

	<p>Division of Water Infrastructure Funding Program Highlights</p> <p><i>Last updated: July 2024</i></p>	<p>Fall 2024</p>
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Application deadline is 5:00 p.m. on Monday, September 30, 2024. Applications may be submitted at:
<https://edocs.deq.nc.gov/Forms/Fall2024DWIFunding>

Community Development Block Grant-Infrastructure (CDBG-I)

What types of projects can this program fund?

This is a U.S. Department of Housing and Urban Development (HUD) federally funded program. This program is designed to help communities 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- and moderate-income (LMI) persons is at least 51% LMI (national objective).

Who can apply for this funding?

Only non-entitlement* units of general local governments (UGLG), with a project that meets the national objective of benefiting at least 51% LMI, can apply to the program. **HUD definition: Cities with populations smaller than 50,000 and counties with populations smaller than 200,000.*

Single-purpose units of government (i.e., water or sewer authorities) must work with their UGLG as a subrecipient. If a UGLG is served by a single purpose unit of government, they may apply for a grant to replace, repair, or up-grade or extend infrastructure owned by a single purpose unit of government.

How much funding is available in this round?

Division staff anticipate having approximately \$19 million available.

What types of targeted funding are available?

All CDBG-I funds are 100% grant with no local match requirement. All recipients must comply with federal grant conditions.

What are the interest rates related to the CDBG-I program?

Since this is a federal grant program, there are no loans associated with this program.

What are the funding limits for my town, city, or county?

Each UGLG is limited to \$3 million every three years (this three-year period starts at State Water Infrastructure Authority (SWIA) award date). If submitting multiple applications (outside of combined water and sewer applications), only one application will be awarded to an UGLG during each funding round.

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Clean Water State Revolving Fund (CWSRF)

What types of projects can this program fund?

This program can fund construction projects related to wastewater treatment, wastewater collection, reclaimed water, stormwater control measures (SCMs), stream restoration, and energy efficiency projects. These projects may be funded by low-interest loans or Principal Forgiveness (PF).

Who can apply for this funding?

Any local government unit (LGU) may apply for this funding. LGUs include counties, cities, towns, sanitary districts, water and sewer authorities, etc.

How much funding is available this round?

Division staff anticipate having approximately \$100 million available, including \$15 million in PF.

What types of targeted funding are available?

The Division offers PF based upon the grant/PF percentage calculated by the Affordability Criteria (see Affordability Calculator under the Application Forms tab of the website), or if a project documents that it provides a direct benefit to a disadvantaged area. The PF portion of a SRF loan does not have to be repaid.

What are the interest rates related to the CWSRF?

Interest rates are ½ market rate of the 20-year Bond Index. The most recent funding round (Spring 2024) has a maximum base interest rate of 2.03%. The interest rate will be set when LGC approves the loan and will be the lower of the interest rates determined at either the application due date, or at the time of LGC approval.

For projects that are eligible for 75% or 100% PF, any repayable portion of the loan will have a 0% interest rate. For loans that are eligible for 50% or 25% PF, any repayable portion of the loan will have an interest rate of 1% less than the half-market rate (e.g., 1.03%).

All projects funded under the CWSRF Green Project Reserve will have an interest rate of 1% less than the half-market rate (e.g., 1.03%).

What are the funding limits for my LGU?

Per application round, LGUs are limited to \$35 million.

Overall, any LGU may carry a total of approximately \$200 million in CWSRF debt.

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Drinking Water State Revolving Fund (DWSRF)

What types of projects can this program fund?

This program can fund construction projects related to drinking water sources, drinking water treatment, and drinking water transmission, distribution, and storage. These projects may be funded by low-interest loans or Principal Forgiveness (PF).

Who can apply for this funding?

Any local government unit (LGU) may apply for this funding. LGUs include counties, cities, towns, sanitary districts, water and sewer authorities, etc. Non-profit Water Corporations and Investor-Owned Drinking Water Corporations may also apply.

How much funding is available this round?

