

**State Water Infrastructure Authority**  
**Meeting Date: July 18-19, 2023**  
**Agenda Item E – Johnston County Project – Request for Additional Funds to Meet**  
**Construction Costs.**  
**(Action Item)**

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**Division of Water Infrastructure Staff Report**

Johnston County requests that the State Water Infrastructure Authority (Authority) authorize an additional \$8,335,154 in SRF loan funding for Johnston County’s Wastewater Treatment Facility (WWTF) 4MGD Expansion project (DWI Project# CWSRF-370560-18) to fully fund the project. The Authority has an existing expectation that the Division will bring all funding increase requests in excess of \$5,000,000 to the Authority for approval.

**Background**

The existing Central Johnston County Regional WWTF is located in the floodway of the Neuse River. Because both Swift and Middle Creeks join the Neuse River just upstream of the plant, the area sees the full impact of the increased development of those two drainage basins during rain events. Expanding and raising the dike is not feasible due to significant environmental impacts and structural costs. In addition, the access roadway to the facility floods well before the plant and would need to be significantly fortified as well.

Johnston County’s WWTF 4MGD Expansion project (DWI Project# CWSRF-370560-18) has been funded and will construct a new WWTF at the site of the County's existing biosolids facility adjacent to the County's Landfill site. Effluent will be pumped to a cascade aerator across the river from the existing plant and then gravity into the Neuse River.

In addition to the new facilities, the influent pump station/preliminary treatment, UV and SCADA improvements are needed to increase process reliability and flood resiliency at the existing Central Johnston County Regional WWTF. Major improvements to the influent structure, including raising the height, the addition of grit removal and a new screen and modifications to the UV channel to prevent surcharging, are planned.

The project has been considered in nine funding rounds since Fall 2016, and received five awards for a total of \$83,351,542 in repayable loan funds.

Plans and Specification for the project were approved by the Department of Environmental Quality’s NPDES permitting unit in August 2021, and the County was given Authorization to Award contract 1 (210 WWTP) of three anticipated contracts at the end of November 2021. In December 2021 the County requested an additional \$8,335,154 in funds assuming the Division of Water Infrastructure (Division) could approve a loan increase of 10 percent. The Division put on hold the request to complete the ongoing Fall 2021 funding round and gave the County additional time to update project costs prior to taking a recommendation to the Authority. In January, 2022 the Division provided the County with Authority to Award pending contract 2 (Biosolids Facilities) of the three anticipated contracts. At that time the negotiated budget included \$107,716,498 of costs eligible for Division funds. The Authority to Award also mistakenly included closing costs for the State Loan amount that included the pending, not

yet approved, loan increase. The County paid the full closing fee and was under the impression that the loan for \$91,686,695 had been secured.

In January 2022 and March 2022 the two of the first three anticipated contractors were provided a Notice to Proceed. Between November 2022 and January 2023, the third and final contract bids were received and Notice to Proceed was given. All three contracts are currently under construction, the latest with a completion date of August 2024.

Per the County’s November 2022 Capital Project Ordinance (CPO) the authorized budget for the project is \$129,506,263. The CPO (attached as Appendix A) further supports that the County was under the impression that the \$91,686,695 State Revolving Fund Loan has been approved. The CPO also shows that with the SRF loan, full project funding had been allocated.

<b>November 2022 Capital Project Ordinance Approved Revenues</b>	
<b>Funding Source</b>	<b>Amount</b>
State Clean Water Revolving Fund Loan	\$91,686,695
Fund 68 Appropriation	\$2,373,000
Wastewater SDF Reserve Funds	\$780,735
ARPA LFRF or Additional NCDWI Funding	\$34,665,833
<b>Total</b>	<b>\$129,506,263</b>

The CPO documents the County’s intent to continue to apply for funding through the SRF program in the Fall 2023 funding cycle. It is the County’s desire to apply for and receive additional SRF awards to allow for reallocation of the County’s ARPA Local Fiscal Recovery Funds (LFRF) to other necessary projects. The County has indicated that all other ARPA LFRF have been allocated and are not available for this project. DWI received and considered funding applications in both the Spring and Fall of 2022 funding rounds. Neither application received sufficient priority points to be in the funding round, mostly as a result of the very high level of competition for ARPA grant funds during those rounds.

