

State Water Infrastructure Authority
Meeting Date: February 20, 2024
Agenda Item G
Fall 2023 Application Round and Example Funding Scenario for
Community Development Block Grant - Infrastructure

Division of Water Infrastructure Staff Report

This report presents a *preliminary* funding scenario for the consideration of the State Water Infrastructure Authority (Authority). Subsequent updates and corrections to the application information and funding scenario (including application scores, ranking, potential funding amount, etc.) may occur and will be presented to the Authority during the meeting on February 20th. Applications are selected for funding by the Authority during the meeting, and the Authority’s selections are final.

Background

This staff report presents background information on the Fall 2023 Application Round for applications to be funded from the Community Development Block Grant Infrastructure (CDBG-I) funds. The Fall 2023 application round includes funds appropriated to Water Infrastructure Funds established in G.S. 159G. This information includes a summary of available funds and any limitation on awarding the funds, a summary of applications received, and the process staff used to apply funds in the funding scenario example presented to the Authority.

Table 1 shows a comparison of funding requested from complete and eligible applications and the amount of funding available from the Community Development Block Grant-Infrastructure (CDBG-I) program fund.

Table 1. Comparison of Funding Requested from Complete and Eligible Applications and Amount of Funding Available			
Application Type	Number of Complete/Eligible Applications	Total Requests	Approximate Amount Available
Drinking Water Projects - Construction	3	\$3,316,809	CDBG-I: \$19 M
Wastewater Projects - Construction	2	\$4,376,957	
Total:	5	\$7,693,766	

Fall 2023 Funds Available

The following funds are available for award for the Fall 2023 Application Round:

- The CDBG-I fund is a grant fund available to low-to-moderate income (LMI) communities for water and sewer improvements.

The State of North Carolina received \$46,308,393 in Community Development Block Grant (CDBG) State funds for FY 2023, of which \$19,022,056 was appropriated for the CDBG-I program. Ninety-five

percent of all funds must be committed by August 23, 2024, and 100 percent of all funds must be committed by January 23, 2025.

Table 2 shows the current balance of unobligated / uncommitted CDBG-I Program funds.

Table 2. Unobligated / Uncommitted CDBG-I Funds Balance as 1/26/24		
Funding Year	Balance	U.S. Dept. of Treasury Recapture Date^a
FY 2017 ^b	\$ 12,395.01	September 1, 2024
FY 2018 ^c	\$ 520,272.17	September 1, 2025
FY 2019 ^d	\$ 284,128.80	September 1, 2026
FY 2020 ^d	\$ 5,000.00	September 1, 2027
FY 2021	\$ 0.00	September 1, 2028
FY 2022	\$ 0.00	September 1, 2029
FY 2023	\$19,022,056.00	September 1, 2030

^aStates have eight years to expend funds from their annual CDBG allocation. Funds not disbursed from State’s line of credit after eight years will be cancelled and recaptured by the U.S. Department of Treasury [per 21 U.S.C 1552(a), as amended by the National Defense Authorization Act of 1991].

^bThere are two active FY17 CDBG-I projects that do not need additional funds at this time but that may change. If these projects do not need these funds in the time remaining, staff will be in discussion with the Department of Commerce to allow them to use these funds.

^cThere is currently one existing CDBG-I project working on submitting official requests for additional funds due to high construction bids; therefore, \$413,426.02 of these funds are tentatively earmarked for that project. Balance will be \$106,846.15.

^dDivision will retain these funds for future use by existing CDBG-I projects for bid overruns.

Summary of Applications Received

Fall 2023 application round applications were due October 2, 2023. A total of seven CDBG-I program applications were submitted during the round. A summary of the number of drinking water and wastewater applications for consideration for CDBG-I program funding by project type is shown in Table 3. Requested funding for CDBG-I projects does not exceed the amount of available funds for this round.

