

**North Carolina
Drinking Water State Revolving Fund
And
Bipartisan Infrastructure Law DWSRF
General Supplemental Funds
Intended Use Plan
Fiscal Year 2022**

(Revised 8/8/2022)

Division of Water Infrastructure

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1. Introduction

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 eligible public water supply systems in constructing projects that both benefit public health and improve the human environment. Eligible public water supply systems¹ are local government units (LGUs), non-profit water/wastewater utilities, and investor-owned drinking water companies. Most of the customers of public water supply systems are served by local government units across North Carolina.

In 2013 the North Carolina General Assembly created the State Water Infrastructure Authority (Authority) to determine projects eligible for certain water infrastructure funding programs, including the Drinking Water State Revolving Fund (DWSRF), consistent with federal law. The priorities reflected in this document have been approved by the Authority.

Specific to this document, the Division administers the DWSRF program as established by the 1996 Amendments to the Safe Drinking Water Act (SDWA), (P.L. 104-182), Section 1452. The DWSRF program offers loans to public water supply systems at interest rates lower than market rates for drinking water infrastructure. As a public water supply system repays the loan, the monies are again loaned out, hence the revolving nature of the program. All loan repayments must go back into the DWSRF. The Intended Use Plan (IUP) serves to explain how the capitalization grant will be used and the DWSRF will operate in accordance with Section 1452(b) of the SDWA.

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

2. Financial History

Congress appropriates an overall DWSRF funding level that is allocated to states based on a method established in the SDWA. The allocation is updated every four years based on a needs survey for projects eligible for DWSRF. Capitalization grants, including the required State match, enable increasing amounts of loan commitments. This is due to loan repayments being loaned again, thereby providing public benefits repeatedly through time. While providing substantial support, this infrastructure financing has only met a small percentage of the drinking water infrastructure need for public water supply systems in North Carolina. However, if capitalization grants continue (or are increased), the program will better be able to meet infrastructure financing needs for public water supply systems.

Congress appropriated additional funds to the DWSRF in the Infrastructure Investment and Jobs Act of 2021, commonly referred to as the Bipartisan Infrastructure Law (BIL). The BIL appropriated

¹ For brevity, "LGUs" in this IUP refers to eligible entities, including local government units, non-profit utilities, and investor-owned drinking water utilities.

additional funds for five fiscal years (FY2022-FY2026), referred to as the DWSRF General Supplemental Funding (or BIL Supplemental DWSRF for short), to supplement the base DWSRF program and its yearly appropriations. The BIL also appropriated funds specifically to address lead service line replacements and emerging contaminants issues, plans for which will be described in separate IUPs.

3. Programmatic Goals

Pursuant to the SDWA, the State must identify the goals and objectives of the state loan fund (i.e., the DWSRF). The State has the following goals for its DWSRF program:

3.1. Overall DWSRF Program Goal

Provide funding for drinking water infrastructure while advancing the NCDEQ's mission to provide science-based environmental stewardship for the health and prosperity of ALL North Carolinians and to advance the public health goals of SDWA while targeting the most needy systems.

3.2. Short-Term Goal

Continue efforts to inform local government units of the availability of funds, benefits of the DWSRF program, and funding process improvements.

3.3. Long -Term Goals

Goal #1: Support the North Carolina goal of assuring safe and healthy drinking water for state residents and visitors with special emphasis on two subcategories of this goal:

- Provide loans to eligible public water supply systems to address acute health risks as a priority.
- Provide loans to eligible public water supply systems to allow consolidation of non-viable water systems with systems having adequate capacity.

Goal #2: Continue efforts to streamline the funding process to ensure the funds are used in an expeditious and timely manner in accordance with the SDWA and applicable State laws as required by Section 1452(g)(3)(A) of the SDWA.

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

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

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

Goal #6: Provide technical and financial assistance to public water supply systems in adapting to changing drinking water quality standards and maintaining the health objectives of the SDWA.

Goal #7: Implement a capacity development strategy that may use innovative strategies and solutions to help public water supply systems improve compliance.

4. Information on Activities to be Supported

North Carolina's program will continue to be one of low-interest loans, supplemented with principal forgiveness as allowed by federal law. The State intends to access 4% (\$3,070,960) of the capitalization grant for the administrative costs associated with running the program. The Division administers the DWSRF. These activities include application review, engineering report and environmental document review, design review, loan processing, construction inspection, and repayment processing and accounting for funded projects.

In addition to funding water infrastructure projects, the SDWA also allows the use of capitalization grant funds for non-project purposes. The 1996 SDWA added significant new program responsibilities for states and provided for their funding through the set-asides from the DWSRF for non-project activities. Set-asides are uses of DWSRF money which are allowed by the SDWA to further the objectives of the Act, but are not construction related. These activities include the following:

- Program administration,
- Technical assistance to small systems,
- Administration of the Public Water Supply Supervision Program (State Program Management), and
- Local assistance and other state programs.

Non-project activities may be carried out directly by the Division, by the Public Water Supply (PWS) Section of the Division of Water Resources in the Department of Environment Quality, and through contracts with other agencies and organizations. Please see Appendix A for more information about set-aside activities. The administrative set-aside is administered by the Division of Water Infrastructure. The Division reserves the right to use unused portions of set-asides at a later date.

The Division reserves the authority to transfer BIL funds between the DWSRF and CWSRF from this year's capitalization grant at a later date and apply it to a future year's capitalization grant.

The following table provides a summary of the projected funds available as a result of the Federal capitalization grant. With the two FY2022 capitalization grants, state matches, and projections of repayments from active loans, disbursements to active projects, and use of set-asides during the fiscal year, the DWSRF is projected to end with approximately \$355 million in cash at the end of the fiscal year, including amounts that are obligated (but not yet disbursed) to active projects. Based on cash-flow models, approximately \$450 million is expected to be disbursed for active projects in future years. Revenues from repayments of loans and new capitalization grants are expected to cover the difference.

Sources and Uses For the Life of the Program

<i>Historic Sources and Uses</i>			(From DWNIMS)						
<i>FY</i>	Revenues					Expenditures			
	Federal Cap	State Match	Repayments Principle	Repayments Interest	Interest Earned	Project Disbursements	Set Asides	Net For FY	Cumulative Net
1997	\$46,114,100	\$9,222,820					\$68,769	\$55,268,151	\$55,268,151
1998	\$12,859,400	\$2,571,880			\$69,818		\$0	\$15,501,098	\$70,769,249
1999	\$13,477,900	\$2,695,580			\$586,959	\$2,890,560	\$227,671	\$13,642,208	\$84,411,457
2000	\$14,007,400	\$2,801,480	\$40,000	\$13,905	\$608,276	\$19,057,539	\$60,327	-\$1,646,805	\$82,764,652
2001	\$14,065,400	\$2,813,080	\$587,679	\$334,022	\$258,752	\$19,315,049	\$1,364,887	-\$2,621,003	\$80,143,649
2002	\$14,139,900	\$2,827,980	\$1,857,907	\$941,153	\$217,248	\$10,709,361	\$2,685,949	\$6,588,878	\$86,732,527
2003	\$14,054,900	\$2,810,980	\$2,813,351	\$1,813,069	\$278,383	\$10,532,591	\$2,624,738	\$8,613,354	\$95,345,881
2004	\$14,579,900	\$2,915,980	\$3,365,856	\$1,804,035	\$354,820	\$12,422,756	\$2,416,501	\$8,181,334	\$103,527,215
2005	\$14,549,900	\$2,909,820	\$3,685,215	\$1,551,588	\$439,722	\$18,129,295	\$2,297,637	\$2,709,313	\$106,236,528
2006	\$27,694,900	\$5,538,980	\$4,035,387	\$1,625,535	\$632,462	\$28,926,461	\$2,707,617	\$7,893,186	\$114,129,714
2007	\$27,695,000	\$5,539,000	\$5,672,644	\$3,212,341	\$1,050,313	\$35,286,029	\$3,874,151	\$4,009,118	\$118,138,832
2008*	\$93,039,000	\$5,482,800	\$5,750,737	\$2,452,052	\$1,466,071	\$21,651,882	\$4,012,022	\$82,526,756	\$200,665,588
2009	\$27,414,000	\$5,482,800	\$7,243,289	\$2,571,458	\$1,177,245	\$44,190,462	\$9,073,880	-\$9,375,550	\$191,290,038
2010	\$35,593,000	\$7,118,600	\$7,582,863	\$3,136,216	\$534,577	\$44,970,254	\$4,894,214	\$4,100,788	\$195,390,826
ARRA						\$0	\$1,565,000	-\$1,565,000	\$193,825,826
2011	\$24,698,000	\$4,939,600	\$12,948,194	\$4,555,083	\$398,693	\$61,697,071	\$4,869,229	-\$19,026,730	\$174,799,096
2012	\$17,467,080	\$3,493,416	\$13,892,422	\$5,731,451	\$412,375	\$28,272,589	\$5,185,910	\$7,538,245	\$182,337,341
2013	\$22,084,000	\$4,416,800	\$18,689,369	\$5,317,608	\$329,895	\$34,714,618	\$5,312,482	\$10,810,572	\$193,147,913
2014	\$20,695,000	\$4,139,000	\$22,863,929	\$4,684,687	\$367,832	\$39,613,194	\$5,043,749	\$8,093,505	\$201,241,418
2015	\$20,546,063	\$4,111,800	\$19,111,676	\$4,342,780	\$438,944	\$64,055,993	\$6,023,794	-\$21,528,524	\$179,712,894
2016	\$19,449,000	\$3,889,800	\$21,844,353	\$3,573,581	\$526,149	\$71,278,197	\$5,743,882	-\$27,739,196	\$151,973,698
2017	\$19,283,000	\$3,856,600	\$21,102,258	\$3,222,958	\$728,965	\$54,000,307	\$8,153,283	-\$13,959,809	\$138,013,889
2018	\$34,111,000	\$6,822,200	\$27,260,826	\$2,969,514	\$1,071,029	\$31,989,038	\$4,484,109	\$35,761,422	\$173,775,311
2019	\$33,792,000	\$6,758,400	\$25,631,573	\$2,755,014	\$2,065,733	\$31,161,867	\$6,380,022	\$33,460,831	\$207,236,142
2020	\$33,793,000	\$6,758,600	\$30,066,177	\$2,717,618	\$2,874,138	\$23,498,587	\$4,512,071	\$48,198,875	\$255,435,017
2021	\$33,782,000	\$6,756,400	\$58,739,317	\$2,584,670	\$1,131,720	\$28,318,673	\$10,255,830	\$64,419,604	\$319,854,621
2022 Base	\$21,520,000	\$4,304,000							
2022 BIL General Suppl.	\$55,254,000	\$5,525,400							

<i>Totals</i>	\$725,758,843	\$126,503,796	\$314,785,022	\$61,910,338	\$18,020,119	\$736,682,373	\$103,837,724	\$406,458,021	
Projected Sources and Uses for FY 2022 (Based on Availability Model)									
			\$29,500,000	\$2,000,000	\$750,000	\$60,000,000	\$23,500,000	-\$51,250,000	
								\$355,208,021	
Projected Uses for Active Projects beyond FY 2022									
<i>(Does not take into account future funding rounds or revenues which cover the negative)</i>									
						\$450,000,000			
								-\$94,791,979	
<i>*Includes ARRA Appropriation</i>									

Values in RED as approximate values.

5. Criteria and Methods for Distributing Funds

5.1. Project List and Prioritization

The Intended Use Plan Project Priority List may be supplemented or replaced based on applications received as a part of future funding cycles (see 5.2. below). Applications that are received in one funding cycle and are not selected for funding will be reconsidered in one more cycle (the next one) for funding. The State's ranking for construction loan projects will be based on the Priority Rating System (see Appendix D).

The Priority Rating 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 or failing infrastructure, will rehabilitate or replace infrastructure, or serve disadvantaged areas. The Division generally prioritizes replacement and rehabilitation over building new infrastructure.

In terms of project benefits, priority is given to implementing public water supply regulations, addressing source water or emerging contaminants issues, interconnections and partnerships between public water supply systems, lead service line replacements, projects that extend water lines to areas with contamination of private water sources, and projects that improve the resiliency of a public water supply system by creating operational redundancy or adding backup power.

In addition to addressing public health issues, the Division desires to support those public water supply systems that seek to be proactive in their system management, including prioritization points for source water protection programs, water conservation, water loss reduction, 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. Projects that benefit disadvantaged areas receive additional priority points.

5.2. Application and Project Deadlines

The DWSRF program operates on a priority basis and accepts funding applications semi-annually. Projects are allocated funding in priority order (as noted above) and within special reserve requirements (e.g. Principal Forgiveness Reserve, etc. as described herein) until available funds are exhausted. Funding availability is determined based on the 2022 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 DWSRF 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 DWSRF 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. Advertise the project for bids
 - 5.2.7.2. Receive bids
 - 5.2.7.3. Submit bid information to DWSRF staff
 - 5.2.7.4. Obtain the Division'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 public water system. 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 DWSRF 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 DWSRF 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 DWSRF 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 Safe Drinking Water Act and NCGS 159G, including water treatment facilities, distribution systems, tanks, etc. that improve drinking 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 DWSRF loan amount will be established at \$25 million per applicant for each funding round.
- 5.3.1.5. The maximum DWSRF loan availability per applicant is not more than \$200,000,000 in outstanding debt to the DWSRF program.
- 5.3.1.6. Notwithstanding the limits in Items 5.3.1.4., and 5.3.1.5., 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 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 percentage point lower than the Division's base interest rate (but no less than zero percent).

