

**North Carolina
Clean Water State Revolving Fund**

**Additional Supplemental Appropriations for Disaster
Relief Act, 2019**

**Supplemental Intended Use Plan
Fiscal Year 2019-2020**

updates

3/28/2022 to include 2021 Reallotment of DWSRF Alaska funds

**5/28/2024 to include ASADRA re-reallotment and fund transfer
details**

The Division is seeking public comments on changes to the original IUP, identified in red font text.

Division of Water Infrastructure

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1. Introduction

On June 6, 2019, the President signed P.L. 116-20, the "Additional Supplemental Appropriations for Disaster Relief Act, 2019" (ASADRA), into law. For North Carolina, the funds are intended for wastewater treatment works and drinking water facilities impacted by Hurricanes Florence and Michael. The Environmental Protection Agency (EPA) has allotted supplemental funding for the North Carolina State Revolving Fund (SRF) programs, and North Carolina Session Law 2019-250 has appropriated to DEQ the required match for the federal funds.

For an activity to be eligible for ASADRA funds, it must be otherwise SRF eligible, have been impacted by Hurricane(s) Florence and/or Michael, and serve one or more of the following purposes:

- Facilitates preparation for, adaptation to, or recovery from rapid hydrologic change or any other type of natural disaster for a wastewater treatment works or drinking water system or related facility;
- Reduces the likelihood of physical damage to a treatment works or drinking water systems;
- Reduces a treatment works' or water system's susceptibility to physical damage or ancillary impacts caused by floods, earthquakes, and fires; or
- Facilitates preparation for, adaptation to, or recovery from a sudden, unplanned change in the amount of and movement of water in proximity to a treatment works or water system.

ASADRA is a one-time injection of funding to promote resilience. To maximize efficiency, states will carry out ASADRA through their existing SRF programs. This Supplemental Intended Use Plan (IUP) serves to explain how the ASADRA capitalization grant will be used within the CWSRF program.

The Division of Water Infrastructure (Division) is part of the North Carolina Department of Environmental Quality (NCDEQ). The Division administers financial assistance programs to assist local government units (LGUs) in constructing projects that both benefit water quality and improve the human environment.

In 2013 the North Carolina General Assembly created the State Water Infrastructure Authority (Authority) to determine the eligibility of projects for certain water infrastructure funding programs, including the Clean Water State Revolving Fund (CWSRF), consistent with federal law. The priorities rating systems used for the ASADRA fund allocation are approved by the Authority.

Specific to this document, the Division administers the federal-state CWSRF program as established by Title VI of the Federal Water Pollution Control Act (a.k.a. Clean Water Act) as amended in 1987. The CWSRF program offers loans to LGUs at interest rates lower than market rates for clean water infrastructure. As a LGU repays the loan, the monies are again loaned out, hence the revolving nature of the program. All loan repayments must go back into the SRF program.

The IUP is incorporated into the capitalization grant agreement and becomes the grant work plan. Combined, the operating agreement, grant agreement, IUP, Clean Water Act, Code of Federal Regulations, and state statutes set the program requirements for the CWSRF. The IUP identifies anticipated projects scheduled for loan commitments from the CWSRF. It also explains how the CWSRF will utilize a priority rating system to identify those projects that will address the greatest need and/or provide the greatest positive environmental impact on the water resources in North Carolina.

2. Financial History

In 2019, the EPA allotted \$87,804,000 million in supplemental funding for the North Carolina SRF programs for wastewater treatment works and drinking water facilities impacted by Hurricanes Florence and Michael. North Carolina Session Law 2019-250 appropriated \$17,600,000 to the Department of Environmental Quality to provide the required match for federal funds.

In 2021 and 2022 ASADRA reallocation funds were offered to North Carolina. Required State Match for 2021 reallocation was appropriated in the 2021 State budget. The Division has yet to receive additional appropriation to cover the State match requirements for the 2022 re-allocation, however the SRF program has funds available to pay the match.

The following table shows the distribution of federal funding available for ASADRA eligible projects.

ASADRA EPA allotments TOTAL (2020 + 2021 + 2022)			
Funded	DWSRF	CWSRF	Total
2019 Cap Grant (awarded)	\$68,611,000	\$19,193,000	\$87,804,000
2021 reallocation (Alaska)	\$6,963,000		\$6,963,000
2022 re-allocation (2nd Alaska)	\$8,940,000		\$8,940,000
Total ASADRA Capitalization Grants (Pre-Transfer)	\$84,514,000	\$19,193,000	\$103,707,000

The state will transfer 30% of the DWSRF ASADRA to the CWSRF for ASADRA eligible projects as described in 6.3 below.

