



February 10, 2022

**DWI Plan to Administer ARPA State Fiscal Recovery Fund for
Water, Wastewater and Stormwater Projects
and Spring 2022 Applications for Funding**
*Department of Environmental Quality
Division of Water Infrastructure*



Questions?

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The screenshot displays the website for the North Carolina Department of Environment and Natural Resources (NC DENR). At the top left is the logo for "NORTH CAROLINA Environmental Quality". To the right of the logo is a search bar with the text "Search..." and a magnifying glass icon. Further right are links for "NC.GOV", "AGENCIES", "JOBS", and "SERVICES". A "Select Language" dropdown menu is located in the top right corner. Below the header is a green navigation bar with the following menu items: "Home", "Divisions" (with a dropdown arrow), "Permits & Rules" (with a dropdown arrow), "Outreach & Education" (with a dropdown arrow), "Energy & Climate" (with a dropdown arrow), "News" (with a dropdown arrow), and "About" (with a dropdown arrow). Below the navigation bar, the breadcrumb trail reads "NC DEQ » Divisions » Water Infrastructure". The main heading is "Water Infrastructure" in a large, bold, dark blue font, underlined with a green horizontal line. Below the heading is a banner image showing hands pointing at a document. A green call-to-action box on the left side of the banner contains the text "Need Water Infrastructure Funding?".

Division of Water Infrastructure Overview

<https://deq.nc.gov/about/divisions/water-infrastructure>

Division of Water Infrastructure (DWI)

Administers most water / wastewater infrastructure funding programs managed by the State

- State appropriations (grants and loans in different Reserves)
- EPA State Revolving Fund (low-interest loans with additional subsidies)
- Community Development Block Grants for Infrastructure

Division of Water Infrastructure (DWI)

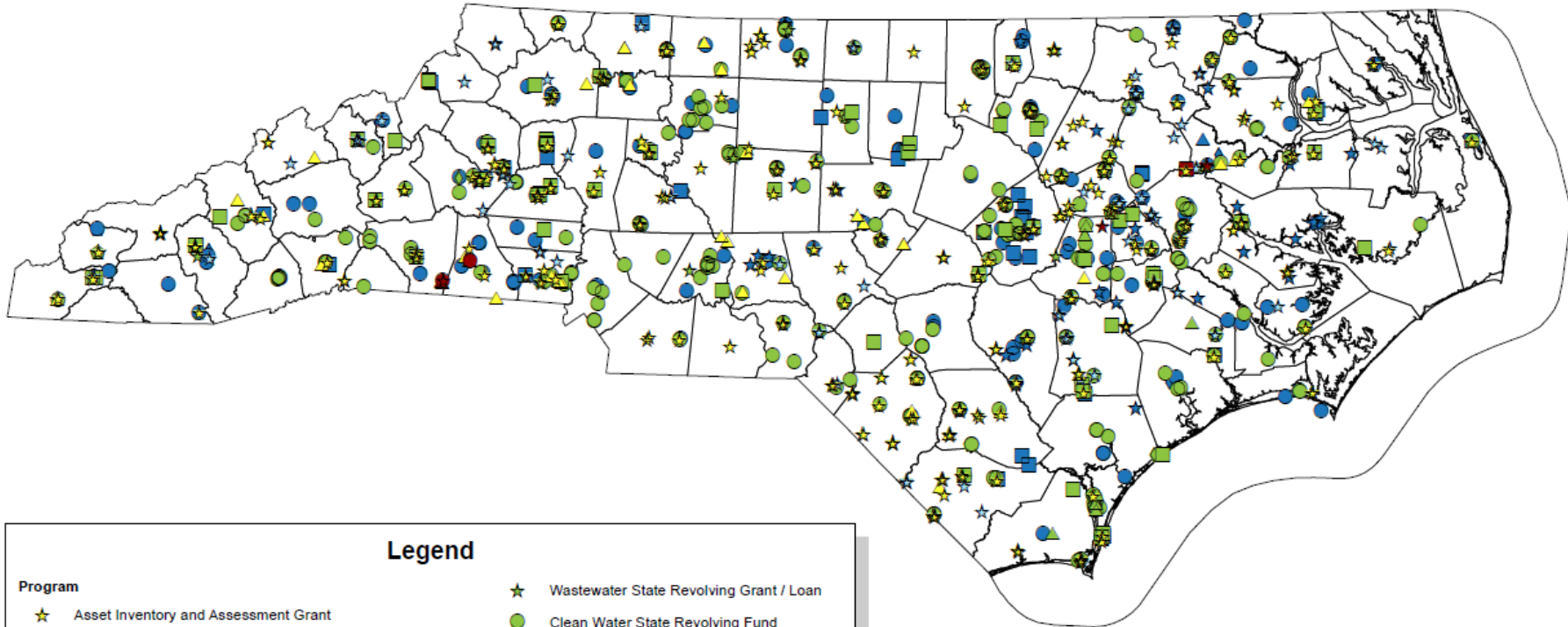
Twice/year applications for funding.

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 in some cases).