5.3.2. Principal Forgiveness

- 5.3.2.1. Communities that are eligible to receive principal forgiveness are defined as disadvantaged communities. Based on the current proposed appropriation, a minimum of 26% (\$5,595,200) of the base DWSRF Capitalization Grant and 49% (\$27,074,460) of the BIL General Supplemental DWSRF Capitalization Grant will be used to provide additional subsidization in the form of principal forgiveness to disadvantaged communities. Included in these amounts, up to 14% (\$3,012,800) of the base DWSRF Capitalization Grant can also be to provide principal forgiveness to any DWSRF-eligible recipient as initial

financing to buy, refinance or restructure debt obligations for debt incurred after March 15, 2022 or for debt incurred prior to March 15, 2022 if the State and EPA Region 4 determine that such funds could be used to help address a threat to public health from heightened exposure to lead in drinking water.

5.3.2.2. The Division will provide additional subsidization to projects in the categories provided in 5.3.2.2.1 – 5.3.2.2.3 in project priority order. The Division will provide principal forgiveness to a project based on only one of the categories provided in 5.3.2.2.1 – 5.3.2.2.3.

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 5.3.2.2.2 and served by a public drinking water 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 5.3.2.2.2 or is representative of the criteria.

5.3.2.2.2. Affordability: Projects that receive project purpose points when the applicant has less than 20,000 residential water connections, at least three (3) of five (5) LGU economic indicators (“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 that project to increase the utility rates above the 70th percentile of state-wide utility rates will receive principal forgiveness following the affordability criteria grant percentage matrix found in Appendix E.

Projects that receive project purpose points when the benefiting system has been designated as distressed per NCGS § 159G-45, has utility rates greater than the state median, and/or project cost per connection that project to increase the utility rates above the 70th percentile of state-wide utility rates will receive principal forgiveness percentages following the affordability criteria grant percentage matrix found in Appendix E.

Principal forgiveness will range from 25% to 100% in increments of 25% up to \$500,000 per applicant per round with the targeted interest rate as described under 5.3.1.7 applied to the remaining portion of the loan.

- 5.3.2.2.3. Disadvantaged Area: Projects for which at least 50% of the project costs are to benefit disadvantaged areas will receive principal forgiveness for 50% of the project costs that are related to benefiting disadvantaged areas, up to \$500,000.

The targeted project area will be determined a “disadvantaged area” based on factors that shall include affordability of water and sewer service rates relative to the income levels of residents in the disadvantaged area, median household income, poverty rates, property values, and/or employment rates of the targeted project area. Additional factors that may qualify the targeted project area as disadvantaged, such as but not limited to demographic, historical, cultural, linguistic, socioeconomic stressors, cost-of-living stressors, or existing contamination factors, may also be considered. Applicants must provide a narrative in the application to justify the targeted project area as disadvantaged using the factors above, and may use maps or other existing sources to document their justification. For example, applicants can demonstrate a targeted project area is a disadvantaged area if it falls within a Potentially Underserved Block Group or Tribal boundary layer in the North Carolina Department of Environmental Quality’s Community Mapping System, or similar state or federal maps.

- 5.3.2.3. Notwithstanding the above limits in Items 5.3.2.2.2 and 5.3.2.2.3, if availability of principal forgiveness funds exceeds project demand, the limits may be exceeded in project priority order to ensure all available funds are utilized in the following order:

- 5.3.2.3.1. Affordability limit of \$500,000 in item 5.3.2.2.2 may be exceeded up to the grant percentage determined in the affordability grant percentage matrix found in Appendix E, and disadvantaged area limit of \$500,000 in item 5.3.2.2.3 may be exceeded up to 50% of the project costs that are related to benefiting the disadvantaged areas.

- 5.3.2.3.2. Affordability percentages determined in 5.3.2.2.2 and 5.3.2.2.3 may be exceeded by 10% not to exceed 100% for eligible projects in priority order. If funds remain after all eligible projects receive the percent increase, principal forgiveness percentages can be increased by additional 10% increments (not to exceed 100%) to eligible projects until principal forgiveness funds are utilized.

5.3.3. Small System Reserve

- 5.3.3.1. 40 CFR 35.3525(a)(5) requires that a minimum of 15% (\$11,516,100) of the FY2022 base DWSRF and the BIL General Supplemental DWSRF loan assistance be awarded to small systems.
- 5.3.3.2. Funding may bypass a higher priority project to satisfy the Small System Reserve. Any such bypassing will be shown in the Intended Use Plan Project Priority List.

5.3.4. Capacity Development Reviews

- 5.3.4.1. All public water supply systems receiving funding from the DWSRF must be reviewed to ensure that they can demonstrate adequate technical, financial, and managerial capacity [per NCAC 15A 18C .0307(c)] to operate the water system in compliance with the SDWA. A regulatory process was developed and has been approved by EPA as adequate to ensure technical, financial, and managerial capacity is demonstrated. This is measured by the issuance of an Authorization to Construct for the process occurring after capacity development criteria are reviewed and satisfied. A water system that lacks adequate capacity in one or more of these categories might remain eligible for funding if a strategy that would resolve the problem or issue can be developed and attached as a condition of the loan approval.

5.3.5. Miscellaneous Criteria/Provisions:

- 5.3.5.1. Davis-Bacon prevailing wage rates apply to loans as required by grant agreements/conditions.
- 5.3.5.2. American Iron and Steel provisions will apply to loans as required by Federal mandates.
- 5.3.5.3. Build America, Buy America requirements will apply to loans as required by US EPA and by Federal mandates.
- 5.3.5.4. The DWSRF 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.
- 5.3.5.5. Approval of a DWSRF loan is contingent on approval by the Local Government Commission (LGC).
- 5.3.5.6. DWSRF loan terms are set by the LGC.

- 5.3.5.7. The maximum DWSRF loan term is determined by State statute and federal requirements.
- 5.3.5.8. A 2% loan fee is required. The loan fee cannot be financed by the DWSRF fund.
- 5.3.5.9. Loan repayments are due in May (principal and interest) and November (interest only) of each year.
- 5.3.5.10. Interest begins accruing on date of completion in the Notice to Proceed.
- 5.3.5.11. 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 SDWA, 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 DWSRF 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 DWSRF 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 at least quarterly into respective federal databases including FFATA, DWSRF National Information Management System (NIMS), and the DWSRF Benefits Reporting (CBR) system.
- 6.2.3. The State will ensure that all applicants to the DWSRF 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 DWSRF and Clean Water State Revolving Fund

Transfer of funds between the DWSRF and the Clean Water State Revolving Fund are authorized by federal statutes. This IUP does not propose any such transfer of funds. However, the Division reserves the ability to make transfers in managing cash flow. If such transfer takes place, a subsequent transfer will be made by transferring that amount back from the receiving fund to the providing fund (i.e., no permanent transfers) as soon as possible.

7. Public Review and Comment

In April 2022, the State Water Infrastructure Authority (Authority) reviewed and updated the Priority Rating System for drinking water projects and approved the draft to be posted for public comments. The Division drafted an Intended Use Plan for the FY2022 Base DWSRF and BIL General Supplemental DWSRF, including the draft Priority Rating System. The Division opened the public review period on May 16, 2022. The public comment period closed on June 15. Comments, questions and responses are below. The public comments and considerations for adjusting the Priority Rating System were presented to the Authority on July 14, 2022. The Authority voted to approve a final Priority Rating System for drinking water projects, as shown in this Intended Use Plan. Other edits in the Intended Use Plan based on public comments are noted below. Public comments and responses are:

Priority Rating System

Comment: Line Item 1.B states “Project will resolve failed or failing infrastructure issues.” The previous priority rating system and guidance defines failed infrastructure, but there is no clear definition of “failing” infrastructure. Please provide guidance as to how the Division will determine what is defined as “failing” infrastructure and what will be required for submittal to claim these points.

Response: Application guidance documents will define “failing” infrastructure and describe what will be the required documentation to receive these priority points. **No change from Draft IUP/PRS.**

Comment: Line Item 1.C states “Project will rehabilitate or replace infrastructure including by a regionalization project.” The line item is unclear. Provide additional information as to why entities are given additional prioritization instead of increased funding similar to the previous ARPA Plan. Please provide additional detail as to why the “including by a regionalization project” would be added if the project type is rehabilitation or replacement making the project eligible if regionalization is or is not a part of the project.

Response: The additional language is intended to clarify that projects that remove infrastructure in need of rehabilitation or replacement as part of a regionalization process are eligible for these priority points, in addition to projects that do not include a regionalization process. Application guidance documents will describe what will be the required documentation to receive these priority points. **No change from Draft IUP/PRS.**

Comment: Line Item 1.C.1 states “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 OR lead service lines.” What percentage of the project construction costs must be associated with lead service line replacement to claim these points?

Response: Costs associated with lead service line replacement will be eligible to count towards the 50% cost threshold to address old infrastructure without any additional documentation of the age of the lead service lines. **No change from Draft IUP/PRS.**

Comment: Line Item 1.C.1 provides additional points for projects that earn priority under Line Item 1.C when the infrastructure being replaced or rehabilitated is older than certain threshold values. Lead service line replacement is not a natural match for Line Item 1.C.1. Consider making it a separate Line Item 1.C.2.

Response: The use of lead service lines is more likely to be found in older cities and homes built before 1986. Therefore, they are deemed as old infrastructure and eligible for these priority points. No additional documentation of the age of the lead service lines will be required. **No change from Draft IUP/PRS.**

Comment: Should lead service line inventory and replacement be a separate line item?

Response: The placement of lead service lines within line item 1.C.1 achieves the purpose of prioritizing funding for lead service line replacements, equivalent to prioritization of replacing old infrastructure. A separate IUP will be developed for the dedicated BIL Lead Service Line Replacement funding that is beyond the scope of this IUP and priority rating system. **No change from Draft IUP/PRS.**

Comment: Page C-1, will the Division consider adding an age threshold for computer-based system components such as SCADA so that these elements can receive age project purpose points?

Response: Application guidance document provides an age threshold for computer-based elements to qualify for line item 1.C.1 points (more than 20 years old). **No change from Draft IUP/PRS.**

Comment: Line item 1.E, Project will provide service to disadvantaged areas, what is the threshold to claim these points? Will over 50% of construction cost of the project be used to determine eligibility for this line item?

Response: Eligibility requirements for these prioritization points will include:

- At least 75 percent of the total funding requested (project cost) is to provide new service to existing residences in disadvantaged areas.
- Project must include providing connection to the existing residence (e.g., house connection) to a public water system or wastewater system, or to a decentralized system that serves a cluster of residences.
- Projects receiving grant or principal forgiveness must cover any connection fees or system development fees for providing new service connections.

No change from Draft IUP/PRS.

Comment: Suggest increasing line item 1.E, project will provide service to disadvantaged areas, to the full 25 points. This will further incentivize the equitable distribution of funds.

Response: The proposed priority points are a direct result of discussions and recommendations from the State Water Infrastructure Authority (SWIA) to establish priority for the different project purposes. The Authority considers consolidation of a nonviable system as the

highest priority. **No change from Draft IUP/PRS.**

Comment: Category 2 – Project Benefits: The draft Drinking Water Priority Rating System added “...resolves managerial, technical & financial issues” to line item 2.B.1, which addresses failed or failing drinking water wells or sources. Wouldn’t this same thing be applicable to failing or failed wastewater systems? And if it is added, would it only be applicable to distressed or at-risk entities?

Response: The consideration for drinking water projects that resolves managerial, technical & financial issues is only applicable to projects that received priority points for line item 1.A - Consolidate a Nonviable Public Water Supply System or Wastewater Utility. Line items under 2.B only apply to drinking water projects. For wastewater projects, line items under 2.C provide priority points for similar types of projects, and was intended to include prioritization as suggested in the comment. **The Priority Rating System for wastewater projects (line item 2.C.1) is updated to read: Project replaces or repairs certain sewer lines, eliminates failed onsite wastewater system or non-discharge system, or resolves managerial, technical & financial issues.** Line items 2.B and 2.C can be claimed by any applicant, not only those designated as distressed or categorized as at-risk.

Comment: Line item 2.B.2, eliminate lead service lines, we believe a higher point award is warranted, perhaps 20. In its implementation memo for the state revolving fund provisions of the IIJA, the EPA identified making “rapid progress on lead service line replacement” one of its key priorities. A project that makes progress toward this goal should receive a much more substantial proportion of the Project Benefit maximum points.

Response: The proposed priority points are a direct result of discussions and recommendations from the State Water Infrastructure Authority (SWIA) to establish priority for the different project purposes. The IUP and PRS are for projects that may be funded out of the base DWSRF or the BIL General Supplemental DWSRF. Dedicated funding for Lead Service Line identification and replacement will soon be provided, which will further prioritize these types of projects beyond the scope of this IUP and PRS. **No change from Draft IUP/PRS.**

Comment: Line item 2.F.1, what is the Division’s definition of merger?

Response: GS 159G defines merger as: *“The consolidation of two or more water and/or sewer systems into one system with common ownership, management, and operation.”* **No change from Draft IUP/PRS.**

Comment: Line item 2.F.2, what is the Division’s definition of regionalization?

