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Agenda

- Introductions & program overview
- Application package completion
- Priority Rating Systems for drinking water and wastewater construction projects (including CDBG-I)
- Community Development Block Grant – Infrastructure (CDBG-I) programmatic specifics
- Viable Utility Program & study grant primer
- Study grant Priority Rating Systems
- Lead Service Line applications
- Funding expectations primer
- Wrap-Up

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Training Handout Packet

- Agenda
- Presentation
- NCDEQ Division Common Application
- VUR eligibility form
- One-sheets for all funding programs and more

Guidance and other documents can be found on our website at: <https://deq.nc.gov/about/divisions/water-infrastructure/i-need-funding/application-forms-and-additional-resources>



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Introductions

- Staff introductions
- Audience introductions
 - How many are representing local government units?
 - How many are consultants or technical assistance providers?
 - How many are new?
 - How many are old hands at this?




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Program Overviews



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Know Before You Go: Funding Programs

Applications due Monday, September 30, 2024,
by 5:00 p.m.

- Electronic Applications
- One-sheets provide summary of each funding program
- Rolling Applications for
 - Lead Service Line Replacement Program
 - Emerging Contaminants studies



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<i>Funds Available (Preliminary)</i>				
Application Type	Approximate Amount Available in Fall 2024			
Community Development Block Grant - Infrastructure	CDBG-I Grant: \$19M			
Drinking Water Projects	DWSRF Loan: \$80M (incl. \$21M in PF)	Emerging Contaminants (EC): \$5M for construction (100% PF)	Viability Utility Reserve (VUR) Grant: \$6M	State Reserve (SRP) Grant: \$10M
Wastewater Projects (including stormwater quality, stream restoration)	CWSRF Loan: \$100M (incl. \$15M in PF)	Emerging Contaminants (EC): \$1.9M (100% PF)		
Merger Regionalization Feasibility Grants	State Reserve (SRP) only			
Asset Inventory & Assessment Grants				
LASII Stormwater Grants	\$0 (no additional appropriations)			
Total	\$221.9M			
Application Type	Approximate Amount Available Throughout the Year			
Lead Service Line Inventories and Replacements	~\$64M (incl. ~\$42M in PF) (more is available)			
Evaluation/Assessment Studies to Address PFAS in Drinking Water and in Wastewater/Landfills	Drinking Water ~\$10.1M (100% PF) Wastewater ~\$1.64M (100% PF)			
Total	~\$75.7M			

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<i>Funding Types and Limits</i>	
Program	Funding Type and Limits
Drinking Water State Revolving Fund	Repayable loans (with principal forgiveness), up to \$25 M per round, \$200M total DWSRF loan per recipient \$5M for BIL EC construction Funds
Clean Water State Revolving Fund	Repayable loans (with principal forgiveness), up to \$35 M per project per round, \$200M total CWSRF loan per recipient No cap for BIL EC funds
VUR (Construction)	Grants for VUR-eligible construction projects for distressed LGUs, up to \$6M in total VUR funding. Distressed LGUs are eligible for up to \$15M in lifetime grants from the VUR.
CDBG-I	DW & WW grants benefiting low-to-moderate income, up to \$3 M every 3 years
SRP Grant	\$3M per recipient every 3 years for construction projects \$150,000 per utility every 3 years for AIA \$50,000 per utility every 3 years for MRF

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What's New This Round

- Updated Utility rates for different prioritization and PF eligibilities

Percentile Ranges	Old Combined Monthly Bills (\$/5000 gallons)	Fall 2024 Combined Monthly Bills (\$/5000 gallons)	Prioritization (Line Item 4.B)	% Grant or PF (Current Combined Monthly Bill)	% Grant or PF (Combined Monthly Bills + Project cost per month)
> 99 Percentile	> \$148	> \$166	10	100%	100%
95 - 99 Percentile	\$129 - \$148	\$145 - \$166	10	100%	75%
85 - 95 Percentile	\$107 - \$129	\$126 - \$145	8	75%	50%
70 - 85 Percentile	\$90 - \$107	\$107 - \$126	6	50%	25%
50 - 70 Percentile	\$79 - \$90	\$89 - \$107	4	25%	0%
0 - 50 Percentile	\$0 - \$79	\$0 - \$89	0	0%	0%



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What's New This Round

- Prioritization for project from local government units (LGUs) under the fiscal control of the LGC
 - Qualify for 100% principal forgiveness (PF)
 - If awarded an Emergency Operating Grant (EOG) under NC GS 159G-34.5 (current or prior fiscal year) receive maximum points for Category 4: Affordability
- Disadvantaged Area definition
 - Does not include project that benefits the entire LGU area or entire utility service area
 - A targeted project area will be considered a “disadvantaged area” based on at least 3 of the following factors compared to the state benchmark values:
 - Median household income rea;
 - Poverty rate;
 - Property values per capita;
 - Unemployment rate.

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What's New This Round

- Focus on EC-Study projects
 - 50% reserve for both WW and DW funds
 - "Rolling" Applications for WW and DW EC study grants
 - Cutoff dates for LSLR or EC study applications are November 1, 2024 (awards at December 10, 2024 SWIA meeting) and January 10, 2025* (awards at February 19, 2025 SWIA meeting*)
- EC Prioritization Line times
 - Line Items 1.J – Projects Addressing PFAS emerging Contaminants
 - Line Items 2.H.3 & 2.H.4 – Projects address PFAS
- New Viable Utilities eligibility form for construction projects



*Dates are preliminary and subject to change.

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What's new this round

- Lead Service Line Replacement Projects
 - More funds available!

Approx. Application Due Date	Approx. SWIA Meeting (Award Date)	Est. LSLR Funds Available (Includes PF)	Est. Principal Forgiveness (PF) Available
August 2, 2024	September 17, 2024	\$19,124,326	\$13,325,569
November 1, 2024	December 10, 2024	\$19,124,326	\$13,325,569
January 3, 2025	February 2025	TBD	TBD

- Initial funding caps can be increased in \$500,000 increments if funds are available
 - \$5M for replacement of know lead
 - \$3M for find and replace
 - \$1M for inventory
- Initial PF cap increased from \$500,000 to \$1M
- VUR Construction Supplemental Form



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VUR Construction Supplemental form

LGUs seeking VUR project funding must complete VUR Construction Supplemental form

- Whether the LGU is current on their VU BUMP training status.
- The project type (checkbox) per 159G-32(d).
 - Provide physical interconnection and extension to provide regional service.
 - Rehabilitate existing infrastructure.
 - Decentralize an existing system into smaller viable parts.
 - Other options deemed feasible which result in local government units generating revenues to facilitate the provision of reliable water or wastewater services.
- A brief narrative of how the proposed project promotes the utility's viability specifically related to the LGU's latest Assessment Criteria scores.

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Pop Quiz: Funding Programs – Question #1

- LASII funds are being offered this round
- True
- False



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Pop Quiz: Funding Programs – Question #2

- When are applications due?
 - a. Monday, September 30, 5:01 p.m.
 - b. Monday, September 30, 5:00 p.m.
 - c. Monday, October 7, 5:00 p.m.



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Pop Quiz: Funding Programs – Question #3

- What funding is being offered on a rolling basis?
 - a. DWSRF-LSLR
 - b. CWSRF-EC-Construction
 - c. CWSRF-EC-Studies
 - d. DWSRF-EC-Studies
 - e. a, c, and d only



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Discussion Time



What questions do you have?



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*Application Package
Completion*



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Application Packet

- Division application
- Priority points sheet and narrative
 - Wastewater, including BIL-EC construction funding
 - Drinking water, including BIL- EC construction funding
 - CDBG-I
 - AIA or MRF for drinking water or wastewater
- Affordability calculator
- Resolution and Form for Certification by Recording Officer
- Water and Sewer Financial Information Form, if applicable
- Fund Transfer Certification Form, if applicable
- VUR eligibility form, if applicable
- Rate sheets
- UEI form



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Application Packages

- Construction and AIA applications not funded in previous round (Spring 2024) considered in Fall 2024 (*Does not apply to CDBG-I*)
 - No additional information allowed
 - Application reconsidered as-is
 - Adding information? ⇨ Submit completely new application
 - Each application viewed as stand-alone



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Final Check Tips

- All signatures present including electronic copies
- All forms present and complete
 - Application
 - Fund Transfer Certification
 - Rate sheet(s)
 - Resolution(s) as needed
 - EJ map (if applicable)
 - CDBG-I LMI documentation and federal compliance documents
 - VUR eligibility form (if applicable)
 - UEI form
- Narratives & score sheets & supporting documentation



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Division Application



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Division Application

- Revised in Summer 2024
 - [This application must be used](#)
- One application for app programs, except LSLR and EC study projects
- Best funding available based on eligibility and prioritization
- All sections completed
- **Note:** Application comes with instructions
 - [Read the instructions](#)

North Carolina Department of Environmental Quality
Division of Water Infrastructure
Fall 2024 Application for Funding
(Last updated: July 2024)

Low-interest loans, principal forgiveness (PF), and grants from the Drinking Water State Revolving Fund (DWSRF), the Clean Water State Revolving Fund (CWSRF), State Reserve Program (SRP), Community Development Block Grant – Infrastructure (CDBG-I), and Value Utility Reserve (VUR) programs are available for drinking water and wastewater infrastructure construction and planning projects. Principal forgiveness from the Bipartisan Infrastructure Law (BIL) DWSRF Emerging Contaminants (DWSRF-EC) funds and BIL Clean Water State Revolving Fund (CWSRF-C) for construction (DWSRF-EC) are available for projects addressing PFAS contamination in drinking water (and construction projects) and wastewater (CWSRF-EC). **State Landfill for DWSRF-EC study projects is now available on a rolling basis. A separate application for these projects is available on the Application Form and Additional Revenue page of the website.** Low-interest CWSRF loans are available for green projects such as stormwater quality infrastructure, stream restoration, urban water or energy efficiency projects. In Fall 2024, Asset Inventory and Assessment (AIA) grants and Merge/Regionalization Feasibility (MRF) grants are available for drinking water and wastewater studies from the SRP for all local government units (LGUs).

Local government units under the fiscal control of the Local Government Commission on the day of the application deadline qualify for SRP PF.

Complete this Application for Funding form and submit it along with required additional forms and documents to the Division of Water Infrastructure for consideration.

Note: there is a different application form for Lead Service Line Inventorying and Replacement funding as well as EC study funding.

Fall 2024 applications are due **Monday, September 30, at 5:00pm.**

Instructions are enclosed. Application form is attached after the instructions. Additional forms required for completing an application are available on the Division of Water Infrastructure's Application page.

Section 1 – General Information

North Carolina Department of Environmental Quality
Division of Water Infrastructure
Application for Funding
(Last updated: July 2024)

1. General Information

Applicant Name: _____ County: _____ Unique Entity Identifier (UEI): _____

Project Name: _____ Federal Tax ID #: _____ PWSID or NPDES # (if applicable): _____

Applicant Type: Municipality Metropolitan Water/Sewerage District Funding Amount Requested: _____
 County Non-Profit Water Corporation Total Project Cost: _____
 Water and Sewer District Investor-Owned Drinking Water Corporation
 Water and Sewer Authority Council of Government
 Sanitary District Other (Specify: _____)

Funding Type(s) Requested

Drinking Water or Wastewater Planning
 Asset Inventory and Assessment (AIA) (only for LGUs designated as Distressed and have not received AIA funding in the past)
 Merge/Regionalization Feasibility (MRF) Study (only for LGUs designated as Distressed and have not received MRF funding in the past)

Construction Project
 Drinking Water Drinking Water Emerging Contaminants (PFAS project)
 Wastewater Wastewater Emerging Contaminants (PFAS project)
 CWSRF Green Project: stream restoration, stormwater SCM, reclaimed water
 CDBG-Infrastructure (CDBG-I)

CDBG-Info:
 LMI Determination Method: ACS Survey LMI Percentage: _____

Acceptance of Funding Offer (for Construction Projects) Please read the Instructions page for details. Most funding available is in the form of low-interest loans. Offers of grant and principal forgiveness (PF) are based on availability and the applicant's eligibility for grants PF. Please indicate to the Division your willingness to accept a loan and the minimum amount of grant PF you would accept for this project. The greatest amount of grant PF available for your application based on eligibility and availability will be offered to your application if selected, even if you are willing to accept less.

1) I am willing to accept a low-interest loan offer for the Funding Amount Requested above.
 Yes (step loan) or No (answer the next question)
(Answering "Yes" does not reduce the amount of grant or PF the project will be offered if awarded. The project will be offered any grant or principal forgiveness for which it can receive based on eligibility and availability.)

2) I will only accept a funding offer if a minimum of \$_____ is offered as a grant or principal forgiveness (PF). I understand that I will not be offered any funding if the minimum requested grant/FF amount cannot be offered.
(In many funding rounds projects will be limited to \$100,000 in PF based on PF availability. Indicating a minimum grant/FF request above \$100,000 has a higher likelihood that a potential funding offer would not meet the minimum grant/FF requested and result in the project being bypassed for funding. Applicants should indicate the lowest amount of grant/FF required.)

Division Application – Sections 2, 3, 4, & 5 – Tips

- **Section 2**
 - Water/sewer connections (residential & non-residential)
 - Water/sewer bills
- **Section 3 – Authorized Representative**
 - Top elected official
 - Top administrative official (e.g., Town Manager)
 - Person listed as Authorized Representative in Resolution
 - Utility Director
 - Finance Officer
 - Council Member
- **Section 4 & 5 – Application Preparer and Engineer Contact**
 - Please make sure same contacts are listed as provided in the electronic application submittal form.

