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## *Agenda*

- Introductions & program overview
- Application package completion
- Priority Rating Systems (PRSs) for drinking water and wastewater construction projects (including Emerging Contaminants Studies)
- CDBG-I updates
- VUR updates (Construction, AIA, and MRF)
- Lead Service Line update
- Funding expectations primer
- Wrap-Up

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## *Training Handout Packet*

- Agenda
- Presentation
- NCDEQ DWI common application
- NCDEQ DWI rolling application
- Priority Rating Systems for all programs
- VUR forms
- One-sheets for all funding programs and more

Guidance and other documents can be found on our website at: <https://deq.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 Thursday, April 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.)
    - March 2, 2026
    - June 1, 2026
    - August 3, 2026
    - November 2, 2026



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## Funds Available

Spring 2026 Application Type	Approximate Amount Available <b>in Spring 2026</b>			
Drinking Water Projects	DWSRF Loan: \$50M (incl. \$18 M in PF)	Emerging Contaminants (EC): \$10M for construction (100% PF)	CDBG-I ~\$10M	Viable Utility Reserve \$20M grants (~\$18M for construction and ~\$2M for planning)
Wastewater Projects (including stormwater quality, stream restoration)	CWSRF Loan: \$90 M (incl. \$13 M in PF)	Emerging Contaminants (EC): Up to \$4M for construction (estimated) (100% PF)		
Planning Projects				
<b>Total</b>	<b>~\$184M</b>			

Rolling Application Type	Approximate Amount Available <b>Through 2026</b>
Lead Service Line Inventories and Replacements	~\$15M (incl. ~\$3.3M in PF) (more is available)
Evaluation/Assessment Studies to Address PFAS in Drinking Water and in Wastewater/Landfills	Drinking Water ~\$10M (100% PF) Wastewater ~\$2M (100% PF)
<b>Total</b>	<b>~\$27.0M</b>

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## Funding Types and Limits for Spring 2026 Round Construction & Planning

Program	Funding Type and Limits
<b>Drinking Water State Revolving Fund</b>	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
<b>Clean Water State Revolving Fund</b>	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
<b>Viable Utility Reserve</b>	100% state grant up to \$5M per construction project up to \$400k per LGU for AIA, rate study, MRF VUR cap of \$15M per Distressed LGU

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### What's New Since Fall 2025

- LSLR funding eligibility extended to
  - GRR downstream of unknown material
  - "Integrated components" (mains, meters, valves, etc.) connected to lead service lines in disadvantaged areas
- DWSRF EC Studies – Guidance change to allow flexibility in considering special circumstances in which applicants would not meet PFAS MCLs. (2.H.3 and 2.H.4)

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### What's New This Round – LSLR Funding

- Lead Service Line Replacement Projects
  - More funds available!

Approx. Application Due Date	SWIA Meeting (Award Date)	Est. LSLR Funds Available (Includes PF)	Est. Principal Forgiveness (PF) Available
March 2, 2026	April 15-16, 2026	\$15,017,399	\$3,297,769
June 1, 2026	July 16, 2026	April Awards Remainder + TBD	April Awards Remainder + TBD
August 3, 2026	September 16, 2026	June Awards Remainder + TBD	June Awards Remainder + TBD

- Initial funding caps can be increased in \$500,000 increments if funds are available for the round
  - \$5M for replacement of known lead
  - \$2M for find and replace
  - \$1M for inventory



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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 April 30, 2026
  - B. Can start upload at 4:59 p.m. on April 30, 2026
  - C. Must be submitted by Midnight on April 30, 2026
  - D. None of the above



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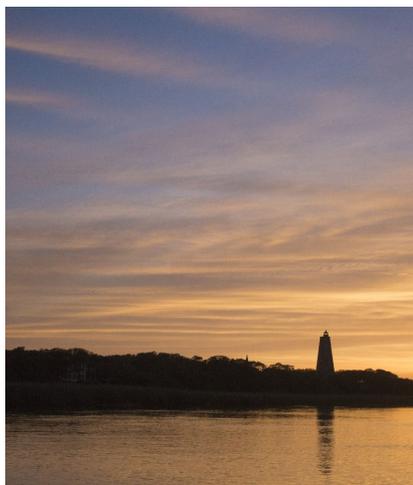
### *Pop Quiz: Funding Programs Question #3*

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



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### *Application Package Completion*



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## *Semi-Annual Application Packet*

- Division application
- Priority points sheet and narrative
  - Wastewater, including IIJA-EC construction funding
  - AIA/rate study and MRF for VUR funding (narrative only)
  - Drinking water, including IIJA- EC construction funding
- 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 Packages*

- Distressed applicants
  - VUR Construction Supplemental Form
- Construction applications not funded in previous round (Fall 2025) considered in Spring 2026
  - No additional information allowed
  - Application reconsidered as-is
  - Adding information? ⇨ Submit completely new application
  - Each application viewed as stand-alone



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## *Know Before You Go: Final Check Tips*

- All signatures present including electronic copies
- All forms present and complete
  - Application
  - Fund Transfer Certification
  - Rate sheet(s)
  - Resolution
  - VUR eligibility form (if applicable)
  - 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 February 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



