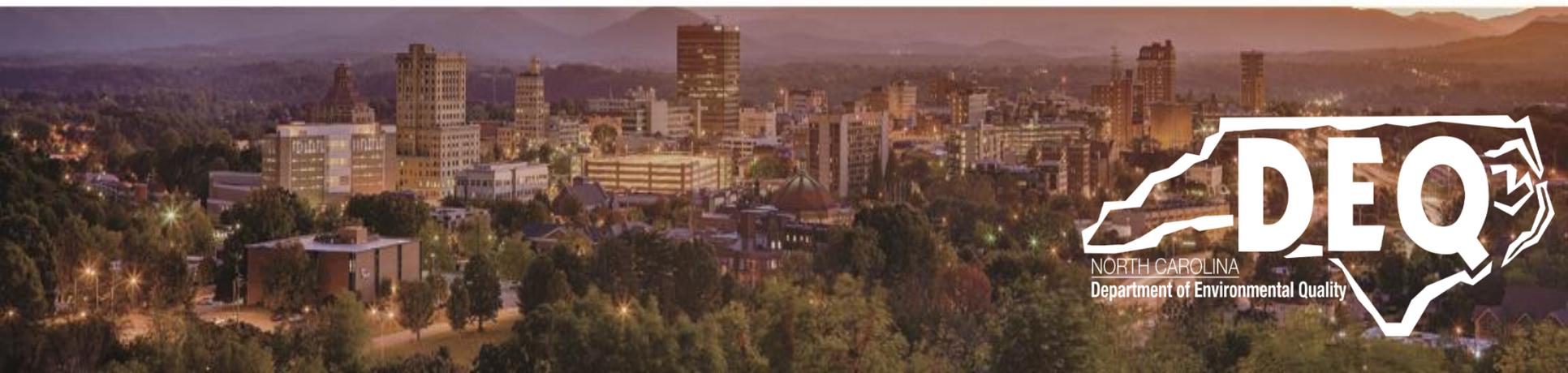




**February 7, 2024**

**Administering SL 2023-134 Direct Appropriations for Water  
and Wastewater Projects**  
*Department of Environmental Quality*  
*Division of Water Infrastructure*



# *Agenda*

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What's in SL 2023-134?

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Eligibilities

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Initiating Projects

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Planning and Design, Bidding, Construction

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How and When Will Funds be Disbursed?

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Opportunities and Identifying Projects

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Questions and Answers

# *Webpage for 2023 Appropriations Act Directed Projects*

<https://deq.nc.gov/about/divisions/water-infrastructure>



# *Division of Water Infrastructure (DWI)*

## Administer water / wastewater / stormwater infrastructure funding programs

- State appropriations (grants and loans in various Reserves)
- State Revolving Funds, including IIJA/BIL funds (low-interest loans with additional subsidies)
- Community Development Block Grants for Infrastructure

# SL 2023-134 Direct Appropriations

**SECTION 12.2.(e) Projects.** – Of the funds allocated by subsection (a) of this section for project grants, the following sums shall be granted to the indicated local governments and public entities for water and wastewater infrastructure projects:

- (1) Two hundred thousand dollars (\$200,000) to the Village of Alamance.
- (2) Seventeen million three hundred thousand dollars (\$17,300,000) to the City of Albemarle.
- (3) Five million one hundred twenty-two thousand five hundred eighty-six dollars (\$5,122,586) to Alexander County to be distributed as follows:
  - a. Two million six hundred twenty-two thousand five hundred eighty-six dollars (\$2,622,586) for the Bethlehem water tank.
  - b. Two million five hundred thousand dollars (\$2,500,000) for water line extensions.
- (4) Seven hundred eighty-seven thousand dollars (\$787,000) to the Town of Andrews.
- (5) Nine million dollars (\$9,000,000) to the Town of Angier.
- (6) Six million dollars (\$6,000,000) to Anson County for a regional water or wastewater project.
- (7) Seven million dollars (\$7,000,000) to the City of Archdale.
- (8) Four million one hundred seventy thousand five hundred dollars (\$4,170,500) to the City of Asheboro.
- (9) Two million nine hundred thousand dollars (\$2,900,000) to the Town of Autryville. Nine hundred thousand dollars (\$900,000) of this allocation shall be used for stormwater improvements.
- (10) Three million dollars (\$3,000,000) to the Town of Ayden.
- (11) Nine hundred sixty-five thousand dollars (\$965,000) to the Village of Bald Head Island.
- (12) Fourteen million dollars (\$14,000,000) to the Town of Beech Mountain.
- (13) Ten million dollars (\$10,000,000) to the City of Belmont.
- (14) Sixteen million dollars (\$16,000,000) to the Town of Benson.
- (15) Two million two hundred fifty thousand dollars (\$2,250,000) to the Town of Bermuda Run.
- (16) Fifteen million dollars (\$15,000,000) to Bladen County. Five million dollars (\$5,000,000) of this allocation shall be used for water or wastewater projects related to the Live, Work, Play Project.
- (17) Fourteen million dollars (\$14,000,000) to the Town of Bladenboro.
- (18) One hundred twenty-five thousand dollars (\$125,000) to the Town of Boardman.
- (19) Three million seven hundred thousand dollars (\$3,700,000) to the Town of Boone.
- (20) Three million dollars (\$3,000,000) to the Town of Boonville.
- (21) One million three hundred fifty thousand dollars (\$1,350,000) to the Town of Bostic. One hundred fifty thousand dollars (\$150,000) of this allocation shall be used for stormwater infrastructure.