Response: GS 159G defines regionalization as: *“The physical interconnecting of an eligible entity’s wastewater system to another entity’s wastewater system for the purposes of providing regional treatment or the physical interconnecting of an eligible entity’s public water system to another entity’s water system for the purposes of providing regional water supply.”* In addition, the Priority Rating System is intended to also prioritize projects that involve regional cooperation and partnerships between two or more utilities at the same level. Partnerships in which one utility manages or operates another utility’s system (without transfer of ownership) with or without a physical interconnection between the systems will also be prioritized under this line item. To clarify, line item 2.F.2 will now read **“Project includes system regionalization and/or system partnerships”.**

Comment: Line Item 2.F.2 states “Project includes system regionalization.” Please clarify that an

applicant can claim points for this line item to complete a project as a result of previous regionalization efforts. These points were previously removed from the priority rating system due to documentation and evaluation issues when evaluating previously regionalized systems when claiming these points. Is it the Division's intent to penalize systems that have previously completed regionalization work?

Response: The intent is to incentivize new and additional regionalization or new and additional system partnership efforts. Application guidance document will provide information on what documentation is needed to claim these points. **No change from Draft IUP/PRS.**

Comment: Line Item 2.H.3 states "Project addresses an emerging compound without a MCL." Please confirm what percentage of the project must address an emerging compound without a MCL to claim these points.

Response: Project benefit points may be awarded if any portion of a proposed project meets the documentation requirements as established in the application guidance document. **No change from Draft IUP/PRS.**

Comment: Line Item 2.H.3 has been revised to state "Project addresses an emerging compound without a MCL." Please confirm that to obtain these points there only has to be an emerging compound present and no level will be defined.

Response: Application guidance document will establish thresholds as needed to qualify for line item 2.H.3 points. The change in the language for line item 2.H.3 allows the Division to adapt more quickly to changing regulatory and health-based concentration thresholds. **No change from Draft IUP/PRS.**

Comment: Line item 2.H.3, addressing an emerging compound without a maximum contaminant level (MCL), should be awarded more points, perhaps 20. Many emerging compounds will be without an MCL for some time but still pose a threat to water resources and human health. Therefore, projects addressing this issue should receive a substantial portion of the 35 total points available for the Project Benefits section.

Response: The proposed priority points are a direct result of discussions and recommendations from the State Water Infrastructure Authority (SWIA) to establish priority for the different project purposes. The IUP and PRS are for projects that may be funded out of the base SRFs or the BIL General Supplemental SRFs. Dedicated funding for projects addressing emerging contaminants will soon be provided, which will further prioritize these types of projects beyond the scope of this IUP and PRS. It is not the recommendation of staff to prioritize projects addressing an emerging contaminant without an MCL above projects that address MCL violations in a PRS that is used for both sets of projects. MCLs are established to determine the levels of regulated contaminants that might cause health effects and years of formal rulemaking to establish that control of the regulated contaminant is a cost-effective public health measure. Exceeding an MCL means the water is not "safe" as defined under the Safe Drinking Water Act. Prioritization for projects addressing emerging contaminants that will be funded from the dedicated funding for emerging contaminants will be developed and communicated at a later date. **No change from Draft IUP/PRS.**

Comment: Line Item 2.H.3 "Project addresses an emerging compound without an MCL". The draft proposes to prioritize the mere detected presence of an emerging compound the same as the exceedance of a maximum contaminant level (MCL). MCLs are established after

rigorous studies to determine the levels of regulated contaminants that might cause health effects (with an adequate margin of safety), and years of formal rulemaking to establish that control of the regulated contaminant is a cost-effective public health measure.

In contrast, being an "emerging contaminant" means that a compound is suspected of causing health effects at some level - a level that may be much higher than the detection limit. Detecting an emerging contaminant means that the emerging contaminant is present. It reflects detection technology more than a health effect.

Exceeding an MCL means the water is not "safe" as defined under the Safe Drinking Water Act. Detecting an emerging contaminant is similar to detecting a regulated compound a level below the MCL. These are different levels of potential threat to health and deserve different priority.

Response: Removal of "above a health advisory level" as an explicit requirement from line item 2.H.3 in the drinking water priority rating system allows the Division to more quickly adapt to changing regulatory and health-based concentration thresholds that can be updated in the application guidance document between funding rounds. The application guidance document will still establish thresholds needed to qualify for line item 2.H.3 points, including, for instance, exceedance above newly-established Health Advisory Levels. The comment suggests different levels of prioritization for projects addressing emerging contaminants above detection levels versus above higher levels that may indicate potential health effects. The application guidance document will address this by establishing thresholds for line item 2.H.3. **No change from Draft IUP/PRS.**

Comment: Line Item 2.H.3 has been revised to state "Project addresses an emerging compound without a MCL." Please confirm that to obtain these points there only has to be an emerging compound present and no level will be defined. Also, Page 2 mentions "emerging contaminants." Is the Division using the terms emerging compound, emerging contaminant, and emerging pollutant (from DWSRF) synonymously? Please confirm if different definitions for pollutants, contaminants, and compounds will be used. EPA uses and defines the term "emerging contaminant" in the March 8th Implementation of the Clean Water and Drinking Water State Revolving Fund Provisions of the Bipartisan Infrastructure Law Memorandum in Attachment 1, Appendices B and C.

Response: The application guidance document will still establish thresholds needed to qualify for line item 2.H.3 points, including, for instance, exceedance above newly-established Health Advisory Levels. The terms emerging compounds, emerging contaminants, and emerging pollutants were being used synonymously. **The IUP and PRS are now updated to use the term "emerging contaminant" consistently.**

Comment: The Division should provide additional prioritization to address contaminants exceeding the updated health advisory levels (HAL) released by EPA on 6/15/22. Addressing contaminants (i.e., PFAS, PFOA, PFOS, PFBS, HFPO, GenX, etc.) exceeding the updated HAL will present unprecedented challenges to utilities and have overwhelming financial and public health impacts.

Response: The application guidance document will establish thresholds needed to qualify for line items 2.H.3 points for different emerging contaminants, including potentially the newly-established Health Advisory Levels. **No change from Draft IUP/PRS.**

Comment: Line item 2.N, resiliency and critical system functions, applicants should be allowed to receive cumulative points if they satisfy more than one of these criteria. While some of these line items overlap, others are unrelated. For instance, applicants could be incentivized to only consider cybersecurity measures instead of the location within the floodplain because they will only receive one set of points under this line item. In our work to ensure resilience is factored into all applications, we believe this small change could provide significant benefits.

Response: Project benefit points for resiliency may be awarded if any portion of a proposed project meets the documentation requirements. Allowing cumulative points for these line items would provide a significant advantage to projects whose primary purpose was not to provide resiliency. **No change from Draft IUP/PRS.**

Comment: In Section 4 – Affordability, Line Items 4.C.1 – 4.C.3 gain points with LGU indicators being worse than the state benchmark in increments of 1. Sometimes individual indicators do not clearly show the nature of the local government unit and could be skewed. Please clarify why the threshold should incrementally increase by 1, when the accuracy could be distorted in one indicator.

Response: Line items 4.C.1 – 4.C.3 provide incrementally higher prioritization to applicants that exhibit increased levels of hardship as measured by the local government unit indicators, as per the intention of the State Water Infrastructure Authority. The application guidance document provides instructions on how an applicant can provide alternative data for percent population changes, property valuation per capita, or calculating a weighted average of indicators when service is provided to multiple local government units. The Division remains open to other examples of where alternative data may be more representative of an applicant’s reality, based on the five local government unit indicators. **No change from Draft IUP/PRS.**

Comment: Line item 4.D, Project benefits disadvantaged areas, what is the threshold to claim these points? Will over 50% of construction cost of the project be used to determine eligibility for this line item?

Response: Applicants must document that at least 50 percent of the total construction cost directly supports a disadvantaged area to be eligible for these priority points. Details will be provided in the application guidance document. **No change from Draft IUP/PRS.**

Comment: Line Item 4.D states “Project benefits disadvantaged areas.” Please provide a definition for benefit. If the Division is measuring a “project benefit,” it appears this line item should be moved and evaluated in Category 2 – Project Benefit. What percentage of the project must “benefit” disadvantaged areas in order to claim the points for this line item?

Response: Line item 4.D provides an opportunity for applicants not meeting the affordability criteria (assessed at the local government unit level) to receive prioritization for projects that benefit disadvantaged areas within their service area. The application guidance document will provide details for these priority points. The application must document that at least 50 percent of the total construction cost directly supports a disadvantaged area to be eligible for these priority points. **No change from Draft IUP/PRS.**

Comment: We believe line item 4.D, project benefits disadvantaged areas, should be increased to a maximum award of 15 points so that a commitment to prioritizing equitable funding is reflected in the Affordability section of the scoring system.

Response: The Division supports continued prioritization for projects in communities most in need of funding and additional subsidy from an affordability perspective. Specifically, prioritization is provided considering community size, current rates, and five local government unit indicator metrics. Line item 4.D. newly adds an opportunity for applicants not meeting the affordability criteria to receive prioritization for projects that benefit disadvantaged areas within their service area. This is the first time that line item 4.D is included, and is given the same points as an applicant that has four out of five local government unit indicators exceeding the state benchmark. The Division will continue to evaluate the priority rating system and its effect on providing funds to applicants and communities most in need for funding over time, and will make recommendations to adjust the priority rating system in later funding rounds as needed. **No change from Draft IUP/PRS at this time.**

Comment: How will Line Item 4.D aid in evaluating a level of principal forgiveness?

Response: Principal forgiveness is described in Section 5.3.2 of the IUP. **No change from Draft IUP/PRS.**

BIL Questions

Comment: IUPs are unclear on how Bipartisan Infrastructure Law (BIL) Funding for emerging contaminants and lead service line removal will be administered.

Response: The 2022 BIL allotments for Emerging Contaminants and for Lead Service Line Replacements are not part of this IUP. A separate public review opportunity will be provided prior to the Department applying for the BIL Emerging Contaminant and the BIL Lead Service Line Replacement capitalization grants. The proposed revisions to the priority rating system in this IUP include line items for these issues to provide additional priority for projects addressing emerging contaminants and lead service line replacements that are eligible for base SRFs and BIL General Supplemental SRFs only. **No change from Draft IUP.**

Comment: Is it the Division's intent to use this priority rating system for the additional lead service line and emerging contaminant funding?

Response: The priority rating system for BIL Lead Service Line Replacement and BIL Emerging Contaminant funding are not part of this IUP. Separate IUPs for BIL Lead Service Line Replacement and BIL Emerging Contaminant funds, including priority rating systems that may be different from the ones proposed in this IUP, will be developed for these funding sources and will have a separate public review period. **No change from Draft IUP.**

Comment: Under Section 4, does the 2022 BIL money shown in the projected funds table include specific reserves for emerging contaminants issues?

Response: The table in Section 4 was unclear. **Table in Section 4 now more clearly identifies funds from the 2022 BIL General Supplemental allotment.** Does not include reserves from BIL emerging contaminants funding.

Comment: Section 4, paragraph 4 reads: "The Division reserves the authority for BIL inter-SRF transfers and use the authority in later years from subsequent BIL appropriations." It is not clear what this sentence intends to mean. Ought it to read, "The Division reserves the authority to transfer BIL funds between the DWSRF and CWSRF at a later date."?

Response: **The language in Section 4 now reads “The Division reserves the authority to transfer BIL funds between the DWSRF and CWSRF from this year’s capitalization grant at a later date and apply it to a future year’s capitalization grant.”**

Additional Subsidy

Comment: For Targeted Interest Rates, please verify consideration has been given to disadvantaged areas receiving a 0% interest loan. While the eligible principal forgiveness (PF) is 50% for these areas, will they also be able to benefit from the lowest possible interest rate?

Response: Per Section 5.3.1.7, projects eligible for principal forgiveness will receive targeted interest rates based on the percent principal forgiveness they are eligible for. Projects serving disadvantaged areas are eligible for 50% principal forgiveness and a 1% reduction of the interest rate. **No change from Draft IUP.**

Comments: For Principal Forgiveness, will the Disadvantaged Area be considered separately from affordability? It is not clear in 5.3.2.2 if Affordability will be the next criteria to be considered or Disadvantaged Area. If the affordability criteria yields a 25% PF but the project is to serve a disadvantaged community, 50% PF, will the project be given the higher amount of PF?

Response: Projects will be given the greatest amount of principal forgiveness they are eligible to receive. **No change from Draft IUP.**

Misc. Criteria

Comment: We agree with the Division’s decision in section 5.1 to reconsider applications that were not selected from the previous funding cycle in the current round of funding. This will significantly reduce the burden of reapplication on utilities.

Response: Reconsideration of projects is required by GS 159G. Applicants are also encouraged to resubmit an application to provide additional documentation or to strengthen their application based on their application review. **No change from Draft IUP.**

Comment: Applaud the inclusion of “resiliency” as a category of projects to prioritize. While we suggested above a threshold for resilience, we are encouraged to see commitment to its prioritization in the meantime.

Response: The comment will be shared with the State Water Infrastructure Authority. **No change from Draft IUP.**

Comment: We believe establishing a resilience threshold would greatly benefit not only the applicants, but also their customers, the Division, and the state.

