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Agenda

- Introductions & Program Overview
- Application Completion
- Emerging Contaminants Overview
- Priority Rating Systems (PRSs) for drinking water and wastewater construction projects (including Emerging Contaminants Studies)
- CDBG-I Programmatic Specifics
- State Reserve (SRP) AIA and MRF
- Lead Service Line Replacement
- What happens if I get funded
- Wrap-Up

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Training Handout Packet

- Agenda
- List of Acronyms
- One-sheets for all funding programs
- “Before You Apply” application tips

Guidance and other documents can be found on our website at: <https://deg.nc.gov/about/divisions/water-infrastructure/i-need-funding/application-forms-and-additional-resources>



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Introductions

- Staff introductions
- Audience introductions
 - How many are representing local government units?
 - How many are consultants or technical assistance providers?
 - How many are new?
 - How many are old hands at this?



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Program Overviews



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Know Before You Go: Funding Programs

Applications due Wednesday, September 30, 2026, by
5:00 p.m. (semi-annual applications only)

- Electronic applications
 - CDBG-I applications require 1 hard copy
- One-sheets provide summary of each funding program
- Rolling applications for
 - Lead Service Line Replacement program
 - Emerging Contaminants Studies
 - CWSRF onsite DWTs Pilot Program
- Cut-off dates (5:00 p.m.)
 - August 3, 2026
 - November 2, 2026
 - January 11, 2027
 - March 1, 2027



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Funds Available

Fall 2026 Application Type	Approximate Amount Available in Fall 2026			
Drinking Water Projects	DWSRF Loan: \$70M (incl. \$19M in PF)	Emerging Contaminants (EC): \$2.8M for construction (100% PF)	CDBG-I ~\$18.9M	DW and WW SRP Grant/Loan: \$10M
Wastewater Projects (including stormwater quality, stream restoration)	CWSRF Loan: \$90M (incl. \$10M in PF)	Emerging Contaminants (EC): Up to \$2M for construction (estimated) (100% PF)		
Planning Projects				
Total	~\$193.7M			

Rolling Application Type	Approximate Amount Available Through 2026
Lead Service Line Replacement	~\$50M (incl. ~\$20M in PF) (more available if needed)
Evaluation/Assessment Studies to Address PFAS in Drinking Water and in Wastewater/Landfills	Drinking Water ~\$9M (100% PF) Wastewater ~\$3.3M (100% PF)
Total	~\$62.3M

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Funding Types and Limits for Spring 2026 Round Construction & Planning

Program	Funding Type and Limits
Drinking Water State Revolving Fund	Repayable loans (with principal forgiveness), up to \$25 M per applicant per round, \$200M total DWSRF loan per recipient \$5M for IIJA EC construction Funds
Clean Water State Revolving Fund	Repayable loans (with principal forgiveness), up to \$35 M per applicant per round, \$200M total CWSRF loan per recipient No cap for IIJA EC funds
Drinking Water and Wastewater State Reserve	100% state grant up to \$3M per construction project up to \$225k per utility for AIA NEW! up to \$75k per utility for MRF NEW!

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What's New Since Spring 2026

- Increased funding limits for SRP-funded planning grants
 - \$225,000 per system type for AIAs **NEW!**
 - \$75,000 per system type for MRFs **NEW!**
- CW/DW 2F1 System Merger – eligibility extended to 5 years from effective date of merger
- DW Line Item 2J Addressing Water Loss – Updated documentation requirements for more flexibility
- CW Line Item 2P Benefits to classified waters updated to include Nutrient Sensitive Waters (NSW)
- Operating Ratio Points – Most recent audit must be within 2 years to earn these points
 - MRF PRS differs slightly

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Pop Quiz: Funding Programs Question #1

- Rolling applications are due at 5 p.m. on cutoff day.
 - True
 - False



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Pop Quiz: Funding Programs Question #2

- Semi-annual applications must
 - A. Must be completely submitted before 5 p.m. on September 30, 2026
 - B. Can start upload at 4:59 p.m. on September 30, 2026
 - C. Must be submitted by Midnight on September 30, 2026
 - D. None of the above



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Pop Quiz: Funding Programs Question #3

- SRP funds are being offered in the Fall 2026 round
 - True
 - False



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Application Completion



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Semi-Annual Application Completion

- Division application
- Priority points sheet and narrative
 - Wastewater, including IIJA-EC construction funding
 - Drinking water, including IIJA- EC construction funding
 - AIA and MRF
- Affordability calculator
- Resolution and Form for Certification by Recording Officer
- Water and Sewer Financial Information Form, if applicable
- Fund Transfer Certification Form
- Rate sheets

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Application Completion

Applications not funded in previous round (Spring 2026) considered in Fall 2026

- No additional information allowed
- Application reconsidered as-is
 - Including Spring 2026 AIAs and MRFs
- Adding information? ⇒ Submit completely new application
- Each application viewed as stand-alone
- Can reuse resolution from previous round (no older than 1 calendar year)



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Know Before You Go: Final Check Tips

- All signatures present including electronic copies
- All forms present and complete
 - Application
 - Resolution
 - Fund Transfer Certification
 - Financial Information Form
 - Rate sheet(s)
 - Disadvantaged Area (if applicable) map (if applicable)
 - Justice40 Climate and Economic Justice Screening Tool no longer eligible source for DA justification
- Narratives + score sheets + supporting documentation



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Division Application



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Division Application (Semi-Annual)

- Revised in July 2026
 - This application must be used
- One application for app programs, except LSLR, EC study, CWSRF DWTS Pilot Program
- Best funding available based on eligibility and prioritization
- All sections completed
- *Note:* Application comes with instructions
 - Read the instructions

North Carolina Department of Environmental Quality
Division of Water Infrastructure
Fall 2026 Application for Funding

Low-interest loans, principal forgiveness (PF), grants, and loans from the Community Development Block Grant – Infrastructure (CDBG-I), Drinking Water State Revolving Fund (DWSRF) and the Clean Water State Revolving Fund (CWSRF) are available for construction projects in all the Fall 2026 funding round. Planning grants for the Asset Inventory and Assessment (AIA) and Merger / Regionalization Feasibility (MRF) study programs are also available in the Fall 2026 funding round from the SRF. Principal forgiveness (PF) for construction projects from the Infrastructure Investment and Jobs Act (IIJA), Disposal Emerging Contaminants (DWSRF-EC-C) funds and SRA. Clean Water State Revolving Fund (CWSRF-EC-C) are available for projects addressing PFAS contamination in drinking water and wastewater. Note: Funding for DWSRF-EC and CWSRF-EC study projects is now available on a rolling basis. A separate application for these projects is available on the Application Forms and Additional Resources page of the website. Low-interest CWSRF loans are available for green projects such as stormwater quality infrastructure, stream restoration, reclaimed water, or energy efficiency projects.

Complete this Application for Funding form and submit it along with required additional forms and documents to the Division of Water Infrastructure for consideration.

Note: there is a different application form on the website that must be used for Lead Service Line Inventorying and Replacement Funding, EC study funding, and the Decentralized Wastewater Treatment Systems (DWTS) Pilot Program.

Fall 2026 applications are due **Wednesday, September 30, 2026, at 5:00pm.**

Instructions are enclosed.

Application form is attached after the instructions. Additional forms required for completing an application are available on the Division of Water Infrastructure's [application page](#).

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Section 1 – General Information

North Carolina Department of Environmental Quality
Division of Water Infrastructure
Application for Funding
(Last updated: July 2020)

1. General Information

Applicant Name: _____ County: _____ Unique Entity Identifier (UEI): _____
Project Name: _____ Federal Tax ID #: _____ FWSID or NPSID #: _____ (if applicable) _____
Funding Amount Requested: _____
Total Project Cost: _____

Applicant Type

☐ Municipality ☐ Metropolitan Water Sewerage District
☐ County ☐ Non-Profit Water Corporation
☐ Water and Sewer District ☐ Interstate/Drinking Water Corporation
☐ Water and Sewer Authority ☐ Council of Government
☐ Sewer District ☐ Other (Specify): _____

Funding Type(s) Requested – Construction Projects

☐ Drinking Water or Wastewater Planning (VLS, only)
☐ Asset Inventory and Assessment (AIA)
☐ Major Remediation Feasibility (MRF) Study

☐ Drinking Water
☐ Drinking Water Emergency Contaminants (PFAS project)
☐ Wastewater
☐ Wastewater Emerging Contaminants (PFAS project)
☐ CWSRF Green Project: stream restoration, streamwater, CWSRF related water
☐ CWSRF Infrastructure (CWSRF-2)
CWSRF-1 only:
☐ LMD Determination Method: ☐ ACS ☐ Survey

Funds for Existing SWSA Funded Project
If this application is for additional funding for an existing SWSA funded project, provide the project's Agreement Number (example format: 2000XXXX) or Project Number (example format: C07012-45, SEP 11, SEP-000, 21-6-1234).
Note: Applications for projects that have been previously funded from any DWT funding source by the State Water Infrastructure Authority (SWIA) will only be considered for additional funds to cover unfunded project costs. To replace existing funding, Applicants must decline the existing DWT funding award by the application deadline.

Acceptance of Funding Offer (for Construction Projects) Please read the Instructions page for details.
Most funding available is in the form of low-interest loans. Offers of grant and principal forgiveness (PF) are based on availability and the applicant's eligibility for grants/PF. Please indicate to the Division your willingness to accept a loan and the minimum amount of grant/PF you would accept for this project. The greatest amount of grant/PF available for your application based on eligibility and availability will be offered to your application if selected, even if you are willing to accept less.

1) I am willing to accept a low-interest loan offer for the Funding Amount Requested above.
☐ Yes (step here) or ☐ No (answer the next question).
(Answering "Yes" does not reduce the amount of grant or PF the project will be offered if awarded. The project will be offered any grant or principal forgiveness for which it can receive based on eligibility and availability.)

2) I will only accept a funding offer if a minimum of \$_____ is offered as a grant or principal forgiveness (PF). I understand that I will not be offered any funding if the minimum requested grant/PF amount cannot be offered.
(In many funding rounds projects will be limited to \$100,000 in PF based on PF availability. Indicating a minimum grant/PF request above \$100,000 has a higher likelihood that a potential funding offer would not meet the minimum grant/PF requested and result in the project being bypassed for funding. Applicants should indicate the lowest amount of grant/PF required.)

Application for Funding Form: Page 1 of 9

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Division Application – Section 1 – Tips

- **Funding amount requested*****
- Total project cost
- **Funding Type Requested*****
- Previously (partially) funded project – Provide Agreement # (2000XXXX), project #(s) (New!)
 - If you have a completely funded project and wish to reapply to get better terms, you must decline the original funding to be considered again
- Minimal amount of grant/principal forgiveness needed (semi-annual only)
 - Question 1 – Tell us if you're willing to accept a low-interest loan offer for the full funding amount (Yes/No)
 - If no, tell us in Question 2 the minimum amount of grant/PF you need to make the project move forward

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Sections 6-7 – Project Description & Additional Information

6. Project Description (see Instructions)	
Estimated number of <u>gpc</u> connections served by Drinking Water or Wastewater construction.	
Emerging Contaminants (PFAS):	
☐	80% or more of the project budget is to directly benefit a Disadvantaged Area. Both the Application Budget and Narrative must demonstrate that the project area includes a Disadvantaged Area and that 50% or more of the project budget directly benefits the Disadvantaged Area. See Application Guidance for Line Item 4.C.4 for details on the minimum documentation to be included in the Budget and Narrative.
For Drinking Water and Wastewater construction, Emerging Contaminants (PFAS) construction, CWSRF Green Project, and CDBG-1:	
☐	The proposed construction project or study is a result of (construction) or continuation of (study) an Asset Inventory and Assessment grant previously awarded by the Division.
☐	The proposed construction project or study is a result of (construction) or continuation of (study) a Merger Regionalization Feasibility Study grant previously awarded by the Division.
☐	None of the above.
7. Additional Information for Consideration	

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Division Application – Sections 6 & 7 (semiannual only) – Tips

- Section 6 –
 - Project Description***
 - Broad level of detail reflects major items in budget
 - If adding connections, provide number of connections
 - See Instructions for more detail
 - Identify if your project directly benefits a disadvantaged area
 - Self identifies projects eligible for PF
 - Supporting documentation provided as part of line item 4.C.4.
 - Identify projects resulting from an AIA/MRF
- Section 7 – Additional Information – Complete if needed (semi-annual applications only)

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Certifications & Completeness– Tips

- **Certifications**
 - *Authorized Representative must initial each certification****
 - Not applicable? N/A
- **Completeness Checklist – Initialed by Authorized Representative or Preparer**



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Signature – Tips

- **Must be signed by Authorized Representative**
 - Top elected official
 - Top administrative official
 - Person listed in Resolution as Authorized Representative
- **Original signature*****
 - *Wet signature required for CDBG-I hardcopy*
 - *Electronic signature (DocuSign preferred) okay for other programs and the official electronic CDBG-I application*



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Additional Forms



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Financial Information Form



North Carolina Department of Environmental Quality Division of Water Infrastructure Water & Sewer Financial Information Form (revised July 2020)



Complete the following information related to your system's Enterprise Fund. If your Enterprise Funds are separate for water and wastewater, please supply sheets for the appropriate fund. If the application is for a specific District or system with its own funds, provide only that District's or system's financial information.

