

**State Water Infrastructure Authority**  
**Meeting Date: April 14, 2021**  
**Agenda Item F**  
**Funding Recommendations for CDBG-I Grants**

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**Division of Water Infrastructure Staff Report**

**Background**

North Carolina General Statute G.S. 159G-71 contains the powers and the duties of the State Water Infrastructure Authority (Authority) which include the following:

- Review recommendations for grants and loans submitted to it by the Division of Water Infrastructure (Division)
- Determine the rank of applications
- Select the applications that are eligible to receive grants and loans

**A New Funding Design Utilizing Planning Grants**

In 2020, the State of North Carolina received \$48,537,754 in Community Development Block Grant (CDBG) State funds. The Division's 2020 appropriation from that funding is \$25,831,793.

In addition, the Division has \$1,051,670.29 in FY15 deobligated funds, and \$1,013,650.58 in deobligated FY16 funds. On February 14, 2021, the U.S. Department of Housing and Urban Development (HUD) announced that the U.S. Treasury will recapture unspent FY15 CDBG funds in September 2022, and unspent FY16 CDBG funds in September 2023. Therefore, the Division is working in terms of funding recommendations to expend the deobligated funds quickly and for projects that are clearly needed.

Each project being recommended will be funded with two grants: 1) an initial planning grant, and 2) a larger construction grant.

The scenarios presented will first fund the activities needed to get a project into construction, a benchmark called Release of Funds (ROF). This funding will come out of the FY15 and FY16 deobligated appropriations; will fund 100% of the cost of the engineering report and the environmental review; and provide 60% of the budgeted amount for grant administration. The grant administration funds cover the compliance plans required to be completed, the quarterly reports, the semi-annual Labor Standards reports, and the Annual Performance Report for the time period of the planning grant. Completion of the work in these grants will allow the ROF to occur and communities to move into design and specifications, easement acquisition, permitting, and construction.

The second grant will fund activities from plans and specifications through construction and provide the remaining 40% of grant administration funding to finance the reporting, the interviewing of construction workers to assure Davis-Bacon compliance, and the quarterly activities required in the Fair Housing Plan, among other things.

**Funding Scenario 1**

On November 23, 2020, the Division received 39 applications requesting funding from the Community Development Block Grant-Infrastructure (CDBG-I) grant program, in the total of \$70,122,833.50. The sum of funds requested in complete, eligible applications is \$66,123,432.25. Using the Priority Points Systems approved by the Authority at its July 2015 meeting, Division staff reviewed and ranked each complete, eligible application. Staff is presenting two scenarios to the Authority for consideration this round. Table 1 shows Scenario 1 with the use of the FY 2015 deobligated funds for planning grants. Table 2 shows Scenario 1 with the use of the FY 2016 deobligated funds for planning grants.

<b>Table 1. Scenario 1 Use of FY 2015 Deobligated Funds for Planning Grants</b>				
<b>Project No.</b>	<b>Applicant Name</b>	<b>Project Name</b>	<b>Engineering Firm</b>	<b>Funding Amount</b>
1 <sup>a</sup>	Selma, Town of	Selma Sewer Rehabilitation/Replacement Project	WithersRavenel	\$116,460.00
2 <sup>a</sup>	Mount Olive, Town of	Sewer Line Rehabilitation Project	McGill Associates	\$136,000.00
3 <sup>a</sup>	Fairmont, Town of	Brown Street Pump Station Improvements	LKC Engineering	\$97,000.00
4	Madison, Town of	Sanitary Sewer System Rehabilitation	LKC Engineering	\$82,600.00
5	Saratoga, Town of	2020 Gardner School Road/Daiselle Place/ Pitt Road Sewer Extension	Herring-Sutton & Associates	\$80,267.00
6	Saint Pauls, Town of	Wastewater Treatment Plant Relocation	McGill Associates	\$136,000.00
7	Rowland, Town of	Sanitary Sewer System Improvements	LKC Engineering	\$95,000.00
<b>Total:</b>				<b>\$743,327.00</b>

<sup>a</sup>Units of local government having received at least one grant from the program before.