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Sections 6-7 – Project Description & Additional Information

6. Project Description (see Instructions)	
<input type="text"/>	
Estimated number of new connections served by Drinking Water or Wastewater construction, Emerging Contaminants (PFAS), or CDBG-I project:	<input type="text"/>
<input type="checkbox"/> 50% or more of the project budget is to directly benefit a Disadvantaged Area. Both the Application Budget and Narrative must demonstrate that the project area includes a Disadvantaged Area and that 50% or more of the project budget directly benefits the Disadvantaged Area. See Application Guidance for Line Item 4.C.4 for details on the minimum documentation to be included in the Budget and Narrative.	
For Drinking Water and Wastewater construction, Emerging Contaminants (PFAS), CWSRF Green Project, and CDBG-I:	
<input type="checkbox"/> The proposed project is a result of an Asset Inventory and Assessment grant previously awarded by the Division.	
<input type="checkbox"/> The proposed project is a result of a Merger / Regionalization Feasibility Study grant previously awarded by the Division.	
<input type="checkbox"/> None of the above.	
7. Additional Information for Consideration	
<input type="text"/>	

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Sections 8a & 8b – Tips

- Budget funding requested must match funding requested in Section 1
- Section 8a – DW/WW construction budget
 - If claiming Line Items 1.C.1, 1.D.1, 1.E, 1.J.1, 1.J.2, & 4.C.4., add lines as described in table instructions
 - *Affix PE seal, signature, and date*
- Section 8b - Water and wastewater planning project budgets

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Certifications & Completeness– Tips

- Certifications
 - *Authorized Representative must initial each certification*
 - Not applicable? N/A
- Completeness Checklist – Initialed by Authorized Representative or Preparer



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Signature – Tips

- **Must be signed by Authorized Representative**
 - Top elected official
 - Top administrative official
 - Person listed in Resolution as Authorized Representative
 - Caveat: For CDBG-I, the person listed as the Authorized Representative in the resolution must sign the application
- **Original signature**
 - *Wet signature required for CDBG-I hardcopy*
 - *Electronic signature (DocuSign preferred) okay for other programs and the official electronic CDBG-I application*



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Additional Forms



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Financial Information Form



Complete the following information related to your system's Enterprise Fund. If your Enterprise Funds are separate for water and wastewater, please supply sheets for the appropriate fund. If the application is for a specific District or system with its own fund, provide only that District's or system's financial information.

1. Supply the required information below:

Combined System Water System Wastewater System

Unit Name: _____
Fund Name: _____

2. Provide the following information for the past three fiscal years for which an audit has been completed and submitted to the Local Government Commission (or the equivalent if not a local government unit).

	Fiscal Years		
	2022	2021	2020
Operating Revenues			
Customer Charges			
Connection Fees			
Other			
Total Operating Revenues			
Expenditures			
<i>Administration</i>			
Salaries			
Other			
<i>Operations</i>			
Salaries			
Other			
Total Expenditures			
Other (do not include depreciation)			
<i>Debt principal</i>			
Interest			
Capital outlay			
Capital reserve			
Transfer from (to) other funds			
Other (list):			
Total Other			
Net Income (Loss)			

(OVER)

3. Certification. Please read and sign below.

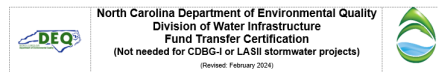
I attest that the financial information provided in this form, to the best of my knowledge, is accurate, complete, true, and matches audits for the past three years (or the equivalent formal financial records for non-local government applicants).
I further attest that, to the best of my knowledge, if _____ has made any transfers within the past three years, these transfers are shown in Item #2 of this form.

SIGNATURE OF FINANCE OFFICER		DATE	
TYPED NAME		TYPED TITLE	

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Fund Transfer Certification Form



§ 159C-37(b) requires that all local governments applying for funding from the Clean Water State Revolving Fund, the Wastewater Reserve, the Drinking Water State Revolving Fund, the Drinking Water Reserve, and the Viable Utility Reserve for water or wastewater projects certify that no funds received from water or wastewater utility operations have been transferred to the local government's general fund for the purpose of supplementing the resources of the general fund since July 1, 2014. The prohibition contained in § 159C-37(b) shall not be interpreted to include payments made to the local government to reimburse the general fund for expenses paid from that fund that are reasonably allocable to the regular and ongoing operations of the utility, including, but not limited to, rent and shared facility costs, engineering and design work, plan review, and shared personnel costs. **Note:** A payment in lieu of taxes (PILOT) is not a disqualifying transfer so long as the PILOT reimburses these specific expenses. All other PILOTS are considered transfers.

Complete this form and have your Authorized Representative or Financial Officer sign it. **You must check a box; otherwise, the application will be considered incomplete and not eligible for consideration for funding.**

Applicant's Certification:

I, as a representative of _____ (Local Government Unit), hereby certify that since July 1, 2014, funds received from the water and/or wastewater utility have: **(CHOOSE ONLY ONE)**

- not been transferred from the water and/or sewer enterprise fund to the general fund, **OR**
- been transferred from the water and/or sewer enterprise fund to the general fund **AND** were reasonably allocable to the regular and ongoing operations of the utility in accordance with § 159C-37(b). **OR**
- been transferred from the water / sewer enterprise fund to the general fund via PILOT. Revenues from PILOT were used only for water / sewer utility operations.

Any transfers must be consistent with the information provided in the Division's Water & Sewer Financial Information Form and must be accurately reflected in the audits as reported by the Local Government Unit to the Local Government Commission since July 1, 2014.

SIGNATURE OF AUTHORIZED REPRESENTATIVE OR FINANCIAL OFFICER		DATE	
TYPED NAME		TYPED TITLE	





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VUR Eligibility Form

- Required to be considered for project funding from the VUR
- All *distressed LGUs* must complete form to be awarded VUR Construction Grant funding

	North Carolina Department of Environmental Quality Division of Water Infrastructure Viability Utility Reserve Construction Project Supplemental Information Form <small>(Revised July 2024)</small>	
LGU Name: <input type="text"/> Project Name: <input type="text"/> Check Project Type: <input type="checkbox"/> Drinking Water <input type="checkbox"/> Wastewater		
<p>This form is for local government units (LGUs) that are designated as distressed by the State Water Infrastructure Authority (SWIA) and the Local Government Commission (LGC) under G.S. 159G-45(a) and wish to be considered for Viability Utility Reserve (VUR) construction grant funding. Any distressed LGU must complete the statutory requirements found in G.S. 159G-45(b), including viable utilities initial education. Additionally, G.S. 159G-32(d) limits the types of eligible projects for VUR funding. Please read the information in Section 1 below and complete the information in Sections 2 and 3.</p>		
1. Viable Utilities Initial Education <i>Each LGU designated as distressed must be compliant with their viable utilities initial education (Best Utility Management Practices) requirements. As of July 1, 2024, compliance means that at least two of the four required people (i.e., two elected officials, utilities manager, financial manager) must have completed the training within the past two years. LGUs that have completed this initial education should have received a certificate from Division of Water Infrastructure staff. If you have questions related to the status of your LGU's initial education requirements, please contact Tony Dongarra at tony.dongarra@deq.nc.gov or 919.707.3632.</i>		
2. Verify Project Type is Eligible for VUR Funding <i>Check the box for your project's VUR eligibility type.</i>		
<input type="checkbox"/> Project provides interconnection/extension of public water or wastewater infrastructure to provide regional service. [G.S. 159G-32(d)(1)] <input type="checkbox"/> Project rehabilitates existing public water or wastewater infrastructure. [G.S. 159G-32(d)(2)] <input type="checkbox"/> Project decentralizes an existing public water system or wastewater system into smaller viable parts. [G.S. 159G-32(d)(3)] <input type="checkbox"/> Other options deemed feasible which result in local government units generating sufficient revenues to adequately fund management and operations, personnel, appropriate levels of maintenance, and reinvestment that facilitate the provision of reliable water or wastewater services. [G.S. 159G-32(d)(5)]		

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Resolutions – Tips

- Recommend using supplied template
- Due at time of application
- 1st Whereas clause
 - *List project*
 - If submitting multiple projects, can list all projects
- Authorized Representative
 - CDBG-I: Name the Authorized Representative regardless
 - Other programs: Name Authorized Representative if not top elected or top administrative official.
 - ALWAYS name title of Authorized Representative



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Resolutions – More Tips

- **Form for Certification by the Recording Officer – Must include**
 - Use the template
 - Date
 - Recording officer title & signature
- Attestations are acceptable – Must be from the Clerk of the Board



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Other Forms – Tips

- **Financial Information Form**
 - Finance Officer or Authorized Representative signs
 - 3 years of information from most recently accepted, approved audits
 - Absolute values in expenditures
 - Remember transfers
 - Do not modify form
 - Not required for completeness BUT will impact points if not supplied
- **Fund Transfer Certification**
 - Finance Officer or Authorized Representative signs
 - Go back to FY 2014
 - 1 of 3 checkboxes must be checked
 - Payment in lieu of taxes (PILOT) are not automatically considered reasonably allocable to operation of the utility
- Rate sheets – Include
- Unique Identifier Form – Available at www.sam.gov

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Application Submittal – Electronic (New Link)

- Electronic submittals only accepted
- Website:
<https://edocs.deq.nc.gov/Forms/Fall2024DWIFunding>
- File size limit: 250 MB
- Documents uploaded individually
- **Reminder:** In addition to electronic submission, CDBG-I requires one hardcopy due by deadline



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Pop Quiz: Application Package – Question #1

- What should you do with your Spring 24 or older application forms and attachment templates?
 - a. Store them all on your computer in no particular location
 - b. Print them out and keep them as souvenirs
 - c. Delete them off your hard drive



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Pop Quiz: Application Package – Question #2

- To apply for DWSRF-EC-Study funds, you should use the common application form we discussed.

- A. True
- B. False

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Pop Quiz: Application Package – Question #3

- What are the recommend methods for attaching a PE seal to the project budget?

- A. Wet signature
- B. Docusign
- C. Copy/Paste seal onto PDF
- D. A and B
- E. All of the above



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Tab 1 – General Information

Application Cycle Fall 2024 New

Part A.
General Information

This form is where you submit a Fall 2024 Application for Funding to the Division of Water Infrastructure. (Do not submit a "Lead Service Line Replacement Project or Emerging Contaminants study grant Application" here, but use this form instead).

Low-interest loans and grants are available for drinking water and wastewater and for water and sewer planning grants. Complete your application form and required documentation using the Division's forms application page and then use this online submission page to upload your application and all documents. This portal does not substitute for filling out the Application for Funding form, which you are required to do and upload on the next tab. Applications are due September 30, 2024 by 5:00pm.

Applicant Name *

(Please choose Other if name is not in list.)

County

Add another county

Project Name *

Please be advised DWH has a 40 character limit for project names.

Is this a new application or are you replacing a recently submitted application that needs to be corrected? *

New Replaces a previous submittal

Funding Type *

Service Population *

Points claimed in Priority Rating System *

Select all that apply *

- Applicant is or partnering with a utility designated as distressed
- Project is to consolidate a non-viable system
- Regionalization project involving multiple utilities/local governments
- Project benefits a disadvantaged area
- Project is a result of an Asset Inventory and Assessment grant
- Project is a result of a Merger/Regionalization Feasibility grant
- None of the above

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Tab 1 – General Information

Check if you are willing to accept a low-interest loan for the full amount of funding request above. *

Yes No

Is system designated as distressed per G.S. 159G-145(b)? *

Yes No

Minimal \$ for grant or principal forgiveness \$

Total Project Cost * \$

Number of new water/sewer connections served by project

(if adding new connections)

PWSID (if applicable)

Is there "Additional Information for Consideration" in Section 7 of the Application for Funding form? *

Yes No

Name of Authorized Representative *

Title of Authorized Representative *

Email of Authorized Representative *

Mailing Address of Authorized Representative *

Mailing Address 1

Mailing Address 2

City State / Province / Region

Postal / Zip Code

Organization of Application Preparer *

Name of Application Preparer *

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Tab 2 – Application File Uploads

Application for Funding

1. General Information | **2. Application File Uploads** | Help Info and Submit

This page will show the required uploads based on the Funding Type you selected on the previous page selected under general information.

The application forms, instructions, guidance documents, and supporting documents are all on the Division of Water Infrastructure's applications webpage. You must download and complete all of the relevant forms following the instructions. Once complete, save each file as a PDF and upload each of the forms in the appropriate section below, including the **Application for Funding form**. If an upload is required below but does not apply to your application, upload a single page PDF with a statement that the form is not applicable.

Note: Each upload section below with an asterisk (*) must contain an individual file (e.g. for Completed Application for Funding form). Upload one file per section.

Do not submit the same file in all of the sections below, separate your files as organized by their sections. Make sure your documents are final before uploading. You may delete a file after it is uploaded by clicking on the X next to the filename. **Once you submit an application on the next tab, you cannot edit your application or files. If you need to make a correction after you submit an application, submit a new application and contact the Division.**

Uploading files may take a few minutes. Files must be smaller than 250 MB in size.

Project Resolution by Governing Body*

PDF only

Completed Application for Funding form*

PDF only

Priority Rating System score sheet*

PDF only

Comprehensive Narratives to claim points in the Priority Rating System (all in one file only)*

PDF only

Documentation to support the Comprehensive Narratives*

PDF only

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Tab 3 – Help Info and Submit

Division of Water Infrastructure
NOVIO • CASCADIA
 ENVIRONMENTAL QUALITY

Application for Funding

1. General Information | 2. Application File Uploads | **Help Info and Submit**

Need to call someone? Contact the Division of Water Infrastructure at 919-707-9160.

[Application Forms and Additional Resources](#)
 Also includes the guidance for providing an application narrative, the Affordability Calculator and other forms.

[Unique Entity ID \(UEI\) number lookup](#)
[DEQ's Community Mapping System](#)

Click **Submit below when ready**, or click **Save as Draft** if you want to return and complete the application later (it will not be considered complete until you click on **Submit**). Once you submit an application, you cannot edit your application or files. If you need to make a correction after you submit an application, submit a new application and contact the Division.

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Discussion Time

What questions do you have?



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Wastewater and Drinking Water Projects



***Emerging Contaminant
Funding Overview***



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BIL-SRF-Emerging Contaminants (EC) Funding: Summary

- North Carolina's BIL EC funding program limited to projects addressing PFAS contaminants
- Must have documented PFAS contaminants in the drinking water or wastewater exceeding levels specified in the PRS and PRS guidance.
- PFAS contaminants with a final MCL or HI get higher priority compared to other PFAS contaminants without proposed standards

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BIL-SRF-Emerging Contaminants Funding: Summary – Construction Projects (EC-C)

- BIL EC construction funding
 - Availability for Fall 2024
 - DW – \$5M in PF
 - WW – \$1.9M in PF
 - Funding caps
 - DW - \$5M per applicant per project
 - CW – No cap
 - Check DW-EC or WW-EC as funding type on common application
- Common application form used
- Priority Rating Systems (PRSs)
 - Claim all applicable line items, including EC-eligible line items
 - EC projects will compete only with other EC projects for BIL EC funds
- DWI application review
 - Only certain line items will be considered for prioritizing EC projects EC projects will compete with all other projects for other funding programs

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BIL-SRF-Emerging Contaminants (EC) Funding: Summary – Construction Projects – PRS

Priority Rating System Score Sheet for Drinking Water Projects

2024 PRIORITY RATING SYSTEM for Drinking Water Projects
 Instructions: For each line item, mark "X" to claim the points for that line item. Be sure that your narrative includes justification for every line item claimed. At the end of each category, provide the total points claimed for each program in the subtotal row for that category. Then add the subtotals from each category and enter the Total of Points for All Categories in the last line. Note that some categories have a maximum allowed points that may be less than the total of individual line items.