SWIA-Awarded Funding through Feb 2021

Water and Wastewater Infrastructure Projects Funded from January 2014 to February 2021



Legend

Program

- | | | | |
|---|---|---|---|
| ☆ | Asset Inventory and Assessment Grant | ☆ | Wastewater State Revolving Grant / Loan |
| ▲ | Merger / Regionalization Feasibility Grant | ● | Clean Water State Revolving Fund |
| ☆ | Community Development Block Grant - Infrastructure | ◆ | Wastewater Technical Assistance Grant |
| ★ | Viable Utility Reserve - Emergency Operating Grant | ◊ | Wastewater High Unit Cost Grant |
| ● | Viable Utility Reserve - Asset Inventory and Assessment Grant | ▲ | Drinking Water State Revolving Grant |
| ■ | Viable Utility Reserve - Merger / Regionalization Grant | ■ | Drinking Water State Revolving Loan |
| ▲ | Viable Utility Reserve - Rate Study Grant | ☆ | Drinking Water State Revolving Grant / Loan |
| ◆ | Viable Utility Reserve - Other Study Grant | ● | Drinking Water State Revolving Loan |
| ▲ | Wastewater State Revolving Grant | ◆ | Drinking Water Technical Assistance Grant |
| ■ | WW-SRL | ◊ | Drinking Water High Unit Cost Grant |
| □ | Counties | | |

\$2.6 billion in loans and grants

Types of Funding



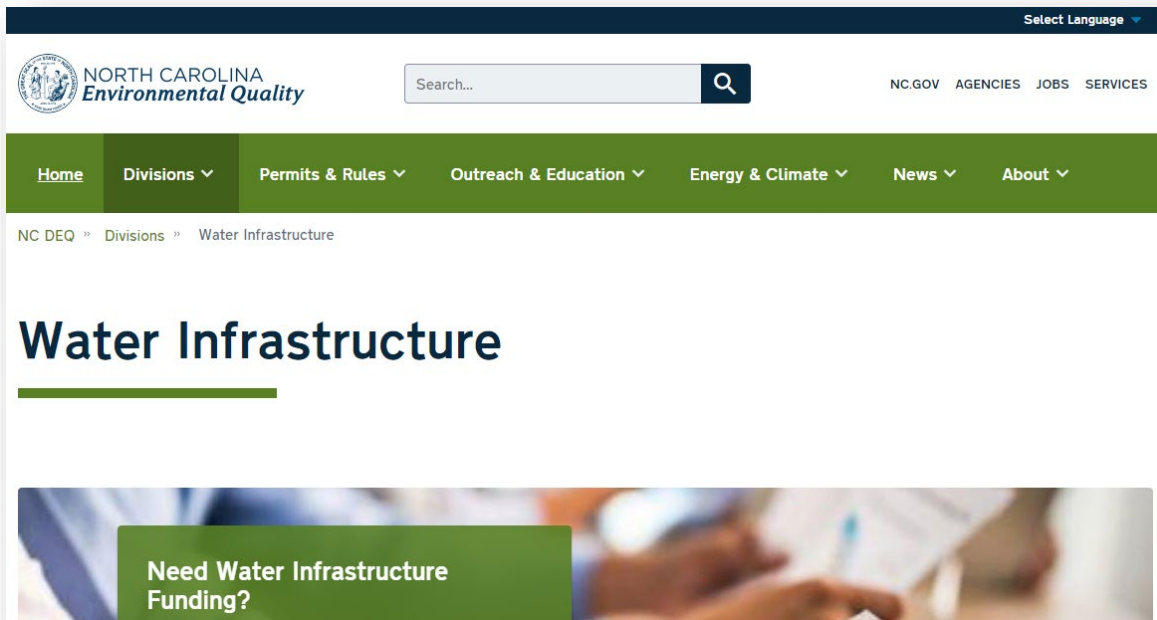
Drinking water infrastructure

Wastewater infrastructure

CWSRF green projects: stormwater, reclaim water,
stream restoration, energy efficiency

Asset Inventory and Assessment (AIA) grants

Merger/Regionalization Feasibility (MRF) grants



ARPA (State Fiscal Recovery Fund) Administration Plan

<https://deq.nc.gov/about/divisions/water-infrastructure>

NC DEQ DWI ARPA Administration Plan

NC DEQ Division of Water Infrastructure's Plan to Administer American Rescue Plan Act's State Fiscal Recovery Fund Appropriated in the State Budget for Drinking Water, Wastewater and Stormwater Projects

Last updated February 3, 2022.

This document describes the plan for administering the appropriated State Fiscal Recovery Fund as grants for drinking water, wastewater, and stormwater projects.

Summary:

The North Carolina General Assembly appropriated \$1.69 billion from the state's allocation of the American Rescue Plan Act (ARPA) for drinking water, wastewater, and stormwater investments in Sections 12.13 and 12.14 of the Current Operations Appropriations Act of 2021 (S.L. 2021-180). The North Carolina Department of Environmental Quality (NC DEQ) Division of Water Infrastructure (Division) will administer approximately \$1.6 billion as grants for drinking water, wastewater, and stormwater systems in North Carolina, which excludes amounts that will be transferred to other agencies and up to 3% in administrative costs. The funds, some of which are appropriated for specific projects, are divided into different Reserves to be administered by the Division, shown in the table below, following statutory and budgetary requirements. In addition, federal requirements for the use of American Rescue Plan Act appropriations will apply. All funds must be expended by December 30, 2026.

NC DEQ Fund or Reserve	Purpose	Allocated directly for specific local governments and public entities (earmarked), approx.	Approximate remaining for grant funding (non-earmarked)
Viable Utility Reserve	Grants for water and wastewater systems that have been designated as distressed by the State Water Infrastructure Authority and the Local Government Commission, for the purposes set forth in subdivisions (1) through (5) of G.S. 159G-32(d).	\$89.7 million	\$353.0 million
Drinking Water Reserve and Wastewater Reserve (State Reserves)	Project construction grants for public water systems and wastewater systems NC DEQ categorizes as at-risk of becoming distressed .	\$116.6 million	\$191.3 million
	Project construction grants for public water systems and wastewater systems not designated as distressed or categorized as at-risk .	\$614.8 million	\$54.1 million
	Grants for asset inventory and assessments, rate studies, merger/regionalization feasibility, training, and planning grants to conduct project engineering, design, or other preconstruction activities.	\$0	\$77.6 million
Local Assistance for Stormwater Infrastructure Investments Fund	Grants for local governments for projects that will improve or create infrastructure for controlling stormwater quantity or quality.	\$18.5 million	\$82.0 million
Total		\$839.6 million	\$758.0 million
		Total funds: approx. \$1.6 billion	

Posted on the Division of Water Infrastructure's website, under "I Need Funding"

