

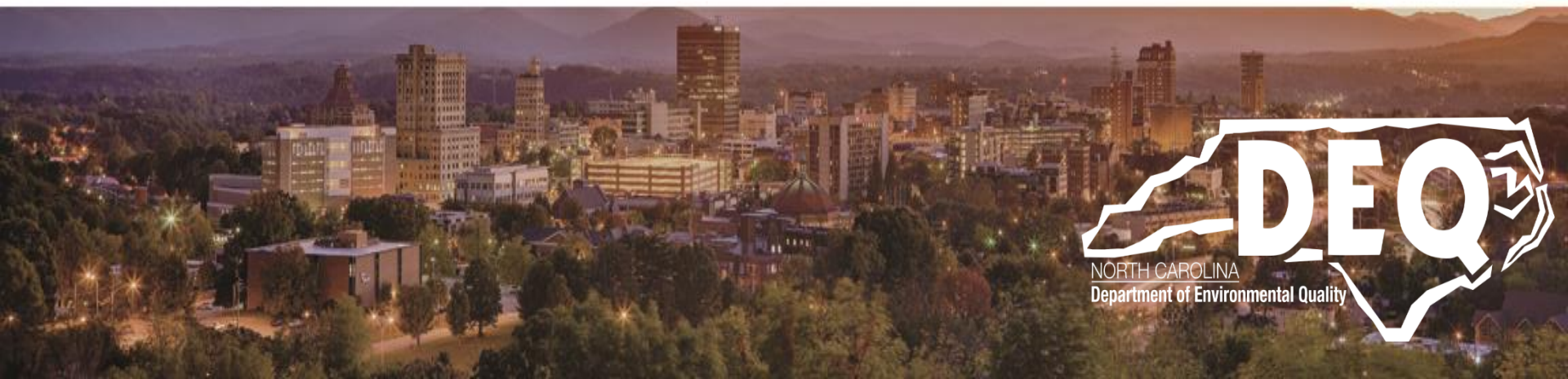


**May 18, 2022**

# **New ARPA Stormwater Funding Program**

*Department of Environmental Quality*

*Division of Water Infrastructure*



# *Agenda*



- Division of Water Infrastructure and State Water Infrastructure Authority
- New ARPA Stormwater Funding Program
- Public Comment Period until June 3

# *Created in 2013 by General Assembly*

- **Division of Water Infrastructure**
  - Consolidated local government water and wastewater infrastructure funding programs in one Department and Division
- **9-member State Water Infrastructure Authority**
  - 6 are appointed by Governor, House and Senate
  - 3 Ex-Officio
    - Division of Water Infrastructure Director
    - Dept. of Commerce Rural Grants/Programs Director
    - Treasurer's Office Local Government Commission Secretary
  - Approve priority rating systems for funding programs
  - Make all funding decisions

# *Division of Water Infrastructure Funding Programs*


## **Federal Funding**

- Clean Water State Revolving Fund (EPA)
- Drinking Water State Revolving Fund (EPA)
- Community Development Block Grants for Infrastructure (HUD)


## **State Funding (Appropriated by General Assembly)**

- State Wastewater Reserve
- State Drinking Water Reserve
- Viable Utilities Reserve
- Asset Inventory & Assessment
- Merger/Regionalization Feasibility

## **New Funding from American Rescue Plan Act (ARPA)**

- State Wastewater Reserve
  - State Drinking Water Reserve
  - **Local Assistance for Stormwater Infrastructure Investments**  
**(NC General Assembly Session Law 2021-180 Section 12.14)**
- 

# Timeline for ARPA Stormwater Funding

January – Present	Authority and Division develop Draft Priority Rating Systems for stormwater construction and planning
<b>May 4 – June 3, 2022</b>	<b>Public comment period</b> 
July 13, 2022	Authority meeting to review public comments; review and approve final Priority Rating Systems
<b>After July 13 – August 2022</b>	<b>Division posts Fall 2022 funding application materials; conducts application training</b>
<b>Sept. 30, 2022</b>	<b>Fall 2022 application deadline for stormwater projects (1<sup>st</sup> round)</b>
Feb. 2023 and later	Authority awards Fall 2022 ARPA stormwater grants
May 1, 2023	If ARPA funding remains available, Spring 2023 application deadline for stormwater projects (2 <sup>nd</sup> round)
July 2023	If ARPA funding remains available, Authority awards Spring 2023 ARPA stormwater grants
Future application rounds will be used to award remaining funds, if available	



## **New ARPA Stormwater Funding Program**

- Types of Grants
  - Construction
  - Planning
- Eligibility
- Draft Priority Rating Systems
- Grant Limits

## **Section 12.14.(e)(i)**

A construction grant is available for the development and implementation of a new stormwater utility or stormwater control measure (SCM), the rehabilitation of existing SCMs, the retrofitting of existing stormwater conveyances to provide SCMs for quantity and quality control purposes, or the installation of innovative technologies or nature-based solutions. The Department shall allow nature-based solutions where feasible and possible.