<b>Table 2. Scenario 1 Use of FY 2016 Deobligated Funds for Planning Grants</b>				
<b>Project No.</b>	<b>Applicant Name</b>	<b>Project Name</b>	<b>Engineering Firm</b>	<b>Funding Amount</b>
8	Chadbourn, Town of	S. Wilkes Street Gravity Sewer Replacement	LKC Engineering	\$89,200.00
9	Dunn, Town of	Dunn CDBG-I Sewer Rehabilitation/Replacement Project	WithersRavenel	\$108,360.00
10	Roseboro, Town of	2020 Sewer Improvements	The Adams Company	\$138,800.00

<b>Project No.</b>	<b>Applicant Name</b>	<b>Project Name</b>	<b>Engineering Firm</b>	<b>Funding Amount</b>
11	Northampton County	Barrows Mill Road Wastewater Extension Project	Rivers & Associates	\$78,000.00
12 <sup>a</sup>	Scotland Neck, Town of	Phase VI WWTP Improvements	Engineering Services	\$85,000.00
13 <sup>a</sup>	Maxton, Town of	CDBG-I Water Infrastructure Project	WithersRavenel	\$121,496.00
14	Bryson City, Town of	Carringer Street Sanitary Sewer Collection Line Improvements	McGill Associates	\$97,000.00
15 <sup>a,b</sup>	Burnsville, Town of	Main Sewer Interceptor (West) Improvements	McGill Associates	Funded from FY2020
16 <sup>a,b</sup>	Robbinsville, Town of (split-funded)	Sewer Collection Line Improvements	McGill Associates	\$63,161.00
<b>Total:</b>				<b>\$781,017.00</b>

<sup>a</sup>Units of local government having received at least one grant from the program before.

<sup>b</sup>Partial funding.

Scenario 1 would fully fund Project Numbers 1 – 14, and partially fund Project Numbers 15 and 16 based on priority without consideration of the costs per connection. Project Numbers 15 and 16(Burnsville and Robbinsville, respectively) would be funded for planning only, with construction funds coming from the FY21 appropriation (see Table 3).

<b>Project No.</b>	<b>Applicant Name</b>	<b>Project Name</b>	<b>Engineering Firm</b>	<b>Funding Amount</b>
1 <sup>a</sup>	Selma, Town of	Selma Sewer Rehabilitation/Replacement Project	WithersRavenel	\$1,883,349.00
2 <sup>a</sup>	Mount Olive, Town of	Sewer Line Rehabilitation Project	McGill Associates	\$1,864,000.00
3 <sup>a</sup>	Fairmont, Town of	Brown Street Pump Station Improvements	LKC Engineering	\$1,903,000.00
4	Madison, Town of	Sanitary Sewer System Rehabilitation	LKC Engineering	\$1,917,400.00
5 <sup>a</sup>	Saratoga, Town of	2020 Gardner School Road/Daiselle Place/ Pitt Road Sewer Extension	Herring-Sutton & Associates	\$1,545,173.00

**Table 3. FY 2020 Appropriations for Construction and Planning Grants Under Scenario 1**

<b>Project No.</b>	<b>Applicant Name</b>	<b>Project Name</b>	<b>Engineering Firm</b>	<b>Funding Amount</b>
6	Saint Pauls, Town of	Wastewater Treatment Plant Relocation	McGill Associates	\$1,864,000.00
7	Rowland, Town of	Sanitary Sewer System Improvements	LKC Engineering	\$1,905,000.00
8	Chadbourn, Town of	S. Wilkes Street Gravity Sewer Replacement	LKC Engineering	\$1,910,800.00
9	Dunn, City of	Dunn CDBG-I Sewer Rehabilitation/Replacement Project	WithersRavenel	\$1,890,769.00
10	Roseboro, Town of	2020 Sewer Improvements	The Adams Company	\$1,861,200.00
11 <sup>b</sup>	Northampton County	Barrows Mill Road Wastewater Extension Project	Rivers & Associates	\$1,922,000.00
12 <sup>a</sup>	Scotland Neck, Town of	Phase VI WWTP Improvements	Engineering Services	\$1,915,000.00
13 <sup>a</sup>	Maxton, Town of	CDBG-I Water Infrastructure Project	WithersRavenel	\$1,877,803.00
14 <sup>a</sup>	Bryson City, Town of	Carringer Street Sanitary Sewer Collection Line Improvements	McGill Associates	\$1,395,600.00
15 <sup>a</sup>	Burnsville, Town of	Main Sewer Interceptor (West) Improvements (planning)	McGill Associates	\$125,400.00
16 <sup>a,c</sup>	Robbinsville, Town of (split-funded)	Sewer Collection Line Improvements (planning)	McGill Associates	\$51,299.00
<b>Total:</b>				<b>\$25,831,793.00</b>

<sup>a</sup>Units of local government having received at least one grant from the program before.