Division staff anticipate having approximately \$80 million available, including \$21 million in PF.

What types of targeted funding are available?

The Division offers PF based upon the grant/PF percentage calculated by the Affordability Criteria (see Affordability Calculator under the Application Forms tab of the website), or if a project documents that it provides a direct benefit to a disadvantaged area. The PF portion of a SRF loan does not have to be repaid.

What are the interest rates related to the DWSRF?


Interest rates are ½ market rate of the 20-year Bond Index. The most recent funding round (Spring 2024) has a maximum base interest rate of 2.03%. The interest rate will be set when LGC approves the loan and will be the lower of the interest rates determined at either the application due date, or at the of LGC approval.

For projects that are eligible for 75% or 100% PF, any repayable portion of the loan will have a 0% interest rate. For loans that are eligible for 50% or 25% PF, any repayable portion of the loan will have an interest rate of 1% less than the half-market rate (e.g., 1.03%).

What are the funding limits for my LGU?

Per application round, LGUs are limited to \$25 million.

Overall, any LGU may carry a total of approximately \$200 million in DWSRF debt.

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**Bipartisan Infrastructure Law Emerging Contaminants Funds for Construction
(BIL DWSRF-EC, CWSRF-EC)**

What types of projects can this program fund?

This program can fund construction projects addressing any Per and Polyfluoroalkyl Substances (PFAS) in water or wastewater systems.

Who can apply for this funding?

Any local government unit (LGU) may apply for this funding. LGUs include counties, cities, towns, sanitary districts, water and sewer authorities, etc. Non-profit Water Corporations and Investor-Owned Drinking Water Corporations may also apply for Drinking Water Funds.

How much funding is available this round?

- Approximately \$5 million for DWSRF-EC construction projects
- Approximately \$1.9 million for CWSRF-EC construction projects

What about EC study grant funding?

BIL DWSRF-EC and CWSRF-EC funds for EC planning studies are available on a rolling basis and use a rolling application form.

What are the interest rates related to the DWSRF and CWSRF?

All DWSRF-EC and CWSRF-EC funds will be 100% PF and will not have a repayable loan portion of the funds.

What are the funding limits for my LGU?

- \$5 million for DWSRF-EC construction projects per applicant per year
- No funding limits for CWSRF-EC construction projects per applicant per year

What other information should I know about the EC funds?

- Projects seeking BIL DWSRF-EC and CWSRF-EC construction funds must use the same common application and applicable priority rating systems (DW/CW PRSs).
- Claim applicable BIL SRF EC eligible priority rating line items and all other eligible line items.
- EC-eligible projects will be considered for regular DWSRF and CWSRF funds.
- EC applications will have two prioritization scores. (One score for EC funds only and another score for base funds.)



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The application deadline is a rolling deadline. Applications will be reviewed on a rolling basis by the State Water Infrastructure Authority (SWIA).

Bipartisan Infrastructure Law Emerging Contaminants Funds for Planning Studies (BIL DWSRF-EC, CWSRF-EC)

What types of projects can this program fund?

This program can fund planning and study projects addressing any Per and Polyfluoroalkyl Substances (PFAS) in water or wastewater systems. Pre-construction activities, including planning, alternative analysis, design, and pilot or bench-scale testing of treatment alternatives are examples of projects eligible for funding.

Who can apply for this funding?

Any local government unit (LGU) may apply for this funding. LGUs include counties, cities, towns, sanitary districts, water and sewer authorities, etc. Non-profit Water Corporations and Investor-Owned Drinking Water Corporations may also apply for Drinking Water Funds.

How much funding is available this year?

- Approximately \$10.1 million for DWSRF-EC planning and study projects during FY 2024-2025
- Approximately \$1.64 million for CWSRF-EC planning and study projects during FY 2024-2025

What about EC study grant funding?

BIL DWSRF-EC and CWSRF-EC funds for planning studies are available on a rolling basis and use a rolling application form. Application due dates are available in the chart below.