# *Session Law: Stormwater Planning Grants*

## **Section 12.14.(e)(ii)**

A planning grant is available for research or investigative studies, alternatives analyses, the preparation of engineering concept plans or engineering designs, and similar activities intended to help an eligible entity determine the best solutions for the entity's stormwater quality or quantity issue and to engineer and permit the solutions. The Department shall allow nature-based solutions where feasible and possible.



# Session Law: Stormwater Grants

<b>Section 12.14.(b) Directed Projects</b>	\$18.5 million directed to 11 recipients	
<b>Section 12.14.(c) Undirected Funds</b>	<b>Funding Amount Available</b>	<b>Maximum Grant Amount (*)</b>
• Construction Grants (including new Stormwater Utilities)	\$57.4 million	\$15 million
• Planning Grants	\$24.6 million	\$500,000
<b>Total Undirected Funds</b>	<b>\$82 million to be awarded through competitive application process</b>	
(*) Grant amount caps at different levels are proposed		

# *Session Law: Stormwater Grant Eligibility*

- Requirements apply to all ARPA stormwater funding, but not to CWSRF funding
- Eligible: A city or county that:
  - (i) Documents a stormwater quality or quantity issue **and**
  - (ii) Demonstrates that it would experience significant hardship raising the revenue necessary to finance stormwater management activities within its jurisdiction
    - Based on income, unemployment data, population trends, and other relevant data determined by NCDEQ
- A regional council of government or a nonprofit entity is also eligible if the regional council of government or nonprofit entity partners with a city or county

## *(i) Document Stormwater Issue – All Applications*

1. Describe stormwater quality and/or quantity issue and how the grant will address the issue
2. Map or narrative that shows/describes:
  - Location of the issue
  - Watershed
  - Acreage
  - Percent impervious area
  - Land use cover
3. If available: photos, rainfall amounts, news articles, other information

Note: Applications for planning or to develop and implement a new stormwater utility must include a description of the issue

## *(ii) Demonstrate Significant Hardship*

- A. For applications for Stormwater Construction and Stormwater Planning Grants (**except** applications to develop and implement a new Stormwater Utility):
1. City/County has a Stormwater Enterprise Fund and operating ratio is less than 1.00, **OR**
  2. At least 2 of 5 Local Government Unit Indicators for City or County are worse than state benchmarks **OR**
  3. Entity does not meet Criteria 1 or 2, but has stormwater projects that serve or benefit disadvantaged areas within its jurisdiction
    - 75% or more of project cost must be used to serve or benefit disadvantaged areas

## *(ii) Demonstrate Significant Hardship*

- B. For applications to develop and implement a new Stormwater Utility:
- If City or County does not have a Stormwater Enterprise Fund and the application is to develop and implement a new Stormwater Utility
    - Will have met the requirement to demonstrate significant hardship
    - Grant amount will be limited based on the number of Local Government Unit Indicators that are worse than state benchmarks

# Local Government Unit Indicators

<b>Local Government Unit Indicators</b>		<b>Spring 2022 State Benchmark</b> (for reference only; benchmarks updated annually)
Population Change	≤	4.26%
Poverty Rate	≥	14.7%
Median Household Income	≤	\$54,602
Unemployment Rate	≥	3.9%
Per Capita Appraised Value of Property	≤	\$119,594



## **Draft Stormwater Construction Grant Priority Rating System**

(Except to develop and implement a new stormwater utility)