1. Supply the required information below:

☐ Combined System ☐ Water System ☐ Wastewater System

Unit Name: _____

Fund Name: _____

2. Provide the following information for the past three fiscal years for which an audit has been completed and submitted to the Local Government Commission for the equivalent if not a local government unit.

	Fiscal Years		
Operating Revenues			
Customer Charges			
Connection Fees			
Other Revenue			
Total Operating Revenues			
Expenditures			
Administration			
Salaries			
Other			
Operations			
Salaries			
Other			
Total Expenditures			
Other (do not include depreciation)			
Debt principal			
Interest			
Capital outlay			
Capital reserve			
Transfer from (to) other funds			
Other (list):			
Total Other			
Net Income (Loss)			

(OVER)

3. Certification. Please read and sign below.

I attest that the fiscal information provided in this form, to the best of my knowledge, is accurate, complete, true, and matches audits for the past three years (or the equivalent formal financial records for non-local government applicants).
I further attest that, to the best of my knowledge, if _____, has made any transfers within the past three years, these transfers are shown _____ (Local government unit, or other) in Item #2 of this form.

SIGNATURE OF FINANCE OFFICER OR AUTHORIZED REPRESENTATIVE	DATE
TYPED NAME	TYPED TITLE

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Fund Transfer Certification Form


North Carolina Department of Environmental Quality
Division of Water Infrastructure
Fund Transfer Certification
 (Not needed for CDBG-I or LASH stormwater projects)
(Revised July 2018)


§ 159G-37(b) requires that all local governments applying for funding from the Clean Water State Revolving Fund, the Wastewater Reserve, the Drinking Water State Revolving Fund, the Drinking Water Reserve, and the Viable Utility Reserve for water or wastewater projects certify that no funds received from water or wastewater utility operations have been transferred to the local government's general fund for the purpose of supplementing the resources of the general fund since July 1, 2014. The prohibition contained in § 159G-37(b) shall not be interpreted to include payments made to the local government to reimburse the general fund for expenses paid from that fund that are reasonably allocable to the regular and ongoing operations of the utility, including, but not limited to, rent and shared facility costs, engineering and design work, plan review, and shared personnel costs. **Note:** A payment in lieu of taxes (PILOT) is not a disqualifying transfer so long as the PILOT reimburses these specific expenses. All other PILOTS are considered transfers.

Complete this form and have your Authorized Representative or Financial Officer sign it. **You must check a box; otherwise, the application will be considered incomplete and not eligible for consideration for funding.**

Applicant's Certification:
 I, as a representative of _____ (Local Government Unit), hereby certify that since July 1, 2014, funds received from the water and/or wastewater utility have: **(CHOOSE ONLY ONE)**

☐ not been transferred from the water and/or sewer enterprise fund to the general fund. **OR**

☐ been transferred from the water and/or sewer enterprise fund to the general fund **AND** were reasonably allocable to the regular and ongoing operations of the utility in accordance with § 159G-37(b). **OR**

☐ been transferred from the water / sewer enterprise fund to the general fund via PILOT. Revenues from PILOT were used only for water / sewer utility operations.

Any transfers must be consistent with the information provided in the Division's Water & Sewer Financial Information Form and must be accurately reflected in the audits as reported by the Local Government Unit to the Local Government Commission since July 1, 2014.

 SIGNATURE OF AUTHORIZED REPRESENTATIVE OR FINANCIAL OFFICER

 DATE

 TYPED NAME

 TYPED TITLE



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Financial Information Form, Fund Transfer Certification & Rate Sheets – Tips

- **Financial Information Form**
 - Finance Officer or Authorized Representative signs
 - 3 years of information from most recently accepted, approved audits
 - Absolute values in expenditures
 - Remember transfers
 - Do not modify form
 - Not required for completeness BUT will impact points if not supplied (semi-annual application only)
- **Fund Transfer Certification**
 - **Finance Officer or Authorized Representative signs*****
 - Go back to FY 2014
 - **1 of 3 checkboxes must be checked*****
 - Payment in lieu of taxes (PILOT) are not automatically considered reasonably allocable to operation of the utility
- **Rate sheets – Include**

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Resolutions – Tips

- Recommend using supplied template
- Due at time of application
- 1st Whereas clause
 - *List project****
 - If submitting multiple projects, can list all projects
- Authorized Representative
 - CDBG-I: Name and title of Authorized Representative regardless
 - *List title of Authorized Representative****



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Resolutions – More Tips

- *Form for Certification by the Recording Officer – Must include****
 - *Use the template*
 - *Date*
 - *Recording officer title & signature*
- Attestations are acceptable – Must be from the Clerk of the Board
- *Both resolutions and attestations must include the signature of the Clerk of the Board****



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Application Submittal – Electronic (New Link)

- Semi-annual application link only
- Electronic submittals only accepted
- File size limit: 250 MB
- Documents uploaded individually

<https://edocs.deq.nc.gov/Forms/NCDWIFundingApplication>



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Pop Quiz: Application Package – Question #1

How many boxes must be checked on the Fund Transfer Certification Form?

- A. 0
- B. 1
- C. 2
- D. 3



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Pop Quiz: Application Package – Question #2

What is required for resolutions?

- A. Project name, authorized rep's title, Certification for resolutions, Clerk's signature on certification or attestation
- B. Project name and authorized rep's title
- C. Project name, authorized rep's title, Clerk's signature for certification or attestation, LGU's seal
- D. Signature for certification or attestation

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Wastewater and Drinking Water Projects



Emerging Contaminant Funding Overview



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IIJA SRF Emerging Contaminants (EC) Funding: Summary

- North Carolina's IIJA EC funding program limited to projects addressing PFAS contaminants
- Must have documented PFAS contaminants in the drinking water or wastewater exceeding levels specified in the PRS and PRS guidance
- PFAS contaminants with a final MCL or HI get higher priority compared to other PFAS contaminants without proposed standards

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IIJA-SRF-Emerging Contaminants Funding: Summary – Construction Projects (EC-C)

- IIJA EC Construction Funding
 - Availability for Fall 2026
 - DW – Can be up to \$3.4M in PF (whatever is not used from the Study Reserve)
 - WW – ~\$2M in PF
 - Funding Caps
 - DW - \$5M per applicant. All awards prior to today will count towards this cap
 - CW – No cap
 - Check DW-EC or WW-EC as funding type on common application
- Common application form used

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IIJA-SRF-Emerging Contaminants Funding: Summary – Construction Projects (EC-C) (contd.)

- **Priority Rating Systems (PRs)**
 - Claim all applicable line items, including EC-eligible line items
 - EC projects will compete only with other EC projects for IIJA EC funds
- **DWI Application Review**
 - Only certain line items will be considered for prioritizing EC projects. EC projects will compete with all other projects for other funding programs
- **Unsuccessful, eligible applications are considered for EC Small or Disadvantaged Community grant funding**



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IIJA-SRF-Emerging Contaminants (EC) Funding: Summary – Construction Projects – PRS

2026 PRIORITY RATING SYSTEM for Drinking Water Projects
Instructions: 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.

Line Item #	EC Line Item	Category 1 – Project Purpose (Points will be awarded for only one 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		
1.J		Project addresses PFAS emerging contaminants		
1.J.1	EC	Sole purpose of the project is to address Emerging Contaminants (construction projects) where 100% of the costs are associated with this purpose OR		12
1.J.2	EC	At least 75% of the project costs are to address Emerging Contaminants (construction projects) OR		5
1.J.3		Reserved for EC-Study Program. Please use the appropriate guidance and the rolling application.		
Maximum points for Category 1 – Project Purpose				25

Line Item #	EC Line Item	Category 2 – Project Benefits	Claimed Yes/No	Points
2.A – 2.B		Reserved for other programs		
2.C		Project provides a specific environmental benefit		
2.C.1		Project replaces or repairs certain sewer lines, eliminates failed onsite wastewater system or non-discharge system, or resolves managerial, technical & financial issues		15
2.C.2		Project eliminates malfunctioning onsite wastewater systems		10
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	EC	Project includes system regionalization and/or system partnerships		5
2.G – 2.H.2		Reserved for other programs		
2.H.3	EC	Project addresses any PFAS compounds exceeding 10 ppt or state-established regulatory standards or limits OR		2
2.H.4	EC	Project addresses PFAS exceeding proposed or promulgated MCL or Hazard Index		5

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IIJA-SRF-Emerging Contaminants Funding: Summary – Study Projects (EC-S)

• EC Studies

• Availability from FY 2026 (EC study reserve)

- DW – Up to \$9M
- WW – Up to \$3M

• Funding cap – \$500,000 per applicant for DW/WW. All awards prior to today count towards this limit.

• Application – Use rolling application form

• Priority Rating System

- Only EC PRS used
- Separate PRS scoresheet at end of guidance

• Guidance – Specific PRS for EC studies

EC-S Next Cutoff Date is November 2, 2026

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IIJA SRF-Emerging Contaminants Funding: PRS – Study Projects (EC-S)

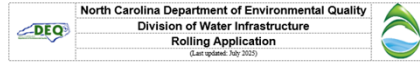
2025 PRIORITY RATING SYSTEM for DWSRF-EC Projects				
<i>Instructions:</i> For each line item, mark "X" to claim the points for that line item. Be sure that your narrative includes justification for every line item claimed. At the end of each Category, provide the total points claimed for each program 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 <i>maximum</i> allowed points that may be less than the total of individual line items.				
Line Item #	EC Line Item ¹	Category 1 – Project Purpose (Points will be awarded for <u>only one</u> Project Purpose)	Claimed Yes/No	Points
1.A – 1.E		Reserved for other drinking water projects (not to be used for DWSRF-EC funds)		
1.J		Project addresses PFAS emerging contaminants		
1.J.1	EC	Sole purpose of the project is to address Emerging Contaminants (construction projects) where 100% of the costs are associated with this purpose OR		12
1.J.2	EC	At least 75% of the project costs are to address Emerging Contaminants (construction projects) OR		5
1.J.3	EC	Sole purpose of the project is to evaluate alternatives to address Emerging Contaminants (may include pilot scale treatment study)		5
Maximum points for Category 1 – Project Purpose				12
Subtotal claimed for Category 1 – Project Purpose				
Line Item #	EC Line Item ¹	Category 2 – Project Benefits	Claimed Yes/No	Points
2.A – 2.E.1		Reserved for other programs		
2.F.2	EC	Project includes system regionalization and/or system partnerships		5
2.G		Reserved for other drinking water projects		

2025 PRIORITY RATING SYSTEM for CWSRF-EC Projects				
<i>Instructions:</i> 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 <i>maximum</i> allowed points that may be less than the total of individual line items.				
Line Item #	EC Line Item ¹	Category 1 – Project Purpose (Points will be awarded for <u>only one</u> Project Purpose)	Claimed Yes/No	Points
1.A – 1.E		Reserved for other drinking water projects (not to be used for DWSRF-EC funds)		
1.J		Project addresses PFAS emerging contaminants		
1.J.1	EC	Sole purpose of the project is to address Emerging Contaminants (construction projects) where 100% of the costs are associated with this purpose OR		12
1.J.2	EC	At least 75% of the project costs are to address Emerging Contaminants (construction projects) OR		5
1.J.3	EC	Sole purpose of the project is to evaluate alternatives to address Emerging Contaminants (may include pilot scale treatment study)		5
Maximum points for Category 1 – Project Purpose				12
Subtotal claimed for Category 1 – Project Purpose				
Line Item #	EC Line Item ¹	Category 2 – Project Benefits	Claimed Yes/No	Points
2.A – 2.E.1		Reserved for other programs		
2.F.2	EC	Project includes system regionalization and/or system partnerships		5
2.G		Reserved for other drinking water projects		

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IIJA SRF- Emerging Contaminants Funding: Application – Study Projects (EC-S)



This application form is for applications that are accepted on a rolling basis. Specifically, this application is for **Lead Service Line Replacement** projects funded through the Infrastructure Investment and Jobs Act (IIJA) Drinking Water State Revolving Fund Lead Service Line Replacement Program (DWSRF-LSLR), **Emerging Contaminants** study projects funded through the Drinking Water State Revolving Fund Emerging Contaminants (DWSRF-EC) and Clean Water State Revolving Fund Emerging Contaminants (CWSRF-EC) programs, **Decentralized Wastewater Treatment Systems (DWTS)** Pilot Program, funded through the CWSRF, and resiliency projects funded through the CWSRF and DWSRF Supplemental Appropriation for Hurricanes Helene and Milton and the **Hawa'i Wildfires** (SA-HKW also known as SRF Helene funding) for drinking water systems, wastewater systems, and DWTS.