Line Item #	EC Line Item	Category 1 – Project Purpose (Points will be awarded for <u>only one</u> Project Purpose)	Claimed Yes/No	Points
1.A		Project will consolidate a nonviable drinking water or wastewater utility		25
1.B		Project will resolve failed or failing infrastructure issues		22
1.C		Project will rehabilitate or replace infrastructure, including replacement by regionalization projects		12
1.C.1		Treatment units, pumps and/or pump stations to be rehabilitated or replaced are greater than 20 years old, OR lines, storage tanks, drinking water wells or intake structures to be rehabilitated or replaced are greater than 40 years old OR lead service lines		8
1.D		Project will expand infrastructure		2
1.D.1		Treatment units, pumps and/or pump stations to be rehabilitated or replaced are greater than 20 years old, OR lines, storage tanks, drinking water wells or intake structures to be rehabilitated or replaced are greater than 40 years old		8
1.E		Project will provide service to disadvantaged areas		20
1.F – 1.J		Reserved for other programs		
1.J		Project addresses PFAS emerging contaminants		
1.J.1	EC	Sole purpose of the project is to address Emerging Contaminants (construction projects) where 100% of the costs are associated with this purpose OR		12
1.J.2	EC	At least 75% of the project costs are to address Emerging Contaminants (construction projects) OR		5
1.J.3		Reserved for EC-Study Program. Please use appropriate guidance and rolling application.		
Maximum points for Category 1 – Project Purpose				25

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Priority Rating System Score Sheet for Wastewater Projects

2024 PRIORITY RATING SYSTEM for Wastewater Projects
 Instructions: For each line item, mark "X" to claim the points for that line item. Be sure that your narrative includes justification for every line item claimed. At the end of each category, provide the total points claimed for each program in the subtotal row for that category. Then add the subtotals from each category and enter the Total of Points for All Categories in the last line. Note that some categories have a maximum allowed points that may be less than the total of individual line items.

Line Item #	EC Line Item	Category 1 – Project Purpose (Points will be awarded for <u>only one</u> Project Purpose)	Claimed Yes/No	Points
1.A		Project will consolidate a nonviable drinking water or wastewater utility		25
1.B		Project will resolve failed or failing infrastructure issues		20
1.C		Project will rehabilitate or replace infrastructure, including replacement by a regionalization projects		12
1.C.1		Treatment units, pumps and/or pump stations to be rehabilitated or replaced are greater than 20 years old, OR lines, or tanks to be rehabilitated or replaced are greater than 40 years old		8
1.D		Project will expand infrastructure		2
1.D.1		Treatment units, pumps and/or pump stations to be rehabilitated or replaced are greater than 20 years old, OR lines, storage tanks, drinking water wells or intake structures to be rehabilitated or replaced are greater than 40 years old		8
1.E		Project will provide service to disadvantaged areas		20
1.F		Reserved for other programs		
1.G		Project will provide stream/wetland/buffer restoration		10
1.G.1		Restoration project that includes restoration of a first order stream and includes stormwater infiltration SCMs		5
1.G.2		Restoration project that includes restoration and/or protection of riparian buffers to at least 30 feet on both sides of the stream		5
1.H		Project will provide SCMs to treat existing sources of pollution		10
1.H.1		Project that includes SCMs in series that achieve at least 35% nutrient reduction (both TN and TP) and 85% TSS reduction		10
1.I		Project will provide reclaimed water/usage or rainwater harvesting/usage		10
1.J		Project addresses PFAS emerging contaminants		

(New) BIL-SRF-Emerging Contaminants Funding: Summary – Study Projects (EC-S)

- EC studies
 - Availability for SFY 2024-2025
 - DW – \$10.1M
 - WW – \$1.64M
 - Funding cap – \$500,000 per applicant for DW/WW
- Application – Use rolling application form
- Priority Rating System
 - Only EC PRS used
 - Separate PRS scoresheet at end of guidance
- Guidance – Specific PRS for EC studies

EC-S Next Cutoff Date is November 1, 2024

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(New) BIL SRF-Emerging Contaminants Funding: PRS – Study Projects (EC-S)

2024 PRIORITY RATING SYSTEM for DWSRF-EC Projects				
Instructions: For each line item, mark "X" to claim the points for that line item. Be sure that your narrative includes justification for every line item claimed. At the end of each Category, provide the total points claimed for each program in the subtotal row for that category. Then add the subtotals from each category and enter the Total of Points for All Categories in the last line. Note that some categories have a maximum allowed points that may be less than the total of individual line items.				
Line Item #	EC Line Item	Category 1 – Project Purpose (Points will be awarded for only one Project Purpose)	Claimed Yes/No	Points
1.A – 1.E		Reserved for other drinking water projects (not to be used for DWSRF-EC funds)		
1.J		Project addresses PFAS emerging contaminants		
1.1.1	EC	Sole purpose of the project is to address Emerging Contaminants (construction projects) where 100% of the costs are associated with this purpose OR		12
1.1.2	EC	At least 75% of the project costs are to address Emerging Contaminants (construction projects) OR		5
1.1.3	EC	Sole purpose of the project is to evaluate alternatives to address Emerging Contaminants (may include pilot scale treatment study)		5
Maximum points for Category 1 – Project Purpose				12
Subtotal claimed for Category 1 – Project Purpose				
Line Item #	EC Line Item	Category 2 – Project Benefits	Claimed Yes/No	Points
2.A – 2.E,1		Reserved for other programs		
2.F.2	EC	Project includes system regionalization and/or system partnerships		5
2.G		Reserved for other drinking water projects		
2.H		Project addresses contamination		
2.H.1 – 2.H.2		Reserved for other drinking water projects (not to be used for DWSRF-EC funds)		
2.H.3	EC	Project addresses any PFAS compounds exceeding 10 ppt or State-established regulatory standards or limits OR		2

2024 PRIORITY RATING SYSTEM for CWSRF-EC Projects				
Instructions: For each line item, mark "X" to claim the points for that line item. Be sure that your narrative includes justification for every line item claimed. At the end of each Category, provide the total points claimed for each program in the subtotal row for that category. Then add the subtotals from each category and enter the Total of Points for All Categories in the last line. Note that some categories have a maximum allowed points that may be less than the total of individual line items.				
Line Item #	EC Line Item	Category 1 – Project Purpose (Points will be awarded for only one Project Purpose)	Claimed Yes/No	Points
1.A – 1.E		Reserved for other drinking water projects (not to be used for DWSRF-EC funds)		
1.J		Project addresses PFAS emerging contaminants		
1.1.1	EC	Sole purpose of the project is to address Emerging Contaminants (construction projects) where 100% of the costs are associated with this purpose OR		12
1.1.2	EC	At least 75% of the project costs are to address Emerging Contaminants (construction projects) OR		5
1.1.3	EC	Sole purpose of the project is to evaluate alternatives to address Emerging Contaminants (may include pilot scale treatment study)		5
Maximum points for Category 1 – Project Purpose				12
Subtotal claimed for Category 1 – Project Purpose				
Line Item #	EC Line Item	Category 2 – Project Benefits	Claimed Yes/No	Points
2.A – 2.E,1		Reserved for other programs		
2.F.2	EC	Project includes system regionalization and/or system partnerships		5
2.G		Reserved for other drinking water projects		
2.H		Project addresses contamination		
2.H.1 – 2.H.2		Reserved for other drinking water projects (not to be used for DWSRF-EC funds)		
2.H.3	EC	Project addresses any PFAS compounds exceeding 10 ppt or State-established regulatory standards or limits OR		2
2.H.4	EC	Project addresses PFAS exceeding proposed or promulgated MCL or Hazard Index		5

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(New) BIL SRF-Emerging Contaminants Funding: Application – Study Projects (EC-S)

North Carolina Department of Environmental Quality
Division of Water Infrastructure
Application for Funding – Lead Service Line Replacement Projects and Drinking Water and Wastewater Emerging Contaminants Studies

This application form is specifically for **Lead Service Line Replacement** projects funded through the Bipartisan Infrastructure Law (BIL) Drinking Water State Revolving Fund Lead Service Line Replacement Program (DWSRF-LSLR), and **Emerging Contaminants study** projects funded through the Drinking Water State Revolving Fund Emerging Contaminants (DWSRF-EC) and Clean Water State Revolving Fund Emerging Contaminants (CWSRF-EC) programs.

Project applications submitted for these project types will be considered on a rolling basis, with recommendation for funding made to the State Water Infrastructure Authority (SWIA) at the next scheduled meeting. Application due dates to be considered for upcoming SWIA meetings are shown below.

Expected Funding Round DWSRF-LSLR and DWSRF-EC Study Grant, Fall 2024, Winter 2025	
Application Due date	SWIA Meeting (Award date)
Nov. 1, 2024	Dec. 10, 2024
Jan. 3, 2025*	Feb. 19, 2025*
*Dates subject to change	

The information below provides more specific information related to these programs.

DWSRF Lead Service Line Replacement Program

Zero percent (0%) interest loans and principal forgiveness (PF) are available for projects eligible to receive funding from the DWSRF-LSLR program made available through the BIL. Complete this Application for funding along with required additional forms and documentation to Division of Water Infrastructure (Division) of the NC Department of Environmental Quality.

Eligible projects include (1) removal of known lead service lines (LSLs) and lead connectors, (2) projects to find and replace LSLs and lead connectors, and (3) projects to inventory LSLs. A "lead service line" is defined as follows:



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Wastewater and Drinking Water Projects



Project Priority Systems

Wastewater

Drinking Water

CDBG-I

VUR



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Priority Rating System (PRS)

- Used to prioritize projects for funding recommendations
 - Staff recommend projects to fund in priority order
 - Best funds available are provided in priority order
- Claim all the points you can document
 - You may claim more points than the priority point cap for each PRS Section
- Include scoresheet along with narrative and supporting documentation
- Provide ALL the required documentation listed in the PRS guidance
- Only the information provided in the application will be considered

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Priority Rating System

Read PRS Guidance carefully!

- Provides lists and explanations of what is required to document the project is eligible for priority points.
 - List of what is required for each line item claimed
 - Supporting information/documents needed for each requirements
 - Maps
 - Non-compliance documents
 - Etc.
- Provides examples
- Provides tips and recommendations



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Priority Rating System

- “Roll-downs” can happen in some situations
 - Project Purpose examples
 - Failed Infrastructure (1.B) to Rehabilitation/Replacement (1.C)
 - Rehabilitation/Replacement (1.C and 1.C.1) to Expansion (1.D & 1.D.1)
 - Resiliency (2.N)
 - Capital Planning (3.A) to CIP (3.B)
- If unsure, ask questions before submitting application



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DW/WW/CDBG-I/EC-C/EC-S Priority Rating Systems for Construction Projects

- Categories
 - Category 1 – Project Purpose
 - Category 2 – Project Benefits
 - Category 3 – System Management
 - Category 4 – Affordability
- Use appropriate score sheets for drinking water and wastewater programs
- Presentation focuses on problem areas, updated guidance clarifications, and EC-eligible line items



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Priority Rating System – Category 1 – Project Purpose (25 points max)

- The entire project must support the claimed purpose (except as specified in PRS guidance)
- Staff will consider other project purpose points if there is insufficient documentation to award claimed Project Purpose
- Projects not earning purpose points are still eligible for funding...
 - ...but do not qualify for principal forgiveness



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1.A Consolidate Nonviable Systems (DW, WW, CDBG-I) 25 points

Consolidation of Nonviable Systems are the highest priority projects for funding (25 Pts +)

Two situations for becoming a nonviable system:

1. Nonviable due to system Failing

- WW – Division of Water Resources has determined system is failing
- DW – Public Water Supply Section has determined system is failing

2. Nonviable as determined by DWI

- Must be currently designated as distressed or have requested designation as distressed
- Must meet with DWI 30 days prior to application.

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1.A Consolidate Nonviable Systems (DW, WW, CDBG-I) 25 points

- 1.A. eligible projects receive other Project Benefit points
- 1.A. eligible projects may consider rescuing system for claiming System Management points
- 1.A. eligible projects may consider the nonviable system for claiming Affordability points.