3. Programmatic Goals

Pursuant to the Clean Water Act, the State must identify the goals and objectives of its water pollution control revolving fund (i.e., the CWSRF). The State has the following goals for its CWSRF program:

3.1. Overall CWSRF Program Goal

Provide funding for clean water infrastructure while advancing the NCDEQ's mission to protect and enhance North Carolina's surface waters and groundwater resources for the citizens of North Carolina and future generations.

3.2. Short-Term Goal

Goal #1: Continue efforts to inform local government units of the availability of funds, benefits of the CWSRF program, and funding process improvements.

Goal #2: Award ASADRA funds to maximize use of available allotment to support North Carolina water infrastructure resiliency.

3.3. Long -Term Goals

Goal #1: Continue efforts to streamline the funding process to ensure the funds are used in an expeditious and timely manner in accordance with Sec. 602(b)(4) of the Clean Water Act.

Goal #2: Aid compliance with state and federal water quality standards by all funded publicly-owned wastewater treatment works.

Goal #3: Ensure the technical integrity of CWSRF projects through diligent and effective planning, design, and construction management.

Goal #4: Ensure the long-term viability of the CWSRF program through effective financial practices.

Goal #5: Ensure the priority system reflects the NCDEQ's and the Authority's goals.

Goal #6 Support U.S. Environmental Protection Agency's Strategic Goal 5 of ensuring clean and safe water for all communities, with specific emphasis on Objective 2 to protect and restore waterbodies and watersheds.

4. Information on Set-aside Activities to be Supported

North Carolina's program will continue to be one of low-interest loans, supplemented with principal forgiveness as allowed by Section 603(i)(3) of the Clean Water Act. The State intends to access 4% of the capitalization grant for the administrative costs associated with running the program. These costs include application review, engineering report and environmental document review, design review, loan processing, construction inspection, and repayment processing and accounting for funded projects.

5. Criteria and Methods for Distributing Funds

5.1. Project List and Prioritization

The State's priority rating criteria for categorizing and ranking projects for construction loans will be based on the Priority Rating System.

The prioritization system considers four elements of a project: (1) project purpose, (2) project benefit, (3) system management, and (4) affordability.

For project purpose, the Division places higher priority on projects that will consolidate nonviable systems, resolve issues associated with failed infrastructure, or rehabilitate or replace infrastructure. Projects that reduce nonpoint source pollution (e.g., stormwater best management practices) are also prioritized.

In terms of project benefits, the Division seeks to prioritize projects where replacement, repair, or merger will provide an environmental benefit. For example, the Division more highly prioritizes projects that benefit impaired water and/or replaces failing septic tanks. Additionally, projects that have a benefit of a system merger are highly prioritized by the Division.

ASADRA-eligible projects that move infrastructure out of the floodplain, to provide the highest level of resiliency for future flooding events will receive higher priority than other resiliency type projects. Also ASADRA eligible projects that take a proactive approach to provide protection of infrastructure within the floodplain or steps to better assure continued operation during flood events are given higher priority than project that repair damaged infrastructure without additional fortification or protection.

A project will be considered eligible for ASADRA funding provided that the majority of the construction costs support resiliency activities serving the ASADRA purpose for facilities impacted by Hurricane(s) Florence and/or Michael.

In addition to correcting water quality issues, the Division desires to support those LGU systems that seek to be proactive in their system management, including prioritization points for having implemented asset management plans and appropriate operating ratios.

The Division also takes into account the ability of the applicant to afford projects. For example, those applicants who have a high poverty rate, high utility bills, lower population growth, lower median household incomes, and higher unemployment receive higher priority.

The Authority may adjust the rank of any application based on the Authority's analysis of a proposed project's value that is consistent with, but not evident in, the priority criteria system, provided it is consistent with federal law.