### 4 Categories

- Project Purpose
- Project Benefit
- System Management
- Affordability

# Project Purpose – Max 30 Points

Points will be awarded for only one Project Purpose: 1.A or 1.B or 1.C

<b>1.A</b>	<b>Stormwater Quality – Stormwater Control Measures (SCMs)<sup>1</sup>:</b> Create new SCMs or improve, retrofit, repair, rehabilitate or replace existing SCM infrastructure to control stormwater quality	
1.A.1	Proposed SCMs are nature-based solutions, <b>OR</b>	30
1.A.2	Proposed SCMs are not nature-based solutions	25
<b>1.B</b>	<b>Stormwater Quality – Restoration<sup>2</sup>:</b> Restoration of streams, wetlands, buffers, or estuaries to control stormwater quality	25
1.B.1	Project includes restoration of a first order stream and includes stormwater infiltration SCMs	2 (additional points)
1.B.2	Project includes restoration of permanent riparian buffers to at least 30 feet on both sides of the stream	2 (additional points)
<b>1.C</b>	<b>Stormwater Quantity:</b> Create or improve, retrofit, repair, rehabilitate or replace existing stormwater infrastructure to control stormwater quantity and reduce flooding <b>(This line item is NOT applicable for CWSRF funds)</b>	25

<sup>1</sup> Stormwater quantity control projects are eligible for Line Item 1.A points if more than 50 percent of the construction cost of the project is for the stormwater quality portion of the project

<sup>2</sup> Not eligible for funding: activities that satisfy compensatory mitigation requirements under NCGS 143-214.11



## **Section 12.14.(h)**

- “Nature-based solutions” are sustainable planning, design, environmental management, and engineering practices that weave natural features or processes into the built environment to store, infiltrate, and treat water by enlisting natural features and processes in efforts to promote resilience, reduce flood risks, improve water quality, protect coastal property, restore and protect wetlands, stabilize shorelines, and add recreational space

# Project Benefits – Max 35 Points

<b>2.A</b>	<b>Water Quality Improvement</b>	
2.A.1	<u>Directly benefits</u> subwatersheds that are impaired as noted on the most recent version of the Integrated Report, <b>OR</b>	25
2.A.2	Protection of Sensitive Waters (HQW, ORW, Tr, SA, UWL, PNA, AFNA, SAV, WS I, WS II, WS III, WS IV* and WS V*) (* must be covered by an approved Source Water Protection Plan to qualify), <b>OR</b>	15
2.A.3	Achieves at least 35% reduction in both Total Nitrogen (TN) and Total Phosphorus (TP)	10
<b>2.B</b>	<b>Flood Reduction<sup>3</sup></b>	
2.B.1	Increases public safety by improving the entity's ability to access and operate critical infrastructure during flood events such as water and/or wastewater treatment infrastructure, schools, hospitals, and/or emergency response facilities, <b>OR</b>	15
2.B.2	Reduces structural flooding in habitable structures, <b>OR</b>	8
2.B.3	Reduces street flooding	5

<sup>3</sup> Not eligible for funding: removing stream debris other than that which is incidental to the project, repairing or improving transportation infrastructure as the primary project benefit, and constructing or repairing dams, levees or other structures designed to retain waters within a stream channel

# Project Benefits (continued) – Max 35 Points

2.C	By working together, <u>two or more units of local government</u> improve stormwater quality and/or quantity control (may require an Interlocal Agreement or Resolutions between local government units)	10
2.D	Enables the entity to address impacts to an area that is uniquely vulnerable to future natural events that may be a result of increased precipitation levels and frequency and/or sea level rise <sup>4</sup>	3
2.E	Includes an innovative stormwater project as described in the “Innovative Stormwater Program FAQs” section of the current NC Land and Water Fund Innovative Stormwater Program Manual <a href="https://nclwf.nc.gov/media/92/open">https://nclwf.nc.gov/media/92/open</a>	5
2.F	Improves compliance with the entity’s NPDES Municipal Separate Storm Sewer System (MS4) permit or helps the entity prepare to comply with a future NPDES MS4 permit <b>(This line item is NOT applicable for CWSRF funds)</b>	3
2.G	Includes a public education component such as signage describing the function of the stormwater quality or quantity infrastructure	1

<sup>4</sup> Inclusion of Line Item 2.D in the final Priority Rating System is contingent on the Division developing a method to assess this benefit in the funding application