See guidance for narrative and documentation requirements

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1.B Resolve Failed or Failing Infrastructure (DW, WW, CDBG-I)

- Points
 - WW – 20
 - DW – 22
 - CDBG-I – 15
- 100% of the cost must be to resolve failing infrastructure
- Drinking water
 - Physical extension of service to connect failed systems
 - Contaminated wells with MCL exceedances
 - Wells whose yield has declined by at least 50%

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1.B Resolve Failed or Failing Infrastructure

- Wastewater
 - Physical extension of service to connect
 - Failed septic systems
 - Failed non-discharge permitted disposal area
 - Onsite systems with NOV issued as per 15A NCAC 18A.1961
- Project must result in privately owned systems owned and operated by applicant

See guidance for narrative and documentation requirements

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1.C Rehabilitate/Replace Infrastructure (DW, WW, CDBG-I) 12 points

- Rehabilitation or Replacement cannot “expand” capacity
- Like-for-like water and sewer line replacements (can upsize to meet minimum design criteria)
 - New pump station / treatment plant with same capacity as old system being decommissioned
 - Looping that amounts to <10% of total project construction cost is allowed
 - New treatment units that do not increase permitted capacity
- New water supply intake structures and additional wells that are part of rehab and replacement of the water supply are not considered an expansion

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1.C Rehab/Replace Infrastructure

- Allows interconnection that replaces treatment or storage facility with no increase in capacity
 - Capacity can be established or limited via interlocal agreement
- Water meter replacement projects are not eligible 1.C. prioritization, unless the system is classified as “Distressed”
- Water meter replacement associated with waterline rehab/replacement is eligible
- If not eligible for 1.C, may “roll down” to 1.D



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1.C.1 Old Infrastructure – Age (DW, WW, CDBG-I) 8 points

- Must earn 1.C points in order to get 1.C.1
- Earn additional points for old infrastructure
 - Treatment and pumping units – 20 years
 - Distribution / collection lines – 40 years
 - SCADA / process control / information technology – 10 years
 - Obsolete pipe materials: ACP, VCP, galvanized iron, cast iron, Orangeburg, etc.
- At least 50% of the construction cost is associated with replacing old infrastructure
- Show clearly in budget
 - What is older than threshold
 - Whatever is not identified as old in the budget or narrative is assumed to be newer than threshold.
- Explain how you know the age



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1.C.1 Old Infrastructure Budget Example

Line Item	Division Funding Requested
Replace 10,000 LF 8-inch pipe (older than 40 years)	\$100,000
Replace 3,000 LF of 8-inch pipe (less than 40 years old)	\$30,000

See guidance for narrative and documentation requirements

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1.D. Expansion (DW, WW) 2 points

- Increase water/sewer line sizes or treatment capacity to meet current needs
- Interconnection projects that add treatment or storage capacity (no new connections). Must also document and receive 2.K points
- Additional wells, treatment plants, pump stations or storage tanks to meet current and justifiable future growth
- New water lines solely to serve future development
 - Not eligible for 1.D points
 - Not eligible for DWSRF funding



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1.E. Service to Disadvantaged Areas (DW, WW) 20 points

- 20 points for DW and CW
- Qualification – 75% of construction costs to provide connection or alternative service
- "Disadvantaged area" consideration not for projects that benefit entire LGU area or entire utility service area
- Disadvantaged areas limited to less than half the number of total connections served by the applicant at the time of application



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1.E Service to Disadvantaged Areas (DW,WW)

- A targeted project area considered a “disadvantaged area” based on at least 3 of the following factor compared to the state benchmark values
 - Median household income
 - Poverty rate
 - Property values per capita
 - Unemployment rate
- Additional factors such as socio-economic or existing contamination factors also considered (see Guidance)
- When possible, compare project area data to LGU indicators

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1.E. Service to Disadvantaged Areas – Documentation Requirements

- Narrative
 - Justification of targeted project area as disadvantaged
 - Project budget
 - At least 75% construction cost to provide service to disadvantaged residences
 - Budget line items necessary to provide service to disadvantaged areas must be clearly identified
 - May include line items for private side connection and/or system development fees
- Project map that
 - Identifies disadvantaged area (must clearly show project area is in disadvantaged area)
 - Identifies properties to be connected (must be clear that properties are in disadvantaged area)

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Budget Example – Disadvantaged Area – \$4.7M Project

Line Item	Project Cost
Construction Costs	
10-inch gravity sewer dis. area	\$2,000,000
10-inch gravity sewer	\$750,000
8-inch gravity sewer dis. area	\$1,000,000
50 sewer laterals dis. area	\$100,000
Subtotal:	\$3,850,000 (\$3.1M=80.51% d/u)
Contingency (10%)	\$385,000 (80.51% d/u=\$309,964 of cont.)
Total Construction – dis. area.	\$3,409,964
Total Construction – Other	\$825,036
Total Construction	\$4,235,000
Engineering Costs	\$100,000
Admin Costs	\$100,000
Connection Fees	\$250,000
75 Total Project Cost	=\$4,685,000 (dis. area=\$3,859,964)

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Other Category 1 Points (CWSRF only)

- Option for stormwater projects
 - 1.G Stream, Buffer, Wetland Restoration (15 points)
 - 1.H Stormwater Control Measures (10 points)
 - Note change in terminology from BMP to SCM
 - 1.I Reclaimed water / rainwater harvesting (10 points)

See guidance for narrative and documentation requirements



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Category 1.J Points (DWSRF-EC-C/CWSRF-EC-C, DWSRF-EC-S/CWSRF-EC-S)

- Only projects addressing PFAS compounds are eligible to receive BIL EC funds
- 1.J: Project will address PFAS (must document and receive 2.H.3 or 2.H.4 to be eligible to receive 1.J points)
 - 1.J.1: 100% of the costs must be to address PFAS (12 points) (EC-C only)
 - 1.J.2: minimum 75% of the costs must be to address PFAS (5 points) (EC-C only)
 - 1.J.3: PFAS-related study/alternative analysis projects.
 - 100% of costs must be related to PFAS studies (5 points) (EC-S only)
 - Once funded, Applicant will work with PWS to refine scope

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Project Purpose Points Summary

Line Item #	Category 1 – Project Purpose	Prioritization Points	Notes
1.A	Consolidate a nonviable utility	25 DW/WW 15 CDBGi	
1.B	Resolve failed or failing infrastructure issues	20 WW 22 DW 15 CDBGi	
1.C	Rehab or replace infrastructure (no Expansion)	12 DW/WW (+10 old) 10 CDBGi (+5 old)	
1.D	Project will expand, or rehab or replace with expansion	2 DW/WW (+10 old)	
1.E	Provide service to disadvantaged areas	20 DW/WW	N/A CDBG-I
1.F	Projects will extend service to LMI areas	15-10 CDBG-I	CDBG-I Only
1.G	Stream/wetland/buffer restoration	10 (15 for select restoration)	WW Only
1.H	SCMs to treat existing sources of pollution	10	
1.I	Reclaimed water or rainwater harvesting/usage	10	
1.J	PFAS emerging contaminants	5 or 12 CW/DW	NA CDBG-I



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Priority Rating System

Category 2 – Project Benefits



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Category 2 – Project Benefits

- Only a portion of the project must relate to a specific benefit
- Points only earned when the Applicant identifies direct connection between the project and type of expected benefit
- Narratives must fully describe benefits of proposed project and how benefits arise from Project Purpose
- In cases where a single application includes multiple project types, Project Benefit points must match Project Purpose that was claimed

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2.A Provides Specific Environmental or Public Health Benefit (CDBG-I)

Expanded to include additional environmental and public health benefits to list of projects that could receive these priority points:

- Eliminating malfunctioning onsite wastewater systems and lead service lines (LSLs)
- See guidance for required narrative discussion items and documentation



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2.A Provides Specific Environmental or Public Health Benefit, continued (CDBG-I) 15 points

Common Errors

- Narrative
 - Not clear – does not link problem with project purpose or project area
 - Does not include all discussion items as stated in guidance (e.g., size of existing and replacement infrastructure, addresses of all failed/failing private systems, etc.)
- Documentation
 - No documentation
 - Did not match narrative
- Maps – Not having anything guidance states is needed (e.g., project area boundary, location of private systems that have failed/failing/dried/contaminated, SSO locations, etc.)
- SSO and Fire Flow
 - No proof that at least one SSO reach a body of water because I/I in project area
 - One spill does not convey a pattern of a problem
 - Fire flow and pressure are not valid public health or specific environmental issues

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2.A.1 Eliminates 20% or More (CDBG-I) 5 points

- Can claim an additional 5 points if project will eliminate 20% or more private systems that are failing, failed, dry or contaminated
- Narrative and map must be complete (see guidance)
- Will use the documentation in 2.A, in addition to the narrative and map in this line item to determine if points are earned



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2.B.1 Specific Public Health Benefit (DW) (20 points)

Points are only for projects benefiting Public Water Systems

- Project replaces dry wells (must also earn 1.B)
- Addresses contamination of a public drinking water source (must also earn 2.H.1 or 2.H.2)
- Project resolves managerial, technical and financial issues as documented by receiving 1.A points
- 2.B.1 is no longer an eligible Emerging Contaminant line item



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2.B.2 Specific Public Health Benefit – Eliminates Lead Service Lines (DW) (10 points)

- This is to prioritize lead service line replacements under DWSRF program
- Applicable if a portion or all of the project eliminates lead service lines
- Must provide map and addresses of known lead lines
- Narrative must explain how the service lines were determined to be made of lead
- These projects should consider applying for funding from the BIL LSLR funding program when 100% of project is related to LSL replacement/identification



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2.C. Provides Specific Environmental Benefit (WW)

- 2.C.1 – Project replaces or repairs certain sewer lines, eliminates failed onsite system or non-discharges systems, or resolves managerial, technical and financial issues (15 points)
- 2.C.2 – Project eliminates malfunctioning onsite wastewater systems (10 points)



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2.C.1 Specific Environmental Benefit (WW)

Projects include

- Providing public service to homes with failing septic systems
 - Must include letter from a registered Sanitarian, a licensed Soil Scientist, or County Health Department
 - Includes failed single-family residence spray/drip irrigation systems
- Repairing or replacing sewers with reported SSOs that
 - Reach bodies of water, or
 - Document backup into homes
- Project resolves managerial, technical and financial issues documented by receiving 1.A points

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2.C.2 Elimination of Malfunctioning Onsite Wastewater Systems (WW)

- Failing ⇒ Authorized agent issues Notice of Violation per 15A NCAC 18A .1961
- Majority of homes (>50%) being connected must have documented failing systems
- Provide list of addresses where septic systems are malfunctioning
- Map requirements
 - Street names and house numbers of malfunctioning systems
 - New sewer lines
 - All systems to be connected to public sewer system
 - Copies of NOVs for any malfunctioning systems

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2.E Addresses Enforcement Documents (DW, WW, CDBG-I)

- 2.E.1 - Addresses Administrative Orders or Special Orders by Consent (5 points)
- 2.E.2 - Resolves Notice of Violation or Deficiency (3 points)
- Must clearly establish how proposed project will lead to compliance and address that specific regulatory requirement
- Enforcement documents must be no more than 3 years old



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2.F System Merger or Regionalization (DW, WW, CDBG-I, EC-C [2.F.2 only], EC-S [2.F.2 only])

- 2.F.1 – System merger (10 points)
 - Physical consolidation into a single regional system
 - Merger of ownership and operation without physical consolidation
 - Interconnectivity alone does not qualify for 2.F.1
 - Eligible up to two years after the date of merger
- 2.F.2 – System regionalization or Partnership, still retaining separate ownership (5 points)
 - Must include agreements/merger documents between the systems
 - EC PRSs will consider these points if partnership help address PFAS contamination for one or more partners (must receive 2.H.3. or 2.H.4)

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2.H Project Addresses Contamination – (DW, WW, CDBG-I, EC)

- 2.H.1 Acute Contamination (15 points)
 - Primary Contaminants covered in Drinking Water Regulations
 - Have established MCLs
- 2.H.2 (5 points) Other-Than-Acute Contamination
 - Secondary contaminants covered in drinking water regulations
 - Contaminant has established SMCL and/or action level (iron, manganese, copper, lead, corrosivity, etc.), and 1,4 Dioxane
- 2.H.3 PFAS compounds exceeding 10 ppt or State-established regulatory standards or limits (2 points) (EC-C and EC-S eligible)
- 2.H.4 PFAS exceeding proposed or promulgated MCL or Hazard Index(HI) (5 points) (EC-C and EC-S eligible)
 - PFOA, PFOS, GenX, PFBs, PFNA, PFHxS



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2.H.3 & 2.H.4 Emerging Contaminants Sampling requirements

- Use EPA validated testing method for PFAS
- Public systems – At least one sample within last 12 months must exceed the threshold levels
- Private drinking water wells – At least one sample within last three years must exceed the threshold
 - All wells proposed to be connected must have PFAS levels exceeding threshold levels (to receive 1.J.1)
 - If contaminant is GenX and wells are located within 50 miles of Chemours with 25% wells exceeding threshold values will get 1.J.1
 - 1.J.2 – Minimum of 50% wells must have data exceeding thresholds and 75% of total cost must be to address PFAS

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2.H.3 and 2.H.4 Emerging Contaminants

- Must replace or provide new treatment to a wastewater treatment or drinking water supply system affected by emerging contaminants
- Document how the project will reduce PFAS contaminants to below proposed MCL/HL or below 10 ppt for other unregulated PFAS
- See Guidance for detailed documentation requirements

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2.K.1 & 2.K.2 Interconnection

- Prioritization for providing interconnections.
 - 2.K.1 – New potable water system interconnections (10 points)
 - 2.K.2 – Additional of Larger potable water systems interconnections (10 points)
 - 2.K.3 – Other interconnections (not limited to potable water system) (5 points)
- Must provide documentation of both partners willingness to interconnect (see guidance)



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2.N Resiliency (2.N.1-2.N.7) (DW, WW, CDBG)

- Points range from 3 to 8
- Claim can be “rolled down”
- 2.N.1-2.N.3 – Move infrastructure out of floodplain
- 2.N.4, 2.N.5 – Fortify or elevate infrastructure within 100-yr Floodplain to assure continuous operation of infrastructure during flood events
- 2.N.6 – Downsize the infrastructure
- 2.N.7 – Redundancy/Resiliency
 - Includes eligible cybersecurity
 - Redundancy must be new or improved



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2.N.7. Redundancy/Resiliency

Requirements

- Include redundant or resilient items in the project description
- New or increased redundancy/resiliency = points
- Replacing/repairing existing generator ≠ points
- Retrofitting with backup power = points
- New equipment with backup power ≠ points



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2.O Impaired Waters (WW) (20 points)

- Project will directly benefit impaired waters
- Provide
 - Stream name and impairment(s) as documented in the Integrated Report
 - Discussion of impairment and connect the dots to show the project will directly benefit the impairment
 - Map(s) with project location, stream location and impaired segment
- Common errors
 - Project does not address impairment
 - Map does not adequately show location of project and impairment

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2.P. Special Water Classifications (WW) (10 points)

- More classifications (UWL, PNA, AFSA, SAV)
- Show direct connection of projects to their impact on these waters
- Provide mapping
 - Project location
 - Location of special waters
 - SSO reports (for project claiming points due to SSO impacts)
- See Guidance for more information



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Priority Rating System

Category 3 – System Management



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3.A Capital Planning Activities (DW, WW, CDBG-I, EC-C, EC-S)

- Can only receive points for either 3.A.1 or 3.A.2
- 3.A.1 - Asset Management Plan (10 points)
 - Narrative describes 4 key AMP areas (see Guidance)
 - AMP must be fully implemented
 - Must qualify for 3.A.2 points
 - For CDBG-I only, must provide complete AMP with both applications
- 3.A.2 - Capital Improvement Plan (2 points)
 - CIP must be adopted within 2 years of application
 - CIP must span 10 years from the adoption date
 - For the first 5 years, list projects with cost by year
 - Next 5 years, list projects and total costs, including year planned or priority of those projects not required
 - Project is clearly highlighted in the priority matrix
 - Planning grant eligible if project related to Capital Project.