<https://deq.nc.gov/about/divisions/water-infrastructure/i-need-funding>

Updated Feb. 7, 2022 after public review

State Budget (S.L. 2021-180) Allocations

\$1.69 billion appropriated from the ARPA SFRF

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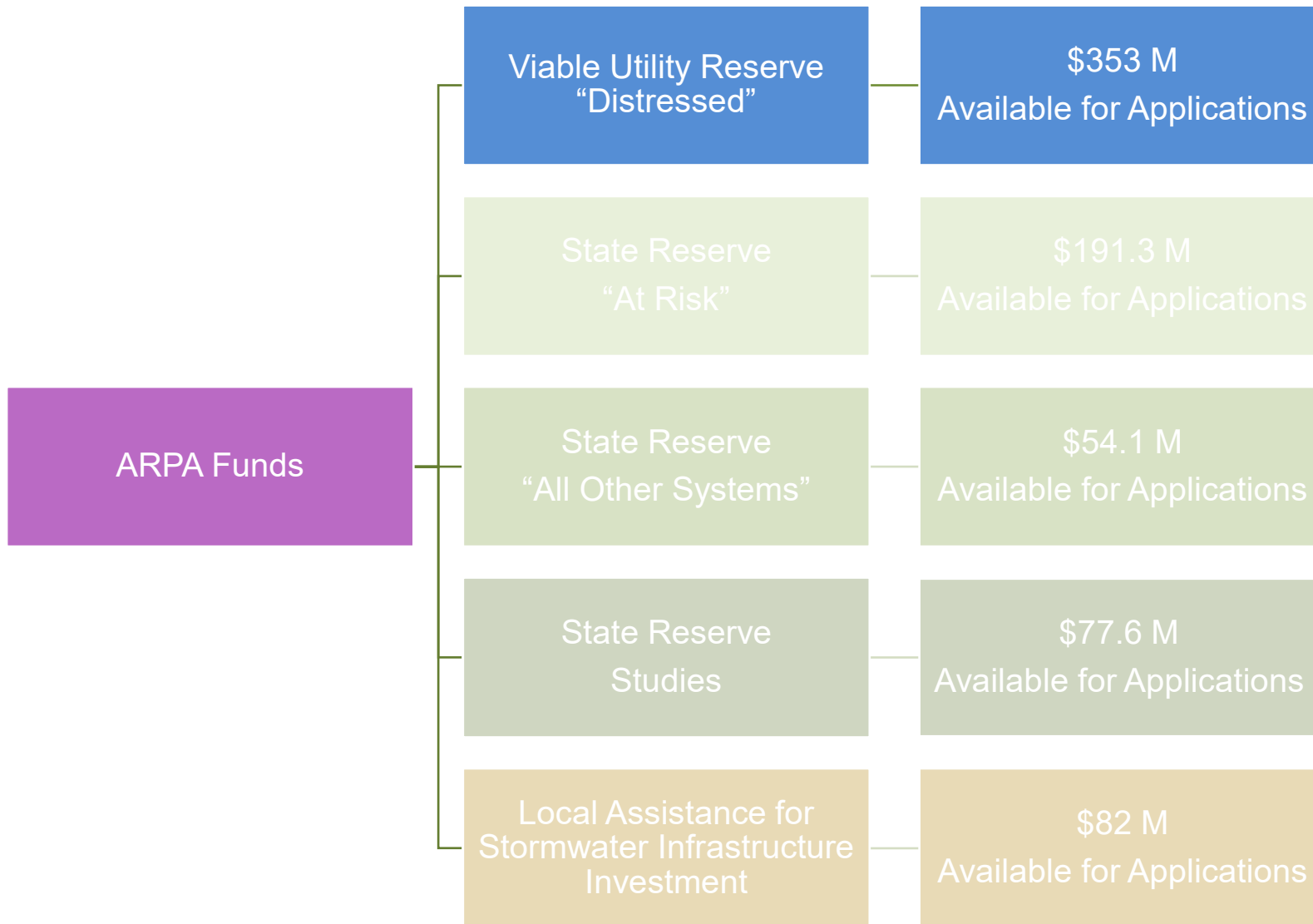
Directly-Appropriated Projects

- S.L. 2021-180 specified funds for direct appropriation to local government recipients.
 - 126 Recipients
 - ~\$840M
- Division contacted recipients in December
- Collecting information about the projects, budgets and contact information now to initiate the projects ASAP
 - Verify project eligibility
 - Assign DWI project manager
 - Set up recipient and project for reimbursement
 - Establish project benchmarks (design, bid, contracting)

ARPA funds Available for Awards

- ~ \$758 million in grants to be awarded for water, wastewater, and stormwater projects in addition to regular funding programs (State Revolving Funds, State Reserves, CDBG-I)
- Administered through
 - Viable Utility Reserve
 - State Reserve Program
 - Local Assistance for Stormwater Infrastructure Investment Funds [new]
- Projects must be eligible and comply with federal and state requirements
- Funds must be expended by December 2026

ARPA funds Available for Awards



ARPA funds in the Viable Utility Reserve

VUR funds limited to:

- LGUs designated by SWIA and LGC as Distressed
 - Currently 95 LGUs designated as Distressed
 - April 2022: re-assessment of distressed criteria and recommendations to go to SWIA and LGC for designation
- VUR eligible projects:
 - Rehab and replacement
 - Regionalization
 - Decentralization
 - Studies
 - Other projects demonstrating long-term viability
- \$15 M per LGU (or \$30 M regionalization).

SRF loans (and principal forgiveness) will be available to fully fund or supplement funding for applicants that indicate willingness to accept loan funding.

ARPA funds in the Viable Utility Reserve

Spring 2022 funding round

- Applications due May 2, 2022
- SRF/SRP/VUR priority rating systems are in place
- Single application for all construction projects
- Funding recommendations will consider quantity and quality of applications received
- Eligible projects not funded or partially funded with ARPA funds will be automatically reconsidered in the Fall per NC General Statute.