5.2. Application and Project Deadlines

The CWSRF program operates on a priority basis and accepts funding applications semi-annually. In response to the COVID-19 pandemic and the potential of applicant's inability to compete applications prior to established spring funding round deadlines, the ASADRA funds will be awarded during both of 2020 application rounds. Projects are allocated funding in priority order (as noted above) until available funds are exhausted and within special reserve requirements (e.g. Principal Forgiveness Reserve, etc. as described herein). Funding availability is determined based on the ASADRA capitalization grant and associated state match. Results will be posted on the program's website. Project funding is contingent

on adherence to the schedule below in accordance with § 159G-41 (**times listed are measured from Letter of Intent to Fund except as noted otherwise**):

- 5.2.1. Funding application and supporting information must be received by the application deadline to be considered for any given funding cycle.
- 5.2.2. After the Authority provides final project rank eligibilities, the CWSRF program will issue Letters of Intent to Fund (LOIF) based on the projects' prioritization and the amount of funds being made available in the cycle.
- 5.2.3. Within four months of the issuance of the LOIF, a complete Engineering Report / Environmental Information Document must be submitted to the CWSRF program.
- 5.2.4. Within nine months, the Engineering Report / Environmental Information Document must be approved.
- 5.2.5. Within 15 months, complete plans and specifications must be submitted with copies of all required permits, encroachments, etc., or evidence that applications for remaining required permits have been submitted to the respective permitting agency.
- 5.2.6. Within 19 months, the plans/specifications and all required permits must be approved/issued.
- 5.2.7. Within 23 months, the following events/items must be completed/received:
 - 5.2.7.1. Advertisement of the project for bids
 - 5.2.7.2. Receipt of bids
 - 5.2.7.3. Submission of bid information to CWSRF staff
 - 5.2.7.4. Obtainment of the CWSRF program's Authority to Award construction contracts.
- 5.2.8. Within 24 months, construction contracts must be executed.

Notes:

- 1) **The milestones in the timeline above are absolute for all projects in a particular cycle and will not be extended except based upon a demonstrated need for extension by the LGU. Projects may be able to meet these milestones ahead of schedule. However, in the event that any milestone noted above is not met, work by the CWSRF staff may be suspended and all documents returned to the Applicant until the proposed project is resubmitted for consideration during a future cycle.**
- 2) **If an Applicant desires CWSRF funding and the Applicant's project requires an Environmental Impact Statement (EIS), Division staff will manage the environmental review process. However, a funding application for the project will not be accepted in any funding cycle until a draft EIS has been sent to the State Clearinghouse (SCH). In the event that a fundable project is in process and the environmental review completed within the timeline results in the conclusion**

that an EIS is required, then the milestone deadlines for the project will be suspended until a draft EIS has been sent to the SCH. After the draft EIS is sent to the SCH, the project must adhere to the same time frames specified above.

5.3. Detailed Loan and Project Funding Criteria

5.3.1. General:

- 5.3.1.1. To be eligible for CWSRF funding, a project must be on the Intended Use Plan Project List.
- 5.3.1.2. Funding can be provided for any eligible projects as provided for in the Clean Water Act, Additional Supplemental Appropriations for Disaster Relief Act, 2019 and NCGS 159G, including wastewater treatment facilities, collection systems, stream restorations, stormwater BMPs, etc. that improve water quality.
- 5.3.1.3. Funding will be provided in priority order based on project score, Authority determination, and the amount of funds made available with consideration of principal forgiveness reserve detailed below. Projects cannot be substantively changed once funding is allocated.
- 5.3.1.4. The maximum CWSRF loan amount for loans under ASADRA will be established at \$30 million per applicant. The State may limit project funding for large projects to assure ASADRA principal forgiveness requirements are met
- 5.3.1.5. The maximum CWSRF loan availability per applicant is not more than \$100,000,000 in outstanding debt to the CWSRF program.
- 5.3.1.6. Notwithstanding the limits in Items 5.3.1.4., 5.3.1.5., and 5.3.2.2.2, if availability of funds exceeds project demand, these limits may be exceeded to ensure all available funds are utilized. Exceeding the maximum provided in Item 5.3.1.4. will be considered prior to Item 5.3.1.5.
- 5.3.1.7. A project may be funded with a targeted interest rate if the project is eligible for principal forgiveness as described in 5.3.2.2 below. For projects that are eligible for 75% or more principal forgiveness, the targeted interest rate will be 0%. For projects that are eligible for 50% or 25% grant funding, the targeted interest rate will be 1% lower than the Division's base interest rate.
- 5.3.1.8. Repayments for ASADRA Loans will be deposited into the CWSRF and DWSRF funds based on original allotment percentages from EPA.