# System Management – Max 10 Points

<b>3.A</b>	<b>Local Planning</b>	
3.A.1	Entity has developed or is developing a local flood resiliency plan, watershed plan, stormwater management plan, stream restoration plan, or estuary restoration plan, and the proposed project is included in the plan, as of the date of application, <b>OR</b>	5
3.A.2	Entity has implemented an Operation and Maintenance Plan for stormwater infrastructure which includes inspections, repairs and maintenance, as of the date of application	3
<b>3.B</b>	Entity has a current Stormwater Capital Improvement Plan (CIP) that spans at least 5 years and proposed project is included in the CIP	2
<b>3.C</b>	<b>Stormwater Utility</b>	
3.C.1	Entity has an established or is developing or implementing a Stormwater Utility with a Stormwater Enterprise Fund, <b>OR</b>	5
3.C.2	Entity has an established or is establishing a Stormwater Management Program without a Stormwater Enterprise Fund	3

# Affordability – Max 25 Points

<b>4.A</b>	Population less than 10,000	3
<b>4.B</b>	Local Government Unit (LGU) Indicators <sup>5</sup>	
4.B.1	3 out of 5 LGU indicators worse than state benchmark, <b>OR</b>	8
4.B.2	4 out of 5 LGU indicators worse than state benchmark, <b>OR</b>	10
4.B.3	5 out of 5 LGU indicators worse than state benchmark	12
<b>4.C</b>	Project benefits disadvantaged areas: 50 percent or more of the total project cost will benefit disadvantaged areas. Disadvantaged areas will be based on either NC DEQ’s determination of “Potentially Underserved Block Groups” or Tribal boundaries displayed on the <a href="#">NC DEQ Community Mapping System</a> , or information as described in the Guidance Document for applicants	10

<sup>5</sup> Five LGU indicators: population change, poverty rate, median household income, unemployment rate, and per capita appraised value of property



## **Draft Stormwater Planning Grant Priority Rating System**

(Including for  
development and  
implementation of a new  
stormwater utility)

### 3 Categories

- Project Benefit
- System Management
- Affordability

# *Planning Grant – Project Purpose (No points)*

Purpose may include but is not limited to:

- Develop and implement a stormwater utility
- Stormwater rate or fee development
- Stormwater asset inventory and assessment
- Stormwater modeling (hydrologic and hydraulic)
- Regionalized stormwater planning/management
- Engineering concept plans or designs
- Develop planning documents such as:
  - Watershed plan
  - Stormwater management plan/program
  - Restoration plan for streams, wetlands, buffers or estuaries
  - Stormwater infrastructure O&M plan
  - Stormwater capital improvement plan (CIP)

# Project Benefits – Max 17 Points

<b>1.A</b>	Link between challenges and how the study will help address the challenges	0 – 5
<b>1.B</b>	How the study will be used to develop and prioritize future projects that address the challenges	0 – 3
<b>1.C</b>	Study will <u>directly improve</u> compliance with the entity’s NPDES Municipal Separate Storm Sewer System (MS4) permit or will help the entity prepare to comply with a future NPDES MS4 permit	3
<b>1.D</b>	Study is a collaborative effort with other local government units	3
<b>1.E</b>	Study area is a subwatershed that is impaired as noted on the most recent version of the Integrated Report, or study will directly support protection of Sensitive Waters (HQW, ORW, Tr, SA, WS I, WS II, WS III, WS IV* and WS V*) (* must be covered by an approved Source Water Protection Plan to qualify)	2
<b>1.F</b>	Study will directly address areas that are uniquely vulnerable to impacts from future natural events that may be a result of increased precipitation levels and frequency and/or sea level rise <sup>6</sup>	1

<sup>6</sup> Inclusion of Line Item 1.F in the final Priority Rating System is contingent on the Division developing a method to assess this benefit in the funding application



# *System Management – Max 12 Points*

<b>2.A</b>	At least one person working for or with the entity is designated as responsible for stormwater management	0 or 1
<b>2.B</b>	Status of implementing results of previous planning study or studies	0 or 1
<b>2.C</b>	Level of entity's staff involvement in planning project development and implementation	0 or 1
<b>2.D</b>	Entity has, or the study will create or update, a stormwater management plan for the study area	4
<b>2.E</b>	Study will develop and implement a new Stormwater Utility	5