Low-interest loans, principal forgiveness (PF), grants and loans from the Utility System Reserve (USR), Community Development Block Grant - Infrastructure (CDBG-IL), Drinking Water State Revolving Fund (DWSRF) and the Clean Water State Revolving Fund (CWSRF) are available for construction projects in the Spring 2026 funding round. Planning grants for the Asset Inventory and Assessment (AIA) and Mergers / Reorganization Feasibility (MRF) study programs are also available in the Spring 2026 funding round from the VOF (for eligible applicants only). Principal forgiveness (PF) for construction projects from the Infrastructure Investment and Jobs Act (IIJA) DWSRF Emerging Contaminants (DWSRF-EC-C) Funds and IIAA Clean Water State Revolving Fund (CWSRF-EC-C) are available for projects addressing PFAS contamination in drinking water and wastewater. **Notes:** Funding for CWSRF-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 Inventory and Replacement Funding, EC study funding, and the Decentralized Wastewater Treatment Systems (DWTS) Pilot Program.

Spring 2026 applications are due **Thursday, April 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 <a href="#">application page</a> .

# Section 1 – General Information

North Carolina Department of Environmental Quality Division of Water Infrastructure Application for Funding	
<b>1. General Information</b>	
Applicant Name	County: _____ Unique Entity Identifier (UEI): _____
Project Name	Federal Tax ID #: _____ FWSID or NPDES # (if applicable): _____
Applicant Type	Funding Amount Requested: _____ Total Project Cost: _____
<input type="checkbox"/> Municipality <input type="checkbox"/> County <input type="checkbox"/> Water and Sewer District <input type="checkbox"/> Water and Sewer Authority <input type="checkbox"/> Sanitary District <input type="checkbox"/> Other (Specify): _____	<input type="checkbox"/> Metropolitan Water Sewerage District <input type="checkbox"/> Non-Profit Water Corporation <input type="checkbox"/> Investor-Owned Drinking Water Corporation <input type="checkbox"/> Council of Government <input type="checkbox"/> Other (Specify): _____
Funding Type(s) Requested – Construction Projects	
<input type="checkbox"/> Drinking Water or Wastewater Planning (VUR only) <input type="checkbox"/> Asset Inventory and Assessment (AIA) <input type="checkbox"/> Mergers/Reorganization Feasibility (MRF) Study	<input type="checkbox"/> Drinking Water <input type="checkbox"/> Drinking Water Emerging Contaminants (PFAS) project <input type="checkbox"/> Wastewater <input type="checkbox"/> Wastewater Emerging Contaminants (PFAS) project <input type="checkbox"/> CWSRF Green Project: stream restoration, stormwater, TCM, reclaimed water <input type="checkbox"/> CDBG-Infrastructure (CDBG-I)
CDBG-I only: LMI Determination Method: <input type="checkbox"/> ACS <input type="checkbox"/> Survey	LMI Percentage: _____
<b>Funds for Existing SWIA-Funded Project</b> If this application is for additional funding for an existing SWIA-funded project, provide the project's Agreement Number (example format: 2020000000) or Project Number (example format: CS370123-45; SRP-W-ADP-0000; 21-0-1234)	
<i>Note: Applications for projects that have been previously funded from any DWI 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 DWI funding award by the application deadline.</i>	

**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 grant 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 (only loans) 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 \$500,000 in PF based on PF availability. Indicating a minimum grant PF request above \$500,000 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.)*





## Division Application – Sections 2, 3, 4, & 5 – Tips

- Section 2
  - Water/sewer connections (residential & non-residential)
  - Water/sewer bills
  - Service population
  - For rate increases, split between DW & WW
- **Section 3 – Authorized Representative\*\*\***
  - *Top elected official*
  - *Top administrative official (e.g., Town Manager)*
  - *Person listed as Authorized Representative in Resolution*
    - *Utility Director*
    - *Finance Officer*
    - *Council Member*
- Sections 4 & 5 – Application Preparer and Engineer Contact
  - Please make sure same contacts are listed as provided in the electronic application submittal form.

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## Sections 6-7 – Project Description & Additional Information

<b>6. Project Description (see Instructions)</b>	
Empty space for project description	
Estimated number of <b>sew</b> connections served by Drinking Water or Wastewater construction, <b>Emerging Contaminants (PFAS):</b>	<input type="text"/>
<input type="checkbox"/> <b>50% or more of the project budget is to directly benefit a Disadvantaged Area.</b> 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.	
<b>For Drinking Water and Wastewater construction, Emerging Contaminants (PFAS) construction, CWSRF Green Project, and CDBG-I:</b>	
<input type="checkbox"/>	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.
<input type="checkbox"/>	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.
<input type="checkbox"/>	None of the above.
<b>7. Additional Information for Consideration</b>	
Empty space for additional information	

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## Sections 7 (rolling) & 8 (semi-annual) – Tips

- Budget funding requested must match funding requested in Section 1
- Section 7a – Rolling Application
  - For EC and LSLs, differentiate items for disadvantaged areas
  - *Affix PE Seal, signature, and date\*\*\**
- Section 8a – DW/WW construction budget (semi-annual only)
  - If claiming Line Items 1.C.1, 1.D.1, 1.E, 1.J.1, 1.J.2, 2.B.2 & 4.C.4, add lines as described in table instructions
  - *Affix PE seal, signature, and date\*\*\**
- Section 7b (Rolling Application) – For DWTS planning only
- Section 8b (Semi-annual) – Water and wastewater planning project budgets