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3.A.2 Capital Improvement Plan (DW, WW, CDBG-I, EC-C, EC-S)

Common Errors

- More than 2 years old
- Spans less than 10 years
- Lacks minutes showing adoption (certification not sufficient)
- Project applied-for not evident and unambiguous on CIP
- Includes only O&M expenses and/or a single project (project applied for)
- Large cost difference between CIP and Application not clearly explained
- No explanation of change in CIP priority
- Not providing application narrative
- Not providing full AMP for CDBG-I electronic application



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Priority Rating System

Category 4 – Affordability



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Consideration for LGU's under Financial Control

- Prioritization for project from Local government units under the fiscal control of the LGC
 - Qualify for 100% PF (regardless of size, LGU indicator data, Operating Ratio, or Rates)
 - If awarded an Emergency Operating Grant under NC GS 159G-34.5 (current or prior fiscal year) receive maximum points for Category 4: Affordability
- Claim and document all affordability priority points so that project application may be eligible to receive funding even if the utility is under financial control



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4.A Residential Connections (DW, WW, EC-C, EC-S) (2-4 points)

- Only claim one sub-category based on the number of connections
 - Less than 10,000 residential connections, or
 - Less than 5,000 residential connections, or
 - Less than 1,000 residential connections
- Use only number of sewer or water connections as of date of application
- DWI staff will provide points based on connections provided in the application form. Applicant must explain any differences.



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4.B Current Monthly Utility Bill at 5,000 Gallons (DW, WW, CDBG-I, EC-C, EC-S)

- Ranges from 4 points to 10 points

Percentile Ranges	Spring 24 Combined Monthly Bills (\$/5000 gallons)	Fall 2024 Combined Monthly Bills (\$/5000 gallons)	Prioritization (Line Item 4.B)
>95 Percentile	\$>129 - \$148	>\$145	10
85 - 95 Percentile	\$107 - \$129	\$126 - \$145	8
70 - 85 Percentile	\$90 - \$107	\$107 - \$126	6
50 - 70 Percentile	\$79 - \$90	\$89 - \$107	4
0 - 50 Percentile	\$0 - \$79	\$0 - \$89	0

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4.B Current Monthly Utility Bill at 5,000 Gallons (DW, WW, CDBG-I, EC-C, EC-S)

- Only claim one sub-category based on the current monthly utility combined bill for 5,000 gallons
- Rates must match those on rate sheet(s) submitted
- Use sewer bill and water bill
- Use conversion factor for single-system utilities
 - 0.4 for water-only systems
 - 0.6 for sewer-only systems
- Use lowest residential rate, “in-town rate”
- Provide calculations
- DWI staff will verify rates in application form match those in the rate sheet and provide points based on lowest value if staff cannot reconcile rate information

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4.C Local Government Unit (LGU) Indicators (DW, WW, EC-C, EC-S) (3-7 points)

- Only claim one sub-category
 - 3 out of 5 LGU indicators worse than state benchmark, or
 - 4 out of 5 LGU indicators worse than state benchmark, or
 - 5 out of 5 LGU indicators worse than state benchmark, or
 - Project benefits a disadvantaged area
- LGU Indicators are
 - Property Valuation per Capita
 - Percent Population Change
 - Poverty Rate
 - Median Household Income
 - Unemployment Rate
- DWI staff will provide points based on LGU data in the affordability calculator
- Applicant must document and explain why any alternate data is more representative

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4.C.4 Benefit to Disadvantaged Areas (DW, WW, EC-C, EC-S)

- Used to be Line Item 4.D
- 4.C.4: 5 points - Requirements updated for Fall 2023
- Additional priority to projects benefiting disadvantaged areas
- Disadvantaged Area definition – Same definition for Line Item 1.E
- Benefit related to public health and the environment (not financial)
- Qualification: 50% of construction costs ⇒ benefit disadvantaged area – Cost for treatment plant upgrades or distribution/collection systems must be divided equitably over service area

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4.C.4 Benefit to Disadvantaged Areas

Documentation

- See Guidance for more details
- Projects receiving 1.E points will receive 4.C.4 points without additional documentation
- Justification Narrative (similar to Line Item 1.E)
- Map (same sources as Line Item 1.E)
- Public health or environmental benefit to disadvantaged area
- Project budget (similar to Line Item 1.E)
 - When project benefits also customers outside of a DA, the infrastructure cost should be pro-rated based on % of DA's population, service connections, or other documented approach
 - Include calculations!

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4.C.4 Benefit to Disadvantaged Areas

- Projects documenting 4.C.4 points are also eligible for 50% PF (up to \$500,000 initial cap)
- Projects benefiting disadvantaged areas must provide documentation in 4.C.4 to be eligible for PF even if you are claiming other 4.C points.

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4.E - 4F (CDBG-I)

- 4.E. Poverty Rate of Local Government
 - Pull down poverty rate from local (LGC) indicators table on Division website
 - Higher the rate, more points received up to 15 points
 - Include a copy of the LGC table with applicant information highlighted
- 4.F. Low-and Mod-Income Percentage
 - Use the LMI percentage claimed in LMI documentation
 - Higher the LMI, more points received up to 25 points
 - Ensure all required LMI documentation is provided in both the official (digital/electronic) and hardcopy application



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Pop Quiz: DW/WW/CDBG-I Priority Rating Systems – Question #1

For project purpose, the entire project must address the purpose.

- True
- False



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*Pop Quiz: DW/WW/CDBG-I Priority Rating
Systems – Question #2*

BIL EC study projects must use

- A. The common application
- B. The rolling application
- C. Neither



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*Pop Quiz: DW/WW/CDBG-I Priority Rating
Systems – Question #3*


CIPs need to have been adopted within

- A. 2 years of application date
- B. 2 years of award date
- C. 3 years of application date
- D. 3 years of award date




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CDBG-I Programmatic Specifics



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CDBG-I: Allocation and Maximum Grant Amount



- Approximately \$19 million
- Maximum grant amount is \$3 million over three years
 - Three years begin at time of SWIA award date
- No more than three open grants within three years



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CDBG-I Program

Is to help a non-entitlement municipality or county create healthy living environments through financing public water and sewer infrastructure; and mitigate public and environmental health problems in areas where the percentage of low-to-moderate (LMI) income persons is at least 51% LMI.

Thus, **each project must meet, and document, the national objective of benefiting at least 51% LMI persons or households (new connections) to be eligible for funding.**

A "LMI person" is defined as persons whose household income is no more than 80% of the median household income for the county in which the local government is located.

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CDBG-I Program, Additional Resources and Forms

Online Application Resources and Forms, under Application Forms and Additional Resources:

- Priority Rating System (PRS) Guidance
- Fall 2024 Interactive Scorecard
- Appendix A – Determining LMI
- Appendix B – Public Hearings
- Appendix C – HUD Forms and Instructions
- HUD CPD 17-12 Floodway Notice
- HUD issued 2024 Income Limits and Area-Benefit Census Date (2016-2020 ACS) and HUD CPD Notice 24-04
- Income Survey Templates and Instructions – English & Spanish
- Public Hearing Notice and Templates
- Federal Certificates and Forms



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CDBG-I: Applicants Eligible to Apply

All municipalities and counties are eligible to receive State CDBG funds except for entitlement communities and entitlement counties.

- Entitlement communities receive funds directly from HUD.
 - North Carolina's 24 entitlement municipalities are: Asheville, Burlington, Cary, Chapel Hill, Charlotte, Concord, Durham, Fayetteville, Gastonia, Goldsboro, Greensboro, Greenville, Hickory, High Point, Jacksonville, Kannapolis, Lenoir, Morganton, New Bern, Raleigh, Rocky Mount, Salisbury, Wilmington, and Winston-Salem.
- Entitlement counties receive funds directly from HUD.
 - In North Carolina, all counties are eligible to receive State CDBG funds except Mecklenburg County, Wake County, Union, and Cumberland County, which have been designated by HUD as urban entitlement counties. As entitlement counties, neither the counties nor their municipalities are eligible for Small Cities funding, except for the towns of Holly Springs and Linden.

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CDBG-I: Applicants Eligible to Apply

- Single purpose units of governments (e.g., water/sewer authorities) must work with local governments on projects and are considered subrecipients.
- If a local government is served by a single purpose unit of government, they may apply for a grant to replace, repair, or up-date or extend infrastructure owned by the single purpose unit of government.



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CDBG-I: Project Area

- Once the project is defined, you must define the project area
 - Project must serve the entire project area.
- The project area must first be established before LMI is determined.
 - LMI % in application must represent the project area accurately.
 - **If a project has multiple project areas, each project area must contain a population that is at least 51% low-to-moderate income to be eligible for CDBG funds.**
- Must have a project area map with clear delineation:
 - Must have boundaries, what streets are served, or what houses are served.
 - Use streets, creeks, hills, municipal boundaries, etc. to describe the area the project is located in.
- Your maps must show us clearly where your project is located
- **See Appendix A: Determining the LMI Percentage of the Project Area**



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CDBG-I: LMI Eligibility & Determination

- There are two ways to determine your LMI percentage for your project area:
 - Census Data (area wide)
 - Must use most recent (2016-2020 ACS) LMI summary data from HUD – Effective 8/1/24
 - Income Surveys
 - Four survey methods are allowed: door-door, mail, online, telephone
 - **All individual residences must have a completed and signed survey by occupants of dwelling**
 - Must use the most recent (2024) HUD Income Limits
 - Older surveys must have been done within 18 months of application due date to be valid
 - English and Spanish templates and Instructions on Division website
 - Need survey forms for occupied, vacant, above income and nonresponsive
- The LMI percentage is not the same as disadvantage community definition.
- **See Appendix A: Determining the LMI Percentage of the Project Area**

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CDBG-I: Census Data and Conducting Surveys

- The project purpose, type of project, and project area determines which LMI data is used:
 - Census data (area-wide) can only be used for water/sewer plant work, major outfalls, major water mains, major pump stations, etc.
 - Income surveys for line rehab/replacement, private failing or failed infrastructure, etc.
- If project is connecting households to a public system, income survey with a 100% LMI, and if awarded income verification is required.
- Calculate the LMI percentage of the project area, using the number of people served.
- DO NOT round calculations, must include last two decimal points (i.e., 76.26%, not 76.3%)



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CDBG-I: Using Census Tract or Block Data

- If you use census tract or census block data, the **project must serve the entire tract or block**
- **Must use the new 2016-2020 American Community Survey (ACS) data (ACS 2020) - Effective 8/1/24**
- The project area shall not be drawn to intentionally include LMI persons that would not benefit, nor shall it be drawn to intentionally exclude non-LMI persons that would benefit
- It is better to survey – most water and sewer systems are not designed to serve a census tract or block
- Refer to HUD CPD-24-04 (issued 6/6/24) on how to LMISD (ACS 2020) census data

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CDBG-I: LMI Documentation Required

- Application submission (electronic and hardcopy) must include:
 - Methodology
 - LMI Project Area Map
 - If using area-wide ACS 2020 data, provide a copy of the data
 - If using income surveys:
 - Copies of income surveys are needed for:
 - Completed, signed, and dated
 - No Responses (marked as such)
 - Vacant (marked as such)
 - Tabulation Summary spreadsheet
 - **See Appendix A and PRS/Guidance for more information that may be required**

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CDBG-I: Common Errors: Income Surveys

- Overall Documentation:
 - LMI methodology is missing
 - One side of the surveys is provided, not both
 - Outdated surveys (older than 18 months)
 - Missing income surveys
- Survey Forms:
 - Used wrong income limits
 - Surveys were not signed by appropriate parties
 - Marked/circled household size and income limits do not match
 - Survey corrections were not initialed or dated all appropriate parties
- Tabulation Summary Table:
 - Data on tabulation summary table does not match survey data
 - Wrong average household size to calculate no responses
- Map:
 - LMI map does not convey all homes surveyed or more than what was surveyed

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CDBG-I: Additional Advice on Surveying

- **Start as early as possible.**
- **Engage the community.** Make sure the people in the project area know why they are being asked these questions.
- Assure the interviewees of the **confidentiality** of their answers.
- Use our Spanish language survey or translate survey into another language, if necessary, based on the demographics of the project area
- Utilize community leaders to do the surveys
 - Mayors, managers, clergy, town councilmen – people that the community recognizes and trusts.

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CDBG-I: Project Types Limitations

- Residential areas only. Cannot fund infrastructure in business districts or linked economic development
- **Floodway (or Regulatory Floodway)**
 - HUD financial assistance is prohibited in floodways, with limited exceptions found in 24 CFR 55.8 and 24 CFR 55.21, HUD Notice CPD-17-013)
 - "the construction, installation, or repair of linear infrastructure located entirely below ground level or entirely above base flood elevation may comply with Part 55..."
 - No new construction, manhole repair/replacement or ground disturbance within the floodway.
 - Will allow CIPP, if completely underground and access is done outside floodway
- **Floodplain (must comply with 24 CFR Part 55)**
 - Can fund projects in the floodplain (1% Annual Chance or 100-Year and 0.2% Annual Chance or 500-year)
 - Must follow new floodplain regulations

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CDBG-I: Project Types, continued

- Can fund private laterals for water and sewer service to connection low-mod-income homes
 - Additional documentation is required to ensure direct benefit prior to making the connection



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CDBG-I: Project Description

- Project description must be specific for all major components of water or sewer lines and where this work will occur:
 - Example:
 - The proposed project will replace approx. 3000 LF of 6 and 8" gravity sewer, 42 manholes, and 110 existing service laterals in the public ROW of Smith Street and Sundown Street;
 - Example:
 - The proposed project will replace 6,500 LF of 6" water lines, 20 fire hydrants, valves, 100 existing service laterals, 100 meters along Brown Avenue, Smith Street, and Maple Drive.
 - Incidentals, such as backfill, rock, asphalt patching, etc., to the main construction components do not need to be spelled out in the project description, just the budget.