5.3.2. Principal Forgiveness:

- 5.3.2.1. To meet ASADRA requirements, 20% to 30% of the federal capitalization grant will be used to provide additional subsidization in the form of principal forgiveness.
- 5.3.2.2. The Division will provide additional subsidization to projects in the categories provided in 5.3.2.2.1 – 5.3.2.2.4 in project priority order. If a project is eligible for multiple principal forgiveness categories, the category that provides the greatest amount of principal forgiveness will be used.
 - 5.3.2.2.1. Non-viable rescue: Projects that eliminate a non-viable system to benefit a disadvantaged community with a financial need consistent with the criteria in 5.3.2.2.3 and served by a public wastewater system will receive principal forgiveness for the full amount of the loan up to \$3,000,000. The disadvantaged community either meets the affordability criteria listed in 5.3.2.2.3 or is representative of the criteria.
 - 5.3.2.2.2. Resiliency: Projects that receive prioritization points for resiliency in item 2.N.2, or 2.N.3 will receive principal forgiveness of 25% of project costs up to \$1,000,000.
 - 5.3.2.2.3. Affordability: Projects that receive project purpose points when the applicant has less than 20,000 residential wastewater connections, at least three (3) of five (5) LGU indicators worse than the state benchmark, an operating ratio (future) of less than 1.3, utility rates greater than the state median, and/or project cost per connection greater than \$1,150 per connection will receive principal forgiveness percentages will follow the affordability criteria grant percentage matrix found in Appendix E and will range from 25% to 100% in increments of 25% up to \$1,000,000 per applicant per round with the targeted interest rate as described under 5.3.1.7 applied to the remaining portion of the loan.
 - 5.3.2.2.4. Moving Infrastructure out of Flood Plains: Projects that receive prioritization points for resiliency in item 2.N.1 will receive principal forgiveness for the full amount of the loan up to \$3,000,000.

5.3.2.3. Notwithstanding the above limits in Items 5.3.1.4, 5.3.1.5, and 5.3.2.2, if availability of funds exceeds project demand, the dollar value limits may be exceeded to ensure all available funds are utilized.

5.3.3. Miscellaneous Criteria/Provisions:

5.3.3.1. Davis-Bacon prevailing wage rates apply to all loans as required by grant agreements/conditions.

5.3.3.2. American Iron and Steel provisions will apply to all loans as required by Federal mandates.

5.3.3.3. Brooks Act requirements will be applied to projects in a dollar amount equal to or exceeding the capitalization grant.

5.3.3.4. The CWSRF loan interest rate is based on ½ of The Bond Buyer's 20-Bond Index except as specifically allowed herein. The maximum interest rate for each loan will be set at the time of application with a lower interest rate, if available, set at the time of the award offer.

5.3.3.5. Approval of a CWSRF loan is contingent on approval by the Local Government Commission (LGC).

5.3.3.6. CWSRF loan terms are set by the LGC.

5.3.3.7. The maximum CWSRF loan term is determined by State statute and federal requirements.

5.3.3.8. A 2% loan fee is required. The loan fee cannot be financed by the CWSRF fund.

5.3.3.9. Loan repayments are due in May (principal and interest) and November (interest only) of each year.

5.3.3.10. Interest begins accruing on date of completion in the Notice to Proceed.

5.3.3.11. The first loan repayment is due no sooner than six months after the completion date as established in the Notice to Proceed.

6. Programmatic Conditions

6.1. Assurances and Specific Proposals

Pursuant to Section 606(c)(4) of the Clean Water Act, the State of North Carolina certifies that:

- 6.1.1. The State will enter into binding commitments for 120% of the amount of each payment received under the capitalization grant within one year after receipt of each payment.
- 6.1.2. The State will expend all funds in the CWSRF in an expeditious and timely manner.
- 6.1.3. The State will conduct environmental reviews of treatment works projects according to procedures set forth in its Operating Agreement between the State and US Environmental Protection Agency.

6.2. Federal Requirements

- 6.2.1. The State will ensure that all federal requirements are met as noted in the CWSRF Operating Agreement between the State and US Environmental Protection Agency and the Grant Agreement, including Single Audit, Disadvantaged Business Enterprise compliance, federal environmental crosscutters, and Federal Funding Accountability and Transparency Act (FFATA) reporting requirements.
- 6.2.2. The State will enter all required reporting information into respective federal databases including FFATA, CWSRF National Information Management System (NIMS), and the CWSRF Benefits Reporting (CBR) system.
- 6.2.3. The State will ensure that all applicants to the CWSRF program certify that they meet the fiscal sustainability planning requirements. Such certifications will be received by the time of loan offer.