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

What are the interest rates related to the DWSRF and CWSRF?

All DWSRF-EC and CWSRF-EC planning and study funds will be 100% PF and will not have a repayable loan portion of the funds.

What are the funding limits for my LGU?

- \$500,000 for DWSRF-EC planning and study projects per applicant per round
- \$500,000 for CWSRF-EC planning and study projects per applicant per round

What other information should I know about the EC funds?

- Projects seeking BIL DWSRF-EC and CWSRF-EC planning and study funds must use the same rolling application and applicable priority rating systems (DW/CW PRSs) available at the [Division's Application Forms and Additional Resources](#) page.

The application deadline is a rolling deadline. Applications will be reviewed on a rolling basis by the State Water Infrastructure Authority (SWIA).

Bipartisan Infrastructure Law - Lead Service Line Replacement (LSLR)

What types of projects can this program fund?

This program can fund drinking water construction projects related to replacing lead service lines from the house to the water main on the street. Projects that can be funded include lead service line replacement (LSLR), lead service line find-and-replace projects, and lead service line inventories, especially to comply with the Lead and Copper Rule Revisions that are due by October 16, 2024. DWSRF-LSLR funds may also be awarded after the October 16, 2024 deadline to fund activities above and beyond the required minimum compliance activities.

Who can apply for this funding?

Any local government unit (LGU) may apply for this funding. LGUs include counties, cities, towns, sanitary districts, water and sewer authorities, etc. Non-profit Water Corporations and Investor-Owned Drinking Water Corporations may also apply.

When are applications due?

While Division of Water Infrastructure staff take applications for LSLR projects year-round, applications in-house at the due dates listed in the table below will go before the State Water Infrastructure Authority at the dates listed.

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. 10, 2025*	Feb. 19, 2025*
*Dates subject to change	

How much funding is available this round?

Division staff are accepting applications on a rolling basis. For FY 2024, Division staff have \$64.4 million available for funding the LSLR program, including \$42.0 million in Principal Forgiveness (PF). 50% of the awarded funds each round will be reserved for inventory projects.

What types of targeted funding are available?

The Division offers PF based upon the grant/PF percentage calculated by the Affordability Criteria (see Affordability Calculator under the Application Forms tab of the website), or if a project documents that it provides a direct benefit to a disadvantaged area. The principal forgiveness portion of a SRF loan does not have to be repaid.

What are the interest rates related to the LSLR?

Interest rates are set at 0% for loans awarded from the LSLR program.

What are the funding limits for my LGU?

- \$5 million per round for replacing known LSLs
- \$2 million per round for verifying and replacing LSLs
 - Cap of \$1 million of budget for inventory/verification of materials
- \$1 million per round for inventory/verification of materials



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State Reserve Program for Construction Projects (SRP)

What types of projects can this program fund?

This program can fund construction projects related to drinking water sources, drinking water treatment, and drinking water transmission, distribution, and storage, wastewater treatment works, and wastewater collection systems. These projects may be funded by low-interest loans or grants.

Who can apply for this funding?

Any local government unit (LGU) may apply for this funding. LGUs include counties, cities, towns, sanitary districts, water and sewer authorities, etc. Non-profit Water Corporations and Investor-Owned Drinking Water Corporations may also apply.

Funding is available only to the extent that other funding sources are not reasonably available to the applicant.

How much funding is available this round?

Division staff anticipate having approximately \$10 million available. These funds are split between construction and planning projects.

What types of targeted funding are available?

The Division offers grants based upon the grant percentage determined by the Affordability Criteria (see Affordability Calculator under the Application Forms tab of the website).

What are the interest rates related to SRP-Construction?

Interest rates are $\frac{1}{2}$ market rate of the 20-year Bond Index. The most recent funding round (Spring 2023) has a maximum base interest rate of 1.687%. The interest rate will be set when LGC approves the loan and will be the lower of the interest rates determined at either the application due date, or at the time of LGC approval.