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CDBG-I: Project Description, continued

- If proposed work will occur on a street or within a right-of-way, the street name must be listed and include identifiable landmarks, such as from intersection of x and z to intersection to x and y.
- If proposed work will occur “off-road”, or outside of the right-of-way, a clear narrative description of this work location is needed.
 - For instance, give a reference point where proposed work leaves the public ROW, a general direction, and a reference point where it goes back to a ROW. (e.g., “... improvements down Alpha St from intersection of Bravo and Alpha to intersection of Charlie and Alpha, then leaving Alpha ROW in a southeasterly direction in a recorded easement to the ROW of Delta Street, then continuing in the Delta ROW to...”).
- NCDOT Right-of-Way
 - Be mindful of working or proposing work
 - Restoration costs imposed could be over \$400k, close to \$800k



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CDBG-I: Build America, Buy America (BABA)

- **For this round of applications:**
 - **Iron and Steel, and Specifically Listed Construction Materials requirements will apply to projects awarded with FY2024 CDBG-I funds.**
- Going forward:
 - All Other Construction Materials and Manufactured Products requirements will be added to FY2025 CDBG-I funds.
- BABA requirements flow with CDBG-I funding down to local governments (grant recipients) and contractors.



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CDBG-I: Multiple Applications

- Local governments can submit multiple applications for different projects; however:
 - Each application is reviewed and scored separately.
 - If one application scores within funding range and the other does not; the local government cannot request switching it with the lower scoring application.
 - If more than one application scores within the funding range, the highest scoring application will be recommended for funding.



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CDBG-I Federal Compliance Documents – Required or Application is Incomplete

- All CDBG-I applications require new federal compliance documents.
 - Citizen Participation Requirement - Public Hearing
 - Held within same calendar year of application
 - Encourage posting notice in project area
 - Certified public hearing minutes required
 - See *Appendix B: Public Hearing & PRS & Guidance*
 - Compliance Statements and Certifications
 - There are 5 to fill out, sign and date in same calendar year as application
 - HUD Required Forms (3 different ones)
 - Some forms need multiple for each activity
 - See *Appendix C: HUD Forms and Instructions*



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CDBG-I Federal Compliance Documents – Required, continued

- Sam.gov
 - Local governments must have active registration with federal government and provide proof
- Applicant's Capacity Letter
 - Applicant letterhead – see PRS & Guidance
- Applicant's Audit (must be current with audits - FY23)
 - Documentation of latest audit was submitted
- Floodplain / Floodway Map
 - With project area and project description (where work will occur) overlaid



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CDBG-I: Common Errors: Federal Comp. Docs

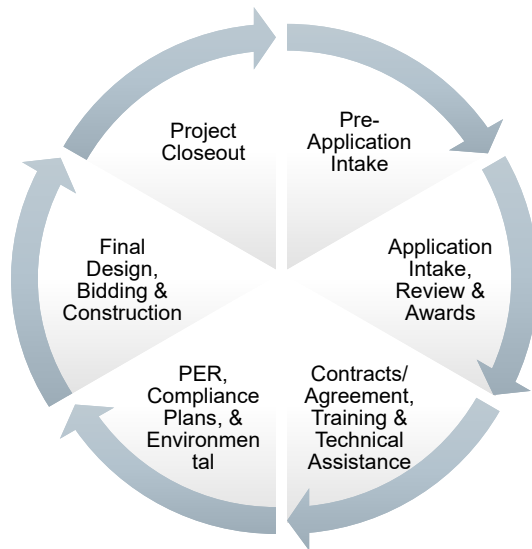
- Public hearing notice was not published (non-legal section) within the publishing window.
 - At least 10 days before, not including the public hearing date, but no more than 25 days before hearing
- The electronic application missing LMI documentation
- Forms not filled out correctly, and/or signed and dated
- Project descriptions and project area do not match
- Old forms are resubmitted instead of new ones
- Missing federal compliance documents



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CDBG-I Funding Cycle & Expectations



- Grantees have approx. 3.5 years to complete their project once grant agreement is executed
- Mandatory Start-Up Meeting with Project Team
- Three mandatory training workshops



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CDBG-I Program Requirements (Federal Conditions)

- Comprehensive community development is accomplished by compliance with Federal and certain State statutes and regulations.
- Awarded applicants must adhere to multiple compliance areas:
 - BABA – Buy America, Build America (NEW)
 - Environmental Review
 - Non-Discrimination Equal Access
 - Title VI of Civil Rights Act of 1964, as amendment, Fair Housing, Equal Opportunity, Limited English Proficiency, Excessive Force, Section 504 of the Rehabilitation Act of 1973, ADA,
 - Financial Management



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CDBG-I Program Requirements, continued

- Awarded applicants must adhere to multiple compliance areas:
 - Acquisition, Demolition, Rehabilitation Uniform Relocation Act
 - Citizen Participation
 - Section 3 of Housing and Urban Development Act of 1968 (Local Economic Benefit)
 - Minority / Women Business Enterprises (M/WBE)
 - Historically Underutilized Businesses (HUB)
 - Labor Standards – Davis Bacon and Related Acts
 - Performance Measurements, Reporting and Recordkeeping



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CDBG-I: Application Submission - Hardcopy

- In addition to electric submission – which is the official application, **MUST** have a hardcopy, with original signatures, of the application
 - **Both applications MUST be Complete**
 - Hardcopy in three-ring binder
- Due by Application deadline in Raleigh office
- See PRS & Guidance for FedEx and UPS address



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Discussion Time

What questions do you have?



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*Viabie Utilities Program
(VUP)*



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Master Plan – Definition of Viability

2017 State Water Infrastructure Authority Master Plan

A viable system is one that functions as a long-term, self-sufficient business enterprise, establishes organizational excellence, and provides appropriate levels of infrastructure maintenance, operation, and reinvestment that allow the utility to provide reliable water services now and in the future.

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



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Viability Utility Program (VUP)

Signed into law on July 1, 2020 (Reform of Water and Wastewater Public Enterprises, S.L. 2020-79)

- Updates to G.S. 159G “Water Infrastructure”
- \$15M per Distressed system, \$30M for merger

Foster the viability of water and wastewater operations across the state by:

- Identifying and designating distressed local government units (LGUs)
- Providing a process to develop viable water/sewer utilities.
- Coordinating approval by both SWIA and Local Government Commission (LGC)

Created Viable Utility Reserve (VUR)

- Initial funding of \$9 million non-recurring.
- \$10 million in 2023-2024 budget, \$0 in 2024-2025 budget
- Fall 2024 to be \$6 million for VUR-eligible construction projects only



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“Distressed Unit” Statutory Definition

“Distressed unit. – A public water system or wastewater system operated by a local government unit exhibiting signs of failure to identify or address those financial or operating needs necessary to enable that system to become or to remain a local government unit generating sufficient revenues to adequately fund management and operations, personnel, appropriate levels of maintenance, and reinvestment that facilitate the provision of reliable water or wastewater services.”

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Viable Utility Program (VUP) Objectives

Assist Distressed utilities

- Establish clear expectation to meet statutory requirements
- Support utility condition assessment and capital improvement planning
- Encourage local leaders to be engaged, committed, and accountable for utility management
- Assist in developing short-term and long-term plans for viability

Support efforts and projects that promote viability

- Coordinate with other funding programs to develop partnerships and share prioritization
- Coordinate and strengthen relationship with other resource agencies
- Develop a program that supports all utilities



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VUP – LGU Assessment Process

Fourth assessment, 2024, underway

- 144 distressed LGUs designated since 2021, out of approx. 500

Schedule

- "First Year" Notifications issued for 2024 assessment
- Designation by SWIA and LGC in July and August 2024, respectively
- Notification letters after formal designation
- "First Year" designation requests must be submitted by September SWIA meeting



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VUP – LGU Assessment Criteria

#	Criterion	Type	Points/Weight	Source Data
1	Service Population	Statutory	1	Varied
2	Transfers Out	Statutory	1	Calculated from LGC data
3	Transfers In	Statutory	1	Calculated from LGC data
4	Debt Service Coverage Ratio (DSCR)	Statutory	1	Calculated from LGC data
5	DW Compliance	Infrastructure/Organizational	1	NC DEQ-DWR
6	WW / CS Compliance	Infrastructure/Organizational	1	NC DEQ-DWR
7	Flow Moratorium	Infrastructure/Organizational	4	NC DEQ-DWR
8	Revenue Outlook	Infrastructure/Organizational	4	EFC rates; source of population varies
9	Affordability	Infrastructure/Organizational	1	Developed by DWI/SWIA
10	Rates	Infrastructure/Organizational	1	EFC
11	UAL Control Issues - W/S only	Infrastructure/Organizational	3	NC DEQ-DWR



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VUP – LGU Assessment Criteria (cont'd)

#	Criterion	Type	Points/Weight	Source Data
12	UAL Missing Audit	Financial	3	LGC
13	Surplus (deficit) w/ Debt	Financial	2	Calculated from LGC data
14	No Debt DSCR Test	Financial	1	Calculated from LGC data
15	% Depreciated	Financial	1	Calculated from LGC data
16	Operating Margin	Financial	1	Calculated from LGC data
17	Quick Ratio	Financial	1	Calculated from LGC data
18	Receivables Ratio	Financial	1	Calculated from LGC data



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VUP – Distressed Designation



Distressed criteria were created to help identify LGUs most likely in need of assistance for maintaining utility viability.

Approved criteria:




- D1. LGC has formally taken financial control of LGU.
- D2. No annual audit submitted in the past 2 years.
- D3. Total Assessment Criteria score (18 separate parameters with values ranging from 1-4).
 - 9 for LGUs with both drinking water & wastewater systems
 - 8 for LGUs with only one drinking water or wastewater system
- D4. Other information has become available.



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<i>Distressed LGU – Statutory Requirements</i>		
	Statutory Requirement	Available Resources
 AIA and Rate Study	<p>Perform an Asset Inventory and Assessment that results in a Capital Improvement Plan (10-year minimum) to inform a Rate Study.</p> <p>May lead to a Merger and Regionalization Feasibility (MRF) study.</p>	<p>VUR Study Grants can fund a study of any one or more of the following:</p> <ul style="list-style-type: none"> a. Rates (Rate Study) b. Asset inventory and assessment (AIA) c. Merger and regionalization options (MRF)
 Training	<p>Participate in a training and educational program for governing board, utility managers, finance directors, and operating staff.</p> <ul style="list-style-type: none"> • a.k.a. Best Utility Management Practices (BUMP) Training <p>Completion of BUMP Training is required to access VUR Construction funding.</p>	<p>BUMP Training:</p> <p>(A) Free <u>in-person</u> training by DWI in the spring and fall. <i>Upcoming dates:</i></p> <ul style="list-style-type: none"> • Sept. 3rd: Kinston • Sept. 10th: Rutherfordton • Sept. 18th: Greenville <p>(B) <u>On-demand</u> training (\$72+tax) via NCLM.</p> <p>VUR Training Grants for distressed units cover registration fees and mileage to/from utility-specific training coordinated/offered by DWI, DST (LGC), and RAPWU partners.</p>
 Short-Term Action Plan	<p>Develop (and iterate on) a Short-term Action Plan (STAP) to identify and outline immediate steps necessary for the LGU to address technical, managerial, and financial (TMF) issues and reasons for being designated distressed.</p>	<p>Direct DWI assistance via comprehensive Status Report to facilitate the generation of a STAP.</p>

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<i>Distressed LGU – Statutory Requirements (cont'd)</i>		
	Statutory Requirement	Available Resources
 Long-Term Action Plan	<p>Develop an Action Plan, considering:</p> <ul style="list-style-type: none"> • Short- and long-term infrastructure repair, maintenance, and management (STAP and LTAP) • Continuing education of governing board and operating staff including how to send new staff to initial BUMP training • Long-term financial management that facilitates reliable water or wastewater services • Any other matters identified by DWI or the LGC 	<p>Long-term plan (i.e., “Long-Term Viability Plan” or LTVP) combines the long-term action and financial management plans into a single document and is developed through the Rate Study, AIA, MRF, and other plans such as CIPs and Master Plans.</p> <p>Includes budgeting for continued education, establishes the frequency and reasons for updating the AIA and rate study, and effectively ties together the utility’s planning efforts into a road map for improving and maintaining viability.</p> <p>Direct DWI and resource partner technical assistance available.</p>
 Continuing Education		
 Long-Term Financial Mgmt.	<p>Long-term financial management to ensure sufficient revenue for O&M, personnel, maintenance, and reinvestment.</p>	<p>VUR Construction Grants for eligible projects.</p>

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VUP – Funding Opportunities

Asset Inventory and Assessment Grant (AIA) & Rate Study

- Required for all Distressed LGUs
- Goal: Asset Management Plan and Capital Improvement Plan

Merger/Regionalization Feasibility Study (MRF)

- Required for some Distressed LGUs
- Goal: Investigate partnerships for viability as needed

Emergency Operating Grants (EOG)

- D1 LGUs only

Construction Project Grants



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Other Statutory Requirements – STAP/LTAP/LTFP

NCGS 159G-45(b)(3) – Develop an Action Plan, considering:

- Short-term (STAP) and Long-term (LTAP) plan for infrastructure repair, maintenance, and management
 - *Status Reports for STAP are underway*
- Continuing education of governing board and staff
- Long-term financial management (LTFP) plan to ensure sufficient revenue to adequately fund:
 - Management and operations
 - Personnel
 - Appropriate levels of maintenance
 - Reinvestment to provide reliable services
- Other matters to achieve permit/regulatory compliance and as identified by SWIA and LGC

DWI's Long-Term Viability Plan (LTVP) Guidance available by end of 2024



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VUP – AIA/MRF Project Timeline

1. SWIA approves funding = DWI issues Letter of Intent to Fund (LOIF)
2. Recipient submits Preliminary Scope (90 days after LOIF)
 - Scope must be consistent with the costs, challenges, and benefits presented in the application
3. Scope Approved by DWI = Funding Offer Issued (150 days after LOIF)
 - First payment items
 - Must complete project within 2 years of LOIF date
 - During the project, DWI requires regular project updates, and draft and final deliverable/report
4. Draft Deliverables provided to LGU and DWI (20 months after LOIF)
5. Final Deliverable Approved = Final Payment (24 months after LOIF)