Response: Resiliency is not a requirement for projects to be eligible for SRF funds. The Division supports existing prioritization points in Category 2.N that provides priority to projects increasing resiliency and redundancy. **No change from Draft IUP.**

Comment: Will there be a public input session regarding the priority rating systems such as those provided as part of previous solicitations for Intended Use Plan public input? We would like to request a formal public hearing/meeting before closing the public review opportunity to answer questions and further describe the revisions to the IUP and priority rating systems so that we have the opportunity to provide complete and relevant

comments.

Response: The Division previously considered the need for a public meeting concerning the subject IUP. The Division hopes that the response to comments helps clarify questions stakeholders have on the intended use of the base SRF funds and BIL SRF General Supplemental funds. The Division will continue to provide opportunities to engage with stakeholders to answer questions and receive feedback from stakeholders on all of its funding programs. **No change from Draft IUP.**

Comment: Section 5.3.5.3 states Build America, Buy America requirements will apply to loans as required by US EPA and by Federal mandates. Will there be any consideration, with the current continued supply chain issues, to gain additional authority from EPA to waive these requirements (i.e. Non-Availability, Unreasonable Cost Waivers)?

Response: The Division recognizes the current supply chain issues and interest in obtaining waivers to Build America, Buy America requirements. Waivers are being pursued by EPA on behalf of the SRF program. More information can be found on the EPA website: [Build America, Buy America \(BABA\) | US EPA](#). **No change from Draft IUP.**

Comment: For Miscellaneous Criteria, 5.3.5.2 states American Iron and Steel Provisions apply to the funds. Is this in addition to Build America, Buy America requirements or instead of?

Response: Both American Iron and Steel and Build America, Buy America requirements will apply to projects. **No change from Draft IUP.**

Comment: DWSRF Appendix A: Does the Division intend a difference between "may" and "will" in Appendix A, Section C, items "c." and "d."?

Response: The difference in the language was unintended. The intent was to give the Division the option to use funds for the listed set-aside activities. **The IUP is updated to provide the Division the intended flexibility.**

Comment: Page 7 mentions "emerging contaminants" and Page A-3 mentioned "emerging pollutants." Is the Division using the terms emerging compound, emerging contaminant, and emerging pollutant synonymously? Please confirm if different definitions for pollutants, contaminants, and compounds will be used. EPA uses and defines the term "emerging contaminant" in the March 8th Implementation of the Clean Water and Drinking Water State Revolving Fund Provisions of the Bipartisan Infrastructure Law Memorandum in Attachment 1, Appendices B and C.

Response: **The IUP is updated to use the term emerging contaminant(s).**

Comment: Section 5.3.1.4 states the maximum DWSRF loan amount will be \$20 million per applicant for each funding round (\$30 million per applicant for CWSRF loans). With the additional supplemental BIL funding, would the maximum loan amount be raised?

Response: The Division balances the needs of larger projects, where cost increases are driving a need to raise loan amounts, and the need to ensure that SRF funds are available to many applicants across the state, most of which seek smaller loan amounts. With additional funding in mind, **the IUP has been updated to reflect that the DWSRF loan amount will be \$25 million per applicant for each funding round, and the CWSRF loan amount will be \$35 million per applicant for each funding round.** Section 5.3.1.6 provides the Division flexibility to exceed the per applicant limit in Section 5.3.1.4 if funds are available. The funding caps will continue to assure that the SRF funds are distributed to a larger number of projects.

Comment: We would like NC state government to either create a state account to deposit some of the funds in an account all nonprofits (and tribes) can apply to and can draw from; or negotiate a carve-out for these specific funds from their existing account structure.

Response: NC GS 159G establishes that local governments and nonprofit water corporations are eligible to apply for both SRF funds, and investor-owned drinking water corporations are eligible to apply for DWSRF. The comment to expand this eligibility is outside of the scope of the IUP and would require changes to the state statute. The comment has been shared with Department management. Note that set-asides from the SRFs are available for other entities for specific purposes as described in the IUP. **No change from Draft IUP.**

Lead Service Line Replacement

Comment: Section 2(1) of Article V of the North Carolina Constitution is generally referred to as the public purpose limitation. This portion of the state's constitution has been interpreted to mean that no public funds can be used to solely benefit a private citizen or private property. Based on this, will there be some type of state action that will allow entities to use DWSRF to replace the private-side portion of a lead or galvanized (requiring replacement) of a service line to fully comply with the Lead & Copper Rule Revisions? Or will there be stipulations placed on the use of SRF funds for private-side replacements to align with other programs (e.g., CDBG LMI Hook-Up Program)?

Response: To constitute a public purpose under the NC Constitution (Art V, Section 2), the activity 1) must be reasonably connected to a legitimate governmental purpose and 2) the ultimate benefit must be to the public, rather than an individual or private entity. The purpose of these funds is to replace infrastructure so that the public has safer drinking water, which is a legitimate governmental purpose squarely rooted in the government's historical role in infrastructure and the public welfare.

G.S. 159G-35 states that federal law determines whether a project is eligible for a loan or grant from the DWSRF and EPA has repeatedly stated that complete service line replacement is an eligible DWSRF expense regardless of ownership or pipe material. The funds primarily or ultimately benefit the public regardless of whether some portion of the service line is privately owned. The benefits to the public include, but are not limited to, safer drinking water, reduced risk from partial replacements damaging lead pipe casings, reduced public health costs, etc.

To the extent that the comment is raising a concern about local governments' authority to conduct work on private property, the Division cannot comprehensively address all local governments' ordinances. However, the Division notes that there are several funding programs that involve local government work on private property, including CDBG-I LMI (rehabilitation assistance) and the NC Weatherization Assistance Program. **No change from Draft IUP.**

Comment: Will the Division allow a find it/fix it approach to lead service line replacement if an entity has enough documentation from its inventory to indicate that lead or galvanized (requiring replacement) service lines are likely in specific areas?

Response: "Find it/Fix it" approach projects are eligible for funding through the DWSRF program. However, this question will likely be better addressed when the BIL Lead Service Line

Replacement fund IUP is prepared and released for public review. **No change from Draft IUP.**

Comment: Will lead service line replacement project type be a stand-alone project? Does this include inventory/investigation and identification of lead service lines?

Response: Lead service line replacement projects are eligible for funding from base SRF and the BIL General Supplemental SRF programs covered by this IUP. Additional details on BIL SRF funds for Lead Service Line Replacement is under development by the Division and will be covered under a separate IUP. **No change from Draft IUP.**

Set-Asides

Comment: Apart from the funds noted in the state set-aside, will any of the BIL Lead Service Line Replacement funds be available for entities to access for inventory development? If so, will there be any utility size limitations?

Response: This IUP is for the base SRF and the BIL General Supplemental SRF, not the BIL Lead Service Line Replacement funding. Additional details on BIL SRF funds for Lead Service Line Replacement is under development by the Division and will be covered under a separate IUP. For base DWSRF and BIL General Supplemental DWSRF funding, set-asides will be used to assist with inventory development as described in Appendix A. **No change from Draft IUP.**

Comment: Appendix A Set-Aside, Section D, Local Assistance, where can utilities access these programs?

Response: The Division is reserving the right to use set-aside funds for allowable uses, including local assistance. Additional public outreach and information will be provided as the local assistance funding opportunities are developed. **No change from Draft IUP.**

Comment: Set-asides be amended to include grant opportunities for basin wide water management groups to support 1.The development and maintenance of long-term water resource plans, 2. Water loss assessments and mitigation.

Response: Given the need to develop project pipelines to apply for the capitalization grants for BIL Emerging Contaminants and BIL Lead Service Line Replacement funding, the Division is prioritizing maximizing the use of additional set-asides from the base SRFs and BIL General Supplemental SRFs this year to conduct water sampling and lead service line inventorying. In future years, more set-aside funding may be made available in the base SRFs and BIL General Supplemental SRFs for additional projects. This comment will be considered at that time. **No change from Draft IUP.**

Comment: The IUP be amended to include grants to basin-wide water management groups for developing and maintaining long-term water resource plans. Water Resources Plans are comprehensive, multi-phase, multi-year efforts with an anticipated cost of more than \$500,000 to complete. Providing some of the Local Assistance and Other State Programs set aside (15% of the capitalization grant) for water resource planning on a regional basis offers a comprehensive approach benefitting state

Response: Given the need to develop project pipelines to apply for the capitalization grants for BIL Emerging Contaminants and BIL Lead Service Line Replacement funding, the Division is prioritizing maximizing the use of additional set-asides from the base SRFs and BIL General Supplemental SRFs this year to conduct water sampling and lead service line inventorying.

In future years, more set-aside funding may be made available in the base SRFs and BIL General Supplemental SRFs for additional projects. This comment will be considered at that time. **No change from Draft IUP.**

Comment: Water loss assessments are a key tool to ensure both efficient use of our water resources (e.g., understanding leakages also known as real losses) and effective financial management of the utility (e.g., accounting of water inaccuracies also known as apparent losses). While a basic water loss assessment is required by North Carolina, these assessments do not follow the American Water Works Association's (AWWA) M36 Water Audits and Loss Control Programs standards and may not fully address business aspects of the M36 standard. Supporting regional water loss reduction efforts will expand the DWSRF's support for small utilities and build on the North Carolina water loss pilot previously funded by the DWSRF.

Response: Given the need to develop project pipelines to apply for the capitalization grants for BIL Emerging Contaminants and BIL Lead Service Line Replacement funding, the Division is prioritizing maximizing the use of additional set-asides from the base SRFs and BIL General Supplemental SRFs this year to conduct water sampling and lead service line inventorying. In future years, more set-aside funding may be made available in the base SRFs and BIL General Supplemental SRFs for additional projects. This comment will be considered at that time. **No change from Draft IUP.**

Comment: Pleased to see that the Division plans to provide assistance for water quality sampling and lead service line inventory. We are interested to know whether the Division anticipates the amount of funding available (4 percent of capitalization grants) will be sufficient for the needs of communities across the state for these activities. If not, we would like to know the Division's plan for prioritizing assistance for the communities that are most in need.

Response: The IUP establishes the intent of the Division is utilize set-aside funds for these activities and reserve the right to use the maximum amount allowed for the approved set-aside uses. Strategies for providing assistance to communities in need of funds to conduct water quality sampling and lead service line inventory are being developed. Additional funding will be made available under the BIL Emerging Contaminants and the BIL Lead Service Line Replacement funding, which are not part of the scope of this IUP. **No change from Draft IUP.**

Affordability/Disadvantaged Communities

Comment: In some states, the presence or likely presence of lead or galvanized (requiring replacement) service lines has been deemed to be a disadvantaged community. Will the Division consider this for the purposes of documenting disadvantaged areas for principal forgiveness?

Response: The Division will consider adding the presence of lead or galvanized service lines as an indication of a disadvantaged area or community for the purposes of documenting disadvantaged areas for principal forgiveness under a separate IUP for the BIL Lead Service Line Replacement funding, which is under development. **No change from Draft IUP.**

Comment: Section 5.3.2.2.3 provides "principal forgiveness for 50% of the project costs of the loan

up to \$500,000, limited to project costs benefitting the disadvantaged areas." The phrase, "project costs of the loan" is unclear.

Response: Section 5.3.2.2.3 was unclear. **The section now reads "Projects for which at least 50% of the project costs are to benefit disadvantaged areas will receive principal forgiveness for 50% of the project costs that are related to benefiting disadvantaged areas, up to \$500,000".**

Comment: Support the ability of applicants to receive priority for projects that would benefit disadvantaged areas (DAs) within their jurisdiction.

Response: **No change from Draft IUP.**

Comment: Consider important factors such as housing costs, utility costs, socioeconomic stressors, environmental racism, history of discriminatory laws, lack of public participation, and the cumulative impact of these factors when designating disadvantaged communities.

Response: The Division acknowledges that there are many different considerations and metrics that may be applicable to designating disadvantaged communities. The local government unit indicators established in the Affordability criteria are used to assess the local government unit as a whole. However, different criteria, including those above, may be documented by the applicant to claim priority points for projects that benefit disadvantaged areas. **IUP section 5.3.2.2.3 has been updated to provide more explicit instructions on how applicants can provide a narrative that includes considerations of multiple factors.**

Comment: Consider gradations of financial need when evaluating DAs. Two communities may meet the current definition of a DA, but one community may have greater need because of a higher poverty rate.

Response: The Division acknowledges that there are many different considerations and metrics that may be applicable to designating disadvantaged communities and providing additional subsidy. The priority rating system provides incrementally higher prioritization to applicants that have a greater number of indicators reflecting economic constraints. The Division will continue to evaluate the recipients' funding and additional subsidy to assure the funds are going to communities most in need of support. **No change from Draft IUP at this time.**

Comment: Commend the Division for its commitment to helping distressed utilities. We think using the technical assistance set aside in the CWSRF to provide support within the Viable Utility program will prove valuable for the applicants who are most in need.

Response: **No change from Draft IUP.**

Comment: Commend the inclusion of qualitative and narrative measures of what constitutes a disadvantaged community in section 5.3.2.2.3. This will allow for greater consideration of communities in need.