6.3. Transfer between CWSRF and Drinking Water State Revolving Fund

To provide flexibility to use one SRF to support the other in meeting state funding needs, the 1996 SDWA Amendments (Section 302) authorized the transfer of funds between a state's DWSRF and CWSRF program. According to DWSRF and CWSRF transfer provisions, a state may transfer an amount equal to thirty-three percent of the DWSRF capitalization grant to the CWSRF or an equivalent amount from the CWSRF to the DWSRF. North Carolina state law permits the transfer of SRF funds as certified in the Attorney General (AG) certification letter and this IUP. The ASADRA funding levels are more unbalanced than routine SRF funding levels, therefore in order to balance the program funds and meet North Carolina's needs to address clean water projects, the state reserves the right and intends to exercise its authority to transfer funds between the SRFs to ensure the ASADRA funds go to the highest priority projects and that each project list exceeds capitalization grant levels.

Program specific principal forgiveness requirements will be met based on total ASADRA funds after any fund transfer. Repayments for ASADRA loans will be deposited into the DWSRF and DWSRF funds based on original allotment percentages from EPA.

The following table shows the State intent to transfer 30% of the DWSRF ASADRA funds to the CWSRD ASADRA fund. The table itemized the original Cap grant, the 2 additional allotments, the 30% fund transfer, the required 20% State Match requirements for the Federal funds, and the resulting funds available. Set aside allowances are not included in the summary table.

ASADRA TOTAL (2020 + 2021 + 2022 with Fund Transfer)			
	DWSRF	CWSRF	Total
2019 Cap Grant (awarded)	\$68,611,000	\$19,193,000	\$87,804,000
2021 reallocation (Alaska)	\$6,963,000		\$6,963,000
2022 re-allocation (2nd Alaska)	\$8,940,000		\$8,940,000
Total Cap Grant Awards	\$84,514,000	\$19,193,000	\$103,707,000
Funds Transfer (30%)	-\$25,354,200	\$25,354,200	\$0
Total ASADRA Cap grants after Transfer	\$59,159,800	\$44,547,200	\$103,707,000

7. Public Review and Comment

The Division is seeking public comments on changes to the original IUP, identified in red font text. This updated IUP including the reallocated funds, fund transfer details, and updated project list will be opened for public comment for a 15-day period in May 2024.

The Division opened the public comment period on December 18, 2019, and held a public meeting on January 13, 2020 to present the draft IUPs. The public comment period closed on January 17, 2020. The Division received the following comments related to the IUP:

Comment: Commenter asked whether ASADRA-eligible projects would also be considered for funding by the base DWSRF, and if so, how they would be scored against non-ASADRA projects, and would non-ASADRA principal forgiveness be available).

Response: This is a request for additional clarification rather than a request to revise the draft IUP. No change to the IUP.

Comment: Clarification was requested regarding the definition of “the majority of construction costs” to support resiliency activities.

Response: This is a request for additional clarification rather than a request to revise the draft IUP. No change to the IUP.

Comment: The ASADRA legislation offers the chance for North Carolina to invest in genuine resilience and ensure that future climate impacts are factored into project design and implementation. They suggested the

IUP leaves open opportunities for projects that are not resilient in their intent or implementation to receive competitive scores.

Response: ASADRA eligibility is governed by the requirements in P.L. 116-20 and includes language to limit ASADRA funds for resiliency projects. No change to the IUP.

Comment: The Priority Rating System appears to award resilience points as an alternative to the conventional points, rather than as a threshold condition for funding in this supplemental cycle.

Response: If projects are eligible for ASADRA funding, they will be eligible to receive the points related to ASADRA in Line Item 2.N in addition to other points within the Priority Rating System. No change to the IUP.

Comment: It was suggested to not give two resilience points for projects that merely replace storm-damaged infrastructure, without relocating, elevating, or hardening it. Such a project is not resilient and offers only temporary recovery, meaning the investment is likely to be lost in a future disaster.

Response: Repairing infrastructure damaged during either Hurricanes Florence or Michael is a specific ASADRA eligibility. Line Item 2.N.3 provides projects that repair and/or replace infrastructure damaged during either Hurricanes Florence or Michael slight (two points) priority over other non-resiliency type projects that would not receive any additional priority points under 2.N. No change to the IUP.

Comment: The requirements of removing infrastructure from the 100-year floodplain to receive the most priority points should be strengthened, as 100-year floodplain maps are increasingly inaccurate due to impervious changes upstream and shifts in the amount of rainfall in the 100-year storm.

Response: The Division recognizes the possibility that recent rainfall events including the named storm events listed in the ASADRA funding may not be considered in the current FEMA maps. The Division does not recommend requiring additional evaluation of flood risk or consideration for proving priority points. No change to the IUP.