**Staff Recommendation**

It is the staff’s opinion that the Division inadvertently provided the County with documentation of a SRF loan increase of \$8,335,154 prior to bringing the request for additional funds to the Authority. The County continued the project design and construction in good faith and has fully cooperated with the Division in unwinding the history of the project funding to find reasonable solutions to assure all funds have been properly awarded or allocated. Considering the long funding history and that the project is under contract and construction, this project is an excellent project to receive additional funds. The additional funding does not reduce the amount of SRF funds to be made available for the Spring 2023 Funding Round (i.e. available funds meet or exceed funding levels modeled and advertised for the round).

Staff recommends that the Authority approve an additional \$8,335,154 of SRF repayable loan to Johnston County’s Wastewater Treatment Facility 4 MGD Expansion project (DWI Project# CWSRF-370560-18) to fully fund the project.

Appendix A –  
November 2022 Capital Project Ordinance

CAPITAL PROJECT ORDINANCE FOR THE  
JOHNSTON COUNTY 210 WASTEWATER TREATMENT FACILITY  
4.0 MILLION GALLONS PER DAY EXPANSION PROJECT

BE IT RESOLVED by the Board of Commissioners (the “Board”) of the County of Johnston, North Carolina (the “County”), that pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following capital project ordinance is hereby adopted, as amended:

Section 1. The project authorized is the Johnston County 210 Wastewater Treatment Facility 4.0 MGD Expansion Project, including the new 4.0 MGD Wastewater Treatment Facility, the Biosolids Facilities Improvements, the Existing Wastewater Treatment Plant Improvements, and the Effluent Force Main (the “Project”). The Project is to be financed by a Clean Water State Revolving Fund Loan, an appropriation from the County Sewer Fund (“Fund 68”), an appropriation from the County’s Wastewater System Development Fees Capital Reserve Fund, and additional funding through the North Carolina Division of Water Infrastructure (“NCDWI”). **If the County is not awarded additional funding through NCDWI, County American Rescue Plan Act – Coronavirus State and Local Fiscal Recovery Funds (“ARPA”) will be appropriated for the Project.**

Section 2. The officers of the County are hereby directed to proceed with the capital Project within the terms of State and federal regulations, all funding sources and the budget contained herein.

Section 3. The following amounts are appropriated for the Project:

Technical Services	\$ 11,960,448
Construction	
210 WWTP	69,071,980
Biosolids Facilities	25,097,000
Effluent Force Main	17,271,430
Easements	75,000
Nitrogen Acquisition	490,000
Contingency	3,706,670
Loan Closing	<u>1,833,735</u>
Total	\$ 129,506,263

Section 4. The following revenues are anticipated to be available to complete this Project:

State Clean Water Revolving Fund Loan	\$ 91,686,695
Fund 68 Appropriation	2,373,000
Wastewater SDF Reserve Funds	780,735
Additional NCDWI Funding	<u>34,665,833</u> *
Total	\$129,506,263

\*The County has applied for funding through NCDWI in the Fall of 2022 cycle. If not awarded additional funding through NCDWI, County ARPA funds will be appropriated.

Section 5. The Director of Finance is hereby directed to maintain within the Capital Project Fund sufficient specific detailed accounting records to satisfy State and federal regulations, the requirements of the North Carolina Department of Environmental Quality, and the terms of all funding sources shall be met.

Section 6. Funds may be advanced from Fund 68 for the purpose of making payments as due. Reimbursement requests should be made to the North Carolina Department of Environmental Quality in an orderly and timely manner.

Section 7. The Director of Finance is hereby directed to report annually on the financial status of each Project element in Section 3 and the total revenue received.

Section 8. Copies of this capital project ordinance shall be furnished to the Clerk to the Board of Commissioners, the Budget Officer and the Director of Finance for direction in carrying out this Project.

Amended this 7th day of November, 2022.



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R.S. "Butch" Lawter, Jr., Chairman  
Johnston County Board of Commissioners

Attest



Paula G. Woodard

Clerk to the Johnston County Board of Commissioners