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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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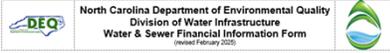
## Additional Forms



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# Financial Information Form



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 fund, 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		
	2014	2015	2016
<b>Operating Revenues</b>			
Customer Charges			
Connection Fees			
Other Revenue			
<b>Total Operating Revenues</b>			
<b>Expenditures</b>			
<i>Administration</i>			
Salaries			
Other			
<i>Operations</i>			
Salaries			
Other			
<b>Total Expenditures</b>			
<b>Other (do not include depreciation)</b>			
Debt principal			
Interest			
Capital outlay			
Capital reserve			
Transfer from (to) other funds			
Other (list):			
<b>Total Other</b>			
<b>Net Income (Loss)</b>			

3. Certification. Please read and sign below.

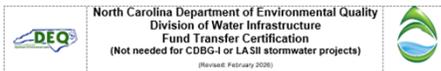
I attest that the fiscal information provided in this form, to the best of my knowledge, is accurate, complete, true, and matches audits for the past three years (or the equivalent formal financial records for non-local government applicants). I further attest that, to the best of my knowledge, if \_\_\_\_\_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



§ 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 \_\_\_\_\_, 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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## VUR Construction Eligibility Form

- Required to be considered for project funding from the VUR
- All *distressed LGUs* must complete form to be awarded VUR Construction Grant funding
- Intent – VUR Construction grants promote viability

	North Carolina Department of Environmental Quality Division of Water Infrastructure Viable Utility Reserve Construction Project Supplemental Information Form <small>(Revised February 2026)</small>	
LGU Name: <input type="text"/> Project Name: <input type="text"/> Check Project Type: <input type="checkbox"/> Drinking Water <input type="checkbox"/> Wastewater		
<p>This form is for local government units (LGUs) that are designated as distressed by the State Water Infrastructure Authority (SWIA) and the Local Government Commission (LGC) under G.S. 159G-45(a) and wish to be considered for Viable Utility Reserve (VUR) construction grant funding. Any distressed LGU must complete the statutory requirements found in G.S. 159G-45(b), including viable utilities initial education. Additionally, G.S. 159G-32(d) limits the types of eligible projects for VUR funding. <b>Please read the information in Section 1 below and complete the information in Sections 2 and 3.</b></p>		
<p><b>1. Viable Utilities Initial Education</b></p> <p>Each LGU designated as distressed must be compliant with their viable utilities initial education (Best Utility Management Practices) requirements. As of July 1, 2026, compliance means that at least two of the four required people (i.e., two elected officials, utilities manager, financial manager) must have completed the training within the past two years. LGUs that have completed this initial education should have received a certificate from Division of Water Infrastructure staff. If you have questions related to the status of your LGU's initial education requirements, please contact Tony Dangora at DEQ.DWI.VUtraining@deq.nc.gov or 919.707.8632.</p>		
<p><b>2. Verify Project Type is Eligible for VUR Funding</b></p> <p>Check the box for your project's VUR eligibility type.</p> <p><input type="checkbox"/> Project provides interconnection/extension of public water or wastewater infrastructure to provide regional service. [G.S. 159G-32(d)(1)]</p> <p><input type="checkbox"/> Project rehabilitates existing public water or wastewater infrastructure. [G.S. 159G-32(d)(2)]</p> <p><input type="checkbox"/> Project decentralizes an existing public water system or wastewater system into smaller viable parts. [G.S. 159G-32(d)(3)]</p> <p><input type="checkbox"/> Other options deemed feasible which result in local government units generating sufficient revenues to adequately fund management and operations, personnel, appropriate levels of maintenance, and reinvestment that facilitate the provision of reliable water or wastewater services. [G.S. 159G-32(d)(5)]</p>		

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## Resolutions – Tips

- Recommend using supplied template
- Due at time of application
- 1<sup>st</sup> 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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### *Pop Quiz: Application Package – Question #3*

All LGUs designated as distressed who are applying for construction funding should complete the VUR eligibility form.

- True
- False



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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 Spring 2026
    - DW – Can be up to \$10M 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 (PRSs)
  - 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.



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

2025 PRIORITY RATING SYSTEM for Drinking Water Projects				
1.F-1.J		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 <b>OR</b>		12
1.J.2	EC	At least 75% of the project costs are to address Emerging Contaminants (construction projects) <b>OR</b>		5
1.J.3		Reserved for EC-Study Program. Please use the appropriate guidance and the rolling application.		
<b>Maximum points for Category 1 – Project Purpose</b>				<b>25</b>
<b>Subtotal claimed for Category 1 – Project Purpose</b>				
Line Item #	EC Line Item	Category 2 – Project Benefits	Claimed Yes/No	Points
2.A		Reserved for other programs		
2.B		Project provides a specific public health benefit		
2.B.1		Project addresses dry wells or contamination of a drinking water source; or resolves managerial, technical & financial issues		20
2.B.2		Projects that eliminate lead service lines		10
2.C		Reserved for other programs		
2.D		Project addresses promulgated but not yet effective regulations		10
2.E		Project directly addresses enforcement documents		
2.E.1		Project directly addresses an EPA Administrative Order for a local government Applicant located in a Tier 1 county, or addresses an existing or pending SOC, or a DEQ Administrative Order, <b>OR</b>		5

