

State Water Infrastructure Authority

Meeting Date: February 9, 2022

Agenda Item I

Conversion of Funds from Clean Water State Revolving Fund / Drinking Water State Revolving Fund to Viable Utility Reserve Funds Division of Water Infrastructure Staff Report

Background

This staff report presents background information and recommendations for conversion of previously awarded State Revolving Funds (SRF) loans to local government units (LGUs) designated as distressed with funds from the Viable Utility Reserve (VUR).

As part of the state annual budget, in S.L. 2021-180, the VUR was appropriated more than \$456 million for water and wastewater infrastructure funding in communities designated as distressed. There are currently 96 LGUs that have been designated as distressed by the Authority and the Local Government Commission. The appropriated funds in the annual budget were allocated to the state as part of the American Rescue Plan Act (ARPA). Projects eligible for ARPA funds passing through the VUR are limited by restrictions placed by both ARPA and G.S. 159G for projects funded through the VUR. In addition, ARPA funds must be expended by December 31, 2026.

To provide distressed LGUs more streamlined access to ARPA funds, relieve financial burdens from pending debt, and better assure the success of existing projects, the Division recommended that distressed LGUs have the option to replace existing SRF funding with ARPA funds in the VUR for projects eligible for this funding, as indicated in the Division's draft ARPA funding administration plan. The administration plan also established a funding ceiling of \$15 million per LGU. Any ARPA VUR funds used to replace SRF loans may count toward a funding threshold established in the Division's final ARPA administration plan.

Table 1 lists eligible projects, the current funding level and the potential ARPA funds that could be provided. The list also includes projects potentially funded as part of the Fall 2021 funding round. Prior to replacement of any SRF loan, a LGU must agree to the replacement and acknowledge requirements of the updated funding source.

Table 1. Distressed Local Government Units with SRF-funded Projects Eligible for American Rescue Plan Act Funds from the Viable Utility Reserve

Local Government Unit	Distressed Score	Project	Loan Amount	Potential ARPA funds	ARPA Earmark
Previously Funded Projects					
Bailey, Town of	9 pts	2020 Sanitary Sewer Collection Lines	\$533,900	\$533,900	\$5,000,000 from VUR
Ellerbee, Town of	11 pts	Wastewater System Rehabilitation	\$497,922	\$497,922	\$150,000 from VUR
Landis, Town of	11 pts	Replacement of 8-inch gravity sewer, 35 manholes, and 93 service laterals	\$1,788,120	\$1,788,120	
Macclesfield, Town of	12 pts	2020 Wastewater Treatment Plant Facilities Relocation	\$2,750,000	\$2,750,000	
Pilot Mountain, Town of	13 pts	Wastewater Treatment Plant and Sewer Lift Stations Improvements Project	\$935,000	\$935,000	
Sharpsburg, Town of	13 pts	Rehabilitation of 7 Pump Stations and 19 manholes	\$951,234	\$951,234	
Southport, City of	10 pts	Regionalization project - Install a new SBR Wastewater Treatment Plant and 17,550 lf of 16" force main.	\$29,783,014	\$15,000,000	\$1,400,000 from VUR
St. Pauls, Town of	9 pts	Wastewater Treatment Plant Relocation	\$3,093,450	\$3,093,450	
Tryon, Town of	12 pts	Braewick Road Sewer Rehabilitation Project	\$1,189,950	\$1,189,950	\$425,000 from VUR
Greene County	11 pts	Conversion of disinfection at seven wells from gaseous chlorine to liquid chlorine	\$691,500	\$691,500	

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Robersonville, Town of	7 pts - under LGC fiscal control	Replacement of waterline	\$389,650	\$389,650	
Grifton, Town of	11 pts	2018 Water System Rehab and Improvements	\$101,785	\$101,785	
Scotland Neck, Town of	9 pts	Replace existing aged waterlines, hydrants, and water services	\$153,000	\$153,000	
Fountain, Town of	12 pts	Replace 2,400 LF of aged waterline with 6-inch waterline	\$124,000	\$124,000	
Belhaven, Town of	12 pts	Waterline Replacement, Water St., Edwards St., Riverview St.	\$69,380	\$69,380	
Elm City, Town of	16 pts	Water Filtration Restoration and Emergency Backup Generation	\$1,491,815	\$1,491,815	
Edgecombe County	13 pts	Booster Pump Station Replacement and expansion	\$1,033,200	\$1,033,200	
Grifton, Town of	11 pts	Replace water lines with PVC water lines	\$490,200	\$490,200	
Potential Projects Identified in Draft Funding Scenario, Fall 2021 Funding Round (Agenda Item E&F)					
Pilot Mountain, Town of	13 pts	Collection System Improvements	\$1,422,500*	\$1,422,500*	
Pilot Mountain, Town of	13 pts	Replace waterline and 35 hydrants.	\$366,000*	\$366,000*	

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Local Government Unit	Distressed Score	Project	Loan Amount	Potential ARPA funds	ARPA Earmark
Wilkesboro, Town of	6 pts – Failed to submit audits	Wilkesboro Cub Creek Wastewater Treatment Plant Expansion	\$29,500,000*	\$15,000,000*	
Scotland Neck, Town of	9pts	Replace waterlines and all appurtenances.	\$396,433*	\$396,433*	
Total				\$48,469,039	

*Loan amount pending Fall 2021 Awards (Item E & F, February 8, 2022 Authority Meeting).