Project applications submitted for these project types will be considered on a rolling basis, with recommendation for funding made to the State Water Infrastructure Authority (SWIA) at the next scheduled meeting.

The information below provides more specific information related to these programs.

DWSRF Lead Service Line Replacement Program

Zero-percent (0%) interest loans and principal forgiveness (PF) are available for projects eligible to receive funding from the DWSRF-LSLR program made available through the Bill. Complete this Application for funding along with required additional forms and documentation to Division of Water Infrastructure (DWI) of the NC Department of Environmental Quality.

Eligible projects include (1) removal of known lead service lines (LSLs) and lead connectors, (2) projects to find and replace LSLs and lead connectors, and (3) projects to inventory LSLs. A "lead service line" is defined as follows:

A water service line made of lead, which connects the water main to the building inlet. A lead service line may be owned by the water system, owned by the property owner, or both. A galvanized service line is considered a lead service line if it ever was or currently is downstream of any lead service line or service line of unknown material. USEPA has expanded the eligible uses beyond the definition above to also include the replacement of lead goosenecks, pigtail, and connectors as eligible expenses, whether stand-alone or connected to a lead service line.

For brevity, lead goosenecks, pigtail, and connectors are included in the definition of "lead service lines" in this application form. For FY 2022 and FY 2023 LSLR funds, replacement of all service lines identified as galvanized requirement replacement (GRR) are eligible expenses.

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Rolling Application Expected Cutoff Dates for 2026 (for LSLR and EC-S)

Application Cutoff Date	Approximate SWIA Meeting (Award Date)
August 3, 2026	September 16, 2026
November 2, 2026	December 9, 2026
January 11, 2027*	February 17, 2027* (last award for EC)
March 1, 2027*	April 21-22, 2027*

*dates subject to change based on final SWIA calendar for 2027



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Wastewater, Drinking Water, and CDBG-I Projects



Project Priority Systems Wastewater Drinking Water



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Priority Rating System (PRS)

- Prioritizes projects for funding recommendations
 - Projects funded in priority order
 - Best funds available provided in priority order
- Claim **all** the points you can document
 - You may claim more points than the priority point cap for each PRS Section
- Include scoresheet along with narrative and supporting documentation
- Provide **ALL** the required documentation listed in the PRS guidance
- Only the information **provided** will be considered

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Priority Rating System

Read PRS Guidance carefully!

- Tables provided as handouts
- Provides lists and explanations of what is required to document the project is eligible for priority points
 - Lists of what is required for each line item claimed
 - Supporting information/documents needed for each requirement
 - Maps
 - Non-compliance documents
 - Etc.
- Provides examples
- Provides tips and recommendations



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Priority Rating System

- “Roll-downs” can happen in some situations
 - Project Purpose examples
 - Failed Infrastructure (1.B) to Rehabilitation/Replacement (1.C)
 - Rehabilitation/Replacement (1.C and 1.C.1) to Expansion (1.D & 1.D.1)
 - Resiliency (2.N)
 - Capital Planning (3.A) to CIP (3.B)
- If unsure, ask questions before submitting application



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DW/WW/EC-C/EC-S Priority Rating Systems for Construction Projects

- **Categories**
 - Category 1 – Project Purpose
 - Category 2 – Project Benefits
 - Category 3 – System Management
 - Category 4 – Affordability
- Use appropriate scoresheets for drinking water and wastewater programs
- Presentation focuses on problem areas, updated guidance clarifications, and EC-eligible line items
- Presentation applies to DW/WW, CDBG-I, EC construction, and EC studies only



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Priority Rating System – Category 1 – Project Purpose (25 points max)

- The entire project must support the claimed purpose (except as specified in PRS guidance)
- Staff will consider other project purpose points if there is insufficient documentation to award claimed Project Purpose
- Projects not earning purpose points are still eligible for funding...
 - ...but do not qualify for PF



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1.A Consolidate Nonviable Systems (DW, CDBG-I, WW)

- Points
 - DW/WW – 25 points
 - CDBG-I – 15 points
- Consolidation of Nonviable Systems are the highest priority projects for funding
- Two situations for becoming a nonviable system:
 1. Nonviable due to system failing
 - WW – Division of Water Resources has determined system is failing
 - DW – Public Water Supply Section has determined system is failing
 2. Nonviable as determined by DWI – Must meet with DWI 30 days prior to application

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1.A Consolidate Nonviable Systems (DW, CDBG-I, WW)

- 1.A. Eligible projects receive other Project Benefit points
- 1.A. Eligible projects may consider rescuing system for claiming System Management points
- 1.A. Eligible projects may consider the nonviable system for claiming Affordability points

See guidance for narrative and documentation requirements

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1.B Resolve Failed or Failing Infrastructure (DW, WW, CDBG-I)

- Points
 - WW – 20
 - DW – 22
 - CDBG-I – 15
- 100% of the cost must be to resolve failing infrastructure
- Drinking water
 - Physical extension of service to connect failed systems
 - Contaminated wells with MCL exceedances
 - Wells whose yield has declined by at least 50%

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1.B Resolve Failed or Failing Infrastructure (DW, WW, CDBG-I)

- Wastewater
 - Physical extension of service to connect
 - Failed septic systems
 - Failed non-discharge permitted disposal area
 - Onsite systems with NOV issued as per 15A NCAC 18A.1961
- Project must result in privately owned systems owned and operated by applicant

See guidance for narrative and documentation requirements

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1.C Rehabilitate/Replace Infrastructure (DW, WW, CDBG-I) 12 points

- Points
 - DW/WW – 12 points
 - CDBG-I – 10 points
- Rehabilitation or Replacement cannot “expand” capacity
- Like-for-like water and sewer line replacements (can upsize to meet minimum design criteria)
 - New pump station / treatment plant with same capacity as old system being decommissioned
 - Looping that amounts to <10% of total project construction cost is allowed
 - New treatment units that do not increase permitted capacity
- New water supply intake structures and additional wells that are part of rehab and replacement of the water supply are not considered an expansion

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1.C Rehab/Replace Infrastructure (DW, WW, CDBG-I)

- Allows interconnection that replaces treatment or storage facility with no increase in capacity
 - Capacity can be established or limited via interlocal agreement
- Water meter replacement projects are not eligible 1.C. prioritization, unless the system is classified as “Distressed”
- Water meter replacement associated with waterline rehab/replacement is eligible
- If not eligible for 1.C, may “roll down” to 1.D



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1.C.1 Old Infrastructure – Age (DW, WW, CDBG-I)

- Points
 - DW/WW – 8 points
 - CDBG-I – 5 points
- Must earn 1.C points in order to get 1.C.1
- Earn additional points for old infrastructure
 - Treatment and pumping units – 20 years
 - Distribution / collection lines – 40 years
 - SCADA / process control / information technology – 10 years
 - Obsolete pipe materials: ACP, VCP, galvanized iron, cast iron, Orangeburg, etc.
- At least 50% of the construction cost is associated with replacing old infrastructure
- Show clearly in budget
 - What is older than threshold
 - Whatever is not identified as old in the budget or narrative is assumed to be newer than threshold.



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1.C.1 Old Infrastructure Budget Example

Explain how you know the age

Line Item	Division Funding Requested
Replace 10,000 LF 8-inch pipe (older than 40 years)	\$100,000
Replace 3,000 LF of 8-inch pipe (less than 40 years old)	\$30,000

See guidance for narrative and documentation requirements

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1.D. Expansion (DW, WW) – 2 points

- Increase water/sewer line sizes or treatment capacity to meet current needs
- Interconnection projects that add treatment or storage capacity (no new connections). Must also document and receive 2.K points
- Additional wells, treatment plants, pump stations or storage tanks to meet current and justifiable future growth
- New water lines solely to serve future development
 - Not eligible for 1.D points
 - Not eligible for DWSRF funding



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1.E. Service to Disadvantaged Areas (DW, WW) – 20 points

- 20 points for DW and CW
- Qualification: 75% of construction costs to provide connection or alternative service
- "Disadvantaged area" consideration not for projects that benefit entire LGU area or entire utility service area
- Disadvantaged areas limited to less than half the number of total connections served by the applicant at the time of application



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1.E Service to Disadvantaged Areas (DW, WW)

- A targeted project area considered a “disadvantaged area” based on at least 3 of the following factors compared to the state benchmark values
 - Median household income (MHI)
 - Poverty rate
 - Property values per capita
 - Unemployment rate
- Additional factors such as socio-economic or existing contamination factors also considered (see Guidance)
- When possible, compare project area data to LGU indicators

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1.E. Service to Disadvantaged Areas – Documentation Requirements (DW, WW)

- Narrative
 - Justification of targeted project area as disadvantaged
 - Project budget
 - At least 75% construction cost to provide service to disadvantaged residences
 - Budget line items necessary to provide service to disadvantaged areas must be clearly identified
 - May include line items for private side connection and/or system development fees
- Project map that
 - Identifies disadvantaged area (must clearly show project area is in disadvantaged area)
 - Identifies properties to be connected (must be clear that properties are in disadvantaged area)

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Budget Example – Disadvantaged Area – \$4.7M Project

Line Item	Project Cost
Construction Costs	
10-inch gravity sewer dis. area	\$2,000,000
10-inch gravity sewer	\$750,000
8-inch gravity sewer dis. area	\$1,000,000
50 sewer laterals dis. area	\$100,000
Subtotal:	\$3,850,000 (\$3.1M=80.51% d/u)
Contingency (10%)	\$385,000 (80.51% d/u=\$309,964 of cont.)
Total Construction – dis. area.	\$3,409,964
Total Construction – Other	\$825,036
Total Construction	\$4,235,000
Engineering Costs	\$100,000
Admin Costs	\$100,000
Connection Fees	\$250,000
Total Project Cost	= \$4,685,000 (dis. area=\$3,859,964)

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1.F. Project Will Extend Service (CDBG-I) Maximum 15pts

Two Categories for Connections Projects

- 1.F.1. Extend or Rehab Public Service to New or Rehabilitated Low-Moderate Income Housing – (15 points)
- Line Item 1.F.2 – Connect Existing LMI Households to Public Service - (10 points)
- ****IMPORTANT****
 - LMI is 100% for connections. Prior to construction must be verified one-year out.
 - Connect to existing service line or the service line within scope of project.



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Other Category 1 Points (CWSRF only)

- Option for stormwater projects
 - 1.G Stream, Buffer, Wetland Restoration (15 points)
 - 1.H Stormwater Control Measures (10 points)
 - Note change in terminology from BMP to SCM
 - 1.I Reclaimed Water / Rainwater Harvesting (10 points)

See guidance for narrative and documentation requirements



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Category 1.J Points (EC-C, EC-S)

- Only projects addressing PFAS compounds are eligible to receive EC funds
- 1.J: Project will address PFAS (must document and receive 2.H.3 or 2.H.4 to be eligible to receive 1.J points)
 - 1.J.1: 100% of the costs must be to address PFAS (12 points) (EC-C only)
 - 1.J.2: Minimum 75% of the costs must be to address PFAS (5 points) (EC-C only)
 - 1.J.3: PFAS-related study/alternative analysis projects.
 - 100% of costs must be related to PFAS studies (5 points) (EC-S only)
 - Once funded, Applicant will work with PWS to refine scope

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Project Purpose Points Summary

Line Item #	Category 1 – Project Purpose	Prioritization Points	Notes
1.A	Consolidate a nonviable utility	25 DW/WW 15 CDBG-I	
1.B	Resolve failed or failing infrastructure issues	20 WW 22 DW 15 CDBG-I	
1.C	Rehab or replace infrastructure (no expansion)	12 DW/WW (+10 old) 10 CDBGi (+5 old)	
1.D	Project will expand, or rehab or replace with expansion	2 DW/WW (+10 old)	
1.E	Provide service to disadvantaged areas	20 DW/WW	N/A CDBG-I
1.F	Projects will extend service to LMI areas	15-10 CDBG-I	CDBG-I Only
1.G	Stream/wetland/buffer restoration	10 (15 for select restoration)	WW Only
1.H	SCMs to treat existing sources of pollution	10	
1.I	Reclaimed water or rainwater harvesting/usage	10	
1.J	PFAS emerging contaminants	5 or 12 DW/WW	NA CDBG-I



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Priority Rating System

Category 2 – Project Benefits



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Category 2 – Project Benefits

- Only a portion of the project must relate to a specific benefit
- Points only earned when the Applicant identifies direct connection between the project and type of expected benefit
- Narratives must fully describe benefits of proposed project and how benefits arise from Project Purpose
- In cases where a single application includes multiple project types, Project Benefit points must match Project Purpose that was claimed

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2.A Provides Specific Environmental or Public Health Benefit (CDBG-I) – 15 points

Expanded to include additional environmental and public health benefits to list of projects that could receive these priority points:

- Eliminating malfunctioning onsite wastewater systems and lead service lines (LSLs)
- See guidance for required narrative discussion items and documentation



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2.A Provides Specific Environmental or Public Health Benefit, continued (CDBG-I)

Common Errors

- Narrative

- Not clear – does not link problem with project purpose or project area
- Does not include all discussion items as stated in guidance (e.g., size of existing and replacement infrastructure, addresses of all failed/failing private systems, etc.)

