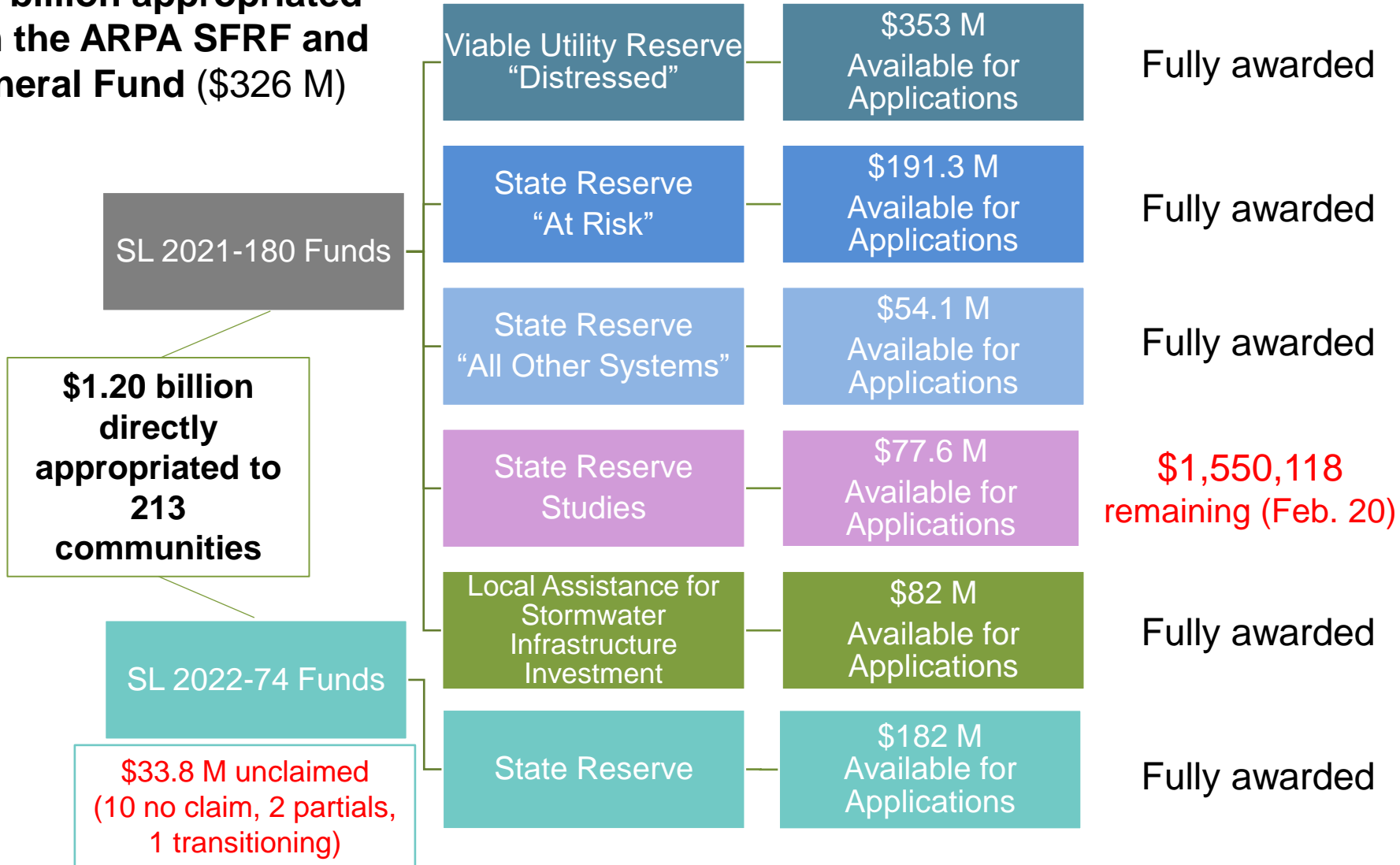
## SL 2023-134 (Oct 2023)

- Contacted all LGUs with direct appropriations within 2 weeks (Oct 17)
  - *As of 1/31, \$479M requested for 59 LGUs*
- 1<sup>st</sup> round of competitive funding awards on Feb. 20.