# Affordability – Max 12 Points

<b>3.A</b>	Population less than 10,000	2
<b>3.B</b>	Local Government Unit (LGU) Indicators <sup>7</sup>	
3.B.1	3 out of 5 LGU indicators are worse than the state benchmark, <b>OR</b>	2
3.B.2	4 out of 5 LGU indicators are worse than the state benchmark, <b>OR</b>	4
3.B.3	5 out of 5 LGU indicators are worse than the state benchmark	6
<b>3.C</b>	Project benefits disadvantaged areas: The study area includes disadvantaged areas. Disadvantaged areas will be based on either NC DEQ’s determination of “Potentially Underserved Block Groups” or Tribal boundaries displayed on the <a href="#">NC DEQ Community Mapping System</a> , or information as described in the Guidance Document for applicants	4

<sup>7</sup> Five LGU indicators: population change, poverty rate, median household income, unemployment rate, and per capita appraised value of property

# Grant Limits

Grant Type	Grant Limit per Grant Cycle		
Stormwater Construction (Except to develop and implement a new stormwater utility)	Up to \$5 million per applicant	OR	Up to \$7.5 million <u>total</u> if two or more units of local government work together under one project
Stormwater Planning	Up to \$400,000 per applicant	OR	Up to \$500,000 <u>total</u> if a collaborative effort with other local government units
Develop and Implement a New Stormwater Utility <ul style="list-style-type: none"> <li>• Limited based on number of Indicators worse than state benchmark</li> </ul>	If 0, 1, or 2 of five Indicators are worse than state benchmark: Up to \$400,000 per applicant	OR	If 3, 4 or 5 of five Indicators are worse than state benchmark: Up to \$500,000 per applicant

# *Public Comment Period*

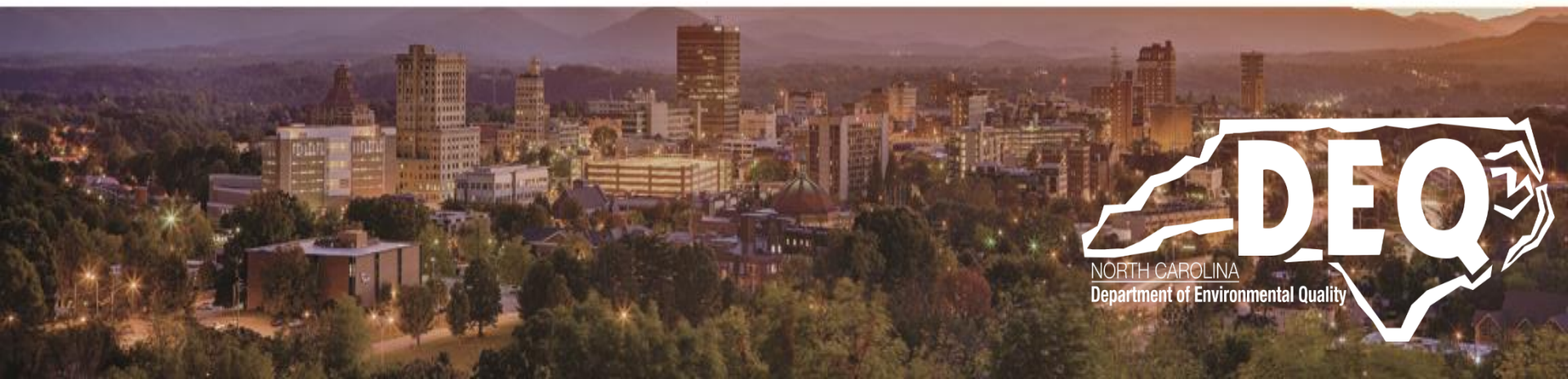
## **Proposed Plan is on DWI website – link is in the Chat**

- Interested parties are invited to provide comments on the proposed plan by **June 3, 2022 at 5:00 PM**
- Comments can be submitted:
  - By email to [dwi.publiccomments@ncdenr.gov](mailto:dwi.publiccomments@ncdenr.gov) with subject line *Comments on Division of Water Infrastructure Proposed Plan for Stormwater Funding*
  - By mail to:  
Cathy Akroyd  
Division of Water Infrastructure  
1633 Mail Service Center  
Raleigh, NC 27699-1633



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## **Division of Water Infrastructure**

[deq.nc.gov/about/divisions/water-infrastructure](http://deq.nc.gov/about/divisions/water-infrastructure)

## **State Water Infrastructure Authority**

[deq.nc.gov/about/divisions/water-infrastructure/  
state-water-infrastructure-authority](http://deq.nc.gov/about/divisions/water-infrastructure/state-water-infrastructure-authority)