- Documentation

- No documentation
- Did not match narrative

- Maps – Not having anything guidance states is needed (e.g., project area boundary, location of private systems that have failed/failing/dried/contaminated, SSO locations, etc.)

- SSO and Fire Flow

- No proof that at least one SSO reaches a body of water because of I/I in project area
- One spill does not convey a pattern of a problem
- Fire flow and pressure are not valid public health or specific environmental issues

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2.A.1 Eliminates 20% or More (CDBG-I) – 5 points

- Can claim an additional 5 points if project will eliminate 20% or more private systems that are failing, failed, dry or contaminated
- Narrative and map must be complete (see guidance)
- Will use the documentation in 2.A, in addition to the narrative and map in this line item to determine if points are earned



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2.B.1 Specific Public Health Benefit (DW) – 20 points

Points are only for projects benefiting Public Water Systems

- Project replaces dry wells (must also earn 1.B)
- Addresses contamination of a public drinking water source (must also earn 2.H.1 or 2.H.2)
- Project resolves managerial, technical and financial issues as documented by receiving 1.A points
- 2.B.1 is no longer an eligible Emerging Contaminant line item



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2.B.2 Specific Public Health Benefit – Eliminates Lead Service Lines (DW) – 10 points

- This is to prioritize lead service line replacements under DWSRF program
- Applicable if at least 30% project cost is to eliminate lead service lines
- Must provide map and addresses of known lead lines
- Narrative must explain how the service lines were determined to be made of lead
- These projects should consider applying for funding from the IIJA LSLR funding program when 100% of project is related to LSL replacement / identification



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2.C. Provides Specific Environmental Benefit (WW)

- 2.C.1 – Project replaces or repairs certain sewer lines, eliminates failed onsite system or non-discharges systems, or resolves managerial, technical and financial issues (15 points)
- 2.C.2 – Project eliminates malfunctioning onsite wastewater systems (10 points)



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2.C.1 Specific Environmental Benefit (WW)

Projects include

- Providing public service to homes with failing septic systems
 - Must include letter from a registered Sanitarian, a licensed Soil Scientist, or County Health Department
 - Includes failed single-family residence spray/drip irrigation systems
 - See guidance for the 4 options of documenting failing septic systems
- Repairing or replacing sewers with reported SSOs that
 - Reach bodies of water, or
 - Document backup into homes
- Project resolves managerial, technical and financial issues documented by receiving 1.A points

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2.C.2 Elimination of Malfunctioning Onsite Wastewater Systems (WW) – 10 points

- Failing ⇒ Authorized agent issues Notice of Violation per 15A NCAC 18A .1961 and/or documentation of one or more of 4 indicators of failure (see guidance)
- Majority of homes (>50%) being connected must have documented failing systems
- Provide list of addresses where septic systems are malfunctioning
- Map requirements
 - Street names and house numbers of malfunctioning systems
 - New sewer lines
 - All systems to be connected to public sewer system
 - Copies of NOVs and/or documentation of one or more of 4 indicators for any malfunctioning systems

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2.E Addresses Enforcement Documents (DW, WW, CDBG-I)

- 2.E.1 - Addresses Administrative Orders or Special Orders by Consent (5 points)
- 2.E.2 - Resolves Notice of Violation or Deficiency (3 points)
- Must clearly establish how proposed project will lead to compliance and address that specific regulatory requirement
- Enforcement documents must be no more than 3 years old



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2.F System Merger or Regionalization (DW, WW, CDBG-I, EC-C [2.F.2 only], EC-S [2.F.2 only])

- 2.F.1 – System merger (10 points)
 - Physical consolidation into a single regional system
 - Merger of ownership and operation without physical consolidation
 - Interconnectivity alone does not qualify for 2.F.1
 - Eligible up to **five** years after the effective date of merger
- 2.F.2 – System regionalization or partnership, still retaining separate ownership (5 points)
 - Must include agreements/merger documents between the systems
 - EC PRSs will consider these points if partnership helps address PFAS contamination for one or more partners
 - Must also receive 2.H.3. or 2.H.4

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2.H Project Addresses Contamination – (DW, WW, CDBG-I, EC)

- 2.H.1 Acute Contamination (15 points)
 - Primary Contaminants covered in Drinking Water Regulations
 - Have established MCLs
- 2.H.2 (5 points) Other-Than-Acute Contamination
 - Secondary contaminants covered in drinking water regulations
 - Contaminant has established SMCL and/or action level (iron, manganese, copper, lead, corrosivity, etc.), and 1,4 Dioxane
- 2.H.3 PFAS compounds exceeding 10 ppt or State-established regulatory standards or limits (2 points) (EC-C and EC-S eligible)
- 2.H.4 PFAS exceeding proposed or promulgated MCL or Hazard Index(HI) (5 points) (EC-C and EC-S eligible)
 - PFOA, PFOS, GenX, PFBs, PFNA, PFHxS



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2.H.3 & 2.H.4 Emerging Contaminants Sampling requirements

- Use EPA-validated testing method for PFAS
- Public systems – At least one sample within last 12 months must exceed the threshold levels
- Private drinking water wells – At least one sample within last three years must exceed the threshold
 - All wells proposed to be connected must have PFAS levels exceeding threshold levels (to receive 1.J.1)
 - If contaminant is GenX and wells are located within 50 miles of Chemours with 25% wells exceeding threshold values will get 1.J.1
 - 1.J.2 – Minimum of 50% wells must have data exceeding thresholds and 75% of total cost must be to address PFAS

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2.H.3 and 2.H.4 Emerging Contaminants

- Must replace or provide new treatment to a wastewater treatment or drinking water supply system affected by emerging contaminants
- Document how the project will reduce PFAS contaminants to below proposed MCL/HL or below 10 ppt for other unregulated PFAS
- See Guidance for detailed documentation requirements

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2.K.1 & 2.K.2 Interconnection (DW, CDBG-I)

- Prioritization for providing interconnections.
 - 2.K.1 – New potable water system interconnections
 - DW – 10 points
 - CDBG-I – 5 points
 - 2.K.2 – Addition of larger potable water systems interconnections
 - DW – 10 points
 - CDBG-I – 3 points
 - 2.K.3 – Other interconnections (not limited to potable water system)
 - DW – 5 points
 - CDBG-I – N/A
- Must provide documentation of both partners' willingness to interconnect (see guidance)



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2.N Infrastructure in Floodplains

- 2.N.1 – Relocates and/or Improves Infrastructure to Assure Continued Operation During a 500-year Flood Event – 8 points
- 2.N.2 – Relocates and/or Improves Infrastructure to Assure Continued Operation During a 100-year Flood Event – 5 points
- Includes
 - Relocation out of 500- and/or 100-year floodplain
 - Fortification
 - Replace equipment with new equipment not subject to damage by submersion
 - Physical barriers
 - Elevation



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2.N Infrastructure in Floodplains -- Documentation

- Relocation
 - Describe infrastructure being located
 - Provide mapping
 - FRIS or FEMA as source of data layer
 - Show
 - Location of existing and proposed infrastructure
 - Floodplain boundaries
- Fortification
 - Determine base flood elevation (BFE)
 - Mapping that shows
 - Location of infrastructure
 - BFEs at location of infrastructure
 - Use FRIS or FEME as source of data layer
 - Describe vulnerable components and how project will elevate/protect vulnerable components
 - How 2 feet above BFE will be achieved OR how infrastructure will be replaced with that not vulnerable to flooding

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2.O Impaired Waters (WW) – 20 points

- Project will directly benefit impaired waters
- Provide
 - Stream name and impairment(s) as documented in the Integrated Report
 - Discussion of impairment and connect the dots to show the project will directly benefit the impairment
 - Map(s) with project location, stream location and impaired segment
- Common errors
 - Project does not address impairment
 - Map does not adequately show location of project and impairment

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2.P. Special Water Classifications (WW) – 10 points

- More classifications (UWL, PNA, AFSA, SAV, **NSW (new addition)**)
- Show direct connection of projects to their impact on these waters
- Provide mapping
 - Project location
 - Location of special waters
 - SSO reports (for project claiming points due to SSO impacts)
- See Guidance for more information



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2.T. Redundancy/Resiliency (DW, WW, CDBG-I) – 3 points

Requirements

- Include redundant or resilient items in the project description
- New or increased redundancy/resiliency = points
- Replacing/repairing existing generator ≠ points
- Retrofitting with backup power = points
- New equipment with backup power ≠ points



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Priority Rating System

Category 3 – System Management



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3.A Capital Planning Activities (DW, WW, CDBG-I, EC-C, EC-S)

- Can only receive points for either 3.A.1 or 3.A.2
- 3.A.1 - Asset Management Plan (10 points)
 - Narrative describes 4 key AMP areas (see Guidance)
 - AMP must be fully implemented
 - Must qualify for 3.A.2 points
 - For CDBG-I only, must provide complete AMP with both applications
- 3.A.2 - Capital Improvement Plan – (2 points for DW/WW, 3 points for CDBG-I)
 - CIP must be adopted within 2 years of application
 - CIP must span 10 years from the adoption date
 - For the first 5 years, list projects with cost by year
 - Next 5 years, list projects and total costs, including year planned or priority of those projects not required
 - Project is clearly highlighted in the priority matrix
 - Planning grant eligible if project related to Capital Project



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3.A.2 Capital Improvement Plan (DW, WW, CDBG-I, EC-C, EC-S)

Common Errors

- More than 2 years old
- Spans less than 10 years
- Lacks minutes showing adoption (certification not sufficient)
- Project applied-for not evident and unambiguous on CIP
- Includes only O&M expenses and/or a single project (project applied for)
- Large cost difference between CIP and Application not clearly explained
- No explanation of change in CIP priority
- Not providing application narrative



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3.F Flood Resiliency Action Plan (DW, WW, CDBG-I) – 3 points

- Qualifies for points if applicant has created a flood resiliency action plan
- Narrative required – Hits 3 points
 - Inventory of assets exposed to flooding
 - Prioritized actions for achieving flood resilience
 - Consideration of future flood impacts
- Review guidance
- Provide mapping where required



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Priority Rating System

Category 4 – Affordability



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4.A Residential Connections (DW, WW, EC-C, EC-S) – 2 to 4 points

- Only claim one sub-category based on the number of connections
 - Less than 10,000 residential connections, or
 - Less than 5,000 residential connections, or
 - Less than 1,000 residential connections
- Use only number of sewer or water connections as of date of application
- DWI staff will provide points based on connections provided in the application form. Applicant must explain any differences.