# ARPA Funding Awards

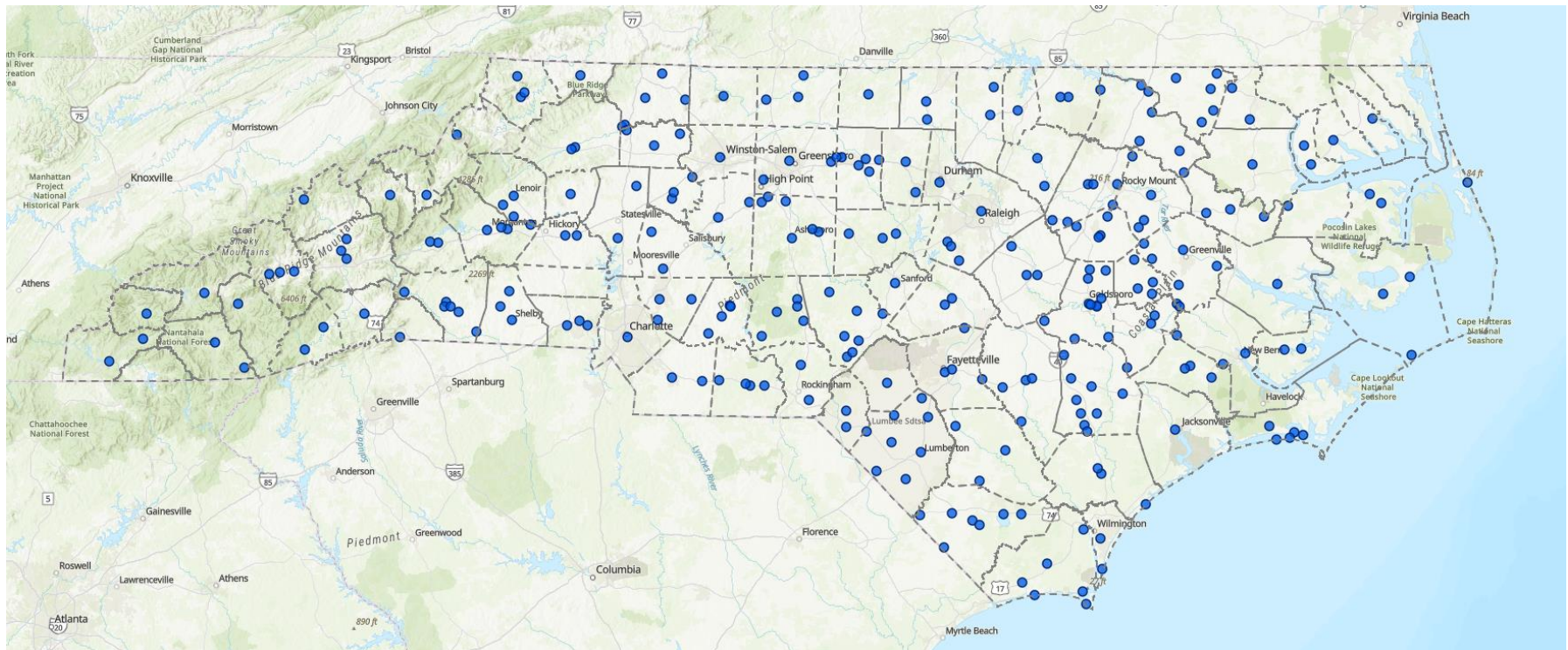
## \$940 M competitive applications

**\$2.3 billion appropriated from the ARPA SFRF and General Fund (\$326 M)**



# Spring 2022 Funding