Fall 2022 funding round

- Applications due September 30, 2022
- Anticipate 20% - 40% of funds will be available for the Fall 2022

ARPA funds in the Viable Utility Reserve

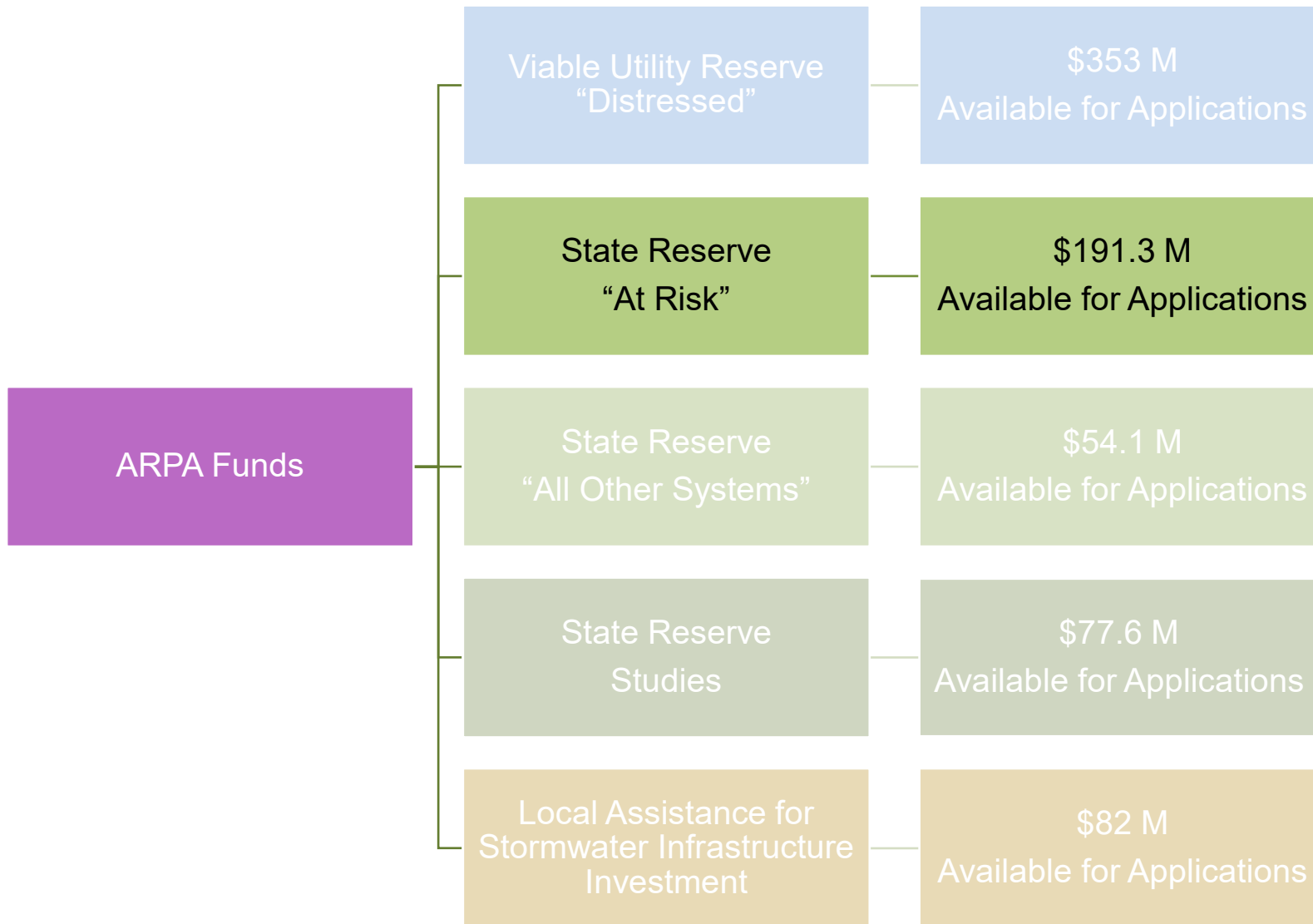
- Training grants for LGUs designated as distressed under VUR
- \$2000 training grant to support educational requirements in G.S. 159G
- Awards pending approval by Local Government Commission (SWIA approved 2/9/2022)
- Funds available for reimbursement of costs
- Funds available for 2 years or until met requirements of GS 159G

ARPA funds in the Viable Utility Reserve

Distressed system may have option to replace pending SRF loans with VUR grants

- Project must not yet be in disbursement
- 22 projects identified as potentially eligible (~\$48.5M or ~10.6% of available ARPA VUR funds).
- Recipient must provide written request to swap funding sources and acknowledge ARPA requirements will apply to project prior to DWI recommending VUR funding.
- VUR funds used to replace pending loans will count towards \$15M VUR cap.
- Approval dependent on approval by Authority and the Local Government Commission (March or April)

ARPA funds Available for Awards



ARPA funds in the State Reserve for At-Risk Systems

State Reserve construction grants for At-Risk public water systems and wastewater systems limited to:

- Construction projects for LGUs that are At-Risk
 - LGU with Assessment Criterion score 6 or greater (and not designated as distressed) and meet 3 out of 5 LGU indicators, or
 - LGU that serves 1 – 1,000 residential service connections and meets 3 out of 5 LGU indicators
 - April 2022: re-assessment of distressed criteria scores
 - State Reserve-eligible projects
- Construction projects to provide service for At-Risk areas
 - Any LGU or non-profit water corporation with primary project purpose of connecting residences in disadvantaged, underserved communities to water/wastewater system
 - Based on DEQ Community Mapping System or information on project area provided in the application
 - Voluntary connections. Connection/capacity fees included.