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4.B Current Monthly Utility Bill at 5,000 Gallons (DW, WW, CDBG-I, EC-C, EC-S) – 4 to 10 points

Percentile Ranges	Fall 2026 Combined Monthly Bills (\$/5000 gallons)	Prioritization (Line Item 4.B)
>95 Percentile	>\$161	10
85 - 95 Percentile	\$134 - \$161	8
70 - 85 Percentile	\$117 - \$134	6
50 - 70 Percentile	\$97 - \$117	4
0 - 50 Percentile	\$0 - \$97	0

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4.B Current Monthly Utility Bill at 5,000 Gallons (DW, WW, CDBG-I, EC-C, EC-S) – 4 to 10 points

- Only claim one sub-category based on the current monthly utility combined bill for 5,000 gallons
- Rates must match those on rate sheet(s) submitted
- Use sewer bill and water bill
- Use conversion factor for single-system utilities
 - 0.4 for water-only systems
 - 0.6 for sewer-only systems
- Use lowest residential rate, “in-town rate”
- Provide calculations
- DWI staff will verify rates in application form match those in the rate sheet and provide points based on lowest value if staff cannot reconcile rate information

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4.C.1 to 4.C.3 Local Government Unit (LGU) Indicators (DW, WW, EC-C, EC-S) – 3 to 7 points

- Only claim one sub-category
 - 3 out of 5 LGU indicators worse than state benchmark, or
 - 4 out of 5 LGU indicators worse than state benchmark, or
 - 5 out of 5 LGU indicators worse than state benchmark, or
 - Project benefits a disadvantaged area
- LGU Indicators are
 - Property Valuation per Capita
 - Percent Population Change
 - Poverty Rate
 - Median Household Income
 - Unemployment Rate
- DWI staff will provide points based on LGU data in the affordability calculator
- Alternative population data – ACS or OSBM data may be used and may be chosen on affordability calculator

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4.C.4 Benefit to Disadvantaged Areas (DW, WW, EC-C, EC-S) – 5 points

- Used to be Line Item 4.D
- 4.C.4: 5 points - Requirements updated for Fall 2023
- Additional priority to projects benefiting disadvantaged areas
- Disadvantaged Area definition – Same definition for Line Item 1.E
- Benefit related to public health and the environment (not financial)
- Qualification: 50% of construction costs ⇒ benefit disadvantaged area – Cost for treatment plant upgrades or distribution/collection systems must be divided equitably over service area

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4.C.4 Benefit to Disadvantaged Areas – 5 points

Documentation

- See Guidance for more details
- Projects receiving 1.E points will receive 4.C.4 points without additional documentation
- Justification Narrative (similar to Line Item 1.E)
- Map (same sources as Line Item 1.E)
- Public health or environmental benefit to disadvantaged area
- Project budget (similar to Line Item 1.E)
 - When project benefits customers outside of a DA, the infrastructure cost should be pro-rated based on % of DA's population, service connections, or other documented approach
 - Include calculations!

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4.C.4 Benefit to Disadvantaged Areas – 5 points

- Projects documenting 4.C.4 points are also eligible for 50% PF (up to \$500,000 initial cap)
- Projects benefiting disadvantaged areas must provide documentation in 4.C.4 to be eligible for PF even if you are claiming other 4.C points.

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4.E - 4F (CDBG-I)

- 4.E. Poverty Rate of Local Government
 - Pull down poverty rate from local (LGC) indicators table on Division website
 - Higher the rate, more points received up to 15 points
 - Include a copy of the LGC table with applicant information highlighted
- 4.F. Low-and-Mod-Income Percentage
 - Use the LMI percentage claimed in LMI documentation
 - Ensure all required LMI documentation is provided in both the official (digital/electronic) and hardcopy application
 - LMISD from HUD used for MOE for Income survey
 - MOE for Income survey must be $\leq 10\%$ or $\leq$ LMISD MOE (see CDBG-I specific slides)



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CDBG-I Programmatic Specifics



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CDBG-I Brief Outline

Outline

CDBG-I: CDBG-I Application Resources, and Templates
 CDBG-I: CDBG-I PRS Guidance Changes for Fall 2026
 CDBG-I: Allocation and Maximum Grant Amount
 CDBG-I: Program Focus and Eligibility
 CDBG-I: Project Restrictions and Limitations
 CDBG-I: Applicants Eligible to Apply
 CDBG-I: Application Project Name, Description and Map
 CDBG-I: National Objective Requirement
 CDBG-I: Determining LMI % For a Project
 CDBG-I: Determining LMI % For a Project Using LMISD
 CDBG-I: Income Survey to Determine LMI %
 CDBG-I: Income Survey and Margin of Error (MOE)
 CDBG-I: Determining MOE for Income Survey
 CDBG-I: Documenting LMI % in Application Submission
 CDBG-I: Income Survey Tabulation Workbook
 Section 2
 Section 3
 CDBG-I: Documenting LMI % in Application Submission
 CDBG-I: Required Public Hearing
 CDBG-I: CDBG-I Application Assembly Checklist
 CDBG-I: Application Submission



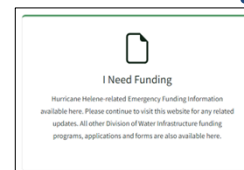
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CDBG-I Application, Resources, and Templates

- **1 Application Forms**
 - All Tab 1 and Tab 2 Requirements
- **2 Priority Rating System (PRS) Guidance**
 - CDBG-I PRS Guidance
 - Interactive Scorecard Tab 2 Requirement
- **3 CDBG-I Additional Forms –**
 - Aligns with CDBG-I Application Assembly Checklist
 - Appendix A – Determining LMI
 - Appendix B – Public Hearings Requirement
 - Appendix C – HUD Forms Instructions
 - The following Tab Requirement
 - Tab 3 (LMI)
 - Tabs 4 – 7 (Application Scoring Guidance)
 - Tab 8 (Federal Form Requirements)
- **4 Additional Resources**
 - LGU Indicators & Documenting Low Pressure

Go To: 'I Need Funding'



Application Process, Forms, Guidance and Resources



Reference Page 21 of CDBG – I PRS Guidance for detailed checklist of required application material documents for scoring and certification

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CDBG-I PRS Guidance Changes for FY-2026

1. Updated Application Assembly Checklist on Page 21.
2. Removed hyperlinks to documents and added links for CDBG-I application documents.
3. Placed information on accounting for paving costs under Budget section instead of Note.
- ★ 4. Removed requirement for Local Government Unit (LGU) official to submit certification of debarment. The LGU is required to submit proof of registration of SAM.gov showing no exceptions by downloading PDF version and include in Tab 8.
- ★ 5. Removed the requirement to submit certified utility rates by a Local Government official. Applicants must still provide copy of utility rates with supporting materials.
- ★ 6. Removed requirement to submit applicants Asset Management Plan. Preparer must follow guidelines under 3.A.1. To receive all 3.A.1 points the Capital Improvement Plan must meet 3.A.2. requirements.
7. Updated Line Item 4.E. Poverty Rate Scoring criteria approved by State Water Infrastructure Authority on February 18, 2026.

[See Page 1 of CDBG-I PRS Guidance](#)



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CDBG-I: Allocation and Maximum Grant Amount

FY- 26 Funding: \$18,980,379 million for FY-2026 Funding

LGU (Local Government Unit) CDBG-I Grant Amounts:

- Maximum grant application: \$3 million
- Maximum number of Open CDBG-I Grants: 3
 - From SWIA award date



Multiple Applications:

- LGUs can submit multiple applications in the same funding cycle.
- Only the highest scoring project will go to SWIA for recommendation
 - Applications must be different projects
 - Each application is reviewed and scored separately



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CDBG-I Program Focus and Eligibility

Program Focus

- Create healthy living environments through public water and sewer infrastructure financing
- Mitigate public and environmental health problems in areas with a LMI percentage of at least 51%

Grant Application Eligibility

- Be a non-entitlement municipality or county
- Must benefit at least 51% LMI persons or households
 - This is based on Population and Not Connections

LMI Person Defined

- Someone whose household income is at or below 80% of the area's median income (AMI)



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CDBG-I: Project Restrictions and Limitations

Project Area Limitations:

- Project areas are limited to predominately residential areas
 - No funding benefits for business districts or for economic development
- Can fund private water/sewer connections to LMI homes
 - Requires additional documentation

Project Restrictions for Flood Areas:

- Floodway (or Regulatory Floodway)
 - HUD financial assistance is prohibited in floodways,
 - with limited exceptions found in 24 CFR 55.8 and 24 CFR 55.21, HUD Notice CPD-17-013)
 - Will allow CIPP, if completely underground and access is done outside floodway
- Floodplain (must comply with 24 CFR Part 55)
 - Can fund projects in the floodplain
 - (1% Annual Chance or 100-Year and 0.2% Annual Chance or 500-year)
 - Must follow new floodplain regulations



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CDBG-I: Applicants Eligible to Apply (Slide 1 of 2)

Small Cities Funding is eligible for all municipalities and counties who are eligible to receive State CDBG funds, **except for entitlement communities and counties.**

Entitlement communities receive funds directly from HUD.

North Carolina's 24 entitlement municipalities are:

Ashville	Burlington	Cary	Chapel Hill	Charlotte	Concord
Durham	Fayetteville	Gastonia	Goldsboro	Greensboro	Greenville
Hickory	High Point	Jacksonville	Kannapolis	Lenoir	Morganton
New Bern	Raleigh	Rocky Mount	Salisbury	Wilmington	Winston-Salem

Entitlement counties receive funds directly from HUD.

Neither the counties nor their municipalities are eligible

Mecklenburg	Wake	Union	Cumberland
-------------	------	-------	------------

- **Except** for the Towns of Holly Springs and Linden.



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CDBG-I: Applicants Eligible to Apply (Slide 2 of 2)

Water and Sewer Authorities

- Single purpose unit of government that owns infrastructure
- Must work with local governments to apply for funding
- Are considered subrecipients



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CDBG-I: Application Project Name, Description and Map

Project Description must include:

- All major components of water or sewer infrastructure
- For diameter, linear footage, and volume use the word “approximately”
- Include pump size and rating if applicable
- Location(s) of any work by geographic reference points such as streams and street names
- The description should “paint” the project in words

Project Map must include:

- Indicate major components of water or sewer infrastructure
- LEGIBLE AND READIBLE
- Indicate the 2016-2020 LMISD in the project areas
- Submit project map as appendix
- Connections: indicate the LMI and non-LMI
- Provide a map reference

Project Name, Description, and Map must be aligned and match Public Hearing Documents – if not – CDBG-I will utilize public hearing description. If this fails applications maybe considered ineligible.

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CDBG-I: National Objective Requirement

CDBG-I eligible projects are contingent on meeting the National Objective - Activities Benefiting Low and Moderate Income (LMI) Persons

**Note that this is not the same as the disadvantaged community definition.*

- 1. Area Benefit Activities:** benefit is to all residents, where at least 51% of the residents are LMI
 - The project area shall not be intentionally drawn to include LMI persons or exclude non-LMI persons
- 2. Limited Clientele Activities:** for CDBG-I is an activity restricted to certain geographic area that at least 51% of whom are low- and moderate- income persons with exception –
 - Exception: activities, the benefits of which are available to all the residents of an area
 - Example of Exceptions: Treatment Plant, Storage Tank

***Reference Appendix A January 2026:
Determining the LMI Percentage of the Project Area***

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CDBG-I: Determining LMI % For a Project

There are two methods to determine LMI percentage for project area.

**Note that this is not the same as the disadvantaged community definition.*

1. Use Low- and Moderate-Income Summary Data (LMISD) – Method 1

- Must use most current LMISD data
- The preferred method for determining LMI

2. Methodologically-sound Local Income Survey – Method 2

- Use 2016-2020 HUD income limits
- Surveys must be within 18 months of application
- English and Spanish templates are available
- A survey form is required for each occupied, vacant, above income, and nonresponsive household.
- Must meet MOE requirements, two calculations for sample size >30 and <30

Four Survey Methods

1. Door-to-door
2. Mail
3. Online
4. Telephone

See Appendix A:

Determining the LMI Percentage of the Project Area

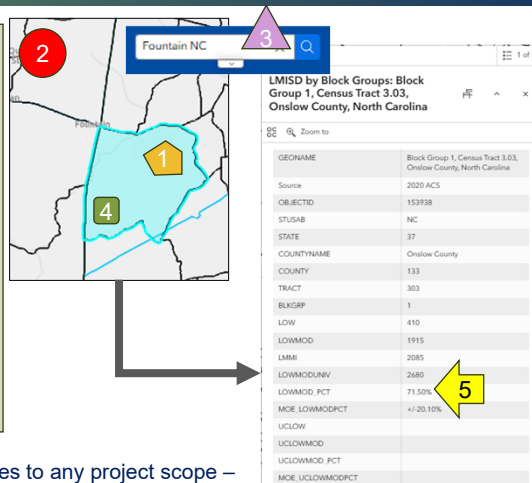
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CDBG-I: Determining LMI % For a Project Using LMISD

Using LMISD for LMI% determination

- 1 Determine the project/service area
- 2 Go to HUD published interactive map application
- 3 Search for LMISD
- 4 Identify where the project/service area is in relation LMISD census block track
- 5 Record the LMI% - done



★ **IMPORTANT:** this LMI% method applies to any project scope – Exception is connections when income survey is required

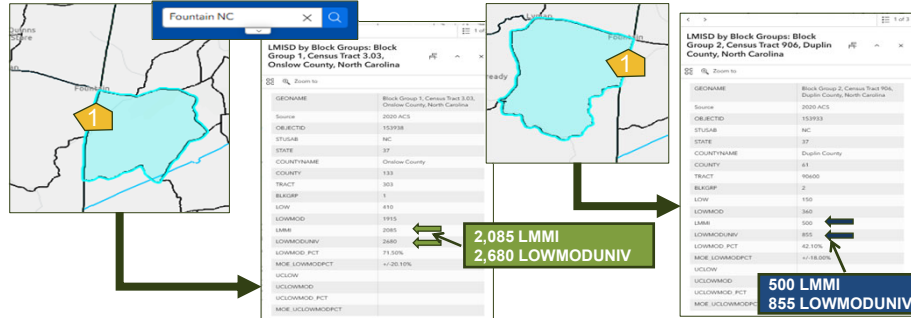
HUD policy is for applicants to use LMISD to the fullest extent feasible unless a grantee believes that the data is not current or does not provide enough information regarding income levels in the entire service area (CPD-14-013).