Applications

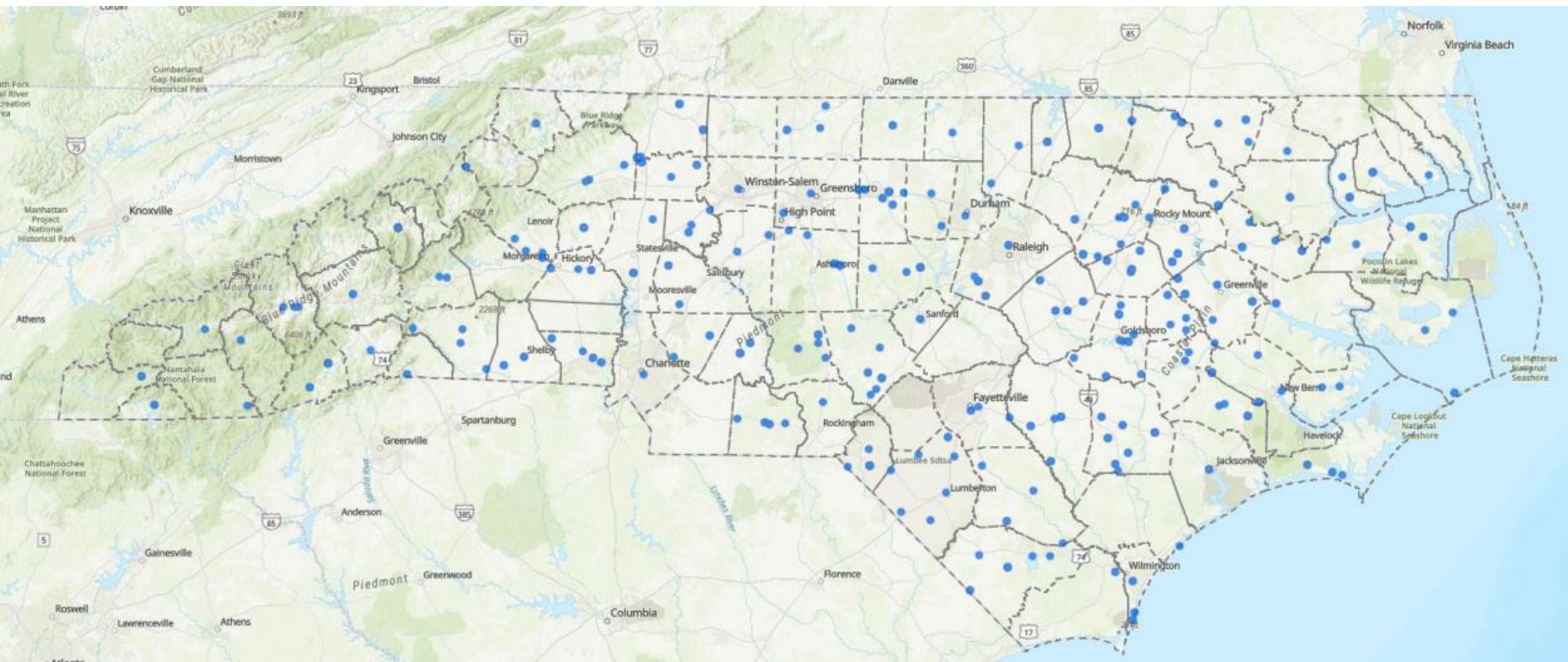
More than **\$3.1 Billion** in funding requests, in 649 new applications from 94 counties. Also re-considered over 50 Fall 2021 unfunded applications.