2025 PRIORITY RATING SYSTEM for Wastewater Projects				
1.G.2		Restoration project that includes restoration and/or protection of riparian buffers to at least 30 feet on both sides of the stream		5
1.H		Project will provide SCMs to treat existing sources of pollution		10
1.H.1		Project that includes SCMs in series that achieve at least 35% nutrient reduction (both TN and TP) and 85% TSS reduction		10
1.I		Project will provide reclaimed water/usage or rainwater harvesting/usage		10
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 <b>OR</b>		12
1.J.2	EC	At least 75% of the project costs are to address Emerging Contaminants (construction projects) <b>OR</b>		5
1.J.3	EC	Reserved for EC-Study Program. Please use the appropriate guidance and the rolling application.		5
<b>Maximum points for Category 1 – Project Purpose</b>				<b>25</b>
<b>Subtotal claimed for Category 1 – Project Purpose</b>				
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

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

- **EC studies**
  - Availability from FY 2026 (EC study reserve)
    - DW – Up to \$10M
    - WW – Up to \$2M
  - 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 Dates are June 1, 2026 and August 3, 2026**

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## (New) IJJA 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 <b>maximum</b> 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 <b>only one</b> 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 <b>OR</b>		12
1.J.2	EC	At least 75% of the project costs are to address Emerging Contaminants (construction projects) <b>OR</b>		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
<b>Maximum points for Category 1 – Project Purpose</b>				12
<b>Subtotal claimed for Category 1 – Project Purpose</b>				
Line Item #	EC Line Item'	Category 2 – Project Benefits	Claimed Yes/No	Points
2.A – 2.F.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 <b>maximum</b> 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 <b>only one</b> 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 <b>OR</b>		12
1.J.2	EC	At least 75% of the project costs are to address Emerging Contaminants (construction projects) <b>OR</b>		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
<b>Maximum points for Category 1 – Project Purpose</b>				12
<b>Subtotal claimed for Category 1 – Project Purpose</b>				
Line Item #	EC Line Item'	Category 2 – Project Benefits	Claimed Yes/No	Points
2.A – 2.F.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		

## IJJA 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 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.

*Rolling Application Expected Cutoff Dates for 2025  
(for LSLR and EC-S)*

Approximate Application Due Date	Approximate SWIA Meeting (Award Date)
June 1, 2026	July 15, 2026
August 3, 2026	September 16, 2026
November 2, 2026	December 9, 2026



*Wastewater, Drinking Water , and CDBG-I Projects*



***Project Priority Systems***  
***Wastewater***  
***Drinking Water***



## *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 factor 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
<b>Construction Costs</b>	
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
<b>Engineering Costs</b>	\$100,000
<b>Admin Costs</b>	\$100,000
<b>Connection Fees</b>	\$250,000
<b>Total Project Cost</b>	=\$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-Mod 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 reach a body of water because 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 eliminates 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 two years after the 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 help 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 (DW, WW, CDBG-I)

- Newly restructured!
- 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
- No more 2.N.3 through 2.N.6
- 2.N.7 now 2.T (see Slide 145)



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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)
- 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 (NEW!)

- 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	Spring 24 Combined Monthly Bills (\$/5000 gallons)	Fall 2024 Combined Monthly Bills (\$/5000 gallons)	Prioritization (Line Item 4.B)
>95 Percentile	\$>129 - \$148	>\$145	10
85 - 95 Percentile	\$107 - \$129	\$126 - \$145	8
70 - 85 Percentile	\$90 - \$107	\$107 - \$126	6
50 - 70 Percentile	\$79 - \$90	\$89 - \$107	4
0 - 50 Percentile	\$0 - \$79	\$0 - \$89	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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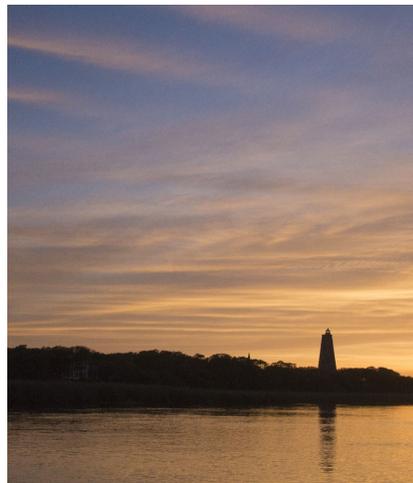
## 4.E - 4F (CDBG-I)

- 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 Application Resources, and Templates
- 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: Tabulation Workbook – NEW!!!
  - TAB 2
  - TAB 3
- CDBG-I: Build America, Buy America (BABA)
- CDBG-I Required Federal Compliance Documents
- CDBG-I Federal Application Requirements
- CDBG-I: Required Public Hearing
- CDBG-I: Application Submission - Hardcopy

Significant Updates

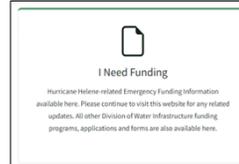
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## CDBG-I Application Resources, and Templates

