

**State Water Infrastructure Authority**  
**Meeting Date: February 19, 2025**  
**Agenda Item H – Funding Awards for Clean Water State Revolving Fund and Drinking Water State Revolving Fund Emerging Contaminants Study Projects**

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**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. This staff report represents applications received as of January 10, 2025. Applications are selected for funding by the Authority during the meeting, and the Authority’s selections are final.

**Background**

Congress appropriated funds to the Drinking Water State Revolving Fund (DWSRF) and Clean Water State Revolving Fund (CWSRF) in the Infrastructure Investment and Jobs Act of 2021, commonly referred to as the Bipartisan Infrastructure Law (BIL). The BIL appropriated additional funds for five fiscal years (FY 2022 – FY 2026) specifically for the purpose of addressing emerging contaminants (EC) in drinking water and wastewater with a focus on perfluoroalkyl and polyfluoroalkyl substances (PFAS). For drinking water, these funds are referred to as the BIL DWSRF-Emerging Contaminants (DWSRF-EC funds), and for wastewater, these funds are referred to as the CWSRF-EC funds.

Table 1 summarizes the DWSRF-EC and CWSRF-EC funds that North Carolina is receiving from the FY 2024 capitalization grants. Note that up to four percent of the DWSRF-EC allotments are used for set-asides to cover administrative costs. All of the CWSRF-EC capitalization grant will be used for funding projects. The Intended Use Plans for the two funds specify that at least half of the funding will be reserved in the Evaluation/Assessment Project Reserves for projects to evaluate alternatives to address PFAS (hereinafter referred to as EC study projects).

<b>Table 1. Summary of NC’s BIL DWSRF-EC and BIL CWSRF-EC Capitalization Grant Allotments for FY24</b>		
	<b>DWSRF-EC</b>	<b>CWSRF-EC</b>
FY 2024 Capitalization Grant	\$21,054,000	\$3,838,000
Funds in the Evaluation/Assessment Project Reserves for EC study projects	\$10,105,920	\$1,919,000

The first round of rolling applications for DWSRF-EC and CWSRF-EC study projects were received by November 1, 2024, and eligible applications were awarded at the December 2024 Authority meeting.

The second round of rolling applications for DWSRF-EC and CWSRF-EC study projects were received by January 10, 2025. This staff report provides a summary of those DWSRF-EC and

CWSRF-EC study project applications and presents a preliminary funding scenario for the Authority's consideration.

If there are not enough eligible applications for EC study projects to award at least 50 percent of the capitalization grant funding by the second semi-annual application round in which construction project applications are considered, the remainder of the Evaluation/Assessment Project Reserve will be made available to construction projects. Applications for the next semi-annual construction round are due on April 30, 2025, with awards being made at the Authority's July 16, 2025, meeting.

### Program Schedule

The Division has established application due dates for each funding cycle for EC study projects in the new rolling application process. Complete and eligible applications received prior to the application cutoff date will be considered for funding by the Authority at the next scheduled Authority meeting. EC study projects not selected for funding will be automatically reconsidered for the next funding cycle.

The Evaluation/Assessment Project Reserve in the FY 2024 capitalization grant provides \$1,919,000 for CWSRF-EC Study projects. Note that \$278,960 of the FY2024 capitalization grant funds are obligated to applications previously received and awarded by the Authority, leaving \$1,640,040 to be awarded from the Evaluation/Assessment Project Reserve. Applications for the CWSRF-EC study projects will be considered on a rolling basis to award the full amount of the Evaluation/Assessment Project Reserve as quickly as possible.

The Evaluation/Assessment Project Reserve in the FY 2024 capitalization grant provides \$10,105,920 for DWSRF-EC study projects. Applications for the DWSRF-EC study projects will be considered on a rolling basis to award the full amount of the Evaluation/Assessment Project Reserve as quickly as possible without a set schedule.

FY 2024 DWSRF-EC and CWSRF-EC funding caps for EC study projects are \$500,000 per applicant per year. All funding awarded from the DWSRF-EC and CWSRF-EC will be made available as 100 percent principal forgiveness (PF).

For the FY 2023 DWSRF-EC and CWSRF-EC capitalization grants, applicants were limited to \$500,000 in funding per funding round for EC study projects. The FY 2024 capitalization grant limits applicants to \$500,000 per applicant per year for EC study projects, starting in December 2024.

### **Summary of Applications Received**

Table 2 shows the number of complete and eligible applications and ineligible applications for EC study projects received by the Division as of January 10, 2025, through the rolling application process. Total funding requested is also listed in the table.

	<b>DWSRF-EC Study Projects</b>	<b>CWSRF-EC Study Projects</b>	<b>Total Requested Funds</b>
Eligible Applications	3	1	<b>\$1,892,495</b>
Ineligible Applications	0	0	<b>\$0</b>
Funding Requested from Eligible Applications	\$1,392,495	\$500,000	<b>\$1,892,495</b>

**Example Funding Scenario for DWSRF-EC and CWSRF-EC Programs**

The Authority may consider multiple funding scenarios. In the example funding scenario presented, all four EC study applications received by the Division are complete and eligible applications. Three applications are eligible for DWSRF-EC funding and would receive a total of \$1,392,495 of DWSRF-EC funds. One application is eligible for CWSRF-EC funding and would receive \$500,000 of CWSRF-EC funds. Table 3 summarizes the example funding scenario.