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CDBG-I: Determining LMI % For a Project Using LMISD

Using Multiple LMISD for LMI determination (CPD 24-04)

★ IMPORTANT: this LMI% method applies to any project scope –
Exception is connections when income survey is required



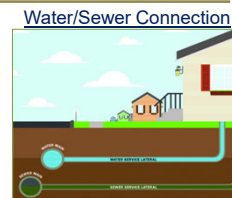
- 1 Project/Service area falls in Block Group 1 & 2
- Cannot prorate & average Block Group 1 & 2
 - LMI % = $(\sum \text{LMI Population 1 \& 2}) \div (\sum \text{LMI Universe population 1 \& 2})$
 - Block 1: 2,085 LMI persons (LMMI) of 2,680 Universe Pop. (LOWMODUNIV) ←
 - Block 2: 500 LMI persons (LMMI) of 855 Universe Pop. (LOWMODUNIV) ←
 - LMI% 1 & 2 = $(2,085 + 500) \div (2,680 + 855) = 73.12\%$
- LMI% is 73.12% which is > 51% and meets National Objective**

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CDBG-I: Income Survey to Determine LMI %

Methodologically-sound Local Income Survey

- A local income survey's sample size shall be determined using not less than a 90 percent confidence level (CPD-24-04)
 - The maximum allowable Margine of Error (MOE) of the local survey shall be the lesser of 10 percent or the MOE of the HUD-provided data for the equivalent geography (CPD-24-04)
 - CDBG-I this is calculated in the tabulation sheet based on the number responsive, non-responsive, vacant and abandoned residences/lots
 - Tabulation spreadsheet will calculate MOE based on number of people served in Project Area
 - Once MOE criteria is met the LMI% is determined based on the HUD published income and respondents to the survey.
-
- If project is connecting households to a public system, income survey required for all connections to verify LMI.
 - All connections must meet the 51% LMI
 - Connections must be connecting to existing service main or service main is in the scope of project application to be eligible



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CDBG-I: Income Survey and Margin of Error (MOE)

- CP 24-04 states –

The maximum Margin of Error (MOE) (10 percent or the equivalent LMISD MOE, whichever is smaller) establishes a standard that a local income survey must be “at least as good as” the 2020 ACS LMISD

- The Division has determined the MOE for income surveys is based on Net Sample Size of the Project/Service Area
 - Survey tabulation and survey form need to document: “Vacant, Non-Responsive, and Abandoned”
- Abandoned residents/lots will not count against the Income Survey MOE
 - Documentation is required to show residence/lot is abandoned with survey – see Appendix A

LMISD BLOCK DATA	
LMISD by Block Groups: Block Group 1, Census Tract 3.03, Onslow County, North Carolina	
Source	2020 ACS
OBJECTID	153938
STUSAB	NC
STATE	37
COUNTYNAME	Onslow County
COUNTY	133
TRACT	303
BKGRP	1
LOW	410
LOWMOD	1915
LMI	2085
LOWMODUNIV	2680
LOWMOD_PCT	71.50%
MOE LOWMOD_PCT	±7.25.10%
UCLOW	
UCLOWMOD	
UCLOWMOD_PCT	
MOE UCLOWMOD_PCT	

LMI%: 71.50%

MOE: 20.10%



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CDBG-I Income Survey Tabulation Workbook

- Tabulation workbook has four tabs
- Tab 1 – Instructions
- Tab 2 – Multiple LMISD LMI%
 - There are specific instructions for this tab located in the tab
- Tab 3 – LMI Information
 - There are specific instructions for this tab located in the tab
- Tab 4 – Demographic and Section 3 Information
 - Enter the demographic data specific to the address as needed from survey form
- Tab 5 – Connections Survey for 1.F Project Purpose
 - Used to compile requirements for Connections for 1.B. and 2.A.



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CDBG-I: Documenting LMI % in Application Submission

The electronic and hardcopy must include:

1. Methodology
2. LMI Project Area Map
3. Documentation of Data Used

Documentation to Submit to Substantiate Application LMI

- Area Benefit Activities: submit the 2016-2020 LMISD data and map show project location
- Limited Clientele Activities: submit copies of signed survey forms, Division LMI tabulation spreadsheet, and 2016-2020 LMISD Data for MOE

To substantiate LMI income surveys include:

- Completed signed surveys
- Surveys with No Responses (marked as such)
- Vacant Properties (marked as such)
- Abandoned Properties (marked as such) with documentation

All surveys need to be signed and dated by both Resident and Surveyor!

See Appendix A for further information

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CDBG-I: Required Public Hearing

A Public Hearing is a Citizen Participation Requirement

- Held within same calendar year of application
- Certified public hearing minutes required

Information to pay attention to:

- Public Hearing Notice advertised in a prominent section of a local newspaper of general circulation
 - **Cannot** be published in the legal notice section
 - Notice Window Prior to Public Hearing
 - At least 10 days before, no more than 25 days
- Required public hearing content – meeting minutes



See Appendix B for Templates in English and Spanish for the advertisement and other materials required for application.



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CDBG-I Application Assembly Checklist

- Assembly of application by TAB:
 - Tab 1 – Resolution
 - Tab 2 –
 - Application with Budget
 - Financial Information Form
 - Interactive Score Card
 - Commitment of Other Funds
 - Utility Rate Sheet (certification not required)
 - Tab 3 – LMI Information for Project
 - See Appendix A for instruction and required documents.
 - Tab 4 – Project Purpose narrative & documentation
 - Tab 5 – Project Benefit narrative & documentation
 - Tab 6 – System Management narrative & documentation
 - Tab 7 – Financial Situation narrative & documentation
 - Tab 8 –
 - Public Hearing
 - See Appendix B for Templates & Instructions
 - HUD Required Forms
 - See Appendix C for Instructions
 - Federal Certifications (4x documents)
 - Sam.gov registration – PDF download
 - Applicant's Capacity Letter
 - Required on LGU Letterhead
 - Applicant documentation of audit status
 - Current on audits
 - Floodplain

Application Assembly Checklist Page 21

CDBG-I Priority Rating System (PRS) Application Assembly for Narratives and Support Documents		
GENERAL CDBG-I ASSEMBLY CHECKLIST		
Check before Submitting Application	Document Order of Layout*	Table of Contents
	Resolution to Apply (PRS Page 12)	Tab 1
	Division of Water Infrastructure Application Form (PRS Page 12)	Tab 2
	3. Sealed Budget (Document posting costs as required PRS Page 12-13)	Tab 2
	Financial Information Form (PRS Page 12)	Tab 2
	Interactive Scorecard (PRS Page 12)	Tab 2
	Commitment of Other Funds (PRS Page 13)	Tab 2
	Utility Rate Sheet (LGI Official certification NOT REQUIRED)	Tab 2
	Low- to - Moderate Income Documentation Tabulation and Supporting Documentation (PRS Page 14-15)	Tab 3
	1. Reference Appendix A: ADDITIONAL FORMS FOR CDBG-I APPLICATIONS	
	PRS Category I: Project Purpose (PRS Pages 18-19 and 22 – 39) – Include Required Narratives, Documentation, and Maps	Tab 4
	PRS Category II: Project Benefit (PRS Pages 18-19 and 40 – 64) – Include Required Narratives, Documentation, and Maps	Tab 5
	PRS Category III: System Management (PRS Pages 18-19 and 67 – 74) – Include Required Narratives, Documentation, and Maps	Tab 6
	PRS Category IV: Financial Situation (PRS Pages 18-19 and 76 – 77) – Include Required Narratives, Documentation, and Maps	Tab 7
	Public Hearing Documentation (PRS Page 16)	Tab 8
	1. Reference Appendix B: ADDITIONAL FORMS FOR CDBG-I APPLICATIONS	
	Four (4x) Certifications (PRS Page 15)	
	1. The Local Government Certification of Understanding of the Rules and Responsibilities Under the HUD State Community Development Block Grant and CDBG-I Program	
	2. The Conflict of Interest Checklist	
	3. Federal Performance and Procurement Requirements Certification	
	4. Disclosure of Other Federal Income and Any Financial Interest by Persons Involved with the Project	
	Three (3x) HUD Required Forms (PRS Page 16-17):	
	1. Economic Need - Infrastructure National Objective Form	
	2. HUD IDS: ACCOMPLISHMENTS & BENEFICIARIES FORM**	Tab 8
	3. Project Source and Use Form**	
	4. Reference: Appendix C: Instructions for HUD Forms	
	**Items 2 and 3 are in the same Excel document	
	Sam.gov registration - PDF download - (PRS Page 17)	Tab 8
	Applicant's Capacity Letter - on applicant's LGU letterhead (PRS Page 17)	Tab 8
	Applicant's audit status (see PRS Page 17)	Tab 8
	Floodplain - Federal Flood Risk Management Standard (FFRMS) Map (See PRS Pages 11 and 18)	Tab 8

Funding Application Forms and Additional Resources Page

- 1 Application Forms
 - 2 Priority Rating Systems, Guidance Documents
 - 3 CDBG-I Additional Forms
 - 4 Additional Resources
- Rolling Applications Dates

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CDBG-I: Application Submission

CDBG-I REQUIRES BOTH HARD COPY APPLICATION with ELECTRONIC SUBMISSION.

- Both due by the Application Deadline in the Raleigh Office.

Electronic Submission

- Done via Laserfiche
- Is the official application

Hard Copy Submission

- Must include original signatures
- Submitted in a three-ring binder
- See PRS & Guidance for FedEx and UPS address



Both applications MUST be complete with all required Tabs!



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Discussion Time

What questions do you have?



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***Asset Inventory &
Assessment (AIA) and
Rate Study Grants***



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Asset Inventory and Assessment Grants (AIA)

Inventory existing water and/or sewer system and document the condition of inventoried infrastructure

For Fall 2026, SRP funding for AIAs may be available

- **\$225,000** limit per LGU's utility, 1.5% Fee
- Match requirement for non-distressed recipients
- Limited to utilities with 10,000 or fewer* residential connections, and once every 3 years

*Larger systems may apply on behalf of eligible systems, must provide resolution to consider merging/regionalizing

Eligible activities can include:

- Identifying and GIS-locating system components
- Performing a risk analysis to determine critical components
- Determining the condition of critical components
- Establishing capital/R&R, and O&M costs
- Creating a prioritized list of projects
- Preparing a realistic Capital Improvement Plan (CIP)
- Conducting a rate study that includes "Full-Cost Pricing"



<https://www.deq.nc.gov/about/divisions/water-infrastructure/i-need-funding/asset-inventory-and-assessment-grants>

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AIA/Rate Study – Application Components

Required for Completeness:

- ☐ Application forms
- ☐ Resolution
- ☐ Fund Transfer Certification Form
- ☐ Narrative question responses
 - Including supporting documentation with specific references in narrative

Required for scoring certain points:

- ☐ Financial Information Form – Operating Ratio
- ☐ Applicable rate sheets – DW/WW bill per 5,000 gal



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AIA – Priority Rating System (PRS)

SRP and VUR Asset Inventory and Assessment Grant Priority Rating System		
Line Item #	Category	Points
1.	Project Benefits	0 - 8
1.A	The LGU has been identified as "distressed" by the Authority and Commission per NCGS 159G-45(b).	2
2.	System Management	
2.A	Knowledge base of utility's internal asset management team	0 - 4
2.B	Current and past rate setting practices, CIPs, etc.	0, 1, or 2
2.C	Management of asset inventory data	0 - 4
2.D	Operating Ratio (OR) is greater than or equal to 1.00 based on a current audit, or is less than 1.00 and water/sewer rates are greater than \$107/month	0, 1, or 2
3.	Affordability	
3.A	Current Monthly Utility Rate at 5,000 gallons usage	0, 1, or 2
3.B	Local Government Unit (LGU) Indicators	
3.B.1	3 out of 5 LGU indicators are worse than the state benchmark OR	0
3.B.2	4 out of 5 LGU indicators are worse than the state benchmark OR	1
3.B.3	5 out of 5 LGU indicators are worse than the state benchmark	2
Total Points		24 Max



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AIA – Application Narrative

3 categories with 8 questions and 4 calculations

- Respond in same order as the Guidance

Category 1: Project Benefits

- Challenges, past asset management efforts, distressed status

Category 2: System Management

- Asset management team, how data will be used, how data will be managed, operating ratio

Category 3: Affordability

- Water/Sewer rates, LGU Indicators



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AIA – Category 1: Project Benefits

Discuss the top 3 challenges your system faces in the next 5 years and how an AIA will benefit these challenges.