- [Priority Rating System \(PRS\) Guidance](#)
- [Spring 2025 Interactive Scorecard](#)
- Appendix A – Determining LMI
- Appendix B – Public Hearings
- Appendix C – HUD Forms and Instructions
- HUD CPD 17-12 Floodway Notice
- HUD CPD 24-04 LMI Summary Data Updates
- HUD 2025 Income Limits
- HUD Area-Benefit LMI Census Data
- Income Survey Templates & Instructions
  - English & Spanish
- Public Hearing Notice and Templates
- Federal Certificates and Forms

### Go To: 'I Need Funding'



[Application Process, Forms, Guidance and Resources](#)



Priority Rating Systems, Guidance Documents

CDBG-I Additional Forms	Additional Resources
-------------------------	----------------------

**ADDITIONAL FORMS FOR CDBG-I APPLICATIONS**

TAB 2

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## *CDBG-I: Allocation and Maximum Grant Amount*

**FY- 25 Funding: Approximately \$18 million pending NC Legislative allocation**

**Approximately \$10 million remains for Spring 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 application 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 area 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
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- **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 own 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 READABLE
- 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 may be 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 Lasted Year (June 2025) 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

GEONAME	Block Group 1, Census Tract 3.03, Onslow County, North Carolina
SOURCE	2020 ACS
OBJECTID	152938
STUSAB	NC
STATE	37
COUNTYNAME	Onslow County
COUNTY	133
TRACT	303
BLKGRP	1
LOW	410
LOWMOD	1915
LMM	2085
LOWMODUNIV	2680
LOWMOD_PCT	71.50%
MOE_LOWMODPCT	+/-20.10%
UCLOW	
UCLOWMOD	
UCLOWMOD_PCT	
MOE_UCLOWMODPCT	

*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

GEONAME	Block Group 1, Census Tract 3.03, Onslow County, North Carolina
SOURCE	2020 ACS
OBJECTID	152938
STUSAB	NC
STATE	37
COUNTYNAME	Onslow County
COUNTY	133
TRACT	303
BLKGRP	1
LOW	410
LOWMOD	1915
LMM	2085
LOWMODUNIV	2680
LOWMOD_PCT	71.50%
MOE_LOWMODPCT	+/-20.10%
UCLOW	
UCLOWMOD	
UCLOWMOD_PCT	
MOE_UCLOWMODPCT	

GEONAME	Block Group 2, Census Tract 906, Duplin County, North Carolina
SOURCE	2020 ACS
OBJECTID	153913
STUSAB	NC
STATE	37
COUNTYNAME	Duplin County
COUNTY	811
TRACT	9060
BLKGRP	2
LOW	150
LOWMOD	500
LMM	500
LOWMODUNIV	855
LOWMOD_PCT	42.10%
MOE_LOWMODPCT	+/-18.00%
UCLOW	
UCLOWMOD	
UCLOWMOD_PCT	
MOE_UCLOWMODPCT	

2,085 LMMI  
2,680 LOWMODUNIV

500 LMMI  
855 LOWMODUNIV

- 1 Project/Service area falls in Block Group 1 & 2
  - Cannot prorate & average Block Group 1 & 2
  - $LMI \% = (\sum LMI \text{ Population } 1 \& 2) \div (\sum LMI \text{ Universe population } 1 \& 2)$ 
    - 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 Margin 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 LMI
  - Connections must be connecting to existing service main or service main is in the scope of project application to be eligible

Water/Sewer Connection



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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”
- Abandon 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	
GEONAME	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
BLKGRP	1
LOW	410
LOWMOD	1915
LMI	2085
LOWMODUNIV	2680
LOWMOD_PCT	71.50%
MOE_LOWMODPCT	4/20.10%
UCLOW	
UCLOWMOD	
UCLOWMOD_PCT	
MOE_UCLOWMODPCT	

LMI%: 71.50%

MOE: 20.10%

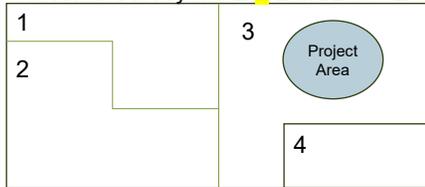


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## CDBG-I: Determining MOE for Income Survey

### Income Survey Scenario 1 Income Survey MOE $\leq$ LMISD MOE



#### Income Survey Scenario 1:

- A street that is to be surveyed with 6 homes population 10 and ACS LMISD MOE = 10.
  - Receives 4 responses from the survey
  - Income Survey MOE is  $3.07 \leq 10$
  - Income Survey MOE  $\leq$  LMISD MOE
- The income survey MOE meets CPD-24-04
- LMI from calculation from Survey is authorized

### Income Survey Scenario 2 Income Survey MOE $>$ LMISD MOE



#### Income Survey Scenario 2:

- A street that is surveyed has 9 homes and the LMISD MOE 2.0 from ACS data is 10%.
  - A surveyor receives only five (5) responses
  - The Income Survey MOE is 2.5
  - LMISD MOE = 2.0
- The income survey does not meet CPD-24-04 for MOE
- Reason: it is  $<10\%$  but  $>$ LMISD MOE - The survey does not meet HUD criteria

**MOE is based on Survey Size – Tabulation Sheet will have MOE Calculation for Survey  $<30$  and  $>30$**

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## CDBG-I Income Survey Tabulation Workbook – NEW!!!