	<b>Applications Received</b>	<b>Funded Applications in Scenario</b>	<b>Total Requested Funds</b>	<b>Potential Principal Forgiveness Award</b>
<b>Eligible Applications</b>				
DWSRF-EC Studies	3	3	\$1,392,495	\$1,392,495
CWSRF-EC Studies	1	1	\$500,000	\$500,000
<b>Total</b>	<b>4</b>	<b>4</b>	<b>\$1,892,495</b>	<b>\$1,892,495</b>

**Project-Specific Notes for Applications in the Example Funding Scenario**

- Cumberland County’s application is for funding the development of a Preliminary Engineering Report that explores alternatives to address removal of PFAS from landfill leachate at the Ann Street Landfill. Leachate from this publicly-owned landfill is discharged to the Fayetteville Public Works Commission Cross Creek Water Reclamation Facility. A corresponding construction project (Project No. SRF-W-EC-0001) to install treatment for PFAS removal in the landfill leachate was awarded partial funding by the Authority in the Fall 2023 funding round. The Division did not offer any CWSRF-EC funds in Spring 2024. Hence, this construction project application is being reconsidered for additional funding in Agenda Item K. The application for the EC study funding is a request for supplemental funding of engineering services on the construction project.
- Carolina Water Service, Inc. of North Carolina submitted an application for their PFAS Implementation Program. Their program is a multi-faceted approach to addressing PFAS in 61 groundwater wells across 31 individual public water systems that the utility owns

and operates. The project will develop a detailed database of public water systems currently exceeding the EPA’s Maximum Contaminant Levels (MCLs) for PFAS. It will involve a literature review of potential treatment solutions, an alternatives analysis to identify feasible treatment solutions, development of an Opinion of Probable Cost (OPCC) for various alternatives, creation of a Decision Tree to guide treatment selection, and development of a Master Implementation Plan Report summarizing the results of these efforts.

- Two applications were from a local government designated as Distressed (Cumberland County).

Staff recommend funding all eligible study project applications for the February 2025 funding round. Table 4 shows the funds available from the FY 2024 DWSRF-EC and CWSRF-EC Evaluation/Assessment Project Reserve funds, the example February 2025 Funding Scenario, and how the recommendation will likely impact future funding rounds for EC study projects.

<b>Table 4. Potential BIL DWSRF-EC and BIL CWSRF-EC Evaluation/Assessment Project Reserve Funds Available for Future Funding Rounds for EC Study Projects</b>		
	<b>BIL DWSRF-EC Principal Forgiveness</b>	<b>BIL CWSRF-EC Principal Forgiveness</b>
Estimated FY 2024 EC funds made available for EC Study projects	\$10,105,920	\$1,640,040
December 2024 funding awards	\$1,500,000	\$0
Example February 2025 Funding Scenario Awards	\$1,392,495	\$500,000
FY 2024 EC Study Funds Remaining	\$7,213,425	\$1,140,040

A full list of applications, including those that would not be funded under this scenario, are shown in Attachment H-1. The application number in the first column in Table 5 below references application number in Attachment H-1.

**Other Funding Scenarios**

Note that there are other funding scenarios which could be constructed, and staff can assist the Authority with other scenarios during the meeting.

All February 2025 awards from the DWSRF-EC funds are contingent on the Division’s receipt of the FY 2024 DWSRF-EC Funds from EPA.

**Table 5 – February 2025 BIL DWSRF-EC Example Funding Scenario**

<b>SWIA Sheet Appl. No.</b>	<b>Applicant Name</b>	<b>County</b>	<b>Project Name</b>	<b>Program</b>	<b>Project Type</b>	<b>Amount of Funding Requested</b>	<b>Potential Award (100% PF)*</b>
1	Carolina Water Service, Inc.	Mecklenburg	PFAS Implementation Program	BIL DWSRF-EC	DW EC Study	\$500,000	\$500,000
2	Cumberland County	Cumberland	Cedar Creek Area PER to Address PFAS	BIL DWSRF-EC	DW EC Study	\$500,000	\$500,000
3	Cumberland County	Cumberland	Landfill Leachate PFAS Treatment PER	BIL CWSRF-EC	WW EC Study	\$500,000	\$500,000
4	Durham, City of	Durham	Durham PFAS Consulting Support	BIL DWSRF-EC	DW EC Study	\$392,495	\$392,495
<b>Total Award for Emerging Contaminants Study Applications in Funding Scenario</b>							<b>\$1,892,495</b>

\* All February 2025 awards from the BIL DWSRF-EC and BIL CWSRF-EC funds are contingent on the Division's receipt of the EC Funds from EPA.