- Challenges must directly relate to benefits of an AIA
- Consider (provide documentation as applicable)
 - Permit and regulatory requirements, enforcement actions, and required and approved plans

Discuss past asset management and capital planning efforts and how they were financed

If Distressed, discuss steps already taken/underway to meet statutory requirements



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AIA – Category 2: System Management

Discuss the internal Asset Management Team, including for each member:

- | | |
|------------------|--------------------------------|
| • Name | • Trainings/certifications |
| • Position/title | • Current and future duties |
| • Experience | • Responsibilities on the team |

Discuss rate setting practices and whether an adopted CIP is used to inform that process

- Must include either a copy of the adopted CIP and what projects have been completed,
- Provide proof that the utility's rates were changed within in the past two years to incentivize water conservation (e.g., flat fee to increasing block, adding new tiers within an existing increasing block, etc.)
- ...or BOTH!



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AIA – Category 2: System Management (cont'd)

Discuss how the Team will use and manage the data to address the system challenges

- Consider external/contracted partners (public and/or private)
- Must pertain to top 3 challenges and desired benefits discussed in Category 1

Calculate and discuss the last 3 years' Operating Ratios

- Consider rate increases, bill collection, and other anomalies such as paying off debt early, unplanned capital outlays, etc.
- Must include narrative discussion if all ORs are not > 1.00
- **NEW!** The most recent audit in the Financial Information Form must be no older than 2 years (after FY 2023-24)



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AIA – Category 3: Affordability

Calculate and discuss the system's water and/or sewer rates per 5,000 gallons

Using DWI's Affordability Calculator, determine the system's number of LGU Indicators that are worse than the state benchmarks

- AIA grant eligibility is not based on the Affordability Calculator.



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AIA – Funded Projects

Milestones

1. Letter of Intent to Fund (LOIF)
2. Preliminary Scope Submittal and Approval
3. Executed Grant Agreement and Contract(s)
4. Draft Deliverable – limit disbursement to **85% NEW!!**
5. Closeout and Final Disbursement – limit disbursement to 95% until Last Payment Items

Disbursements for incurred project costs will be made upon request after the Grant Agreement, First Payment Items, and Contract(s) are executed

AIA Funding Requirements:

- Grant period → 2 years from LOIF date
- 1.5% Fee for all
- Local match requirement for non-Distressed
- Up to 10% of funding can be used for software or equipment
- Last Payment Items
 - Final Report based on the approved Scope(s) and contract(s)
 - Executive Summary
 - Proof of presentation and actions taken via meeting minutes or resolution
 - GIS layers (when applicable) to define service area boundaries including service gaps



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Discussion Time



What questions do you have?



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Merger / Regionalization Feasibility Study Grants (MRF)



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Merger/Regionalization Feasibility Study Grants (MRF)

To determine the feasibility of potential partnerships to improve economies of scale

For Fall 2026, SRP funding for MRFs may be available

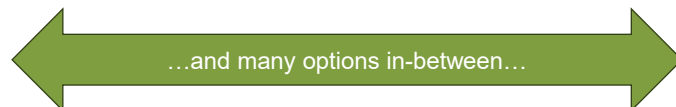
- **\$75,000** limit per LGU's utility, 1.5% Fee
- No match
- Limited to once every 3 years per utility

Merger – partial or complete consolidation

- Two or more utilities
- Organizational, Financial, and/or Operational

Regionalization – physical interconnection

- Water supply or wastewater collection
- Regional treatment



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

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MRF – Project Details

NOT required for all distressed systems

At least one applicant + one partner

- May include multiple partners
- Points for OR and Rates can be from different systems, must provide appropriate FIF and Rate Sheet

Non-distressed partner may apply on behalf of distressed system(s)

MRF scopes must:

- Include at least 3 alternatives + No-Action
- Build upon and advance past efforts, or identify new options that were not addressed in a previous study
- Consider reasons for being distressed and how merging/regionalizing will impact the systems' financial positions and lead to overall viability
- May include decentralization alternatives (VUR Only)

An MRF Grant may be used to further the results of previous MRF and/or other efforts



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MRF – Application Components

Required for Completeness:

- ☐ Application forms
- ☐ Fund Transfer Certification Form
- ☐ Resolution from Applicant
- ☐ Narrative question responses
 - Including supporting documentation with specific references in narrative
- ☐ Letter(s) from potential partner(s)
 - Acknowledge the application and commit to participate
 - Non-binding to act on the study's recommendations

Required for scoring certain points:

- ☐ Financial Information Form – Operating Ratio
- ☐ Applicable rate sheets – DW/WW bill per 5,000 gal



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MRF – Priority Rating System (PRS)

SRP and VUR Merger/Regionalization Feasibility Priority Rating System		
Line Item #	Category	Points
1	Project Benefits	
1.A	Top 3 Challenges and Compliance History	0, 1, 2, or 3
1.B	Past Collaboration and/or Proximity	0, 1, 2, or 3
2	System Management	
2.A	Size and Capabilities	0, 1, or 2
2.B	The LGU has been identified as "distressed" by the Authority and Commission per NCGS 159G-45(b).	3
2.C	Operating Ratio < 1.00	1
3	Affordability	
3.A	Current Monthly Utility Bill for 5,000 gallons usage	0, 2, or 4
3.B	Local Government Unit (LGU) Indicators	
3.B.1	3 out of 5 LGU indicators are worse than the state benchmark OR	0
3.B.2	4 out of 5 LGU indicators are worse than the state benchmark OR	2
3.B.3	5 out of 5 LGU indicators are worse than the state benchmark	4
Total Points		20 Max



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MRF – Application Narrative

3 categories with 9 questions and 4 calculations

- Respond in same order as the Guidance

Category 1: Project Benefits

- Challenges, past studies, compliance history, past collaboration, proximity, and unallocated capacity

Category 2: System Management

- Organizational size and capabilities, desired level of service, distressed status, and operating ratio

Category 3: Affordability

- Water/Sewer rates, LGU Indicators



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MRF – Category 1: Project Benefits

Discuss the **top 3 challenges** your system faces in the next 5 years and how an MRF will benefit these challenges.

- Challenges must directly relate to benefits of an MRF
- Consider (provide documentation as applicable)
 - Technical ability, Organization structure, and Financial health

Discuss **steps already taken/underway** to meet statutory requirements of Distressed system

Discuss **previous MRF or similar studies**, proximity to, and **past collaboration** with partners

Confirm that at least one system has **adequate unallocated capacity to expand**



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MRF – Category 2: System Management

Discuss the system size and capabilities, considering

- Number, position descriptions, and actual duties of utility staff
- Consider any contracted operation and management agreements with private and other public entities

Define or start to define the system's desired level of service for its customers

Calculate and discuss the most recent fiscal year's Operating Ratio

- Provide a Financial Information Form for the system being used to claim the points for Operating Ratio
- Consider rate increases and bill collection percentages
- **NEW!!** Read the MRF PRS Guidance for the new 2-year late audit requirement for OR points



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MRF – Category 3: Affordability

Calculate and discuss the system's water and/or sewer rates per 5,000 gallons

- Provide the rate sheet for the system being used to claim the points for Rates/5,000 gallons

Using DWI's Affordability Calculator, determine the system's number of LGU Indicators that are worse than the state benchmarks

- MRF grant eligibility is not based on the Affordability Calculator



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MRF – Funded Projects

Milestones

1. Letter of Intent to Fund (LOIF)
2. Preliminary Scope Submittal and Approval
3. Executed Grant Agreement and Contract(s)
4. Draft Deliverable – limit disbursement at **85% NEW!!**
5. Closeout and Final Disbursement – limit disbursement at 95% until Last Payment Items

Disbursements for incurred project costs will be made upon request after the Grant Agreement, First Payment Items, and Contract(s) are executed

MRF Funding Requirements

- Grant period → 2 years from LOIF date
- 1.5% Fee for all, no local match requirement
- Last Payment Items
 - Final Report containing alternatives evaluation, analysis of each alternative including financial implications, and conclusions/recommendations
 - Executive Summary
 - Proof of presentation and actions taken via meeting minutes or resolution



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

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Discussion Time

What questions do you have?



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IIJA – DWSRF Lead Service Lines Replacement Program



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IIJA – LSLR Allotments for N.C.

IIJA DWSRF-LSLR Allotments for N.C.			
Capitalization Grant Year	Total Allotment	Available for Projects	Principal Forgiveness (49%)
FY 2022	\$87,062,000	\$67,037,740	\$42,660,380
FY 2023	\$87,290,000	\$64,594,600	\$42,772,100
FY 2024	\$76,201,000	\$56,388,740	\$37,338,490
FY 2025 ⁽¹⁾	\$28,650,000	\$21,201,000	\$14,038,500
FY 2026	\$27,456,000	\$20,317,440 ⁽²⁾	\$13,453,440
⁽¹⁾ Initial allotment.			
⁽²⁾ Estimate based on 26% set asides applied to FY 2026 total allotment amount			

Portion of each allotment will be used for set-aside activities:

- LSL inventory support and technical assistance
- Program management



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IIJA – LSLR Program – Reallotments

North Carolina IIJA DWSRF-LSLR Reallotments			
Capitalization Grant Year	Total Reallotment	Available for Projects	Principal Forgiveness (49%)
FY 2022 ¹	\$0	\$0	\$0
FY 2023	\$23,038,000	\$17,048,120	\$11,288,620
FY 2024	\$21,069,000	\$15,591,060	\$10,323,810
FY 2025	TBD	TBD	TBD
FY 2026	TBD	TBD	TBD
¹ NC opted out.			
² Estimate based on 26% set asides applied to FY 2026 total allotment amount			



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IIJA– Estimated Funds Available

FY 2025 IIJA DWSRF-LSLR for NC			
SWIA Meeting Award Date	Total	Principal Forgiveness	No-interest Loan
Available prior to April 2026 awards ¹	\$78,755,579	\$38,948,699	\$39,806,880
Awarded in April 2026	\$15,786,759	\$9,118,559	\$6,668,200
Available for July 2026	\$21,626,214	\$10,695,279	\$10,930,935
Available for September 2026	\$21,626,214	\$10,695,279	\$10,930,935
Available for December 2026	\$19,716,392 + TBD ²	\$8,439,582 + TBD ²	\$11,276,810 + TBD ²
¹ Includes FY 2025 allotment, FY 2023+FY 2024 reallocations, leftover from FY 2024 allotment, and declined awards of previous awards			
² Any remaining FY 2025 funds plus funds from FY 2026 allotment to meet demand			



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IIJA – LSLR Funding Program

- Eligible funding recipients
 - Local government units
 - Non-profit water utilities
 - Investor-owned water utilities
- Eligible projects or activities must be
 - Lead service line replacement (LSLR) projects or
 - Activities directly connected to the identification, planning, design, and replacement of lead service lines
- Funds now available for projects addressing lead in water mains, service meters, valves and other components previously not eligible. Limited to service lines in disadvantaged areas.