- 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: Build America, Buy America (BABA)*

### CDBG-I BABA requirements flow down to local governments (grant recipients) and contractors.

#### FY 2025 round of applications going forward:

- Iron and Steel
- Specifically Listed Construction Materials
- All Other Construction Materials and Manufactured Products



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## *CDBG-I Required Federal Compliance Documents*

### **Compliance Statements and Certifications**

*Signed and dated in same calendar year as application*

1. Local Government Certification of Understanding....
2. Certification of Debarment....
3. Conflict-of-Interest Certification
4. Federal Performance & Procurement Certification
5. Disclosure of Other Federal Income....

### **HUD Required Forms**

***See Appendix C: HUD Forms and Instructions***

1. *Economic Need – Infrastructure National Objective Form*
2. *Project Source and Use Form*
3. *IDIS Accomplishments and Beneficiaries Forms*

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## *CDBG-I Federal Application Requirements*

### **Documentation of the following must be provided:**

- Sam.gov activity registration
  - Local governments must have active registration with federal government
- Applicant's Capacity Letter
  - Applicant letterhead – see PRS & Guidance
- Applicant's Latest Audit
  - Must be current with audits – **FY25**
  - **Financial Form needs to include last three fiscal years FY-25, 24, 23**
- Floodplain / Floodway Map
  - With project area and project description

***See PRS Guidance for requirements***

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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

### **See Appendix B: Public Hearing & PRS/Guidance**

#### **Information to pay attention to:**

- Public Hearing Notice
  - **Cannot** be published in the legal notice section
  - Notice Window
    - At least 10 days before, no more than 25 days
- Required public hearing content



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## *CDBG-I: Application Submission - Hardcopy*

### **CDBG-I REQUIRES HARD COPY APPLICATION with ELECTRONIC SUBMISSION.**

- 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 and match!**

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*Discussion Time*

**What questions do you have?**



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*Viabale Utilities Program  
(VUP)*



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## Master Plan – Definition of Viability

### 2017 State Water Infrastructure Authority Master Plan

A viable system is one that functions as a long-term, self-sufficient business enterprise, establishes organizational excellence, and provides appropriate levels of infrastructure maintenance, operation, and reinvestment that allow the utility to provide reliable water services now and in the future.

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



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## Viability Utility Program (VUP)

Signed into law on July 1, 2020 (Reform of Water and Wastewater Public Enterprises, S.L. 2020-79)

- Updates to NCGS 159G “Water Infrastructure”
- \$15M per Distressed system, \$30M for merger

Foster the viability of water and wastewater operations across the state by:

- Identifying and designating distressed local government units (LGUs)
- Providing a process to develop viable water/sewer utilities
- Coordinating approval by both SWIA and Local Government Commission (LGC)

### **Created Viable Utility Reserve (VUR)**

- BUMP Training
- Construction
- Planning (AIA, MRF, Rate Studies)



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## Viabile Utility Program (VUP) Objectives

### Assist Distressed utilities

- Establish clear expectation to meet statutory requirements
- Support utility condition assessment and capital improvement planning
- Encourage local leaders to be engaged, committed, and accountable for utility management
- Assist in developing short-term and long-term plans for viability

### Support efforts and projects that promote viability

- Coordinate with other funding programs to develop partnerships and share prioritization
- Coordinate and strengthen relationship with other resource agencies
- Develop a program that supports all utilities



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## Distressed LGU – Statutory Requirements

	Statutory Requirement	Available Resources
 <b>AIA and Rate Study</b>	<p>Perform an <b>Asset Inventory and Assessment</b> that results in a Capital Improvement Plan (10-year minimum) to inform a <b>Rate Study</b>.</p> <p>May lead to a Merger and Regionalization Feasibility (MRF) study.</p>	<p><b>VUR Study Grants</b> can fund a study of any one or more of the following:</p> <ol style="list-style-type: none"> <li>Rates (<b>Rate Study</b>)</li> <li>Asset inventory and assessment (<b>AIA</b>)</li> <li>Merger and regionalization options (<b>MRF</b>)</li> </ol>
 <b>Training</b>	<p>Participate in a <b>training and educational program</b> for governing board, utility managers, finance directors, and operating staff.</p> <ul style="list-style-type: none"> <li>• a.k.a. Best Utility Management Practices (BUMP) Training</li> </ul> <p>Completion of <b>BUMP Training</b> is required to access VUR Construction funding.</p>	<p><b>BUMP Training:</b></p> <p>(A) Free <u>in-person</u> training by DWI in the spring and fall. <i>Upcoming dates:</i></p> <ul style="list-style-type: none"> <li>• First couple of weeks in September 2025</li> </ul> <p>(B) <u>On-demand</u> training (\$72+tax) via <a href="#">NCLM</a>.</p> <p><b>VUR Training Grants</b> for distressed units cover registration fees and mileage to/from utility-specific training coordinated/offered by DWI, DST (LGC), and RAPWU partners.</p>
 <b>Short-Term Action Plan</b>	<p>Develop (and iterate on) a <b>Short-term Action Plan (STAP)</b> to identify and outline immediate steps necessary for the LGU to address technical, managerial, and financial (TMF) issues and reasons for being designated distressed.</p>	<p>Direct DWI assistance via comprehensive <b>Status Report</b> to facilitate the generation of a STAP.</p>