Response: **No change from Draft 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. 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.
- 8.3. The source of State match funds is from appropriations and supplemented by loan fees as needed. State match funds will be deposited into the DWSRF before drawing any federal funds. State matches are \$4,304,000 for the base DWSRF and \$5,525,400 for the BIL General Supplemental DWSRF for FY2022.
- 8.4. 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 Set-Aside Activity Description

A. Program Administration

Up to 4% (\$3,070,960) of the capitalization grants will be used for program administration. Administration includes management of the program; financial management; development of yearly comprehensive project priority lists; engineering report and environmental document review; construction inspections for funded projects; conducting the DWSRF needs survey every four years; inventorying lead service lines; data management; data analysis; reporting; and records keeping; public engagement; etc. These funds will also be used to procure all equipment and training necessary for the adequate performance of staff on related duties.

B. Technical Assistance to Small Systems

The State will allocate up to 2% (\$1,535,480) of the Capitalization Grants to provide technical assistance to small water systems. The PWS Section will provide funding support for staff in regional offices. In addition, the PWS Section provides a contract to the North Carolina Rural Water Association (NCRWA). The NCRWA contract will continue the support of one circuit rider. In addition, the Division may contract with organizations to assist small systems with inventorying lead service lines, water quality sampling, funding applications, and/or public engagement in disadvantaged areas. Assistance provided with these funds must be directed to benefit public water supply systems serving a population of less than 10,000. A list of some of the general activities to be performed and assistance to be provided using this money is as follows:

- Investigate MCL violations and identify corrective actions.
- Investigate and evaluate systems malfunctions or operational problems and advise regarding corrective actions.
- Inspect systems for compliance with required design standards and advise regarding needed modifications.
- Interpret sample results and advise regarding health risk.
- Interpret and advise concerning regulatory or monitoring requirements.
- Assist with sample siting plans.
- Provide emergency response to water outages and other serious conditions.
- Train operators and provide hands-on assistance when needed.
- Investigate and advise concerning source water contamination and water source selection.
- Assist in setting up pilot studies.
- Assist with capacity development and source water protection activities.
- Provide water system security assistance.
- Provide water systems with public notice assistance.
- Assist with asset management.
- Inventorying lead service lines.

- Water quality sampling to help small systems investigate the presence and concentrations of emerging contaminants.
- Assisting small systems with applications for DWSRF funding.
- Assisting small systems in engaging with people in disadvantaged areas to identify potential projects and communicate impacts of capital projects.

C. Administration of the Public Water Supply Supervision Program (State Program Management)

Up to 10% (\$7,677,400) of the Capitalization Grants will be used for this set-aside primarily to supplement the Public Water System Supervision Grant from EPA for salary and support for basic program implementation of the SDWA. The set-aside provides funding for staff plus any additional permanent, time-limited, or temporary positions, as resources allow, or contracts, as well as additional staff to cover additional resources needs due to new tasks or reduced state budgets.

D. Local Assistance and Other State Programs

Up to 15% (\$11,516,110) of the Capitalization Grants will be used for Local Assistance and Other State Programs. Activities include wellhead protection, capacity development, water quality sampling, and lead service line inventory.

a. Wellhead Protection

The State will allocate a portion of this set-aside from the Capitalization Grant for the Wellhead Protection (WHP) Program and to implement efforts to protect source water, as per revisions to Section 1452(k) of the Safe Drinking Water Act. Valuable information, tools and interest for protecting public water supplies have been generated by the Source Water Assessment Program (SWAP), which was developed and implemented with funding from the FY 97 grant. Funding will be used for contracts, purchase of equipment and supplies, and to fund and support positions.

This set-aside also includes a contract for technical assistance for local wellhead protection efforts with NCRWA that supports one or more technicians to assist in the preparation of wellhead protection plans and to implement efforts to protect source water. Included also is funding for contractors, equipment and supplies to: (1) identify public water supply sources and potential contaminant source locations within source water protection areas, (2) update the system inventory, (3) computerize records, (4) conduct well inspections, and (5) protect source water in delineated areas. These funds will also provide for maintenance and necessary upgrade of the computer applications used to complete source water assessments. This includes software and hardware upgrades to allow for efficient operation of the applications and data conversions to allow expanded use of Global Positioning System (GPS) and Geographic Information System (GIS) data in analytical work. It also may include enhanced data management and

internet access to system data through SDWIS State, or its subsequent replacement, such as SDWIS NextGen.

b. Capacity Development

Support for capacity development will be continued through allocation of a portion of the Capitalization Grants for these activities. Funding will be used for contracts, purchase of equipment and supplies, and to fund and support positions.

Note: the State of North Carolina has an [Operator Certification program](#). Funding for the operator certification program is not provided by DWSRF set-asides, but is paid for from other fee revenues.

c. Water Quality Sampling

Support for water quality sampling may be provided to help systems investigate the presence and concentrations of emerging contaminants. Funding may be used for contracts to provide communities technical support to conduct water quality sampling to better assess the need and prioritization for capital projects potentially funded with the BIL DWSRF Emerging Contaminant Funds.

d. Lead Service Line Inventory

Support for lead service line inventory may be provided to help systems meet requirements established by Lead and Copper Rule. Funding may be used for contracts to provide communities technical support to conduct inventories and identify lead service lines in need of replacements to be potentially funded with BIL DWSRF Lead Service Line Replacement Funds.

Appendix B

Intended Use Plan Project Priority List for Base DWSRF and BIL General Supplemental DWSRF

The Intended Use Plan Project Priority List may be supplemented or replaced based on applications received as a part of future funding cycles.

Spring 2022 Application Round – Funded Projects shown in Base DWSRF; BIL Supplemental DWSRF Not Yet Funded

Applicant Name	Project Name	PWSID	Service Population	County	Total Funding Request	Notes	Base DWSRF Principal Forgiveness	Base DWSRF Loans	BIL Suppl. DWSRF Principal Forgiveness	BIL Suppl. DWSRF Loans	Priority Points	Estimated Binding Commitment
Nash County	Northern Nash Water System Improvements-Phase 2	x	x	Nash	\$12,775,170	Funded with other sources	x	x	x	x	68	
Wilson County - Southwest Water District	Yank Road Booster Pump Station Replacement & Town of Lucama Interconnection	x	x	Wilson	\$1,813,713	Funded with other sources	x	x	x	x	66	
McDowell County	Hoppy Tom Hollow Road Water Project	x	x	McDowell	\$815,437	Funded with other sources	x	x	x	x	63	
Lilesville, Town of	Phase 4 Water Improvements	x	x	Anson	\$4,537,830	Funded with other sources	x	x	x	x	63	
McAdenville, Town of	Water System Improvements Project	x	x	Gaston	\$3,269,750	Funded with other sources	x	x	x	x	62	

Applicant Name	Project Name	PWSID	Service Population	County	Total Funding Request	Notes	Base DWSRF Principal Forgiveness	Base DWSRF Loans	BIL Suppl. DWSRF Principal Forgiveness	BIL Suppl. DWSRF Loans	Priority Points	Estimated Binding Commitment
Dover, Town of	Water Supply Well Improvements	x	x	Craven	\$812,700	Funded with other sources	x	x	x	x	61	
Greenevers, Town of	Hargroves Rd. & Pasture Branch Water Extension	x	x	Duplin	\$1,300,466	Funded with other sources	x	x	x	x	58	
Peachland, Town of	Phase 1 Water Improvements	x	x	Anson	\$5,709,055	Funded with other sources	x	x	x	x	58	
Jamesville, Town of	Water Treatment Plant Replacement	x	x	Martin	\$4,627,500	Funded with other sources	x	x	x	x	58	
Hyde County	Booster Stations Replacement, Rehab and Resiliency	x	x	Hyde	\$1,444,275	Funded with other sources	x	x	x	x	55	
Bertie County Water District IV	Lewiston Woodville Community Water system Replacement	x	x	Bertie	\$4,912,611	Funded with other sources	x	x	x	x	55	
Dover, Town of	Water Line Replacement Project	x	x	Craven	\$2,452,910	Funded with other sources	x	x	x	x	55	
Scotland Neck, Town of	Phase 3 Water Improvements	NC0442015	2,761	Halifax	\$7,108,650	Remainder funded with other sources	\$45,042	\$0	\$0	\$0	54	8/1/2023
Robbins, Town of	Water System Improvements	x	x	Moore	\$4,323,594	Funded with other sources	x	x	x	x	54	

Applicant Name	Project Name	PWSID	Service Population	County	Total Funding Request	Notes	Base DWSRF Principal Forgiveness	Base DWSRF Loans	BIL Suppl. DWSRF Principal Forgiveness	BIL Suppl. DWSRF Loans	Priority Points	Estimated Binding Commitment
Carthage, Town of	Interconnection, Raw Water PS & Water Treatment Rehabilitation	x	x	Moore	\$8,489,500	Funded with other sources	x	x	x	x	53	
Hobgood, Town of	David Mayer Road Water Main Replacement	x	x	Halifax	\$496,590	Funded with other sources	x	x	x	x	52	
Sampson County	Ivanhoe Water System	x	x	Sampson	\$13,283,000	Funded with other sources	x	x	x	x	51	
Grimesland, Town of	Grimesland Water Line Replacement Project	x	x	Pitt	\$3,105,395	Funded with other sources	x	x	x	x	51	
Columbus County Water District IV	Water System Improvements - Lakeland Village Subdivision	x	x	Columbus	\$772,198	Funded with other sources	x	x	x	x	51	
Pollocksville, Town of	2022 Water System Improvements	x	x	Jones	\$2,787,510	Funded with other sources	x	x	x	x	51	
Pinetops, Town of	2022 Waterline Improvements	x	x	Edgecombe	\$7,962,500	Funded with other sources	x	x	x	x	50	
Landis, Town of	Mt. Moriah Church Rd. - N. Main St. Water Line Replacements	x	x	Rowan	\$2,120,500	Funded with other sources	x	x	x	x	50	

Applicant Name	Project Name	PWSID	Service Population	County	Total Funding Request	Notes	Base DWSRF Principal Forgiveness	Base DWSRF Loans	BIL Suppl. DWSRF Principal Forgiveness	BIL Suppl. DWSRF Loans	Priority Points	Estimated Binding Commitment
Elm City, Town of	Drinking Water System- Rehabilitation and Improvements	x	x	Wilson	\$1,734,325	Funded with other sources	x	x	x	x	50	
Pikeville, Town of	2022 ARPA Water System Improvements	x	x	Wayne	\$4,100,000	Funded with other sources	x	x	x	x	50	
Whitakers, Town of	/Cast Iron Waterline Replacement	x	x	Edgecombe	\$2,839,000	Funded with other sources	x	x	x	x	50	
Edgecombe County	2022 Eagles Road Water Line Extension	x	x	Edgecombe	\$1,126,850	Funded with other sources	x	x	x	x	49	
McAdenville, Town of	Water Line Rehabilitation	NC0136045	340	Gaston	\$3,749,048	Remainder funded with other sources	\$0	\$2,018,798	\$0	\$0	49	8/1/2023
Farmville, Town of	/Cast Iron Waterline Rehabilitation	x	x	Pitt	\$2,454,000	Funded with other sources	x	x	x	x	49	
Magnolia, Town of	Water Line Replacement Project	x	x	Duplin	\$1,686,980	Funded with other sources	x	x	x	x	49	
Magnolia, Town of	Well Generator Project	x	x	Duplin	\$142,875	Funded with other sources	x	x	x	x	49	
Rhodhiss, Town of	2022 Bridge Water Line Replacement Project	x	x	Burke-Caldwell	\$610,000	Funded with other sources	x	x	x	x	48	

Applicant Name	Project Name	PWSID	Service Population	County	Total Funding Request	Notes	Base DWSRF Principal Forgiveness	Base DWSRF Loans	BIL Suppl. DWSRF Principal Forgiveness	BIL Suppl. DWSRF Loans	Priority Points	Estimated Binding Commitment
Beulaville, Town of	2022 Water System Improvements	x	x	Duplin	\$3,460,000	Funded with other sources	x	x	x	x	48	
Hertford, Town of	Hertford Water Line Replacement	x	x	Perquimans	\$9,095,850	Funded with other sources	x	x	x	x	48	
Greenevers, Town of	Well Generators	x	x	Duplin	\$327,880	Funded with other sources	x	x	x	x	48	
Sanford, City of	Sanford Water Filtration Facility (WFF) Expansion	NC0353010	47,302	Lee	\$87,260,000		\$4,200,000	\$15,800,000	\$0	\$0	48	8/1/2023
Burnsville, Town of	Bolens Creek Raw Water Lines and Cane River Intake Improvements	x	x	Yancey	\$2,221,191	Funded with other sources	x	x	x	x	47	
Burnsville, Town of	Main Street, Bennett Street, and Glendale Avenue Waterline Improvements	x	x	Yancey	\$5,849,527	Funded with other sources	x	x	x	x	47	
Sims, Town of	Elevated Storage Tank Rehabilitation	x	x	Wilson	\$294,684	Funded with other sources	x	x	x	x	47	
Roseboro, Town of	2022 Water System Improvements	x	x	Sampson	\$2,536,000	Funded with other sources	x	x	x	x	46	
Wilson, City of	Phase II Waterline Replacement	x	x	Wilson	\$3,723,080	Funded with other sources	x	x	x	x	46	