## SL 2023-134, Section 12.2

**\$1.97 B “to the Drinking Water Reserve and the Wastewater Reserve to provide project construction grants for public water systems and wastewater systems as provided in [that] section.”**

# SL 2023-134 Direct Appropriations

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## SL 2023-134, Section 12.2

- No limits to Reserve grants
- No grant fees
- Unneeded funds to be reverted to DEQ for other water and sewer infrastructure projects.
- 3% of the funds allocated for DEQ's administrative costs

## *Directly-Appropriated Projects*

S.L. 2023-134, Section 12.2.(e) specified \$1.937 B for direct appropriation to 201 local governments.

The 2023 Appropriations Act became law on October 3, 2023.

Division contacted all recipients by email on October 17, 2023.

Collecting information about the projects, budgets and contact information now to initiate the projects ASAP.

# Eligibilities

Direct appropriation may be for a specific purpose, listed in Section 12.2.(e).

Two million five hundred thousand dollars (\$2,500,000) for water line extensions.

Nine hundred thousand dollars (\$900,000) of this allocation shall be used for stormwater improvements.

(\$5,000,000) of this allocation shall be used for water or wastewater projects related to the Live, Work, Play Project.

Five hundred thousand dollars (\$500,000) of this allocation shall be used to treat PFAS contamination.

(\$5,000,000) of this allocation shall be used for the extension of wastewater lines to and in the Town of Midland.