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<i>Distressed LGU – Statutory Requirements (cont'd)</i>		
	Statutory Requirement	Available Resources
 <b>Long-Term Action Plan</b>	Develop an <b>Action Plan</b> , considering: <ul style="list-style-type: none"> <li>• Short- and long-term infrastructure repair, maintenance, and management (<b>STAP</b> and <b>LTAP</b>)</li> <li>• <b>Continuing education</b> of governing board and operating staff including how to send new staff to initial BUMP training</li> <li>• <b>Long-term financial management</b> that facilitates reliable water or wastewater services</li> <li>• Any other matters identified by DWI or the LGC</li> </ul>	<p><b>Long-term plan</b> (i.e., "Long-Term Viability Plan" or LTVP) combines the long-term action and financial management plans into a single document and is developed through the Rate Study, AIA, MRF, and other plans such as CIPs and Master Plans.</p> <p>Includes budgeting for continued education, establishes the frequency and reasons for updating the AIA and rate study, and effectively ties together the utility's planning efforts into a road map for improving and maintaining viability.</p> <p><b>Direct DWI and resource partner technical assistance available.</b></p>
 <b>Continuing Education</b>		
 <b>Long-Term Financial Mgmt.</b>	Long-term financial management to ensure sufficient revenue for O&M, personnel, maintenance, and <b>reinvestment</b> .	<p><b>VUR Construction Grants</b> for eligible projects.</p>

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## *VUR Funding Eligibilities*

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

- Required for all Distressed LGUs
- Goal: Asset Management Plan, Capital Improvement Plan, and Rate Study

**Merger/Regionalization Feasibility Study (MRF)**

- As needed for some Distressed LGUs
- Goal: Investigate partnerships for viability and economies of scale

**Emergency Operating Grants (EOG)**

- D1 LGUs only

**Construction Project Grants**

- Applications must include VUR Supplemental Form



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## VUR Funding Options – Spring 2026

Approximately **\$20 million** for...

### Construction – \$18M total, \$5M per project

- Interconnection, rehabilitation/replacement, decentralization, and promote viability by other means

### Planning – \$2M total, \$400,000 per LGU

- Asset Inventories and Assessments, Rate Studies, and Merger/Regionalization Feasibility Studies



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## VUR Construction Supplemental Information Form

- Required to be considered for VUR Construction funding
- Intent – VUR Construction grants promote viability
- Applications are ranked according to the Division's Drinking Water and Wastewater Priority Rating Systems

	<p><b>North Carolina Department of Environmental Quality</b>  <b>Division of Water Infrastructure</b>  <b>Viable Utility Reserve Construction Project</b>  <b>Supplemental Information Form</b>  <small>(Revised July 2025)</small></p>	
<p>LGU Name: _____</p> <p>Project Name: _____</p> <p>Check Project Type: <input type="checkbox"/> Drinking Water <input type="checkbox"/> Wastewater</p>		
<p><small>This form is for local government units (LGUs) that are designated as distressed by the State Water Infrastructure Authority (SWIA) and the Local Government Commission (LGC) under G.S. 159G-45(a) and wish to be considered for Viable Utility Reserve (VUR) construction grant funding. Any distressed LGU must complete the statutory requirements found in G.S. 159G-45(b), including viable utilities initial education. Additionally, G.S. 159G-32(d) limits the types of eligible projects for VUR funding. <b>Please read the information in Section 1 below and complete the information in Sections 2 and 3.</b></small></p>		
<p><b>1. Viable Utilities Initial Education</b></p> <p><small>Each LGU designated as distressed must be compliant with their viable utilities initial education (Best Utility Management Practices) requirements. As of July 1, 2024, compliance means that at least two of the four required people (i.e., two elected officials, utilities manager, financial manager) must have completed the training within the past two years. LGUs that have completed this initial education should have received a certificate from Division of Water Infrastructure staff. If you have questions related to the status of your LGU's initial education requirements, please contact Tony Dongarra at <a href="mailto:DEQ.DWI.VUtraining@deq.nc.gov">DEQ.DWI.VUtraining@deq.nc.gov</a> or 919.707.3632.</small></p>		
<p><b>2. Verify Project Type is Eligible for VUR Funding</b></p> <p><small>Check the box for your project's VUR eligibility type.</small></p> <p><input type="checkbox"/> Project provides interconnection/extension of public water or wastewater infrastructure to provide regional service. [G.S. 159G-32(d)(1)]</p> <p><input type="checkbox"/> Project rehabilitates existing public water or wastewater infrastructure. [G.S. 159G-32(d)(2)]</p> <p><input type="checkbox"/> Project decentralizes an existing public water system or wastewater system into smaller viable parts. [G.S. 159G-32(d)(3)]</p> <p><input type="checkbox"/> Other options deemed feasible which result in local government units generating sufficient revenues to adequately fund management and operations, personnel, appropriate levels of maintenance, and reinvestment that facilitate the provision of reliable water or wastewater services. [G.S. 159G-32(d)(5)]</p>		
<p><b>3. Summary of How the Project Promotes Viability</b></p> <p><small>Attach a copy of your utility's current and adopted Capital Improvement Plan to this form, and use the space below to briefly summarize how this project promotes the distressed LGU's viability. Specifically describe how the project addresses the issues that led to the LGU's distressed designation as identified by the most recent Assessment Scorecard. If you have questions about your LGU's Assessment Scorecard or need a new copy, please contact Susan Kubacki at <a href="mailto:susan.kubacki@deq.nc.gov">susan.kubacki@deq.nc.gov</a> or 919.707.9189.</small></p>		