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IIJA – LSLR Funding Program

Replacement projects must replace the entire lead service line

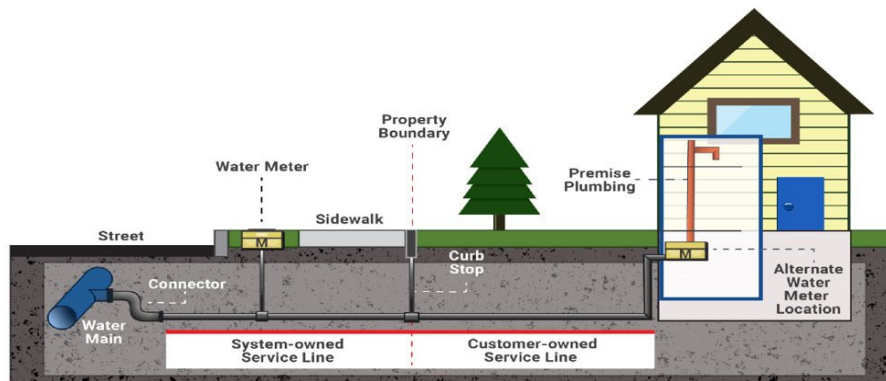
- Service line connects the water main to the building inlet
 - Includes lead connectors (goosenecks, pigtails, etc.)
 - Includes galvanized service lines downstream of a known lead service line or of line of unknown material
- No need to replace portions previously replaced
- Funds cannot be used for in-house “premise” plumbing



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IIJA – LSLR Private Side Work



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IIJA – LSLR Private Side Work

You must replace entire lead portions of the service line for any of the work to be eligible for funds

- Homeowners are not required to replace their lines
- Utility not required to pay for the private-side portion of the work (but if you don't... you can't get funds for work at that location!)
- Must document that the entire known lead portions have been replaced

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IIJA – LSLR Private Side Work

Flexibility to find solution that works best for your system

- Utility performs work (in house or contract)
- Homeowner hires “approved” service provider
 - Utility reimbursement to homeowners
 - Utility direct payment to service provider (plumber)
 - Utility uses force accounts



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IIJA– LSLR Loan Terms

- >50% of LSLR funds available for projects are non-repayable loans (PF)
- Repayable loan will be at 0% interest rate
- Loan terms cannot exceed expected life of the project:
 - 20-year term loan for replacement projects
 - 5-year term loan for inventory-only projects



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IIJA– LSLR Principal Forgiveness (PF)

- Portion of the loan that is not repayable
- Determined at time of award based on application:
 - Affordability Criteria – evaluates entire community/utility
 - Considers community size, water/sewer rates, and economic indicators
 - Eligibility ranges from 0% - 100% (in 25% increments)
 - Disadvantaged Area – evaluates residents benefiting from the project, eligible for 50% PF
- Initial cap of \$1,000,000 or eligibility percentage of project cost (whichever is lower)
- Caps and percentages can be exceeded if additional PF funds are available in a funding round
 - Anticipate being able to provide PF up to eligibility % or more

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IIJA – LSLR Conditions

- Funds are provided after costs have been incurred, not upfront
- Drinking Water State Revolving Fund (DWSRF) conditions apply and must be documented:
 - Davis-Bacon Prevailing Wage Rates
 - American Iron and Steel (AIS)
 - Build America, Buy America (BABA)



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IIJA – LSLR Funding Types and Caps

- 50% of available funds each round reserved for inventory projects
 - may use funds from reserve for other project types once demand for inventory projects is met
 - DWI will reassess inventory reserve and funding caps for future FY allotments.
- Applicants may apply for multiple project types for the same round



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IIJA – LSLR Project Types & Funding Caps

- Replacing known lead service lines (LSLs)
 - Inventory identified LSLs and ready to replace
 - \$5M cap per applicant per funding round
- Find and Replace
 - Inventory identified service lines likely to be LSLs
 - Ready to verify materials and replace confirmed LSLs
 - \$2M cap per applicant per round
 - Maximum \$1M can be used for material verification
- Inventory only
 - Further investigation and verification of service lines identified as “unknown” in initial inventory
 - \$1M cap per applicant per round
- Funding Caps can be exceeded in priority order by \$500,000 increments when funds are available



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IIJA – LSLR Priority Rating System

Projects will be recommended for funding based on approved priority rating system

1. Project purpose
2. Project benefits
3. System Management (not used)
4. Affordability



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IIJA – LSLR Priority Rating System – Project Purpose

Category 1 – Project Purpose

Project Purpose Points			
Line Item #	Category 1 – Project Purpose (Points will be awarded for <u>only one</u> Project Purpose)	Claimed Yes/No	Points
1.A	Project eliminates lead service lines (100% of project is to replace known lead service lines)		20
1.B	Project establishes and implements a program to find and replace lead service lines in areas suspect to have lead lines.		15
1.C	Project inventories lead service lines (no replacement as part of project)		10
Maximum points for Category 1 – Project Purpose			20

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IIJA – LSLR Priority Rating System – Project Benefit

Category 2 – Project Benefits

Project Benefits Points			
Line Item #	Category 2 – Project Benefits	Claimed Yes/No	Points
2.A	Project directly addresses/resolves Lead Action Level Exceedance		5
2.B	Project benefits area has documented Lead Action Level Exceedance		2
Maximum points for Category 2 – Project Benefits			5



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IIJA – LSLR Priority rating System – Affordability

Category 4 - Affordability

Affordability Points			
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 gal Usage		
4.B.1	Greater than \$97 OR		4
4.B.2	Greater than \$117 OR		6
4.B.3	Greater than \$134 OR		8
4.B.4	Greater than \$161		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 OR		7
4.C.4	Project benefits disadvantaged areas		5
Maximum points for Category 4 – Affordability			25

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IIJA – Lead Service Line Replacement Project Application Form



This application form is for applications that are accepted on a rolling basis. Specifically, this application is for **Lead Service Line Replacement** projects funded through the Infrastructure Investment and Jobs Act (IIJA) Drinking Water State Revolving Fund Lead Service Line Replacement Program (DWSRF-LSLR), **Emerging Contaminants** study projects funded through the Drinking Water State Revolving Fund Emerging Contaminants (DWSRF-EC) and Clean Water State Revolving Fund Emerging Contaminants (CWSRF-EC) programs, **Decentralized Wastewater Treatment Systems (DWTS)** Pilot Program, funded through the CWSRF, and resiliency projects funded through the CWSRF and DWSRF Supplemental Appropriation for Hurricanes Helene and Milton and the Hawaii Wildfires (SA-HMW also known as SRF Helene funding) for drinking water systems, wastewater systems, and DWTS.

Project applications submitted for these project types will be considered on a rolling basis, with recommendation for funding made to the State Water Infrastructure Authority (SWIA) at the next scheduled meeting.

The information below provides more specific information related to these programs.

DWSRF Lead Service Line Replacement Program

Zero-percent (0%) interest loans and principal forgiveness (PF) are available for projects eligible to receive funding from the DWSRF-LSLR program made available through the BIL. Complete this Application for funding along with required additional forms and documentation to Division of Water Infrastructure (DWI) of the NC Department of Environmental Quality.

Eligible projects include (1) removal of known lead service lines (LSLs) and lead connectors, (2) projects to find and replace LSLs and lead connectors, and (3) projects to **inventory** LSLs. A "lead service line" is defined as follows:

*A water service line made of lead, which connects the water main to the building inlet. A lead service line may be owned by the water system, owned by the property owner, or both. A galvanized service line is considered a lead service line if it ever was or currently is downstream of any lead service line or service line of unknown material. USEPA has expanded the eligible uses beyond the definition above to also include the replacement of lead goosenecks, pigtail, and connectors as eligible expenses, whether **stand-alone** or connected to a lead service line.*

For brevity, lead goosenecks, pigtail, and connectors are included in the definition of "lead service lines" in this application form. For FY 2022 and FY 2023 LSLR funds, replacement of all service lines identified as galvanized requirement replacement (GRR) are eligible expenses.

Part of the new LSLR/EC-S rolling application

Available on Division's "Application Forms and Additional Resources" webpage

<https://deq.nc.gov/about/divisions/water-infrastructure/i-need-funding/application-forms-and-additional-resources>

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24 Month Schedule

[illegible]

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Construction Project Schedule

- **GS 159G-41**
 - 2 years to get under construction contract from LOIF
 - 1 year to get under contract after award (signing offer agreement)
 - Unless there is an approved extension.
- **Offer and Acceptance**
 - Signed by Recipient and DWI
 - Board approved agreement and Resolution
- **Engineering Report Approval ~9 Months from LOIF**
 - Alternatives Analysis
 - Environmental Review (if required), more time for FONSI
- **Plans and Specifications Approval ~19 Months from LOIF**
- **Project Bid**
- **Construction/Contract Start $\leq$ 24 Months from LOIF**

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When do I get my money?

- **Loan Recipients**
 - LGC approval of all debt
 - Get annual financial audits in order
 - Construction projects must have bids in hand!
- **DWI Fees – NCGS 159G-24**
 - 2% of the loan (includes principal forgiveness)
 - 1.5% of the grant
 - Due after bidding and prior to first disbursement
- **Disbursement of funds – NCGS 159G-42**
 - Disburse based on the progress of the project
 - Recipient must document expenditures
 - Funds for approved costs only



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When do I start getting my money?

First payment checklist (all projects)

- ☐ Executed Funding Offer and Acceptance Resolution
- ☐ Federal ID/UEID Form
- ☐ Sales Tax Certification
- ☐ Executed and Approved Agreements/Contracts
 - ☐ including Notice to Proceed for construction only

Construction Only (plus the above)

- ☐ Site Certification
- ☐ Engineering Procurement Certification (EC and CWSRF)
- ☐ DWI's Authority to Award



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When do I get the rest of my money?

Construction only last payment checklist (key items)

- ☐ Closeout Checklist (signed by recipient)
- ☐ Owner's Certification of Completion
- ☐ Engineer's Certification
- ☐ DWI's Final Change Order Eligibility Determination
- ☐ DWI's Final Inspection Report



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When do I get the rest of my money?

AIA/MRF Planning only last payment checklist (key items)

- ☐ Final Report
- ☐ Executive Summary
- ☐ Proof that the project's findings were presented to LGU's governing body via either minutes or resolution
- ☐ GIS shape-files to determine service area boundary including gaps (AIA only)



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State Revolving Fund (SRF) Conditions

- SRF
 - Offer and Acceptance Package
 - Conditions and Assurances
 - Davis-Bacon Wage Rates
 - American Iron and Steel
 - Build America, Buy America (in place of AIS!)
- Read your Letter of Intent to Fund (LOIF)
- Read your offer and acceptance letter



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State Revolving Fund (SRF)

- Build America, Buy America (BABA) Act
 - Beginning May 2022, BABA applies to equivalency SRF projects every funding round, and to all projects funded with IIJA money.
 - All iron and steel are produced in the United States.
 - All manufactured products are produced in the United States.
 - All construction materials are manufactured in the United States.
 - EPA website: [Build America, Buy America \(BABA\) | US EPA](#)

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BABA – Approved Waivers

- [EPA De Minimis General Applicability Waiver](#)
 - Waive requirements for products that cumulatively comprise no more than five percent of the total project cost.
 - This waiver is not additive with the existing American Iron and Steel national de minimis waiver.
- [EPA Small Project General Applicability Waiver](#)
 - Waiver for small projects, where assistance agreements or subawards under assistance agreements are less than \$250,000
- [EPA Project-Specific Waivers](#)
 - Nonavailability – product is not available in sufficient quantities or quality
 - Unreasonable Cost – increase total cost more than 25%
 - Public Interest – implementation is not in the public interest; high bar and complicated evaluation process



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Timely and Expeditious Use of Funds

- EPA issued a memo (January 31, 2024) to all states requiring a statement in Intended Use Plan confirming that the funds will be expended in a timely and expeditious manner
- Each cap grant will expire in seven years once the drawdown begins
- Hence, it is extremely important for projects to finish on time as indicated in the Letter of Intend to Fund (LOIF)
- Projects not following these milestone dates risk loss of committed SRF funds



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Funds Available

Fall 2026 Application Type	Approximate Amount Available in Fall 2026			
Drinking Water Projects	DWSRF Loan: \$70M (incl. \$19M in PF)	Emerging Contaminants (EC): \$2.8M for construction (100% PF)		
Wastewater Projects (including stormwater quality, stream restoration)	CWSRF Loan: \$90M (incl. \$10M in PF)	Emerging Contaminants (EC): Up to \$2M for construction (estimated) (100% PF)	CDBG-I ~\$18.9M	DW and WW SRP Grant/Loan: \$10M
Planning Projects				
Total	~\$193.7M			

Rolling Application Type	Approximate Amount Available Through 2026
Lead Service Line Replacement	~\$50M (incl. ~\$20M in PF) (more available if needed)
Evaluation/Assessment Studies to Address PFAS in Drinking Water and in Wastewater/Landfills	Drinking Water ~\$9M (100% PF)
	Wastewater ~\$3.3M (100% PF)
Total	~\$62.3M

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Discussion Time

What questions do you have?



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Thank you!

See our website for contact information.
<https://www.deq.nc.gov/water-infrastructure-contacts>



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