Table 3. Number of Applications			
Category	Drinking Water	Wastewater	Total
Submitted Applications	5	2	7
Incomplete / Ineligible Applications	2	0	2
Complete and Eligible Applications Considered	3	2	5
Funding Requested from Complete and Eligible Applications	\$3,316,809	\$4,376,957	\$7,693,766

During previous funding rounds, Authority members requested additional information on the types of projects in applications received. Table 4 shows the number of applications from self-identified distressed systems, the number that self-identified that the project is the result of a previously awarded Asset Inventory and Assessment (AIA) or Merger/Regionalization Feasibility (MRF) project, and projects that received prioritization for certain, but not all, priority line items.

Table 4. Summary of Applications by Characteristics and Receiving Specific Priority Rating System Points

Project Type	Parameter Type								
	Local Government Unit Designated as Distressed	Result of Awarded AIA/MRF [†]	Consolidate a Non-Viable Utility ^a	Failing Infrastructure ^b	Rehab/Replace Old Infrastructure ^c	Replace Lead Service Lines ^e	Address Emerging Contaminants ^f	Merger/ Regionalization ^g	Resiliency ^h
Drinking Water	3	1	0	0	4	0	0	0	1
Wastewater	1	0	0	1	1	0	0	0	1
Total	4	1	0	1	5	0	0	0	2

- ^a Consolidate a Non-Viable Utility: successfully claimed Line Item 1.A of the Priority Rating Systems for CDBG-I.
- ^b Failing Infrastructure: successfully claimed Line Item 1.B of the Priority Rating Systems for CDBG-I.
- ^c Rehab/Replace Old Infrastructure: successfully claimed Line Items 1.C. of the Priority Rating Systems for CDBG-I.
- ^e Replace Lead Service Lines: successfully claimed Line Item 2.A of the Priority Rating Systems for CDBG-I.
- ^f Address Emerging Contaminants: successfully claimed Line Item 2.H.3 of the Priority Rating Systems for CDBG-I.
- ^g Merger/Regionalization: successfully claimed Line Items 2.F.1 or 2.F.2 of the Priority Rating Systems for CDBG-I.
- ^h Resiliency: successfully claimed one of Line Items 2.N.1 through 2.N.7 of the Priority Rating Systems for CDBG-I.
- [†] Projects resulting from an AIA or MRF are self-identified.

Example of Funding Scenario for CDBG-I Program

The example funding scenario is detailed in Table 5 on the next page. This table identifies the projects that would potentially be funded under the example funding scenario. A full list of applications, including those that would not be funded under this scenario, are shown in the accompanying spreadsheets (Agenda Items G-1 and G-2). Application numbers in the table below reference application numbers in the accompanying spreadsheets.

The remaining balance, \$ 11,328,290, of FY2023 funds will be made available for Spring 2024 applications that will be awarded by the Authority in July 2024.

Table 5. CDBG-I Example Funding Scenario						
SWIA Sheet Appl. No.	Applicant Name	County	Project Name	Amount of Funding Requested	Potential CDBG-I Grant Amount	CDBG-I Funding Year
1	High Shoals, City of	Gaston	High Shoals Water System Replacement 2	\$1,703,309	\$1,703,309	FY 2023
2	Tabor City, Town of	Columbus	Water Supply Well Improvements	\$1,000,000	\$1,000,000	FY 2023
3 ^a	Waynesville, Town of	Haywood	South Waynesville Sanitary Sewer System	\$1,376,957	\$1,376,957	FY 2023
4	Greene County	Greene	2023 Maury WWTP Improvements	\$3,000,000	\$3,000,000	FY 2023
5 ^b	Waynesville, Town of	Haywood	South Waynesville Public Water System	\$613,500	\$613,500	FY 2023
Total:				\$ 7,693,766	\$7,693,766	

^aProject 3 is the remaining scope of work that was not funded in July 2023. That funding application was only partially funded with the balance of FY2022 funds.

^bProject 5 includes 24 new LMI water connections.