ARPA funds in the State Reserve for At-Risk Systems

Spring 2022 funding round

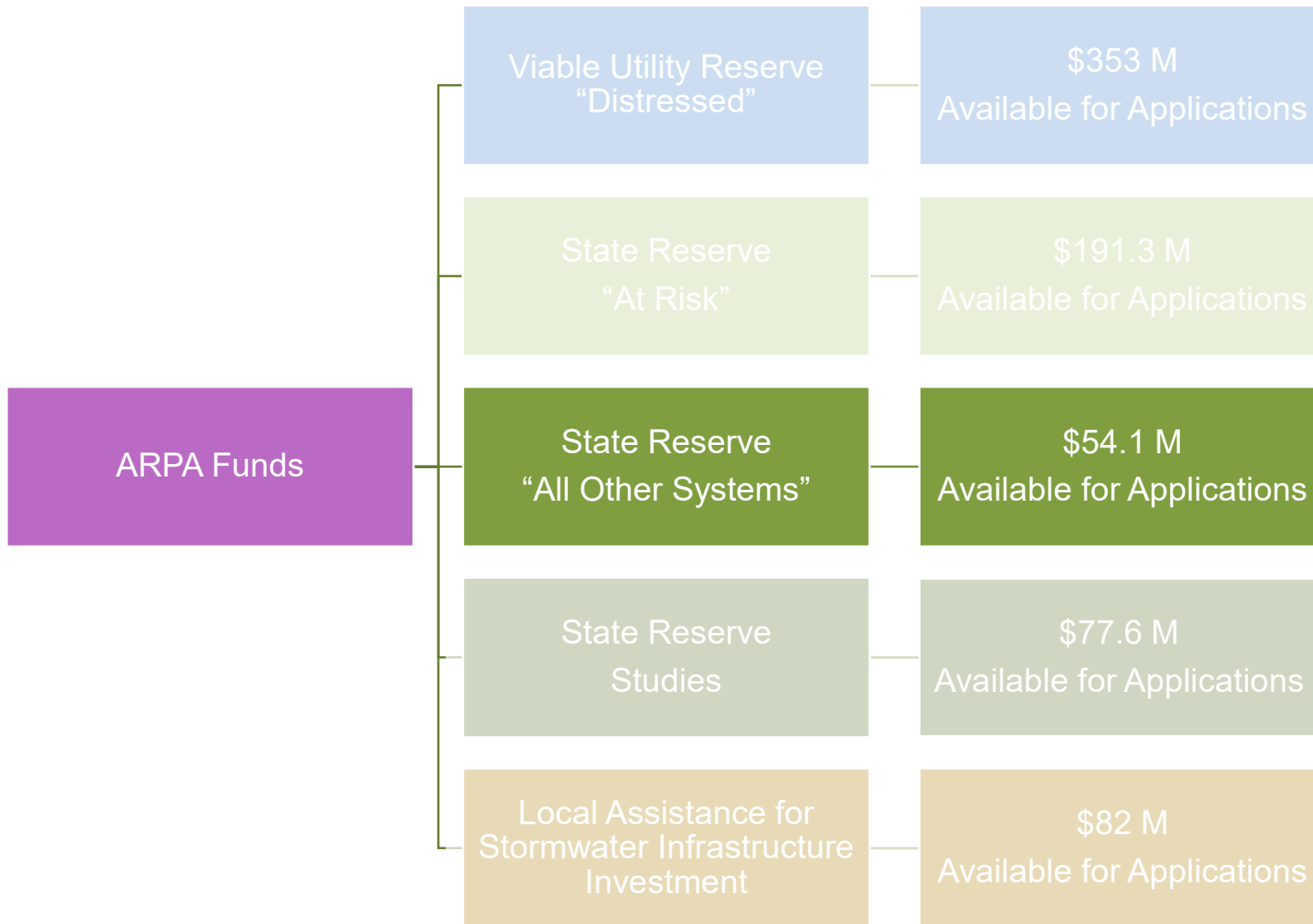
- Applications due May 2, 2022
- SRF/SRP/VUR priority rating system is in place
- Awards up to \$15M per LGU (\$30M for regionalization)
- Single application for all construction projects
- Funding recommendations will consider quantity and quality of applications received.
- Not all funds will be awarded in the Spring 2022 round.
- Eligible projects not funded or partially funded with ARPA funds will be automatically reconsidered in the Fall per NC General Statute.
- SRF loans (and principal forgiveness) will be available to fully fund or supplement funding to applicants willing to accept loan funding.

ARPA funds in the State Reserve for At-Risk Systems

Fall 2022 funding round

- Anticipate 20% - 40% of funds will be available
- Applications due September 30, 2022
- Initial awards up to \$15M per LGU (\$30M for regionalization)
- If funds remain available, additional \$5M increments will be awarded until all funds have been exhausted
 - \$5M incremental awards will be provided in project priority order and will be limited to \$5 per applicant each incremental increase.
 - \$5M increments will be automatically available to partially ARPA funded projects from Spring 2022
 - Applicants can submit an updated application if they desire consideration for additional prioritization.
- SRF loans (and principal forgiveness) will be available to fully fund or supplement funding to applicants willing to accept loan funding.