Comment: The final IUPs should (1) award points for applications that include a prospective flood risk analysis; (2) locate infrastructure at least three feet above the highest recorded historical flood elevations; and (3) offer points for resilience projects that have been planned by the local jurisdiction as part of a capital improvement plan (CIP) with integrated resilience components.

Response: The Division acknowledges the concern related to the issues summarized above. Due to the limited timeline of this program the Division does not want to penalize applicants that would not have time to prepare a prospective risk analysis. The Division recognizes the importance of systems having a capital improvement plan (CIP), however documentation of a plan may result in smaller disadvantaged communities in need of assistance losing project prioritization to large systems with more resources. No change to the IUP.

Comment: The Division waive the requirement for a complete application for relocation projects, as some projects, while good projects, may be less likely to call for relocation out of the floodplain or for consolidation with more resilient systems.

Response: The application represents the minimum information required to identify the applicant and the project and to prioritize the project. No change to the IUP.

Comment: The final IUPs should avoid inducing new development in the floodplain, especially projects that may be tweaked for submittal during this round.

Response: The Division prioritizes projects that focus on fixing existing infrastructure over projects that would expand or provide new infrastructure for development. No change to the IUP.

Comment: A monthly household average bill rather than a monthly rate per 5,000 gallons should be utilized.

Response: No change to the IUP.

Comment: recommend clarification of the statement “The disadvantaged community either meets the affordability criteria listed in 5.3.1.7(since renumbered as 5.3.2.2.3) or is representative of the criteria.”

Response: This quote provides the Authority the ability to exercise project bypass provisions in the Clean Water State Revolving Fund. Due to federal restrictions related to the Drinking Water State Revolving Fund, project bypass provisions are not allowed. The DWSRF IUP was changed to eliminate the last part of the sentence (“or is representative of the criteria”) as well as the word “either.”

Comment: ASADRA Funds should be offered as 100 percent grants to those communities impacted by Hurricanes Florence and Michael.

Response: The Division is limited to a maximum of 30 percent principal forgiveness by the ASADRA legislation. No change to the IUP.

Comment: The Authority might want to consider revisiting the application of a pre-hurricane scoring structure for ASADRA funds.

Response: The ASADRA funds are part of the SRF program. No change to the IUP.

Comment: Well relocation out of the floodplain as a potential grant-funded project. Infiltration / inflow (I/I) remediation where flooding occurred should be given priority over non-flooded I/I areas.

Response: Changed IUP to provide principal forgiveness to all projects receiving priority points for certain types of resiliencies in application Item 2.N, as well as the affordability criteria.

Comment: Infrastructure changes as a result of the buyout program should be considered as eligible items to be funded.

Response: Modifies Line Item 2.N.2 by adding a third clause that reads: “Project downsizes infrastructure related to buyouts”.

Comment: Rehabilitation and like-for-like replacement efforts to elevate, fortify, repair, and strengthen existing systems should be given more emphasis in the Priority Rating System.

Response: ASADRA-eligible projects may also claim any items under Line Item 2.N. as well as other line items in other categories. Category I of the Priority Rating System provides priority for rehabilitation and replacement projects over expansion and new infrastructure projects. No change to the IUP

8. Budget and Project Periods

- 8.1. The budget and project periods being requested for the capitalization grants is shown in Appendix B and on EPA Form SF 424.
- 8.2. ASADRA funds will be allotted to ASADRA eligible projects prior to allotting non ASADRA SRF funds.
- 8.3. The anticipated cash draw ratio will be 100% State and, after all state matching funds are withdrawn, 100% federal for disbursements made from the capitalization grant. Alternatively, the State may elect a cash draw ratio of 83.3% federal and 16.7% State for all withdrawals.
- 8.4. The source of State match funds is from appropriations. State match funds will be deposited into the CWSRF before drawing any federal funds.
- 8.5. Loan fees (2% of loan) on loans from the grant and fees from loans from repayment funds will be deposited into separate account centers. Fees will be used to administer the program. In addition, fees considered non-program income will also be used for other water quality purposes within the Divisions of Water Resources and Water Infrastructure, including funding for positions.