# Eligibilities

## Projects Eligible for the Appropriated Funds

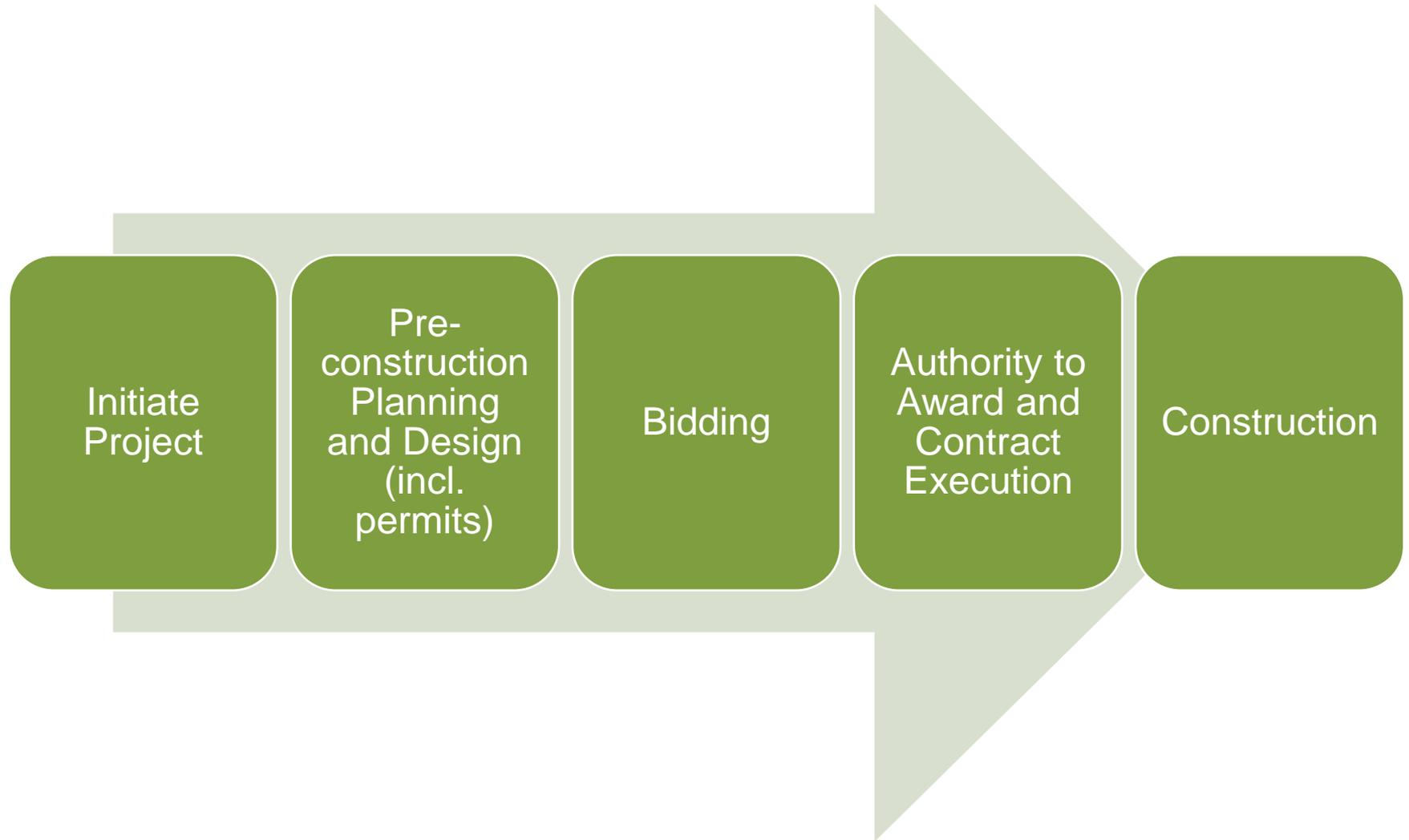
State statute limits the types of projects and costs that are eligible for the appropriated funds. Drinking Water Reserve and the Wastewater Reserve projects must be eligible per NC G.S. 159G-32 through NC G.S. 159G-34. Eligible projects are limited to the construction costs of a public water system, wastewater collection system, wastewater treatment works project, and/or stormwater quality projects. S.L. 2023-134 also includes additional eligibility requirements for specific projects or Recipients (see Appendix A).

Construction costs are defined in NC G.S. 159G-20(1c) as the following:

- (1c) Construction costs. - The costs of planning, designing, and constructing a project for which a loan or grant is available under this Chapter. The term includes the following:
  - a. Excess or reserve capacity costs attributable to no more than 20-year projected domestic growth plus ten percent (10%) unspecified industrial growth.
  - b. Legal, fiscal, administrative, and contingency costs.
  - c. *[Does not apply for the S.L. 2023-134 Directed Projects]*.
  - d. A fee payable to the Department for a permit to implement a project for which a loan or grant is obtained.
  - e. The cost to acquire real property or an interest in real property.

If adding funds to an existing project that has federal or state conditions (e.g., ARPA, SRF, CDBG), the federal and state conditions will also apply.

# General Process



# Initiate Project: Request for Funding Form



North Carolina Department of Environmental Quality  
 Division of Water Infrastructure  
**Request for Funding**  
 for S.L. 2023-134 Water/Sewer Directed Projects



(Version 1: October 16, 2023)

**1. General Information**

Recipient Name (Local Government)		County	UEI Number
Federal Tax ID #		Section 12.2.(e) Line # (see Appendix A)	PWSID # (drinking water only)
Project Name		Total Project Cost	Funding Amount Requested

Project Type (Select only one. Submit multiple forms if you have multiple project types).

- Drinking Water
- Wastewater
- Stormwater quality

**Other Funding Sources**

List all other funds that will be used for this project. Please list here the type of funds and the estimated funding amount. If the project is funded by the Division of Water Infrastructure, please provide the Project Number listed in the Letter of Intent to Fund or the funding offer.