ARPA funds Available for Awards



ARPA funds in the State Reserve for All Other Systems

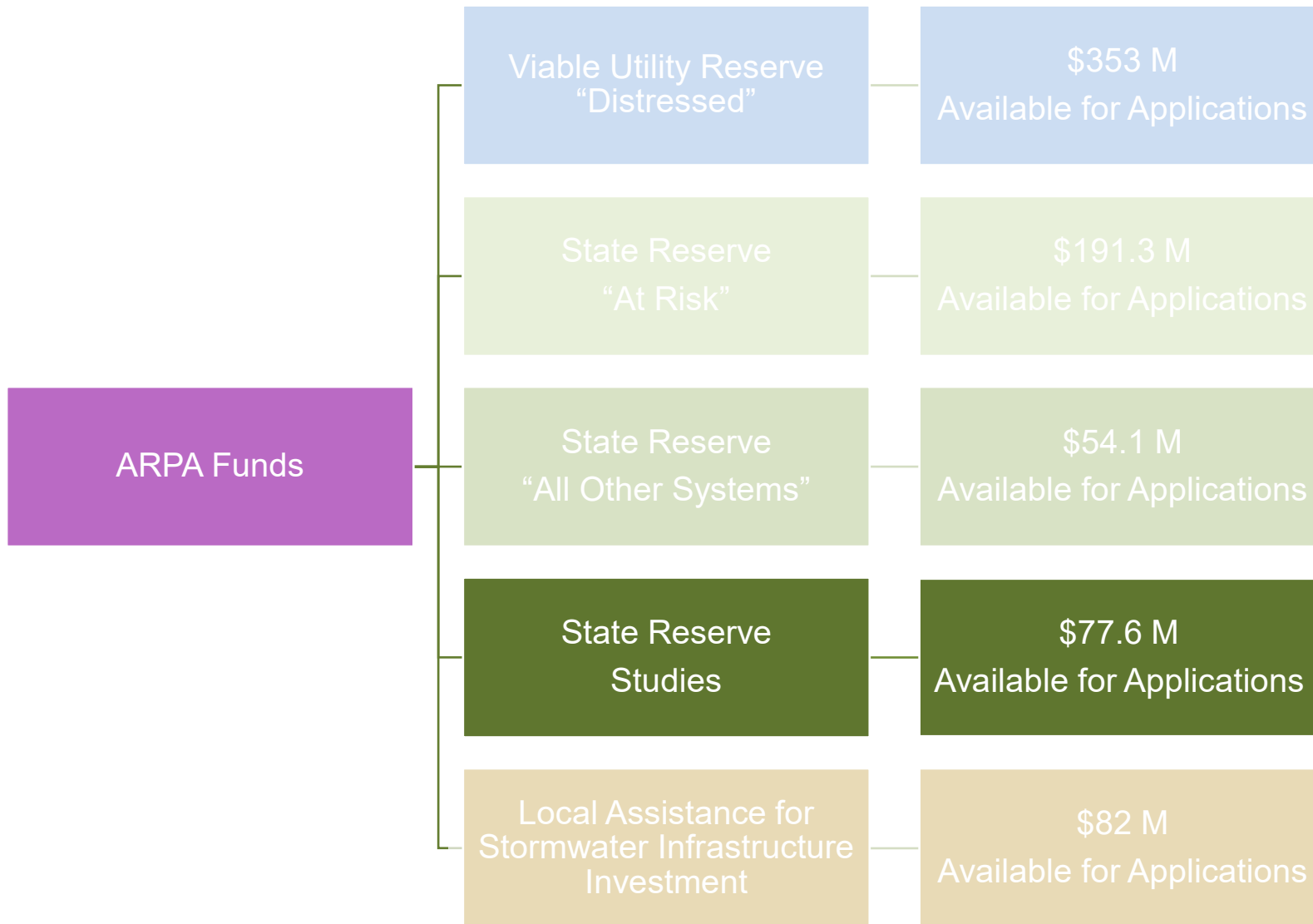
- State Reserve construction grants for All Other Systems limited to:
 - State Reserve-eligible construction projects for LGUs not designated as distressed and do not qualify for At-Risk
- Spring 2022 funding round
 - Applications due May 2, 2022
 - SRF/SRP/VUR priority rating system is in place
 - Awards up to \$5M per LGU (\$15M for regionalization)
 - If funds remain available, additional \$5M increments will be awarded until all funds have been exhausted
 - \$5M incremental awards will be provided in project priority order and will be limited to \$5 per applicant each incremental increase.
 - SRF loans (and principal forgiveness) will be available to fully fund or supplement funding to applicants willing to accept loan funding.

Applying Awards to Limits

ARPA funds that are directly-appropriated, awarded in a previous round, or that replaces SRF loan funds will all count towards the funding limits mentioned above.

Projects can be 100% ARPA grant-funded, regardless of the percentage of grant funding an applicant is eligible for according to the Affordability Criteria.