Applicant Name	Project Name	PWSID	Service Population	County	Total Funding Request	Notes	Base DWSRF Principal Forgiveness	Base DWSRF Loans	BIL Suppl. DWSRF Principal Forgiveness	BIL Suppl. DWSRF Loans	Priority Points	Estimated Binding Commitment
Robersonville, Town of	Water System Improvements	x	x	Martin	\$506,765	Funded with other sources	x	x	x	x	46	
Beech Mountain, Town of	2022 Water System Rehabilitation Project	NC0195104	2,468	Watauga	\$4,058,480	Remainder funded with other sources	\$0	\$58,480	\$0	\$0	45	8/1/2023
Fuquay-Varina, Town of	Sanford WTP Expansion	NC0392055	30,424	Wake	\$48,980,000	Partially funded with other sources	\$0	\$20,000,000	\$0	\$0	45	8/1/2023
Lillington, City of	2022 Water System Improvements	NC0343025	3,883	Harnett	\$5,747,500	Bypassed: PF request exceeds PF eligibility	x	x	x	x	44	
Burnsville, Town of	Burnsville Water Treatment Plant Improvement Project	x	x	Yancey	\$1,345,706	Funded with other sources	x	x	x	x	44	
Laurinburg, City of	Distribution System Improvements Phase 2	NC0383010	18,288	Scotland	\$7,150,000		\$0	\$7,150,000	\$0	\$0	44	8/1/2023
Haw River, Town of	Small Waterline Replacement	x	x	Alamance	\$3,500,000	Funded with other sources	x	x	x	x	44	
Sims, Town of	Well 3 Rehabilitation	x	x	Wilson	\$385,041	Funded with other sources	x	x	x	x	44	
Candor, Town of	2022 Water System Improvements	x	x	Montgomery	\$3,528,180	Funded with other sources	x	x	x	x	44	

Applicant Name	Project Name	PWSID	Service Population	County	Total Funding Request	Notes	Base DWSRF Principal Forgiveness	Base DWSRF Loans	BIL Suppl. DWSRF Principal Forgiveness	BIL Suppl. DWSRF Loans	Priority Points	Estimated Binding Commitment
Columbia, Town of	2022 ARPA Water System Improvement Project	x	x	Tyrell	\$6,130,000	Funded with other sources	x	x	x	x	44	
Ocracoke Sanitary District	Water Tank Replacement	x	x	Hyde	\$5,603,000	Funded with other sources	x	x	x	x	44	
Pittsboro, Town of	Water Treatment Plant Addition	NC0319015	4,590	Chatham	\$11,636,000	Partially funded with other sources	\$0	\$0	\$5,543,000	\$5,543,000	44	2/1/2024
Bolton, Town of	2022 ARPA Water System Improvements Project	x	x	Columbus	\$3,230,000	Funded with other sources	x	x	x	x	43	
Brevard, Town of	Brevard WTP Improvements	x	x	Transylvania	\$4,929,000	Funded with other sources	x	x	x	x	43	
Edenton, Town of	Two New Water Wells	x	x	Chowan	\$4,479,725	Funded with other sources	x	x	x	x	43	
Parkton, Town of	Well Replacement Project	x	x	Robeson	\$1,196,250	Funded with other sources	x	x	x	x	43	
Asheville, City of	Mills River WTP Phase II Rehabilitation Project	NC0111010	156,720	Buncombe	\$17,550,000	Partially funded with other sources	\$0	\$0	\$6,275,000	\$6,275,000	42	2/1/2024
Highlands, Town of	Dog Mountain Road Water System Improvement Project	x	x	Macon	\$3,386,495	Funded with other sources	x	x	x	x	42	

Applicant Name	Project Name	PWSID	Service Population	County	Total Funding Request	Notes	Base DWSRF Principal Forgiveness	Base DWSRF Loans	BIL Suppl. DWSRF Principal Forgiveness	BIL Suppl. DWSRF Loans	Priority Points	Estimated Binding Commitment
Greenville Utilities Commission	GUC Watermain Rehabilitation (Phase III)	NC0474010	103,140	Pitt	\$5,919,438	Partially funded with other sources	\$0	\$0	\$367,775	\$551,663	42	2/1/2024
Andrews, Town of	Town of Andrews Water Line Replacement	NC0120020	3,284	Cherokee	\$2,080,300	Remainder funded with other sources	\$250,397	\$0	\$0	\$0	42	8/1/2023
Ellerbe, Town of	Main Street/US 220 Waterline Replacement	x	x	Richmond	\$3,481,000	Funded with other sources	x	x	x	x	42	
Ahoskie, Town of	Water System Rehabilitation	x	x	Hertford	\$4,195,900	Funded with other sources	x	x	x	x	42	
Ayden, Town of	Cannon Street Waterline Replacement	x	x	Pitt	\$906,000	Funded with other sources	x	x	x	x	42	
Jonesville, Town of	AMR Meters/Waterline Replacement	x	x	Yadkin	\$6,946,300	Funded with other sources	x	x	x	x	42	
Jonesville, Town of	WTP Filter and Clearwell Replacement	x	x	Yadkin	\$8,015,200	Funded with other sources	x	x	x	x	42	
Jonesville, Town of	Elevated Tank Replacement	NC0299010	2,250	Yadkin	\$8,827,100		\$500,000	\$8,327,100	\$0	\$0	42	8/1/2023
Red Springs, Town of	Red Springs water Distribution System Rehabilitation	x	x	Robeson	\$7,181,373	Funded with other sources	x	x	x	x	41	

Applicant Name	Project Name	PWSID	Service Population	County	Total Funding Request	Notes	Base DWSRF Principal Forgiveness	Base DWSRF Loans	BIL Suppl. DWSRF Principal Forgiveness	BIL Suppl. DWSRF Loans	Priority Points	Estimated Binding Commitment
Holly Springs, Town of	Sanford Water Filtration Facility (WFF) Expansion	NC0392050	38,500	Wake	\$32,690,000	Partially funded with other sources	\$0	\$0	\$10,000,000	\$15,000,000	41	2/1/2024
Chowan County	Reverse Osmosis Water Treatment Plant	x	x	Chowan	\$400,000	Funded with other sources	x	x	x	x	41	
Tyrrell County	Gum Neck Elevated Storage Tank and BPS	x	x	Tyrrell	\$2,452,000	Funded with other sources	x	x	x	x	41	
Cape Fear Public Utility Authority	Allandale Area Water Project	NC0465010	159,707	New Hanover	\$1,289,109	Disadvantaged areas (up to 50% PF)	\$0	\$0	\$644,555	\$644,555	40	2/1/2024
Cape Fear Public Utility Authority	Oakley Area Water Project	NC0465010	159,707	New Hanover	\$3,623,821	Bypassed: PF request exceeds PF eligibility	x	x	x	x	40	
Tuckaseegee Water and Sewer Authority (TWSA)	Water Treatment Plant-Clearwell and High Service Pump Replacement	x	x	Jackson	\$4,130,000	Funded with other sources	x	x	x	x	40	
Ramseur, Town of	Water System Improvements	x	x	Randolph	\$6,811,930	Funded with other sources	x	x	x	x	40	
Snow Hill, Town of	Water System Rehabilitation Project for Well Four	x	x	Greene	\$536,000	Funded with other sources	x	x	x	x	40	

Applicant Name	Project Name	PWSID	Service Population	County	Total Funding Request	Notes	Base DWSRF Principal Forgiveness	Base DWSRF Loans	BIL Suppl. DWSRF Principal Forgiveness	BIL Suppl. DWSRF Loans	Priority Points	Estimated Binding Commitment
Hertford, Town of	Hertford Water Treatment System Improvements	x	x	Perquimans	\$2,153,950	Funded with other sources	x	x	x	x	40	
Winston-Salem, City of	Nelson WTP Modernization	NC0234010	374,403	Forsyth	\$21,870,000	Bypassed to meet 15% small systems target	x	x	x	x	39	
Asheville, City of	Nork Fork & DeBruhl WTP Filter Rehabilitation Project	NC0111010	156,720	Buncombe	\$5,447,925		\$0	\$0	\$2,179,170	\$3,268,755	39	2/1/2024
Asheville, City of	North Fork & DeBruhl Water Treatment Plants - Conventional Treatment Upgrades	x	x	Buncombe	\$400,000	Funded with other sources	x	x	x	x	39	
Murphy, Town of	Downtown Water Rehab Project	NC0120010	4,498	Cherokee	\$2,313,001		\$0	\$0	\$925,200	\$1,387,801	39	2/1/2024
Hamlet, Town of	Water System Improvements	NC0377010	10,289	Richmond	\$10,190,800	Bypassed: PF request exceeds PF eligibility	x	x	x	x	39	
Highlands, Town of	Refurbishment of IPS and Pre-Clarifier Storage Tank	NC0157015	6,614	Macon	\$4,749,010		\$0	\$0	\$1,899,604	\$2,849,406	39	2/1/2024

Applicant Name	Project Name	PWSID	Service Population	County	Total Funding Request	Notes	Base DWSRF Principal Forgiveness	Base DWSRF Loans	BIL Suppl. DWSRF Principal Forgiveness	BIL Suppl. DWSRF Loans	Priority Points	Estimated Binding Commitment
Pine Knoll Shores, Town of	Water Main (Various Streets)			Carteret	\$7,321,147						39	
Roanoke Rapids Sanitary District	2023 Water Main Replacement Program			Halifax	\$4,956,124						39	
Nags Head, Town of	Asbestos Cement Pipe Replacement			Dare	\$2,196,806						39	
Columbus County	2022 Emergency Water System Improvements			Columbus	\$4,945,325						39	
Thomasville, City of	2021 Water Line Projects			Davidson	\$7,944,236						38	
Spruce Pine, Town of	Water Infrastructure Rehabilitation & Replacement			Mitchell	\$7,145,550						38	
Faison, Town of	2022 Undersized and Pipe Replacement Project Name:			Duplin	\$3,183,400						38	
Ranlo, Town of	Waterline Replacement			Gaston	\$3,876,000						38	
Yanceyville, Town of	Water Treatment Plant Rehabilitation Raw water			Caswell	\$2,750,000						38	
Hillsborough, Town of	OWASA Interconnection Booster Pump Station			Orange	\$1,684,683						38	

Applicant Name	Project Name	PWSID	Service Population	County	Total Funding Request	Notes	Base DWSRF Principal Forgiveness	Base DWSRF Loans	BIL Suppl. DWSRF Principal Forgiveness	BIL Suppl. DWSRF Loans	Priority Points	Estimated Binding Commitment
Middlesex, Town of	Booster Pump Station & Drinking Water Improvements			Nash	\$1,685,463	Funded with other sources					38	
Walstonburg, Town of	Water System Improvements			Greene	\$1,926,347	Funded with other sources					38	
Wilson County - Southwest Water District	Buckhorn Pressure Zone - Water System Extensions			Wilson	\$5,242,800	Funded with other sources					38	
Drexel, Town of	Drexel Water System Improvements			Burke	\$6,747,800						37	
Cleveland County Water	Flocculation and Sedimentation Improvements			Cleveland	\$4,290,000						37	
Wallace, Town of	Water System Control Upgrade			Duplin	\$856,400						37	
Wallace, Town of	Well 14 Replacement			Duplin	\$723,800						37	
Southern Pines, Town of	Southern Pines WTP Modernization Phase 2			Moore	\$5,173,000						37	
Graham, City of	Small Water Line Replacements			Alamance	\$1,000,000						37	
Sampson County	Faison Highway Iron & Manganese Treatment System & Raw Water Main			Sampson	\$1,622,105						37	

Applicant Name	Project Name	PWSID	Service Population	County	Total Funding Request	Notes	Base DWSRF Principal Forgiveness	Base DWSRF Loans	BIL Suppl. DWSRF Principal Forgiveness	BIL Suppl. DWSRF Loans	Priority Points	Estimated Binding Commitment
Gray's Creek Water and Sewer District	Gray's Creek Water Extension			Cumberland	\$15,000,000						37	
Burgaw, Town of	Water Distribution System Rehabilitation Project			Pender	\$3,271,044						36	
Roxboro, City of	Water Treatment Lab			Person	\$2,000,000						36	
Stokes County	Danbury Water Main Replacement			Stokes	\$5,784,300						36	
Franklin, Town of	Phase II Water Treatment Plant Improvements			Macon	\$4,697,600						36	
Weldon, Town of	Water Plant Replacement & Rehabilitation			Halifax	\$10,887,967						36	
Chadbourn, Town of	2022 Water Distribution System Improvements			Columbus	\$3,574,000						36	
Albemarle, City of	Old Whitney Raw Water Main			Stanly	\$28,048,000						35	
Taylorstown, Town of	Well Rehabilitation and Water System Improvements			Moore	\$2,975,000						35	

Applicant Name	Project Name	PWSID	Service Population	County	Total Funding Request	Notes	Base DWSRF Principal Forgiveness	Base DWSRF Loans	BIL Suppl. DWSRF Principal Forgiveness	BIL Suppl. DWSRF Loans	Priority Points	Estimated Binding Commitment
Cape Fear Public Utility Authority	Replacement of Water Mains, Valves and water services on S 5th Ave.			New Hanover	\$2,265,000						35	
Oakboro, Town of	South Oakboro Waterline Replacement			Stanly	\$2,489,450						35	
Marshville, Town of	Water System Improvements			Union	\$3,815,000						35	
Junaluska Sanitary District	Oak Park Water Line Replacement			Haywood	\$498,250						35	
Pembroke, Town of	2022 Drinking Water System Improvements			Robeson	\$4,199,905						35	
Atlantic Beach, Town of	Ammonia Injection Facilities at Water Treatment Plant			Carteret	\$501,000						35	
Franklin County	New Mays Crossroads Elevated Tank			Franklin	\$4,081,000						35	
Henderson, City of	Kerr Lake Regional Water Treatment Plant Upgrades			Vance	\$40,000,000						35	
Dover, Town of	Automatic Meter Reading System			Craven	\$314,645						35	