<sup>b</sup>See note below regarding this project.

<sup>c</sup>Partial funding.

The Division is required to have all of any given year's appropriation obligated 15 months after the contract with HUD is signed by the State. For FY2020, the deadline is December 11, 2021.

With the two planning awards for Projects 15 and 16, the FY2020 appropriation is fully obligated. The funding for the construction of these two projects will be recommended off the top of the FY21 appropriation to complete project construction.

Note Regarding Project 11

Project Number 11, Northampton County has a very high cost per connection. This is a project that will extend public sewer service a little over two miles to provide nine occupied homes with public sewer service. There are two vacant homes in the area, but these will not be connected to the sewer line, as there is no way to confirm their low-to-moderate (LMI) income status. All nine occupied homes are LMI, and all nine homes have failing septic systems. The cost per connection for Project Number 11 is \$222,222 per home, which is a higher cost per connection than any previously funded project. The Authority has expressed concerns about projects when the cost per connection is high. This type of information is presented in funding scenario spreadsheets for all programs as a result of this past concern.

Funding Scenario 2

Based on the Authority’s concerns over cost per connection in the past, the Division is presenting a second funding scenario (see Tables 4 and 5). Under Scenario 2, Project Numbers 1 – 10 would be fully funded, Project Number 11 would not be funded, Project Numbers 14 and 15 would be fully funded, and Project Numbers 16, 18, and 19 would be partially funded based on priority with consideration of the costs per connection. Project Numbers 16, 18 and 19, from Robbinsville, Benson, and Enfield, respectively, would be funded for planning only, with construction funds coming from the FY 2021 appropriation.

<b>Project No.</b>	<b>Applicant Name</b>	<b>Project Name</b>	<b>Engineering Firm</b>	<b>Funding Amount</b>
1 <sup>a</sup>	Selma, Town of	Selma Sewer Rehabilitation/Replacement Project	WithersRavenel	\$116,460.00
2 <sup>a</sup>	Mount Olive, Town of	Sewer Line Rehabilitation Project	McGill Associates	\$136,000.00
3 <sup>a</sup>	Fairmont, Town of	Brown Street Pump Station Improvements	LKC Engineering	\$97,000.00
4	Madison, Town of	Sanitary Sewer System Rehabilitation	LKC Engineering	\$82,600.00
5 <sup>a</sup>	Saratoga, Town of	2020 Gardner School Road/Daiselle Place/ Pitt Road Sewer Extension	Herring-Sutton & Associates	\$80,267.00
6	Saint Pauls, Town of	Wastewater Treatment Plant Relocation	McGill Associates	\$136,000.00
7	Rowland, Town of	Sanitary Sewer System Improvements	LKC Engineering	\$95,000.00
<b>Total:</b>				<b>\$743,327.00</b>

<sup>a</sup>Units of local government having received at least one grant from the program before.

<b>Table 5. Scenario 2 Use of FY 2016 Deobligated Funds for Planning Grants</b>				
<b>Project No.</b>	<b>Applicant Name</b>	<b>Project Name</b>	<b>Engineering Firm</b>	<b>Funding Amount</b>
8	Chadbourn, Town of	S. Wilkes Street Gravity Sewer Replacement	LKC Engineering	\$89,200.00
9	Dunn, Town of	Dunn CDBG-I Sewer Rehabilitation/Replacement Project	WithersRavenel	\$108,360.00
10	Roseboro, Town of	2020 Sewer Improvements	The Adams Company	\$138,800.00
11	Northampton County	Barrows Mill Road Wastewater Extension Project	Rivers & Associates	\$0.00
12 <sup>a</sup>	Scotland Neck, Town of	Phase VI WWTP Improvements	Engineering Services	\$85,000.00
13 <sup>a</sup>	Maxton, Town of	CDBG-I Water Infrastructure Project	WithersRavenel	\$121,496.00
14	Bryson City, Town of	Carringer Street Sanitary Sewer Collection Line Improvements	McGill Associates	\$97,000.00
15	Burnsville, Town of	Main Sewer Interceptor (West) Improvements	McGill Associates	\$125,400.00
16 <sup>a,b</sup>	Robbinsville, Town of	Sewer Collection Line Improvements	McGill Associates	Funded from FY20
17 <sup>a</sup>	Maxton, Town of	Wastewater Treatment Plant Rehabilitation	WithersRavenel	\$0.00
18 <sup>b</sup>	Benson, Town of	Benson CDBG-I Sewer Replacement/Rehab Project	WithersRavenel	Funded from FY20
19 <sup>a,b</sup>	Enfield, Town of (split-funded)	2020 Sewer Phase 5 Project	Engineering Services	\$30,721.00
<b>Total:</b>				<b>\$795,977.00</b>

<sup>a</sup>Units of local government having received at least one grant from the program before.