# Projects Funded in Spring 2022

**\$789.4 Million** in 386 construction and planning projects in 86 counties (ARPA, CDBG-I, DWSRF and CWSRF funding).

*Included \$174 million that were appropriated 3 days prior.*



# Approximate Timeline for Construction Projects (Spring 2022 Applications)

May 2,  
2022

- Applications due

July  
2022

- Funding awards by SWIA

Dec  
2022

- Engineering Reports submitted

Mid  
2024

- Plans and Specs approved, permits in hand

Mid to  
Late 2024

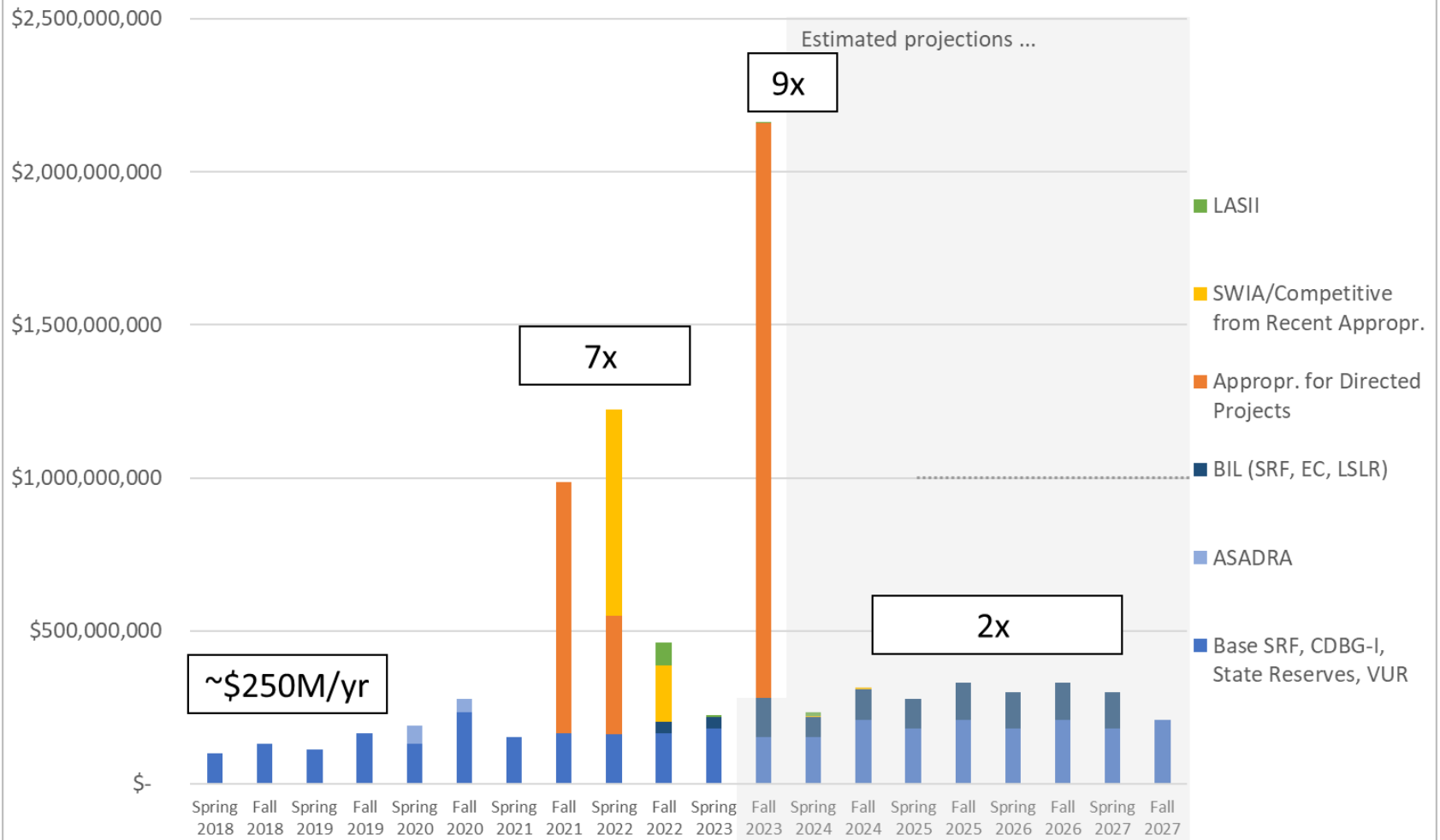
- Execute construction contracts

Dec 31,  
2026

- ARPA funds must be expended

# Funding History

## Historic and Estimated Projected Funding Amounts



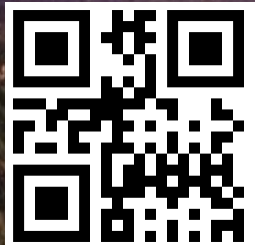


## *Contact:*

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(919) 707-9177



DWI



SWIA