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VUP – Construction Project Timeline

VUP construction projects follow the same schedule/timeline as other DWI construction projects:

1. SWIA approves funding = DWI issues Letter of Intent to Fund (LOIF)
2. Engineering Report submittal/approval
 - For distressed LGUs, there are additional requirements for the ER submittal related to viability.
 - Include these responses for review in the first submittal!
3. Plans and Specifications submittal/approval
4. Project under Construction (two years after LOIF)
5. Project Closeout

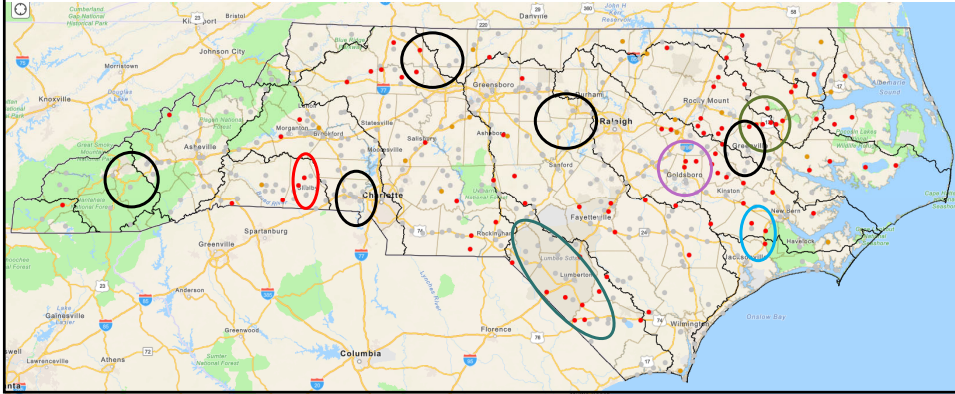


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DWI/VUP – Existing and Emerging Partnerships

- Martin County (MCRWASA)
- Wayne County (Goldsboro)
- Fair Bluff (Lumber River COG)
- **Cleveland County (CCW)**
- **Others potential partnerships emerging (Jones County)**
- Bethel/Greenville Utility Commission
- Pilot Mountain/Mount Airy
- Tuckaseegee WSA
- Gastonia/TRU/McAdenville
- Western Intake Partnership (Chatham, Durham, Orange)



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VUP – Additional Initiatives

Closing America’s Wastewater Access Gap Community Initiative

- EPA and USDA-RD

Hometown Strong

- Governor’s Office

Highly Treated Wastewater Pilot

- UNC Collaboratory, UNC-EFC, and others

Voluntary energy optimization training and support

- State Energy Office

Voluntary mentorship and apprenticeship programs

- NC OneWater’s Utility Management Committee
- NCRWA Apprenticeship Program

Continued collaboration with RAPWU



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VUP – Technical Support and Assistance

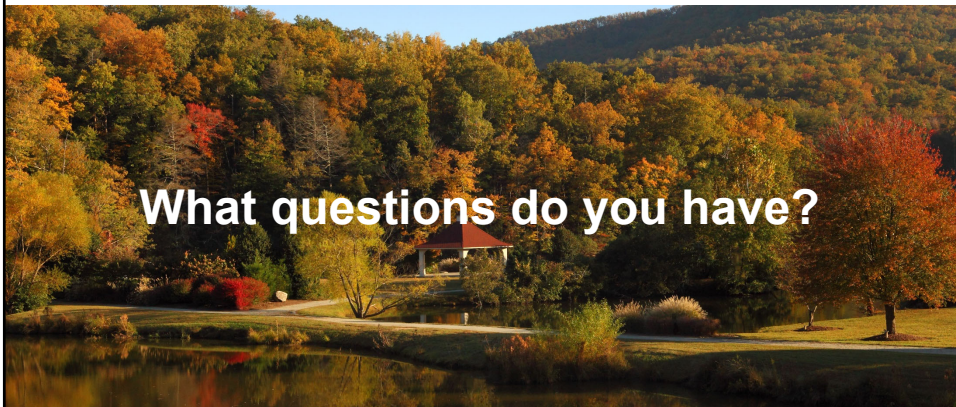
Resource Agency Partners for Water and Wastewater Utilities (RAPWU)

- Have well-established relationships with LGUs
- Provide technical and managerial expertise to LGUs
- Are often seen a neutral arbiters for partnerships (e.g., COGs)
- Share information and collaborate on many VUP elements



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Discussion Time




What questions do you have?




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Asset Inventory & Assessment Grants (AIA)



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Asset Inventory and Assessment Grants (AIA)

Inventory existing water and/or sewer system and document the condition of inventoried infrastructure


For Fall 2024, only SRP funding for AIAs is available

- \$150,000 limit per LGU's utility, 1.5% Fee
- Match requirement for non-distressed recipients
- Limited to utilities with 10,000 or fewer residential connections and once every 3 years per utility

Eligible activities can include:

- Identifying and GIS-locating system components
- Performing a risk analysis to determine critical components
- Determining the condition of critical components
- Establishing capital and O&M costs
- Creating a prioritized list of projects
- Preparing a realistic Capital Improvement Plan (CIP)
- Conducting a rate study

<https://www.deq.nc.gov/about/divisions/water-infrastructure/i-need-funding/asset-inventory-and-assessment>



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AIA – Distressed Systems

AIA and Rate Study required for all Distressed systems

Distressed System AIA's scope must include:

- Identifying and locating system components
- Performing a risk analysis to determine critical components
- Determining the condition of critical components
- Establishing capital and O&M costs
- Creating a prioritized list of projects
- Preparing a realistic Capital Improvement Plan (CIP)
- *Conducting a rate study*

A new AIA is not required if a *sufficient* AIA has recently been conducted (i.e., within past 5 years)

An AIA Grant may be used to further the results of previous AIA activities

Must follow the Division's "Water and Wastewater Utility Asset Assessment Guidance" Document



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AIA – Application Components

AIA Applications include:

- Application forms
- Financial Information Form
 - recommended* - required for scoring
- Fund Transfer Certification Form
- Resolution
- Applicable rate sheets
- Narrative question responses
 - Supporting documentation with specific references in narrative



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AIA – Priority Rating System (PRS)

SRP Asset Inventory and Assessment Grant Priority Rating System		
Line Item #	Category	Points
1.	Project Benefits	0 - 8
1.A	The LGU has been identified as "distressed" by the Authority and Commission per NCGS 159G-45(b).	2
2.	System Management	
2.A	Knowledge base of utility's internal asset management team	0 - 4
2.B	Current and past rate setting practices, CIPs, etc.	0, 1, or 2
2.C	Management of asset inventory data	0 - 4
2.D	Operating Ratio (OR) is greater than or equal to 1.00 based on a current audit, or is less than 1.00 and water/sewer rates are greater than \$107/month	0, 1, or 2
3.	Affordability	
3.A	Current Monthly Utility Rate at 5,000 gallons usage	0, 1, or 2
3.B	Local Government Unit (LGU) Indicators	
3.B.1	3 out of 5 LGU indicators are worse than the state benchmark OR	0
3.B.2	4 out of 5 LGU indicators are worse than the state benchmark OR	1
3.B.3	5 out of 5 LGU indicators are worse than the state benchmark	2
Total Points		24 Max



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AIA – Application Narrative

3 categories with 8 questions and 4 calculations

- Respond in same order as the Guidance

Category 1: Project Benefits

- Challenges, past asset management efforts, distressed status

Category 2: System Management

- Asset management team, how data will be used, how data will be managed, operating ratio

Category 3: Affordability

- Water/Sewer rates, LGU Indicators



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AIA – Category 1: Project Benefits

Discuss the top 3 challenges your system faces in the next 5 years and how an AIA will benefit these challenges.

- Challenges must directly relate to benefits of an AIA
- Consider (provide documentation as applicable)
 - Permits, enforcement actions, and required and approved plans

Discuss steps already taken/underway to meet statutory requirements of Distressed system

Discuss past asset management and capital planning efforts and how they were financed



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AIA – Category 2: System Management

Discuss the internal Asset Management Team, including for each member:

- | | |
|------------------|--------------------------------|
| • Name | • Trainings/certifications |
| • Position title | • Current and future duties |
| • Experience | • Responsibilities on the team |

Discuss rate setting practices and whether an adopted CIP is used to inform that process

Discuss how the Team will use and manage the data to address the system challenges

- Consider external/contracted partners (public and/or private)

Calculate and discuss the last 3 years' Operating Ratios

- Consider rate increases and bill collection percentages



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AIA – Category 3: Affordability

Calculate and discuss the system's water and/or sewer rates per 5,000 gallons

Using DWI's Affordability Calculator, determine the system's number of LGU Indicators that are worse than the state benchmarks

- AIA grant eligibility is not based on the Affordability Calculator.



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AIA – Funded Projects

Milestones

1. Letter of Intent to Fund (LOIF)
2. Preliminary Scope Submittal and Approval
3. Executed Grant Agreement and Contract(s)
4. Deliverables and Closeout

- Disbursements for incurred project costs will be made upon request after the Grant Agreement, First Payment Items, and Contract(s) are executed

SRP-AIA Funding Requirements

- Grant period → 2 years from LOIF date
- 1.5% Fee for all
- Local match requirement for non-distressed LGUs (waived for distressed)
- Up to 10% of funding can be used for software or equipment
- Deliverable Requirements
 - Executive Summary
 - Meeting minutes/resolution of action(s) taken
 - Final Report
 - GIS layers (when applicable) to define service area boundaries including service gaps



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Discussion Time



What questions do you have?



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***Merger / Regionalization
Feasibility Study Grants
(MRF)***



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Merger/Regionalization Feasibility Study Grants (MRF)

To determine the feasibility of potential partnerships to improve economies of scale

For Spring 2024, only SRP funding for MRFs is available

- \$50,000 limit per LGU's utility, 1.5% Fee
- Limited to once every 3 years per utility

Merger – partial or complete consolidation

- Two or more utilities
- Organizational, Financial, and/or Operational

Regionalization – physical interconnection

- Water supply or wastewater collection
- Regional treatment



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MRF – Distressed Systems

NOT required for all distressed systems

At least one applicant + one partner

- May include multiple partners

Non-distressed partner may apply on behalf of distressed system(s)

Distressed System MRF scopes must:

- Include at least 3 alternative + No-Action
- Identify new options that were not addressed in a previous study, or build upon and advance past efforts
- Consider reasons for being distressed and how merging/regionalizing will lead to viability
- May include decentralization alternatives

An MRF Grant may be used to further the results of previous MRF activities



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MRF – Application Components

- Application forms
- Financial Information Form
 - recommended* – required for scoring
- Fund Transfer Certification Form
- Resolution from Applicant
- Applicable rate sheets
- Narrative question responses
 - Supporting documentation with specific references in narrative
- Letter(s) from potential partner(s)
 - Acknowledge the application and commit to participate
 - Non-binding to act on the study’s recommendations



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MRF – Priority Rating System (PRS)

SRP Merger/Regionalization Feasibility Priority Rating System		
Line Item #	Category	Points
1	Project Benefits	
1.A	Top 3 Challenges and Compliance History	0, 1, 2, or 3
1.B	Past Collaboration and/or Proximity	0, 1, 2, or 3
2	System Management	
2.A	Size and Capabilities	0, 1, or 2
2.B	The LGU has been identified as "distressed" by the Authority and Commission per NCGS 159G-45(b).	3
2.C	Operating Ratio < 1.00	1
3	Affordability	
3.A	Current Monthly Utility Bill for 5,000 gallons usage	0, 2, or 4
3.B	Local Government Unit (LGU) Indicators	
3.B.1	3 out of 5 LGU indicators are worse than the state benchmark OR	0
3.B.2	4 out of 5 LGU indicators are worse than the state benchmark OR	2
3.B.3	5 out of 5 LGU indicators are worse than the state benchmark	4
Total Points		20 Max



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MRF – Application Narrative

3 categories with 9 questions and 4 calculations

- Respond in same order as the Guidance

Category 1: Project Benefits

- Challenges, past studies, compliance history, past collaboration, proximity, and unallocated capacity

Category 2: System Management

- Organizational size and capabilities, desired level of service, distressed status, and operating ratio

Category 3: Affordability

- Water/Sewer rates, LGU Indicators



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MRF – Category 1: Project Benefits

Discuss the **top 3 challenges** your system faces in the next 5 years and how an MRF will benefit these challenges.

- Challenges must directly relate to benefits of an MRF
- Consider (provide documentation as applicable)
 - Technical ability, Organization structure, and Financial health

Discuss **steps already taken/underway** to meet statutory requirements of Distressed system

Discuss **previous MRF or similar studies**, proximity to, and **past collaboration** with partners

Confirm that at least one system has **adequate unallocated capacity to expand**



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MRF – Category 2: System Management

Discuss the system size and capabilities, considering

- Number, position descriptions, and actual duties of utility staff
- Consider any contracted operation and management agreements with private and other public entities

Define or start to define the system's desire level of service for its customers

Calculate and discuss the most recent fiscal year's Operating Ratio

- Consider rate increases and bill collection percentages



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MRF – Category 3: Affordability

Calculate and discuss the system's water and/or sewer rates per 5,000 gallons

Using DWI's Affordability Calculator, determine the system's number of LGU Indicators that are worse than the state benchmarks

- MRF grant eligibility is not based on the Affordability Calculator.



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MRF – Funded Projects

Milestones

1. Letter of Intent to Fund (LOIF)
 2. Preliminary Scope Submittal and Approval
 3. Executed Grant Agreement and Contract(s)
 4. Deliverable and Closeout
- Disbursements for incurred project costs will be made upon request after the Grant Agreement, First Payment Items, and Contract(s) are executed

SRP-MRF Funding Requirements

- Grant period → 2 years from LOIF date
- 1.5% Fee for all, no local match requirement
- Deliverable contents
 - Report containing alternatives evaluation, analysis of each alternative, and conclusions/recommendations
 - Meeting minutes/resolution of action(s) taken
 - Executive Summary



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Pop Quiz: AIA & MRF Applications – Question #1

In AIAs for system management, Line Item 2.A discusses the applicant's internal asset management team.

Q: Which characteristics of a team member should be included in the narrative?