Projects co-funded with federal funds will have federal conditions [apply](#) to the S.L. 2023-134 funds.

Other Funding Source (e.g. ARPA, SRF, CDBG-I, USDA, local funds, etc.)	DWI Project Number (if funded by the Division)	Estimated Funding Amount
<b>Total</b>		

**Funding Requirements** (please check all three boxes).

- I accept that the project funds will not be used to pay existing debt.
- I accept that the project funds will only be used for allowable costs related to the water/wastewater project.
- I accept that if the project is co-funded with federal funds (e.g. ARPA, SRF, or CDBG-I), the federal requirements of the other funds will also apply to these S.L. 2023-134 funds.

Complete a *Request for Funding* form:

- Project information
- Budget
- Identify other funding sources
- Authorized Representative

Submit online to  
<https://edocs.deq.nc.gov/Forms/2023DirectedProjects>

# Completing Request for Funding Form (Use Appendix A)

## APPENDIX A

### Table of Drinking Water and Wastewater Reserve Direct Appropriations

S.L. 2023-134, Section 12.2.(e)

Section 12.2.(e) Line #	Recipient	Funds Appropriated in S.L. 2023-134	Funds Available to Recipient for Projects (after administrative costs)	Directed Project Specified in S.L. 2023-134
1	Alamance, Village of	\$200,000	\$194,000	

Include Line # listed in Appendix A

Use "Funds Available to Recipient for Projects"

Check to see if the direct appropriation specifies a project

# *Questions about Request for Funding Form?*

Check webpage for latest information.

Contact Mikal Willmer:

[mikal.willmer@deq.nc.gov](mailto:mikal.willmer@deq.nc.gov), 828-296-4686

Note: forms were emailed to someone in your local government (e.g., Mayor, Town/County Manager, Administrator) on October 17, 2023. Check inboxes (or spam folder).

## *Next from DEQ: Letter of Intent to Fund, Funding Offer*

DWI will issue:

- “Letter of Intent to Fund” identifying the project number, DEQ project manager, relevant information, and a milestones timeline.

*Typical timeline: ~1 year to submit Plans and Specs, ~20 months to bid projects, ~2 years to executing construction contracts.*

- “Funding Offer” with conditions and assurances.  
*Requires your governing body to adopt a resolution accepting the funds with the conditions and assurances.  
Return the executed funding offer to DWI.*

# *Procurement for Engineering*

If contracting with an engineering firm, can start now.

Engineering firm must be procured per state law (i.e., Mini-Brooks Act). *NC GS 143-64, Article 3D – Procurement of Architectural, Engineering, and Surveying Services.*

# *Engineering Report*

Required only if:

- Adding funds to an existing project that already requires an Engineering Report, or
- Is for a local government designated as distressed that is using the funds primarily for a construction project that is neither specified in the Session Law nor is a rehab/replacement project. Certain elements of ER will be waived.

Majority of projects will go straight to Plans and Specs review.

# Plans and Specification Submittal and Review

Process and requirements listed in the [I Have Funding](#) webpage

<u>I Have Funding</u>
<a href="#">Engineering Report/Environmental Information Document</a>
<a href="#">Design &amp; Bid</a>
<a href="#">Approval of Bids</a>
<a href="#">Construction &amp; Disbursement of Funds</a>
<a href="#">Repayments</a>
<a href="#">CDBG-I Compliance and Reporting Information</a>
<a href="#">CDBG-I Monitoring and Closeout Forms</a>
<a href="#">CDBG-I Environmental Review</a>