Applicant Name	Project Name	PWSID	Service Population	County	Total Funding Request	Notes	Base DWSRF Principal Forgiveness	Base DWSRF Loans	BIL Suppl. DWSRF Principal Forgiveness	BIL Suppl. DWSRF Loans	Priority Points	Estimated Binding Commitment
Orange Water and Sewer Authority	Jones Ferry Road WTP-Electrical distribution improvements			Orange	\$9,526,420						34	
Neuse Regional Water and Sewer Authority	Chemical Tanks Replacement			Lenoir	\$2,366,000						34	
Jones County	2022 ARPA Water Improvements			Jones	\$1,250,000						34	
North Lenoir Water Corp	2022 Water System Improvements			Lenoir	\$4,139,500						34	
Franklinville, Town of	Franklinville Water Supply Interconnection with Asheboro			Randolph	\$8,662,375						34	
Monroe, City of	John Glenn Water Treatment Plant Resiliency Improvements			Union	\$4,615,252						33	
Teachey, Town of	2022 Water System Improvements			Duplin	\$3,203,435						33	
Rich Square, Town of	Phase 4 Water Improvements			Northampton	\$6,513,620						33	
Greenevers, Town of	Automatic Meter Reading System			Duplin	\$735,880						33	

Applicant Name	Project Name	PWSID	Service Population	County	Total Funding Request	Notes	Base DWSRF Principal Forgiveness	Base DWSRF Loans	BIL Suppl. DWSRF Principal Forgiveness	BIL Suppl. DWSRF Loans	Priority Points	Estimated Binding Commitment
Greenevers, Town of	Water Line Inter-connection with Duplin County Water System.			Duplin	\$194,580						33	
Albemarle, City of	US52 WTP 20-inch Water Transmission Main			Stanly	\$5,565,000						32	
Lexington, City of	Water Treatment Plant Phase 1 Rehabilitation			Davidson	\$21,288,500						32	
Morganton, City of	WTP Coagulation, Flocculation, and Sedimentation Improvement Plan			Burke	\$4,162,000						32	
Mount Airy, City of	2022 Water Line Replacements			Surry	\$7,965,200						32	
Fayetteville Public Works Commission	Hoffer WTF Expansion Phase 3: Residual Improvements			Cumberland	\$20,784,031						32	
West Jefferson, Town of	Westwood Water tank Replacement			Ashe	\$654,500						32	
Sampson County	Johnston County Interconnection Phase II			Sampson	\$2,638,270						32	

Applicant Name	Project Name	PWSID	Service Population	County	Total Funding Request	Notes	Base DWSRF Principal Forgiveness	Base DWSRF Loans	BIL Suppl. DWSRF Principal Forgiveness	BIL Suppl. DWSRF Loans	Priority Points	Estimated Binding Commitment
Columbus County Water District IV	Water System Improvements - Riegelwood Subdivision			Columbus	\$1,943,245						31	
Weaverville, Town of	Water Supply Resiliency Improvement Project			Buncombe	\$9,295,700						30	
Elkin, Town of	West Zone Improvements			Surry/ Wilkes	\$5,472,048						30	
Rocky Point Topsail Water and Sewer District	Water Line and RO Plant			Pender	\$55,000,000						30	
Stovall, Town of	Stovall Water Tank and Water System Rehabilitation, Phase 2			Granville	\$7,859,240						30	
Brunswick, Town of	Brunswick Water System - Resiliency Improvements			Columbus	\$2,500,000						30	
Oxford, City of	Oxford NC - Meter Modernization			Granville	\$4,572,894						30	
Oxford, City of	Water System Expansion and Enhancement, Phase 5			Granville	\$3,644,695						30	

Applicant Name	Project Name	PWSID	Service Population	County	Total Funding Request	Notes	Base DWSRF Principal Forgiveness	Base DWSRF Loans	BIL Suppl. DWSRF Principal Forgiveness	BIL Suppl. DWSRF Loans	Priority Points	Estimated Binding Commitment
Fremont, Town of	AMR Meters/Water Meter Replacement			Wayne	\$930,612						30	
Pine Knoll Shores, Town of	Water Main (Various Streets) and Water Tower Expansion			Carteret	\$8,773,026						29	
Fayetteville Public Works Commission	Water Distribution System Rehabilitation			Cumberland	\$4,940,413						29	
Moore's Creek Water and Sewer District	US 421 CFPWA Water Interconnection Project			Pender	\$578,660						28	
Ocracoke Sanitary District	Water Meter Replacement			Hyde	\$798,000						28	
Moore's Creek Water and Sewer District	US 421 Blueberry Road Water Connection Project			Pender	\$3,956,400						28	
Autryville, Town of	Autryville Drinking Water System Improvements			Sampson	\$5,599,550						28	
Graham, City of	10" Water Main Replacement - Phase 2			Alamance	\$4,500,000						27	
Graham, City of	Downtown Water Improvements			Alamance	\$760,000						27	

Applicant Name	Project Name	PWSID	Service Population	County	Total Funding Request	Notes	Base DWSRF Principal Forgiveness	Base DWSRF Loans	BIL Suppl. DWSRF Principal Forgiveness	BIL Suppl. DWSRF Loans	Priority Points	Estimated Binding Commitment
Graham, City of	West Elm Street Water Line Replacement			Alamance	\$1,200,000						27	
Holly Springs, Town of	Water Conveyance System from City of Sanford WFF			Wake	\$33,849,350						27	
Greenville Utilities Commission	GUC Distribution System Improvements Study			Pitt	\$400,000	Funded with other sources					27	
Edgecombe County	2022 General Water System Improvements			Edgecombe	\$7,503,000						27	
Wadesboro, Town of	Elevated Storage Tank			Anson	\$4,812,000						26	
Fuquay-Varina, Town of	Water Conveyance System from City of Sanford WFF			Wake	\$63,898,350						26	
Lenoir, City of	Finley Area Water System Improvements			Caldwell	\$5,750,000						26	
Weaverville, Town of	Water Treatment Plant Expansion			Buncombe	\$25,608,871						26	
Johnston County	TGB WTP 14-18 MGD Expansion			Johnston	\$55,200,000						26	
Ossipee, Town of	Elon Ossipee Road Waterline			Alamance	\$639,850						26	
Robersonville, Town of	Meter Replacement Project			Martin	\$1,140,576						26	

Applicant Name	Project Name	PWSID	Service Population	County	Total Funding Request	Notes	Base DWSRF Principal Forgiveness	Base DWSRF Loans	BIL Suppl. DWSRF Principal Forgiveness	BIL Suppl. DWSRF Loans	Priority Points	Estimated Binding Commitment
Whitsett, Town of	Highway 61 Watermain Extension			Guilford	\$440,000						26	
Asheboro, City of	Lake Lucas Dam Intake Improvements Project			Randolph	\$2,500,000						25	
Greensboro, City of	Water Booster Station Stand-By Power Generator			Guilford	\$7,288,000						25	
Wilkesboro, Town of	Water Treatment Plant and Intake Upgrades			Wilkes	\$25,472,700						25	
Gibsonville, Town of	New Water Tank			Alamance/ Guilford	\$2,000,000						25	
Brevard, City of	Water Storage Tank Expansion			Transylvania	\$386,000						25	
St. Pauls, Town of	Water Well and Elevated Storage Tank Replacement			Robeson	\$4,425,400						25	
Shallotte, Town of	Water System Merger			Brunswick	\$5,000,000						25	
Pittsboro, Town of	Hearne Road Water Main Replacement			Chatham	\$550,000						25	
Lake Waccamaw, Town of	Phase 2 Water Improvements			Columbus	\$3,522,640						25	

Applicant Name	Project Name	PWSID	Service Population	County	Total Funding Request	Notes	Base DWSRF Principal Forgiveness	Base DWSRF Loans	BIL Suppl. DWSRF Principal Forgiveness	BIL Suppl. DWSRF Loans	Priority Points	Estimated Binding Commitment
Sampson County	Keener Groundwater Supply Well			Sampson	\$1,503,825						25	
Valdese, Town of	Valdese Water Treatment Plant Improvements			Burke	\$4,765,600						24	
Lenoir, City of	Whitnell Water Transmission Main Replacement			Caldwell	\$5,480,000						24	
Ahoskie, Town of	Elevated Water Tank and Hydraulic Loop			Hertford	\$3,667,600						24	
Haw River, Town of	Roma Road Waterline Replacement			Alamance	\$1,750,000						24	
Haw River, Town of	Spray Street Waterline Replacement			Alamance	\$750,000						24	
Sims, Town of	Meter Replacement			Wilson	\$202,233						24	
Robbinsville, Town of	Tallulah Creek Water Treatment Plant Upgrades			Graham	\$1,413,750						24	
Rowland, Town of	Water Main Improvements & Water Meter Replacement			Robeson	\$1,265,000						24	

Applicant Name	Project Name	PWSID	Service Population	County	Total Funding Request	Notes	Base DWSRF Principal Forgiveness	Base DWSRF Loans	BIL Suppl. DWSRF Principal Forgiveness	BIL Suppl. DWSRF Loans	Priority Points	Estimated Binding Commitment
Lower Cape Fear Water & Sewer Authority	Kings Bluff Air Backwash Buildings and Walkway Replacement Project			Brunswick	\$2,745,330						23	
Graham, City of	10" Water Main Replacement from Treatment Plant to northwest Graham			Alamance	\$10,092,000						23	
Spruce Pine, Town of	Water Infrastructure Upgrade			Mitchell	\$8,389,800						23	
Warren County	Regional Elevated Storage Tank			Warren	\$5,108,500						23	
Warren County	Regional Elevated Storage Tank (Planning grant)			Warren	\$189,500	Funded with other sources					23	
East Bend, Town of	Water System Replacement			Yadkin	\$11,788,234						23	
Harrisburg, Town of	FY2022 Waterline Upgrade - Cabarrus Woods Phase 1			Cabarrus	\$1,280,318						22	
Mebane, City of	Elevated Storage Tank			Alamance	\$6,362,000						22	

Applicant Name	Project Name	PWSID	Service Population	County	Total Funding Request	Notes	Base DWSRF Principal Forgiveness	Base DWSRF Loans	BIL Suppl. DWSRF Principal Forgiveness	BIL Suppl. DWSRF Loans	Priority Points	Estimated Binding Commitment
Mocksville	Madison Road BPS Renovation and North Elevated Tank			Davie	\$2,326,200						22	
Stanly Water & Sewer Authority	Water System Improvements - Phase IV			Stanly	\$4,449,662						22	
Ayden, Town of	West College/Cannon/Fender Street Water Line Improvements			Pitt	\$477,400						22	
Plymouth, Town of	2022 Water System Improvements			Washington	\$5,772,997						22	
Sampson County	Governor Moore Rd and South McCullen Rd Water Main Extensions			Sampson	\$1,671,750						22	
Sampson County	Town of Harrell's Interconnection			Sampson	\$2,762,800						22	
Star, Town of	Tank Rehabilitation and Water Meter Replacement			Montgomery	\$1,065,000						22	
Onslow Water and Sewer Authority	Highway 24 Water Transmission Main Rehabilitation			Onslow	\$10,962,000						21	

Applicant Name	Project Name	PWSID	Service Population	County	Total Funding Request	Notes	Base DWSRF Principal Forgiveness	Base DWSRF Loans	BIL Suppl. DWSRF Principal Forgiveness	BIL Suppl. DWSRF Loans	Priority Points	Estimated Binding Commitment
Johnston County	Water Supply Improvements to Cleveland BPS			Johnston	\$7,562,000						21	
Lower Cape Fear Water & Sewer Authority	Generators at King's Bluff Raw Water Pump Station			Brunswick	\$9,871,060						20	
Stanly County	Millingport Road Waterline Interconnect			Stanly	\$3,939,750						20	
Yanceyville, Town of	Small Waterline Replacement			Caswell	\$1,325,000						20	
Onslow Water and Sewer Authority	Dixon WTP Expansion			Onslow	\$250,000	Funded with other sources					19	
Nags Head, Town of	AMI smart meters			Dare	\$2,379,235						19	
Lansing, Town of	Water system improvements			Ashe	\$1,555,250						18	
Linden, Town of	Water meter replacement project			Cumberland	\$400,996						18	
Ranlo, Town of	New Water Interconnect			Gaston	\$1,796,000						18	
Junaluska Sanitary District	HCC/Broyhill Tank			Haywood	\$3,308,160						17	
Martin County	2022 District I and II Water System Improvements			Martin	\$4,817,600						17	