- A. Experience
- B. Duties
- C. Training/certifications/licensure
- D. Position
- E. A, B and C
- F. All of the above (A-D)



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Pop Quiz: AIA & MRF Applications – Question #2

For MRF applications, the highest capacity partner should be the applicant.

Q: True or False?

- A. True
- B. False



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Pop Quiz: AIA & MRF PRSs – Question #3

To get full credit for Line Item 1.A of the AIA project, the narrative must...

- A. Include the inventory of known assets and installation dates.
- B. Address how the proposed project will generally address most of the listed challenges.
- C. Draw direct connections between the top 3 challenges faced by the applicant and how the AIA will address and benefit those challenges.
- D. List only one or two challenges faced by the applicant.



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Discussion Time



What questions do you have?



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***BIL - Lead Service Lines
Replacement Program***



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BIL – LSLR Allotments

NC's BIL LSLR Allotments

Cap Grant Year	North Carolina's Allotment	49% Principal Forgiveness	Total Available for Projects
2022	\$87,062,000	\$42,660,380	\$67,037,740
2023	\$87,290,000	\$42,772,100	\$64,594,600
2024	\$76,201,000	\$37,338,490	~\$56M

Portion of the state's allotment will be used for set-aside activities:

- LSL inventory support and technical assistance
 - Program management
 - 2024 Set asides are pending approval of 2024 LSLR Intended Use Plan
- 2025-2026 allotments to be determined by US EPA



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Current and Potential Funding Amounts per funding Round

Funding Round	PF	0% Loan	Total
July 2024 awards	\$14,994,151	\$6,220,289	\$21,214,440
Estimated min. funds available for Sep 2024 awards	\$13,325,569	\$5,798,757	\$19,124,326
Estimated min. funds available for Dec 2024 awards	\$11,656,987 + TBD*	\$5,377,225 + TBD*	\$17,034,212 + TBD*
Estimated min. funds available for Feb 2025 awards	TBD*	TBD*	TBD*

*Additional funds may be available from the FY 2024 BIL DWSRF-LSLR capitalization grant



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BIL – LSLR Funding Program

- Eligible funding recipients
 - Local government units
 - non-profit water utilities
 - investor-owned water utilities
- Eligible projects or activities must be
 - lead service line replacement (LSLR) projects or
 - activities directly connected to the identification, planning, design, and replacement of lead service lines
- Regular DWSRF is available for projects addressing lead in water mains/distribution systems, and other non-LSLR replacement projects



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BIL – LSLR Funding Program

Replacement projects must replace the entire lead service line

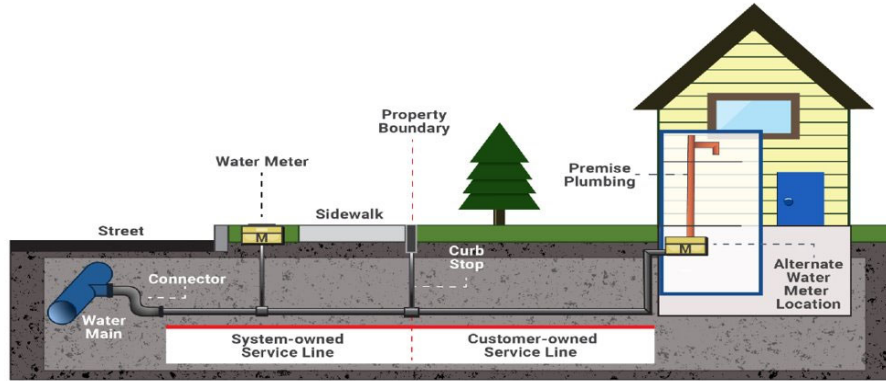
- Service line connects the water main to the building inlet
 - Includes lead connectors (goosenecks, pigtails, etc.).
 - Includes galvanized service lines downstream of a lead service line (documented or unknown).
 - Starting with 2024 LSLR funds, must document lead up stream of galvanized
- No need to replace portions previously replaced
- Funds cannot be used for in-house “premise” plumbing



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BIL – LSLR Private Side Work



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BIL – LSLR Private Side Work

This will be hard!

- You must replace entire lead portions of the service line for any of the work to be eligible for funds
 - Homeowners are not required to replace their lines.
 - You are not required to pay for the private-side portion of the work (but if you don't you can't get LSLR funds for that work)
 - You can not get BIL LSLR funds for replacement work unless you can document that the entire known lead portions have been replaced.
 - 2024 LSLR funds may include additional flexibility



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BIL – LSLR Private Side Work

This will be hard!

- Flexibility to find solution that work best for your system
 - Utility performs work (in house or contract)
 - Homeowner hires “approved” service provider
 - Utility reimbursement to homeowners
 - Utility direct payment to service provider
 - Utility uses force accounts



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BIL – LSLR Loan Terms

- >50% of funds available for projects will be non-repayable loans (principal forgiveness)
- Repayable loan will be at 0% interest rate
- Loan terms cannot exceed expected life of the project.
 - 20-year term loan for replacement projects
 - 5-year term loan for inventory-only projects
- Funds provided after costs have been incurred, not upfront



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BIL – LSLR Principal Forgiveness (PF)

- Portion of the loan that is not repayable
- Determined based on application and at time of award
 - Affordability Criteria – evaluates entire community/utility
 - Considers community size, rates, and economic indicators
 - Eligibility ranges from 0% - 100% (in 25% increments)
 - Disadvantaged Area – evaluates residents benefiting from the project, eligible for 50% PF
- Initial cap of \$1,000,000 or eligibility percentage of project cost (whichever is lower)
- Caps and percentages can be exceeded if additional PF funds are available in a funding round
 - Anticipate being able to provide PF up to % eligibility or more

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BIL – LSLR Conditions

Drinking Water State Revolving Fund (DWSRF) conditions apply and must be documented

- Davis-Bacon Prevailing Wage Rates
- American Iron and Steel (AIS)
- Build America, Buy America (BABA)



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BIL – LSLR Funding Types and Caps per Round

- Replacing known lead service lines
 - \$5 Million
 - LSL already known to be lead and you are ready to replace them
- Verifying materials and replacing lead service lines
 - \$2 Million, \$1 million of which can be used for inventory
 - Already done inventory and identified lines and areas likely to be lead. Ready to verify materials and replace lines
- Inventory only
 - \$1 Million
 - Identifying areas as known lead, known not lead, or unknown
 - Further investigation and verification on unknown areas
- Funding Caps can be exceeded in priority order by \$500,000 increments when funds are available



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BIL – LSLR Funding Types and Caps

- 50% of awarded funds each round reserved for inventory projects
 - May use reserve for other project types if there is not sufficient demand.
 - Reserve in place for at least the entire 2023 Cap Grant funds.
- DWI will reassess reserves and caps for each FY BIL LSLR allotments
- Applicants may apply for multiple project types each round



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BIL – LSLR Priority Rating System

Projects will be recommended for funding based on approved priority rating system

- Project purpose
- Is there a Lead Action Level Exceedance?
- Affordability



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BIL – LSLR Priority Rating System – Project Purpose

Project Purpose Points			
Line Item #	Category 1 – Project Purpose (Points will be awarded for <u>only one</u> Project Purpose)	Claimed Yes/No	Points
1.A	Project eliminates lead service lines (100% of project is to replace known lead service lines)		20
1.B	Project establishes and implements a program to find and replace lead service lines in areas suspect to have lead lines.		15
1.C	Project inventories lead service lines (no replacement as part of project)		10
Maximum points for Category 1 – Project Purpose			20

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BIL – LSLR Priority Rating System – Project Benefit

Project Benefits Points			
Line Item #	Category 2 – Project Benefits	Claimed Yes/No	Points
2.A	Project addresses/resolves Lead Action Level Exceedance		5
2.B	Project area has documented Lead Action Level Exceedance		2
Maximum points for Category 2 – Project Benefits			5



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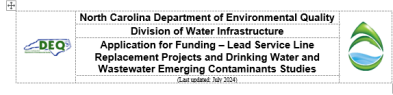
204

BIL – LSLR Priority rating System – Affordability

Affordability Points			
Line Item #	Category 4 – Affordability	Claimed Yes/No	Points
4.A	Residential Connections		
4.A.1	Less than 10,000 residential connections OR		2
4.A.2	Less than 5,000 residential connections OR		4
4.A.3	Less than 1,000 residential connections		8
4.B	Current Monthly Combined Utility Rates at 5,000 Usage		
4.B.1	Greater than \$89 OR		4
4.B.2	Greater than \$107 OR		6
4.B.3	Greater than \$126 OR		8
4.B.4	Greater than \$145		10
4.C	Local Government Unit (LGU) Indicators		
4.C.1	3 out of 5 LGU indicators worse than state benchmark OR		3
4.C.2	4 out of 5 LGU indicators worse than state benchmark OR		5
4.C.3	5 out of 5 LGU indicators worse than state benchmark OR		7
4.C.4	Project benefits disadvantaged areas		5
Maximum points for Category 4 – Affordability			25

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BIL – Lead Service Line Replacement Project Application Form



This application form is specifically for Lead Service Line Replacement projects funded through the Bipartisan Infrastructure Law (BIL) Drinking Water State Revolving Fund Lead Service Line Replacement Program (DWSRF-LSLR), and Emerging Contaminants study projects funded through the Drinking Water State Revolving Fund Emerging Contaminants (DWSRF-EC) and Clean Water State Revolving Fund Emerging Contaminants (CWSRF-EC) programs.

Project applications submitted for these project types will be considered on a rolling basis, with recommendation for funding made to the State Water Infrastructure Authority (SWIA) at the next scheduled meeting. Application due dates to be considered for upcoming SWIA meetings are shown below.

Expected Funding Round DWSRF-LSLR and DWSRF-EC Study Grant, Fall 2024, Winter 2025	
Application Due date	SWIA Meeting (Award date)
Nov. 1, 2024	Dec. 10, 2024
Jan. 3, 2025*	Feb. 19, 2025*

*Dates subject to change

The information below provides more specific information related to these programs.

DWSRF Lead Service Line Replacement Program

Zero percent (0%) interest loans and principal forgiveness (PF) are available for projects eligible to receive funding from the DWSRF-LSLR program made available through the BIL. Complete this Application for Funding along with required additional forms and documentation to Division of Water Infrastructure (Division) of the NC Department of Environmental Quality.

Eligible projects include (1) removal of known lead service lines (LSLs) and lead connectors, (2) projects to find and replace LSLs and lead connectors, and (3) projects to inventory LSLs. A "lead service line" is defined as follows:

Part of the new LSLR/EC-S rolling application

Available on Division’s “Application Forms and Additional Resources” webpage

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



When (and how) do I get the money?



When do I get my money?

- **Loan Recipients**
 - LGC approval of all debt
 - Get annual financial audits in order
 - Construction projects must have bids in hand!
- **DWI Fees – NCGS 159G-24**
 - 2% of the loan (includes principal forgiveness)
 - 1.5% of the grant
 - Due after award and prior to first payment
- **Disbursement of funds – NCGS 159G-42**
 - Disburse based on the progress of the project
 - Recipient must document expenditures
 - Funds for approved costs only



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When do I start getting my money?

First payment checklist (key items)

- Funding Offer Accepted (signed by DWI and recipient)
- Resolution (Signed by governing Board)
- Notice to Proceed (construction projects only)
- Sales Tax Form
- DWI's Authority to Award (construction only)
- Executed and Approved Contracts
- Wage Rate Cert. (for construction projects > \$10M)



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When do I get the rest of my money?

Last payment checklist (key items – construction)

- Closeout Checklist (signed by recipient)
- Owner's Certification of Completion
- Engineer's Certification
- DWI's Final Change Order Eligibility Determination
- DWI's Final Inspection Report



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State Revolving Fund (SRF) Conditions

- SRF
 - Offer and Acceptance Package
 - Conditions and Assurances
 - Davis-Bacon Wage Rates
 - American Iron and Steel
 - Build America, Buy America (not AIS!)
- Read your offer and acceptance letter



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State Revolving Fund (SRF)

- **Build America, Buy America Act**
 - Applies to SRF and BIL funds awarded to States after May 2022.
 - All iron and steel are produced in the United States.
 - All manufactured products are produced in the United States.
 - All construction materials are manufactured in the United States.
- EPA website: [Build America, Buy America \(BABA\) | US EPA](#)

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BABA

- **Approved Waivers**
 - [EPA De Minimis General Applicability Waiver](#)
 - Waive requirements for products that cumulatively comprise no more than five percent of the total project cost.
 - This waiver is not additive with the existing American Iron and Steel national de minimis waiver.
 - The EPA will review this waiver every five years
 - [EPA Small Project General Applicability Waiver](#)
 - Waiver for small projects, where assistance agreements or subawards under assistance agreements are less than \$250,000
 - The EPA will review this waiver every five years



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BABA

• Approved Waivers

- Adjustment Period Waiver, 2021 for SRF Projects that have Initiated Design Planning

- This one is complicated
- Waive BABA requirements on projects that initiated project design planning prior to May 14, 2022
- Does not waive AIS requirements
- May not cover re-design



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Funds Available (Preliminary)


Application Type	Approximate Amount Available in Fall 2024			
Community Development Block Grant - Infrastructure	CDBG-I Grant: \$19M			
Drinking Water Projects	DWSRF Loan: \$80M (incl. \$21M in PF)	Emerging Contaminants \$5M for construction (100% PF):	Viable Utility Reserve Grant: \$6M	State Reserve Grant: \$10M
Wastewater Projects (including stormwater quality, stream restoration)	CWSRF Loan: \$100M (incl. \$15M in PF)	Emerging Contaminants \$1.9M (100% PF)		
Merger Regionalization Feasibility Grants				
Asset Inventory & Assessment Grants				
LASII Stormwater Grants	\$0 (no additional appropriations)			
Total	\$221.9M			

Application Type	Approximate Amount Available Throughout the Year
Lead Service Line Inventories and Replacements	~\$64M (incl. ~\$42M in PF) (more is available)
Evaluation/Assessment Studies to Address PFAS in Drinking Water and in Wastewater/Landfills	Drinking Water ~\$10.1M (100% PF) Wastewater ~\$1.64M (100% PF)
Total	~\$75.7M

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Discussion Time



What questions do you have?




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Thank you!



See our website for contact information.
<https://www.deq.nc.gov/water-infrastructure-contacts>



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