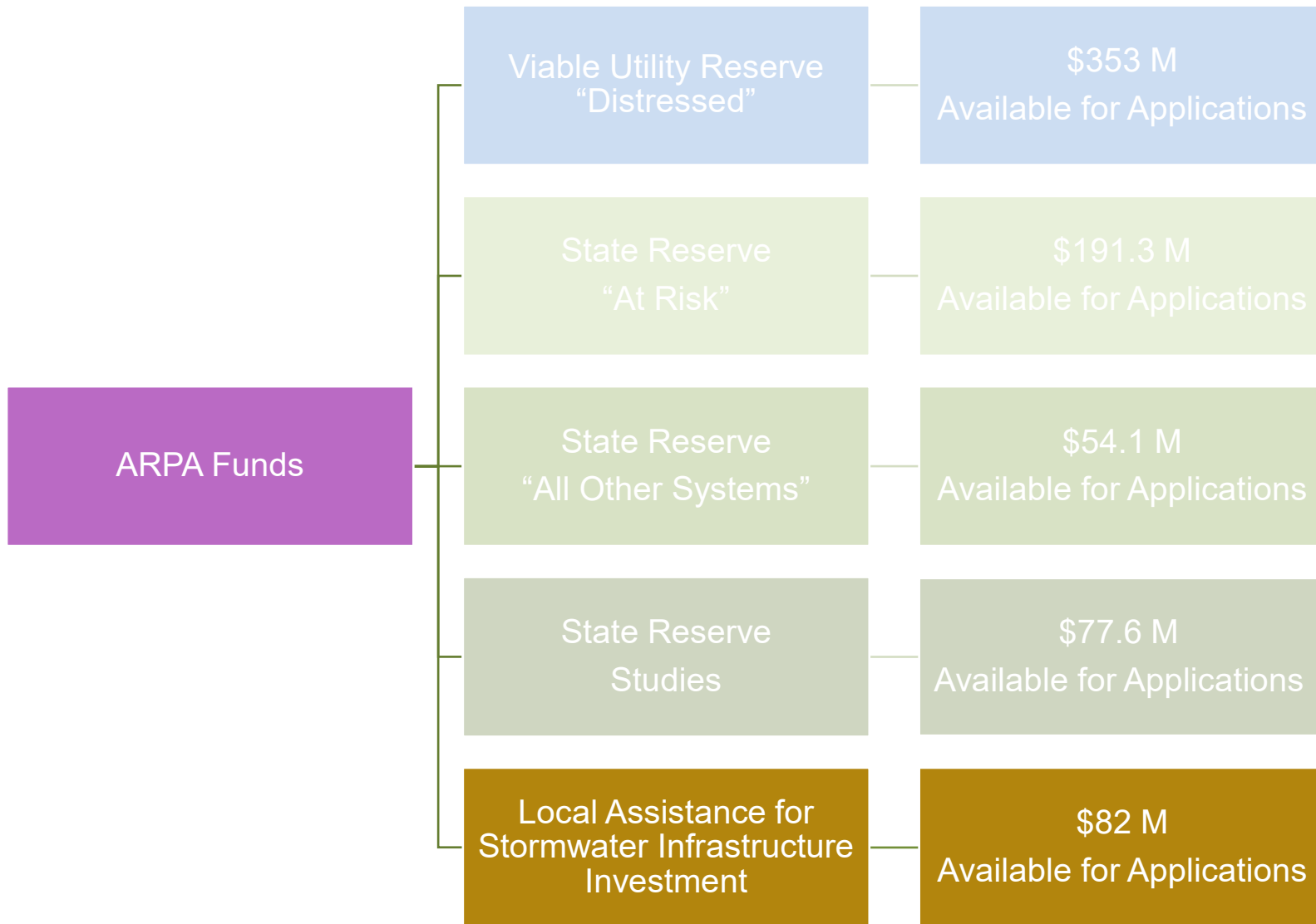
ARPA funds Available for Awards



ARPA funds in the State Reserve for Study/Planning Grants

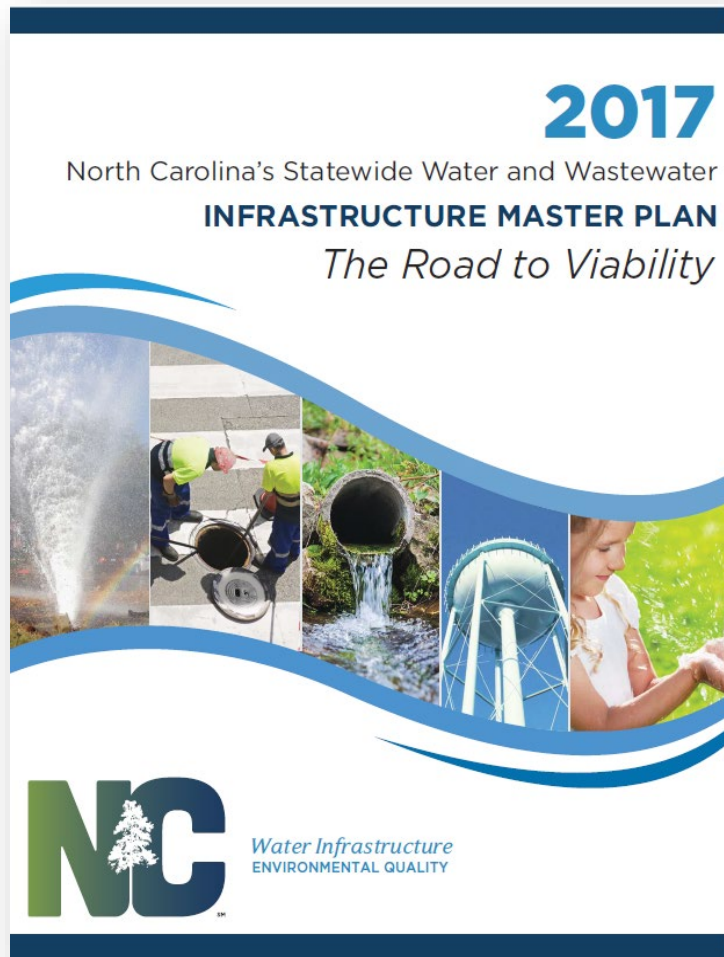
- Eligible Recipients (not limited by system size)
- Eligible Projects: AIA, MRF, pre-construction planning. Training, rate study can be added.
- Funding Limits
 - Planning/study grants limited to \$400,000 in the 2021-2023 biennium
- Spring 2022 funding round
 - Applications due May 2, 2022
 - AIA and MRF priority rating systems are in place
 - Pre-construction planning projects for future water and wastewater projects
 - Prioritized based on the potential construction project
 - Training and rate studies can be added to construction project or study project applications (not standalone project)
 - Must be related to the project
 - Training limited to \$2,000 per applicant; reimburse mileage and registration costs

ARPA funds Available for Awards



ARPA Funding in the Stormwater Fund

- ARPA funding for
 - Construction (\$15M cap)
 - planning (\$500,000 cap).
- Nature-based solutions are eligible.
- Creation of a stormwater utility is eligible.
- Stormwater Priority Rating System to be developed prior to receiving applications (by July 2022).
- Anticipate first round of applications: Fall 2022 (Sept. 30, 2022 due date)
- If funds remain available, second round of applications: Spring 2023



Considerations and Opportunities

<https://deq.nc.gov/about/divisions/water-infrastructure/state-water-infrastructure-authority/statewide-water-and-wastewater-infrastructure-master-plan>

Considerations

ARPA funds to be expended by December 2026:

- Construction projects that can start soon
- Projects (or project phases) that can be completed in 3-4 years

Assets paid for with grant funding: how will your utility pay for its depreciation and replacement next time? (Rate study / budget considerations)

- Lifecycle costs usually much higher than purchase price

Addressing the needs of disadvantaged communities?