Appendix A

UPDATED Intended Use Plan Project List (March 2024)

North Carolina Clean Water ASADRA State Revolving Fund State Project List²

Applicant Name	Project Name	County	Total Funding Requested	ASADRA Principal Forgiveness	ASADRA Loan	Other Funds Awarded	Priority Points
Clinton, City of	Clinton WWTP Resiliency Improvements	Sampson	\$3,000,000	\$3,000,000			84
Yadkin Valley Sewer Authority	2020 Collection System Rehabilitation - Part I (Pipeline Rehab)	Surry	\$670,000	\$502,500	\$167,500		82
Liberty, Town of	Liberty Collection System Improvements	Randolph	\$3,000,000	\$3,000,000			80
St. Pauls, Town of	Wastewater Treatment Plant Relocation	Robeson	\$6,093,450	\$2,700,000		\$500,000 SRF PF and \$2,893,450 ARPA	80
Pollocksville	2020 WWTP Facilities Relocation	Jones	\$3,000,000	\$3,000,000			79
Tryon, Town of	Braewick Road Sewer Rehabilitation Project	Polk	\$2,612,355	\$1,000,000	\$612,355	\$1,000,000 (ARPA)	75
Graham, City of	Graham WWTP Improvements Project	Alamance	\$82,989,500		\$29,652,024	\$53,337,475	71
Reidsville, City* of	WWTP Headworks Replacement	Rockingham	\$3,920,000			\$3,920,000	65
Southern Pines, Town of	Warrior Woods Pump Station Relocation	Moore	2,998,000		\$2,998,000		64

Applicant Name	Project Name	County	Total Funding Requested	ASADRA Principal Forgiveness	ASADRA Loan	Other Funds Awarded	Priority Points
Eden, City of	Contracts IIB and V - Junction Pump Station Rehab & Smith River Replacement and Rehab and Siphon Replacement	Rockingham	\$15,172,225		\$5,402,373	\$10,129,852	57
TOTAL			\$124,384,530	\$13,202,500	\$38,472,252		

*Could be converted to ASADRA funds if needed.

Appendix B
2019 ASADRA CWSRF Proposed Payment Schedule
(Dependent on timing of state match and award of federal grant)

<u>Payment Quarter</u>	<u>2019 ASADRA CW Payment Amount</u>
July 1, 2020 - September 30, 2020	\$19,193,000 (already received from EPA)
October 1, 2020 - December 31, 2020	\$0
January 1, 2021 - March 31, 2021	\$0
April 1, 2021 - June 30, 2021	\$0
July 1, 2021 - September 30, 2021	\$0
October 1, 2021 - December 31, 2021	\$0
January 1, 2022 - March 31, 2022	\$0
April 1, 2022 - June 30, 2022	\$0
July 1, 2024 - September 30, 2024	\$25,354,200
Total	\$44,547,200

Appendix C

PRIORITY RATING SYSTEM for Wastewater Projects			
<p>Instructions: For each line item, <u>mark "X" to claim the points for that line item</u>. Be sure that your narrative includes justification for every line item claimed. At the end of each Category, provide the total points claimed for each program in the subtotal row for that category. Then add the subtotals from each category and enter the Project Total in the last line. Note that some categories have a maximum allowed points that may be less than the total of individual line items.</p>			
Line Item #	Category 1 – Project Purpose	Claimed Yes/No	Points
1.A	Project will consolidate a nonviable drinking water or wastewater utility		25
1.B	Project will resolve failed infrastructure issues		15
1.C	Project will rehabilitate or replace infrastructure		15
1.C.1	Treatment units, pumps and/or pump stations to be rehabilitated or replaced are greater than 20 years old, OR water/sewer lines, storage tanks, drinking water wells or intake structures to be rehabilitated or replaced are greater than 40 years old		10
1.D	Project will expand infrastructure		2
1.D.1	Treatment units, pumps and/or pump stations to be rehabilitated or replaced are greater than 20 years old, OR lines, storage tanks, drinking water wells or intake structures to be rehabilitated or replaced are greater than 40 years old		10
1.E – 1.E.2	Reserved for Other Programs		
1.F	Project will provide stream/wetland/buffer restoration		15

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1.F.1	Restoration project that includes restoration of a first order stream and includes stormwater infiltration BMPs		5
Line Item #	Category 1 – Project Purpose (Continued)	Claimed Yes/No	Points
1.F.2	Restoration project that includes restoration and / or protection of riparian buffers to at least 30 feet on both sides of the stream		5
1.G	Project will provide stormwater BMPs to treat existing sources of pollution		20
1.G.1	Project that includes BMPs or BMPs in series that achieve at least 35% nutrient reduction (both TN and TP) and 85% TSS reduction		10
1.H	Project will provide reclaimed water/usage or rainwater harvesting/usage		15
	Maximum Points for Category 1 – Project Purpose		25
	Subtotal claimed for Category 1 – Project Purpose		
Line Item #	Category 2 – Project Benefits	Claimed Yes/No	Points
2.A – 2.B	Reserved for Other Programs		
2.C	Project provides a specific environmental benefit by replacement, repair, or merger; includes replacing failing septic tanks		15
2.D	Project addresses promulgated but not yet effective regulations		10
2.E	Project directly addresses enforcement documents		