Applicant Name	Project Name	PWSID	Service Population	County	Total Funding Request	Notes	Base DWSRF Principal Forgiveness	Base DWSRF Loans	BIL Suppl. DWSRF Principal Forgiveness	BIL Suppl. DWSRF Loans	Priority Points	Estimated Binding Commitment
Raeford, City of	Hwy. 401 12" Transmission Line			Hoke	\$1,697,150						16	
Thomasville, City of	Alum Sludge Centrifuge Project			Davidson	\$5,161,300						16	
White Lake, Town of	Phase 1 Water Improvements			Bladen	\$1,407,001						16	
Forest City, Town of	Morrow Motor Water System Improvements			Rutherford	\$3,662,300						15	
Gibsonville, Town of	Highway 61 Connector - Cone Club to Town			Alamance/ Guilford	\$3,000,000						15	
Gastonia, City of	Southeast Water Expansion			Gaston	\$7,165,510						14	
Goldensboro, City of	2017 Design Fees			Wayne	\$300,200	Funded with other sources					9	
Wilkes County	Wilkes County Infrastructure Extension Project			Wilkes	\$400,000	Funded with other sources					7	
Lower Cape Fear Water & Sewer Authority	48" Parallel Raw Water Main PER & Rate Study Project			Brunswick	\$275,000	Funded with other sources					5	
Lower Cape Fear Water & Sewer Authority	Kings Bluff 4th Pump Addition Project			Brunswick	\$3,781,450						5	

Applicant Name	Project Name	PWSID	Service Population	County	Total Funding Request	Notes	Base DWSRF Principal Forgiveness	Base DWSRF Loans	BIL Suppl. DWSRF Principal Forgiveness	BIL Suppl. DWSRF Loans	Priority Points	Estimated Binding Commitment
Raleigh, City of	Orthophosphate & Carbon Dioxide Improvements			Wake	\$5,000,000						5	

Fall 2021 Application Round – Funded Projects

Applicant Name	Project Name	PWSID	Service Population	County	Total Funding Request	Notes	Base DWSRF Principal Forgiveness	Base DWSRF Loans	Priority Points	Estimated Binding Commitment
Elizabeth City, City of	Raw Water Reservoir Rehabilitation (Supplement)	NC0470010	19,187	Pasquotank	\$1,353,429		\$676,715	\$676,715	85	2/1/2023
Davie County Public Utilities	Water Supply Improvements Project	NC0230015	29,947	Davie	\$9,125,427			\$9,125,427	59	2/1/2023
Stovall, Town of	Water Tank, Water Main, and Associated Improvements (Reconsideration)	NC0239018	450	Granville	\$1,757,360	Funded with other sources	x	x	53	
Scotland Neck, Town of	Phase 2 Water Improvements	NC0442015	2,761	Halifax	\$1,513,130		\$1,116,697	\$396,433	51	2/1/2023

Enfield, Town of	2021 Water Improvements Project Phase 7 - Distribution Lines and Appurtenances on Sherrod Heights, Branch Street, Whitfield Street & W. Burnette Avenue	NC0442025	2,206	Halifax	\$859,685	Bypassed: PF request exceeds PF eligibility	x	x	50	
Pilot Mountain, Town of	Water System Improvements	NC0286025	1,976	Surry	\$683,000	Funded with other sources	x	x	50	
Sharpsburg, Town of	Phase 3 Water System Improvements Project	NC0464040	2,006	Edgecombe / Nash / Wilson	\$928,000	Bypassed: PF request exceeds PF eligibility	x	x	48	
Sanford, City of	Sanford WTP Expansion	NC0353010	47,302	Lee	\$73,770,000		\$500,000	\$19,500,000	48	2/1/2023
Peachland, Town of	Phase 1 Water Improvements	NC0304034	423	Anson	\$1,719,105	Bypassed: PF request exceeds PF eligibility	x	x	46	
Fuquay-Varina, Town of	Sanford WTP Expansion	NC0392055	30,424	Wake	\$73,770,000			\$15,000,000	45	2/1/2023
Yanceyville, Town of	Waterline Replacement	NC0217010	1,937	Caswell	\$1,325,000	Bypassed: PF request exceeds PF eligibility	x	x	40	
Siler City, Town of	Water Pressure Project in Homewood Acres Neighborhood	NC0319010	8,469	Chatham	\$826,355		\$206,589	\$619,766	40	2/1/2023
Winston-Salem, City of	Neilson WTP Modernization	NC0234010	374,403	Forsyth	\$41,870,000	Bypassed to meet 15% small systems target	x	x	39	
Lucama, Town of	2021 Water Line Replacement and Elevated Storage Tank	NC0498030	881	Wilson	\$1,405,000		\$500,000	\$905,000	38	2/1/2023
Lucama, Town of	2021 Phase 3 Water Line Replacement Spring / Campbell Streets and Little Rock Church Rd.	NC0498030	881	Wilson	\$500,000	Subset of other application	x	x	38	
Orange Water and Sewer Authority	Jones Ferry Road TWP - Electrical Distribution Improvements	NC0368010	86,300	Orange	\$7,181,400	Bypassed to meet 15% small systems target	x	x	37	

Burgaw, Town of	Water Distribution System Rehabilitation Project	NC0471010	4,250	Pender	\$3,271,044	Bypassed: PF request exceeds PF eligibility	x	x	36	
Town of Franklin	Phase II WTP Improvements	NC0157010	9,650	Macon	\$8,889,000	Project funded previously	x	x	36	
Craven County	Craven County Water Telemetry / SCADA (Reconsideration)	NC0425055	32,500	Craven	\$5,499,221	Bypassed to meet 15% small systems target	x	x	35	
Junaluska Sanitary District	Oak Park Water Line Replacement	NC0144035	4,613	Haywood	\$3,961,316			\$3,961,316	35	2/1/2023
Franklin County	New Mays Crossroads Elevated Tank			Franklin	\$4,081,000				35	
Fayetteville Public Works Commission	PO Hoffer WTF Phase 3 Residuals			Cumberland	\$20,784,031				32	
Henderson, City of	Kerr Lake Regional Water Treatment Plant Upgrades			Vance	\$20,837,941				32	
Dunn, City of	Highway 301 South Elevated Tank (Reconsideration)			Harnett	\$2,950,000				31	
Cape Fear Public Utility Authority	Replacement of Water Mains, Valves and Water Services on S 5th Ave			New Hanover	\$1,758,300				30	
Elkin, Town of	West Zone Improvements (Reconsideration)			Surry / Wilkes	\$4,079,874				30	
Wilkesboro, Town of	Wilkesboro DWSRF Water Plant and Intake Project			Wilkes	\$22,563,000				29	
Rocky Point Topsail Water and Sewer District	RO Water Treatment Plant and Associated Improvements			Pender	\$43,120,000				29	
Lenoir, City of	Finley Area Water System Improvements			Caldwell	\$5,750,000				26	
Ossipee, Town of	Elon Ossipee Road Waterline			Alamance	\$639,850				26	
Robbinsville, Town of	Tallulah Creek Water Treatment Plant			Graham	\$2,118,750				26	

	Upgrades (Reconsideration)									
Stokes Water & Sewer Authority	Hinsdale Road Water Main Extension Project (Reconsideration)			Stokes	\$1,130,300				26	
Sampson County	Keener Groundwater Supply Well			Sampson	\$1,503,825				25	
Graham, City of	10" Water Main Replacement from Treatment Plant to Northwest Graham			Alamance	\$10,092,000				23	
Sampson County	Governor Moore Road and South McCullen Road Water Main Extensions			Sampson	\$1,671,750				22	
Sampson County	Town of Harrells Interconnection			Sampson	\$2,762,800				22	
Mocksville, Town of	Madison Road BPS Renovation and North Elevated Tank			Davie	\$3,451,200				19	

TOTALS

	Base DWSRF Principal Forgiveness	Base DWSRF Loans (excl. PF)	Total Base DWSRF	BIL Suppl. DWSRF Principal Forgiveness	BIL Suppl. DWSRF Loans (excl. PF)	Total BIL Suppl. DWSRF
Total	\$7,995,440	\$103,539,035	\$111,534,475	\$27,834,304	\$35,520,179	\$63,354,483

Minimum requirement	\$5,595,200			\$27,074,460		
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Appendix C
2022 DWSRF Proposed Payment Schedule

(Dependent on timing of state match and award of federal grant)

<u>Payment Quarter</u>	<u>2022 DW Payment Amount</u>	<u>2022 BIL DWSRF General Allotment Payment Amount</u>
April 1, 2022 – June 30, 2022		
July 1, 2022 - September 30, 2022		
October 1, 2022 - December 31, 2022	\$21,520,000	\$55,254,000
January 1, 2023 - March 31, 2023		
April 1, 2023 - June 30, 2023		
July 1, 2023 - September 30, 2023		
October 1, 2023 - December 31, 2023		
January 1, 2024 - March 31, 2024		
April 1, 2024 - June 30, 2024		
Total	\$21,520,000	\$55,254,000

Appendix D
PRIORITY RATING SYSTEM for Drinking Water Projects

2022 PRIORITY RATING SYSTEM for Drinking Water Projects			
<p><u>Instructions:</u> For each line item, mark "X" to claim the points for that line item. 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 Total of Points for All Categories 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 (Points will be awarded for <u>only one</u> 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 or failing infrastructure issues		22
1.C	Project will rehabilitate or replace infrastructure, including replacement by regionalization projects		12
1.C.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 OR lead service lines		8
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		8
1.E	Project will provide service to disadvantaged areas		20
1.F – 1.I	Reserved for other programs		
Maximum points for Category 1 – Project Purpose			25
Subtotal claimed for Category 1 – Project Purpose			

2022 PRIORITY RATING SYSTEM for Drinking Water Projects			
Line Item #	Category 2 – Project Benefits	Claimed Yes/No	Points
2.A	Reserved for other programs		
2.B	Project provides a specific public health benefit		
2.B.1	Project addresses dry wells or contamination of a drinking water source; or resolves managerial, technical & financial issues		20
2.B.2	Projects that eliminate lead service lines		10
2.C	Reserved for other programs		
2.D	Project addresses promulgated but not yet effective regulations		10
2.E	Project directly addresses enforcement documents		
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
2.E.2	Project directly resolves a Notice of Violation or Notice of Deficiency		3
2.F	Project includes system merger or regionalization		
2.F.1	Project includes system merger OR		10
2.F.2	Project includes system regionalization and/or system partnerships		5
2.G	Project addresses documented low pressure		10
2.H	Project addresses contamination		
2.H.1	Project addresses acute contamination of a water supply source OR		15
2.H.2	Project addresses contamination of a water supply source other than acute OR		10
2.H.3	Project addresses an emerging contaminant without an MCL		10
2.I	Project improves treated water quality by adding or upgrading a unit process		3
2.J	Water loss in system to be rehabilitated or replaced		3

2022 PRIORITY RATING SYSTEM for Drinking Water Projects			
	is 30% or greater		
2.K	Project provides a public water system interconnection		
2.K.1	Project creates a new interconnection between systems not previously interconnected OR		10
2.K.2	Project creates an additional or larger interconnection between two systems already interconnected which allows one system's public health water needs to be met during an emergency OR		10
2.K.3	Project creates any other type of interconnection between systems		5
2.L – 2.M	Reserved for other programs		
2.N	Project provides resiliency for critical system functions		
2.N.1	Project relocates infrastructure from inside the 100-year floodplain to outside the 500-year floodplain OR		8
2.N.2	Project relocates infrastructure from inside the 100-year floodplain to outside the 100-year floodplain OR		5
2.N.3	Project relocates infrastructure from between the 100-year and 500-year floodplains to outside a 500-year floodplain OR		3
2.N.4	Project fortifies or elevates infrastructure within floodplain, OR		4
2.N.5	Project improves ability to assure continued operation during flood events OR		4
2.N.6	Project downsizes infrastructure related to buyouts OR		4
2.N.7	Project provides redundancy/resiliency for critical treatment and/or transmission/distribution system functions including cybersecurity and/or backup electrical power source		3
2.O – 2.S	Reserved for other programs		

2022 PRIORITY RATING SYSTEM for Drinking Water Projects			
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% of MHI		5
3.C	Applicant has an approved Source Water Protection Plan and/or a Wellhead Protection Plan		5
3.D	Applicant has implemented a water loss reduction program		5
3.E	Applicant has implemented a water conservation incentive rate structure		3
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		
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 Combined Utility Rates at 5,000 Usage		
4.B.1	Greater than \$79 OR		4
4.B.2	Greater than \$90 OR		6
4.B.3	Greater than \$107 OR		8

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4.B.4	Greater than \$129		10
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	Project benefits disadvantaged areas		5
4.E – 4.G	Reserved for other programs		
Maximum points for Category 4 – Affordability			25
Subtotal claimed for Category 4 – Affordability			
Total of Points for All Categories			

Appendix E Grant Percentage Matrix

Table 4. Proposed Step 4 (Affordability Matrix)				
Percentile Ranges for grant eligibility categories	Combined Monthly Bills¹ based on 2020 data (\$/5000 gallons)	% Grant or PF	Combined Monthly Bills + Project cost per customer per month² based on 2020 data (\$/5000 gallons)	% Grant or PF
> 99 Percentile	> \$148	100%	> \$148	100%
95 - 99 Percentile	\$129 - \$148	100%	\$129 - \$148	75%
85 - 95 Percentile	\$107 - \$129	75%	\$107 - \$129	50%
70 - 85 Percentile	\$90 - \$107	50%	\$90 - \$107	25%
50 - 70 Percentile	\$79 - \$90	25%	\$79 - \$90	0%
0 - 50 Percentile	\$0 - \$79	0%	\$0 - \$79	0%
<p>¹ Single utility providers may divide by 0.4 for water or 0.6 for sewer applicant for calculating a combined monthly bill.</p> <p>² Project cost per customer per month calculated assuming 0% interest financing for 20 years.</p>				