What can be funded using other means?

Opportunities (Examples)

- Can be transformational. Think 20, 30 years+.
- Regionalization (interconnections, shared operations/mgmt, partnerships, PPP, mergers, etc.)
- Focus on disadvantaged communities / address environmental justice/equity
- Resilience
- Cybersecurity
- Water and energy efficiency / water loss
- Stream restoration, stormwater & envr. protection
- Implementing Asset Management Plans / CIPs
- Project planning
- Essential system upgrades
- Right-sizing infrastructure
- ... and more.

More Opportunities Coming Soon!

Bipartisan Infrastructure Law:

- Significant increases to the State Revolving Funds
- Significant increases for additional subsidies
- Dedicated funding for lead service line inventories and replacement
- Dedicated funding for PFAS/emerging contaminants remediation

The screenshot shows the North Carolina Environmental Quality website. The header includes the logo, a search bar, and navigation links for NC.GOV, AGENCIES, JOBS, and SERVICES. The main navigation menu has links for Home, Divisions, Permits & Rules, Outreach & Education, Energy & Climate, News, and About. The breadcrumb trail reads: NC DEQ » About » Divisions » Water Infrastructure » I Need Funding » Application Forms and Additional Resources. The main heading is 'Application Forms and Additional Resources'. Below it is a section titled 'Important Application Information:' with a bulleted list of instructions. To the right is a sidebar titled 'I Need Funding' with a sub-heading 'Application Forms and Additional Resources' and several links: 'Asset and Inventory Assessment Grants', 'Clean Water State Revolving Fund', 'Community Development Block Grant-Infrastructure', 'Drinking Water State Revolving Fund', 'Merger/Regionalization Feasibility Grants', and 'State Wastewater and Drinking Water Reserve Programs'. At the bottom, there are tabs for 'Common Forms' (selected), 'Priority Points Rating Sheet and Guidance', 'CDBG-I Additional Forms', and 'Additional Resources'.

Spring 2022 Applications for Funding

DWI website →
“I Need Funding” →
Application Process
(bottom of page)

<https://deq.nc.gov/about/divisions/water-infrastructure/i-need-funding/application-forms-and-additional-resources>

Spring 2022 Funding Applications

Spring 2022 application form and most supplemental forms now on the website. (Rest will be posted by next week).

Please use the Spring 2022 documents when applying. New forms and guidance documents reflect changes to the funding programs.

Applications due May 2, 2022, at 5:00pm.

Application Materials

- Application for Funding form (for all applications)
- Priority Rating System Guidance and Form (for construction projects, for AIA, or for MRF)
- Templates of Resolutions from Governing Body
- Fund Transfer Certification
- Water/Sewer Financial Information Form
- Affordability Calculator (to be posted by next week; will assist self-assessment of eligibility to certain ARPA funds, e.g. At-Risk)
- Supplemental Guidance

What funding is available for Spring 2022?

- Drinking water and wastewater infrastructure (construction) projects
 - ARPA grants through Viable Utility Reserve and State Reserve Programs
 - DWSRF low-interest loans and principal forgiveness loans
 - CWSRF low-interest loans and principal forgiveness loans
- Asset Inventory and Assessment grants
- Merger/Regionalization Feasibility grants
- Pre-construction planning grants without construction projects (new option)

CDBG-I and stormwater grants not available till Fall 2022 (Sept. 30) application round.

Application Trainings (Spring 2022)

Monday, February 21, 2022, Asheville, 10 a.m. – 3:30 p.m. (35 seats capacity)

Land-of-Sky Council of Governments
339 New Leicester Highway, # 140
Asheville, NC 28803

Tuesday, February 22, 2022, Hickory, 10 a.m. – 3:30 p.m. (40 seats capacity)

Western Piedmont Council of Governments
1880 2nd Avenue NW
Hickory, NC 28601

Monday, February 28, 2022, Raleigh, 10 a.m. – 3:30 p.m. (30 seats capacity)

Ground Floor Hearing Room, Archdale Building
512 N. Salisbury Street
Raleigh, NC 27604

Virtual option (via WebEx) also available for this training only:

(WebEx Instructions for online listening):

<https://ncdenrits.webex.com/ncdenrits/j.php?MTID=m12b728f1e43608d4b7a8086da61c7db4>

Meeting Number: 2435 093 6056

Password: Spring2022

(By phone):

1-415-655-0003

Access Code: 2435 093 6056

Wednesday, March 2, 2022, Williamston, 10 a.m. – 3:30 p.m. (25 seats capacity)

NC Telecenter
415 East Boulevard, # 130
Williamston, NC 27892

Thursday, March 3, 2022, Pembroke, 10 a.m. – 3:30 p.m. (40 seats capacity)

Lumber River Council of Governments
30 C.J. Walker Road
COMtech Park
Pembroke, NC 28372

No cost to attend.

Prior registration required for in-person sessions:

RSVP to Jennifer Haynie at jennifer.haynie@ncdenr.gov (919.707.9173) at least one week prior to the session you plan to attend.

Please provide your name, organization, email, phone number, and the location you plan to attend.

Link to attend the virtual option on Feb. 28:

See link at

<https://deq.nc.gov/about/divisions/water-infrastructure/i-need-funding>

Resources for Potential Applicants

- ARPA SFRF Administration Plan – on website
- Application instructions and guidance – on website
- Procurement Policy
- Policy on Design-Build
- FAQ on ARPA SFRF funding
- Outreach/events to communicate plans
 - Recording of this webinar
 - Soon/TBA: Q&A session(s) with resource agency partners
- Contact us with questions

Questions?

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Comments from

**NC Pandemic
Recovery Office**

**NC League of
Municipalities**

**UNC School of
Government**



Thank you.