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2.E.1	Project directly addresses an EPA Administrative Order for a local government Applicant located in a Tier 1 county, or addresses an existing or pending SOC, or a DEQ Administrative Order, OR		5
Line Item #	Category 2 – Project Benefits (Continued)	Claimed Yes/No	Points
2.E.2	Project directly resolves a Notice of Violation or Notice of Deficiency		3
2.F	Project includes system merger		10
2.G – 2.H	Reserved for Other Programs		
2.I	Project improves treated water quality by adding or upgrading a unit process		3
2.J – 2.M	Reserved for Other Programs		
Items 2.N. Additional Priority Points are only applicable to ASADRA funds and will not be applied to other funding prioritization.			
2.N	Project provides redundancy/resiliency for critical treatment and/or transmission/distribution system functions including backup electrical power source.		3
2.N.1	Project relocates infrastructure out of a floodplain OR		15
2.N.2	Project fortifies or elevates infrastructure within floodplain, OR Project improves ability to assure continued operation during flood events OR Project downsizes infrastructure related to buyouts OR		4
2.N.3	Project repairs infrastructure damaged during covered event		2
2.O	Project <u>directly benefits</u> subwatersheds that are impaired as noted on the most recent version of the Integrated Report		20

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2.P	Project <u>directly benefits</u> waters classified as HQW, ORW, Tr, SA, WS-I, WS-II, WS-III* or WS-IV* (* these classifications must be covered by an approved Source Water Protection Plan to qualify)		10
2.Q	Project will result in elimination of an NPDES discharge		3
2.R	Primary purpose of the project is to achieve at least 20% reduction in energy use		5
	Maximum Points for Category 2 – Project Benefits		35
	Subtotal claimed for Category 2 – Project Benefits		
Line Item #	Category 3 – System Management	Claimed Yes/No	Points
3.A	Capital Planning Activities		
3.A.1	Applicant has implemented an Asset Management Plan as of the date of application OR		10
3.A.2	Applicant has a current Capital Improvement Plan (CIP) that spans at least 10-years and proposed project is included in the plan		2
3.B	System Operating Ratio is greater than or equal to 1.00 based on a current audit, or is less than 1.00 and unit cost is greater than 2.5%		5
3.C – 3.E	Reserved for Other Programs		
	Maximum Points for Category 3 – System Management		15
	Subtotal claimed for Category 3 – System Management		
Line Item #	Category 4 – Affordability	Claimed Yes/No	Points
4.A	Residential Connections		

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4.A.1	Less than 10,000 residential connections OR		2
4.A.2	Less than 5,000 residential connections OR		4
4.A.3	Less than 1,000 residential connections		8
4.B	Current Monthly Single Utility Rates at 5,000 Usage		
4.B.1	Greater than \$33 OR		4
4.B.2	Greater than \$40 OR		6
4.B.3	Greater than \$47		8
4.B.4	Greater than \$58		10
Line Item #	Category 4 – Affordability (Continued)	Claimed Yes/No	Points
4.C	Local Government Unit (LGU) Indicators		
4.C.1	3 out of 5 LGU indicators worse than state benchmark OR		3
4.C.2	4 out of 5 LGU indicators worse than state benchmark OR		5
4.C.3	5 out of 5 LGU indicators worse than state benchmark		7
4.D – 4.E	Reserved for Other Programs		
	Maximum Points for Category 4 – Affordability		25
	Subtotal claimed for Category 4 – Affordability		
	Total of Points for All Categories		

Appendix D Grant Percentage Matrix

WATER OR SEWER MONTHLY BILL FOR 5,000 GALLONS	NC MEDIAN		HIGHER-THAN-MEDIAN BILL FOR 5,000 GALLONS
	LOWER-THAN-MEDIAN PROJECT COST PER CONNECTION	HIGHER-THAN-MEDIAN PROJECT COST PER CONNECTION	
>\$58	100%	100%	100%
>\$47 TO ≤ \$58	75%	75%	100%
>\$40 TO ≤ \$47	50%	50%	75%
>\$33 TO ≤ \$40	25%	25%	50%
NC MEDIAN			
≤ \$33	0%	25%	25%
	≤ \$1,150	> \$1,150 TO ≤ \$4,750	> \$4,750
	PROJECT COST PER CONNECTION		