Follow requirements for State programs

Must also obtain all required permits prior to bidding projects

# *Plans and Specification Submittal and Review*

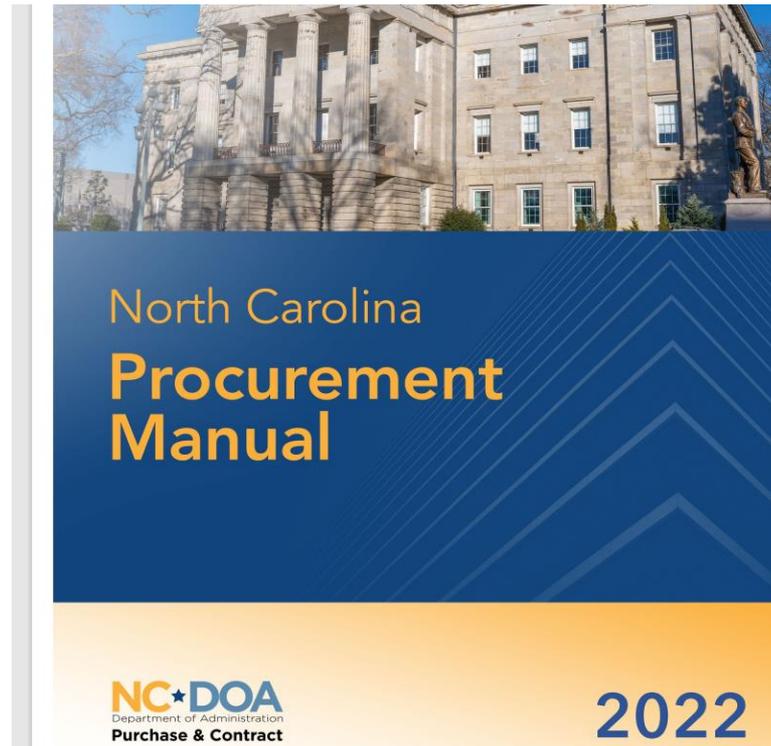
Eligible costs: Costs of planning, design and construction of water/wastewater/stormwater project (unless it is specified in SL)

Examples of ineligible expenses: paving of roadways more than the excavated area; spare parts, service contracts, maintenance contracts; and extended warranties.

Special Conditions: (MBE/WBE) DBE Requirements, Drought Bill Certification, if applicable

# Bidding

Follow state procurement laws on bidding and procurement: <https://www.doa.nc.gov/north-carolina-procurement-manual-2022/open>



# *Authority to Award and Contract Execution*

## Required documents:

- Project Bid Information Form, signed by Authorized Representative
- Bid tabulation, sealed by the consulting engineer
- Proposals of the successful bidders
- Tentative award resolution from the funding recipient subject to DWI approval
- Engineer's recommendation
- Proof of Advertisement
- MBE/WBE requirements (Detailed guidance on the website)

# *Construction*

- After contract execution, move into construction.
- DWI will inspect projects during construction.

# *Disbursements*

Disbursements based on eligible and allowable costs incurred for the documented project (or documented change to the project).

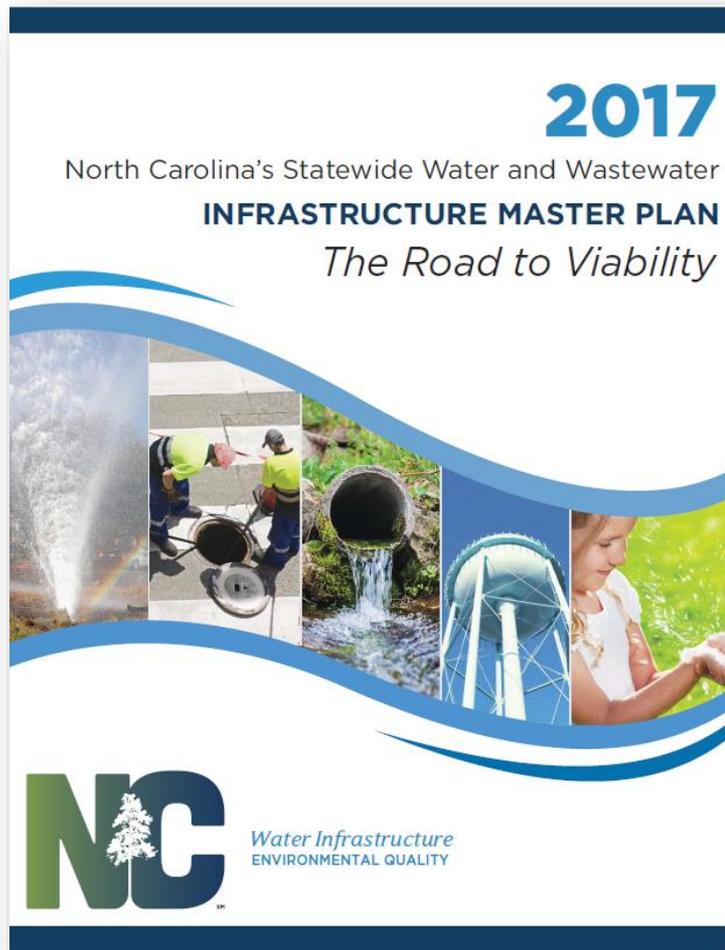
Can request disbursement prior to paying contractors. Have 3 business days to pay contractor upon receipt of funds. Can also pay contractors first before requesting disbursement if choose.