For projects that are eligible for 75% or 100% PF, any repayable portion of the loan will have a 0% interest rate. For loans that are eligible for 50% or 25% PF, any repayable portion of the loan will have an interest rate of 1% less than the half-market rate (e.g., 0.68%).

What are the funding limits for my LGU?

- LGUs are limited to \$3 million every year for loans per project type (e.g., drinking water or wastewater) offered at the $\frac{1}{2}$ market rate.
- LGUs are limited to \$3 million every three years for loans per project type (e.g., drinking water or wastewater) offered at a reduced interest rate.
- LGUs are limited to \$3 million per project type (e.g., drinking water or wastewater) every three years for grants.

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State Reserve Program for Planning (SRP-AIA, SRP-MRF)

What types of projects can this program fund?

- This program can fund asset inventory and assessment (SRP-AIA) grants and merger/regionalization feasibility (SRP-MRF) grants for existing water and/or wastewater systems.
- Asset inventory and assessment grants may fund projects such as asset inventories, condition assessments, mapping, capital improvement plans, and other system management activities such as O&M Plans and rate studies.
- Merger/Regionalization feasibility grants can be used to study the potential of gaining economies of scale through merger, consolidation, or regionalization.

Who can apply for this funding?

- Any local government unit (LGU) may apply for this funding. LGUs include counties, cities, towns, sanitary districts, water and sewer authorities, etc. Non-profit Water Corporations may also apply.
- For eligibility for these grants, the system size must be no larger than 10,000 residential connections.
- Funding is available only to the extent that other funding sources are not reasonably available to the applicant.

How much funding is available this round?

Division staff anticipate having approximately \$10 million available. These funds are split between construction and planning projects.

What are the funding limits for my LGU?

- For SRP-AIAs, LGUs are limited to \$150,000 per system type (e.g., drinking water or wastewater) every three years.
- For SRP-MRFs, LGUs are limited to \$50,000 per system type (e.g., drinking water or wastewater) every three years.

What other information do I need to know about these funding programs?

- LGUs designated as distressed may need to complete an AIA, rate study, and/or MRF.
- All AIA and MRF grants are subject to a 1.5% fee.
- AIA grants awarded to non-distressed LGUs are subject to a local match requirement based on the number of indicators (population change, poverty rate, MHI, unemployment, and total appraised property value per capita) that exceed the state benchmarks.

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Viable Utility Reserve (VUR)

What types of projects can this program fund?

This program can fund construction projects as listed in G.S. 159G-32(d)(1), (2), (3), and (5). These include projects that:

- Interconnect water or wastewater systems
- Rehabilitate water or wastewater systems
- Decentralize water or wastewater systems
- Promote the viability of a local government unit (LGU) by other means

For Fall 2024, VUR funding is not available for Asset Inventory and Assessment (AIA) and Merger/Regionalization Feasibility Study (MRF) projects.

Who can apply for this funding?

Any local government unit (LGU) may apply for funding if they are:

1. Designated as distressed by the State Water Infrastructure Authority (SWIA) and Local Government Commission (LGC),
OR
2. Regionalizing with a distressed LGU.

A Council of Government (per G.S.160A, Article 20, Part 2) or a Regional Planning Commission (per G.S. 153A, Article 19) may apply if the Department (DEQ) and Local Government Commission (LGC) determine it is in the best interest of the LGU.

How much funding is available this round?

Division staff anticipate having approximately \$6 million available this round.

All VUR grants are subject to a 1.5% Fee.

What types of funding are available?

All funding the Division offers through the VUR is grant funding.

What are the funding limits for my LGU?

Per G.S. 159G-36(d)(1): The total maximum amount of VUR grant funding a single LGU may receive is \$15 million. When two or more LGUs are merging into a single utility, the total maximum amount of VUR grant funding they may receive is \$30 million.

Any American Rescue Plan Act VUR funds received count toward this amount. If you are unclear on the amount of funding you've received, please contact Victor D'Amato, the Viable Utility Unit Supervisor, at victor.damato@deq.nc.gov.