<sup>b</sup>Partial funding.

Scenario 2 would fully fund Project Numbers 1 – 15, and partially fund Project Numbers 16, 18 and 19 based on priority, with the partially funded projects receiving their construction funding off the top of the FY 2021 appropriation (see Table 6).

**Table 6. FY 2020 Appropriations for Construction and Planning Grants Under Scenario 2**

<b>Project No.</b>	<b>Applicant Name</b>	<b>Project Name</b>	<b>Engineering Firm</b>	<b>Funding Amount</b>
1 <sup>a</sup>	Selma, Town of	Selma Sewer Rehabilitation/Replacement Project	WithersRavenel	\$1,883,349.00
2 <sup>a</sup>	Mount Olive, Town of	Sewer Line Rehabilitation Project	McGill Associates	\$1,864,000.00
3 <sup>a</sup>	Fairmont, Town of	Brown Street Pump Station Improvements	LKC Engineering	\$1,903,000.00
4	Madison, Town of	Sanitary Sewer System Rehabilitation	LKC Engineering	\$1,917,400.00
5	Saratoga, Town of	2020 Gardner School Road/Daiselle Place/ Pitt Road Sewer Extension	Herring-Sutton & Associates	\$1,545,173.00
6	Saint Pauls, Town of	Wastewater Treatment Plant Relocation	McGill Associates	\$1,864,000.00
7	Rowland, Town of	Sanitary Sewer System Improvements	LKC Engineering	\$1,905,000.00
8	Chadbourn, Town of	S. Wilkes Street Gravity Sewer Replacement	LKC Engineering	\$1,910,800.00
9	Dunn, City of	Dunn CDBG-I Sewer Rehabilitation/Replacement Project	WithersRavenel	\$1,890,769.00
10	Roseboro, Town of	2020 Sewer Improvements	The Adams Company	\$1,861,200.00
11	Northampton County	Barrows Mill Road Wastewater Extension Project	Rivers & Associates	\$0.00
12 <sup>a</sup>	Scotland Neck, Town of	Phase VI WWTP Improvements	Engineering Services	\$1,915,000.00
13 <sup>a</sup>	Maxton, Town of	CDBG-I Water Infrastructure Project	WithersRavenel	\$1,877,803.00
14	Bryson City, Town of	Carringer Street Sanitary Sewer Collection Line Improvements	McGill Associates	\$1,395,600.00
15 <sup>a</sup>	Burnsville, Town of	Main Sewer Interceptor (West) Improvements	McGill Associates	\$1,874,600.00
16 <sup>a,b</sup>	Robbinsville, Town of	Sewer Collection Line Improvements	McGill Associates	\$114,460.00

<b>Table 6. FY 2020 Appropriations for Construction and Planning Grants Under Scenario 2</b>				
<b>Project No.</b>	<b>Applicant Name</b>	<b>Project Name</b>	<b>Engineering Firm</b>	<b>Funding Amount</b>
17 <sup>a</sup>	Maxton, Town of	Wastewater Treatment Plant Rehabilitation	WithersRavenel	\$0.00
18 <sup>b</sup>	Benson, Town of	Benson CDBG-I Sewer Replacement/Rehab Project	WithersRavenel	\$88,360.00
19 <sup>a,b</sup>	Enfield, Town of (split-funded)	2020 Sewer Phase 5 Project	Engineering Services	\$21,279.00
<b>Total:</b>				<b>\$25,831,793.00</b>

<sup>a</sup>Units of local government having received at least one grant from the program before.

<sup>b</sup>Partial funding.

### **Staff Recommendations**

The Division recommends that the Authority carefully consider these two scenarios, as the decision will set precedent for future funding decisions. Both scenarios fund projects that provide benefit to communities and to individuals.

- Scenario 1 would fund 14 projects and two planning grants. The construction grants for projects in Burnsville and Robbinsville coming from the FY21 appropriation would total \$3,501,240.
- Scenario 2 would fund 14 projects and three planning grants. The construction grants for projects in Robbinsville, Benson, and Enfield coming from the FY21 appropriation would total \$4,294,529.