Prior to any disbursements, must submit all required documents to DEQ (e.g., resolution from governing body, executed funding offer).

Up to 15% of funding amount can be disbursed for costs incurred prior to construction (i.e., for planning, design, permit fees).

All other funds are disbursed after construction begins (for planning, design, permit fees, construction).

Submit Disbursement Request form with documentation (i.e., invoices) matching documented project costs in bid form.



## Considerations and Opportunities

<https://deq.nc.gov/about/divisions/water-infrastructure/state-water-infrastructure-authority/statewide-water-and-wastewater-infrastructure-master-plan>

# *Considerations*

Construction projects likely will take 4 – 5 years to complete.

Assets paid for with grant funding: how will your utility pay for its depreciation and replacement next time?  
(Rate study / budget considerations)

What can be funded using other means?

# ARPA??

**ARPA** funds **must be** expended by December 31, 2026. Unused ARPA funds will revert to federal government afterwards.

SL 2023-134 funds are not ARPA and do not have a December 31, 2026 expenditure deadline.

If you are also managing an ARPA project, please prioritize the ARPA project to ensure that you can use your ARPA funds before the federal expenditure deadline.

# Selecting a Project

Where should we look for ideas?

- Recent or updated Asset Management Plans (AMP) or Capital Improvement Plan (CIP)
- Final report from Asset Inventory and Assessment study
- Final report from Merger/Regionalization Feasibility study
- Speak with your legislators, operators, utility managers
- For local governments designated as distressed: contact DWI's Viable Utilities Projects Unit. *Great opportunity to implement projects to address viability of utility!*

# *Opportunities (Examples)*

- Replace aging infrastructure
- Contamination, PFAS
- Regionalization (interconnections, shared operations/mgmt, partnerships, PPP, mergers, etc.)
- Focus on disadvantaged communities
- Resilience
- Cybersecurity
- Water and energy efficiency / water loss
- Stream restoration, stormwater & envr. protection
- Implementing Asset Management Plans / CIPs
- Project planning
- Essential system upgrades
- Right-sizing infrastructure
- ... and more.

# *Interested in More Funding? Apply!*

## **I Need Funding**

<https://www.deq.nc.gov/about/divisions/water-infrastructure/i-need-funding>

Spring 2024 applications: end of February – April 30, 2024 at 5:00pm.  
Expected >\$200 million in funding available for applications.

Spring 2024 Application Trainings (10am – 4:30pm):

- Feb. 27, Asheville
- Feb. 28, Hickory
- Mar. 5, Raleigh (and virtual/online)
- Mar. 6, Fayetteville
- Mar. 8, Greenville
- Registration info: <https://www.deq.nc.gov/about/divisions/water-infrastructure/application-training>

# *Questions about SL 2023-134 Funds?*

## **Request for Funding Forms:**

Mikal Willmer [mikal.willmer@deq.nc.gov](mailto:mikal.willmer@deq.nc.gov)

## **Funding questions:**

Kavitha Ambikadevi [kavitha.ambikadevi@deq.nc.gov](mailto:kavitha.ambikadevi@deq.nc.gov)

David Giachini (DW) [david.giachini@deq.nc.gov](mailto:david.giachini@deq.nc.gov)

Trupti Desai (WW) [trupti.desai@deq.nc.gov](mailto:trupti.desai@deq.nc.gov)

Tony Evans (SW) [tony.evans@deq.nc.gov](mailto:tony.evans@deq.nc.gov)

## **Viable Utilities Projects Unit** (for local governments designated as Distressed):

Christyn Fertenbaugh [christyn.fertenbaugh@deq.nc.gov](mailto:christyn.fertenbaugh@deq.nc.gov)

## **Public Information Officer:**

Cathy Akroyd [cathy.akroyd@deq.nc.gov](mailto:cathy.akroyd@deq.nc.gov)

## **Director:**

Shadi Eskaf [shadi.eskaf@deq.nc.gov](mailto:shadi.eskaf@deq.nc.gov)



## *Questions and Answers*