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## Other Statutory Requirements – STAP/LTAP/LTFP

### NCGS 159G-45(b)(3) – Develop an Action Plan, considering:

- Short-term (STAP) and Long-term plan for infrastructure repair, maintenance, and management
  - *Status Reports for STAP are underway*
- Continuing education of governing board and staff
- Long-term financial management plan to ensure sufficient revenue to adequately fund, e.g. “Long-Term Viability Plan” or “LTVP”:
  - Management and operations
  - Personnel
  - Appropriate levels of maintenance
  - Reinvestment to provide reliable services
  - Key Performance Indicators for Technical, Managerial, and Financial aspects of utility
- Other matters to achieve permit/regulatory compliance and as identified by SWIA and LGC

*DWI's Long-Term Viability Plan (LTVP) Guidance available by end of 2025*



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## VUR – Construction Project Timeline

VUR construction projects follow the same schedule as other DWI construction projects:

1. SWIA and LGC approve VUR funding = DWI issues Letter of Intent to Fund (LOIF)
2. Engineering Report submittal/approval = Funding Offer Issued
  - For distressed LGUs, there are additional requirements for the ER submittal related to viability.
  - Include these responses for review in the first submittal!
  - <https://www.deq.nc.gov/water-infrastructure/supplemental-er-guidance-distressed-lgus/download?attachment>
3. Plans and Specifications submittal/approval
4. Project under Construction (two years after LOIF)
5. Project Closeout



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## VUR – Planning Project Timeline

1. SWIA and LGC approve funding = DWI issues Letter of Intent to Fund (LOIF)
2. Recipient submits **Preliminary Scope (3 months after LOIF)**
  - Scope must be consistent with the costs, challenges, and benefits presented in the application
3. Scope Approved by DWI = Funding Offer Issued (5 months after LOIF)
  - First payment items complete = Disbursements can begin
  - Must complete project within 2 years of LOIF date
  - During the project, DWI requires regular project updates at least every two months, and draft and final deliverable/report
4. **Draft Deliverables** provided to LGU and DWI (20 months after LOIF)
5. **Final Deliverable Approved** = Final Disbursement (24 months after LOIF)



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## VUP – Additional Initiatives

### COG rate study support through Raftelis Contract

- Goal to enable Distressed LGU rate studies with COG support

### Closing America's Wastewater Access Gap

- EPA and USDA-RD program helping communities with problematic onsite systems pursue federal funding
- Can include engineering, planning, mapping, etc.

<https://www.epa.gov/water-infrastructure/closing-americas-wastewater-access-gap>

### Voluntary energy optimization training and support

- DWI collaboration with State Energy Office

Training: May 19-21 in Statesville; June 23-25 in Hendersonville and Sept. 22-24 in Eastern NC (location TBA)

<https://www.deq.nc.gov/about/divisions/water-infrastructure/fall-2025-application-training-eps-training-and-water-wastewater-energy-efficiency-training-etc>

### Cybersecurity audits – EPA & NC National Guard

<https://www.epa.gov/waterresilience/cybersecurity-assessments> and <https://www.csrf.nc.gov/>



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## *VUP – Technical Support and Assistance*

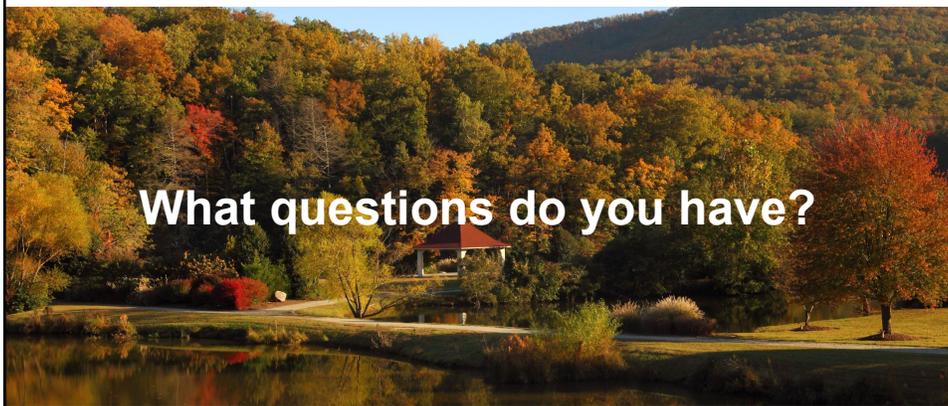
### **Resource Agency Partners for Water and Wastewater Utilities (RAPWU)**

- Have well-established relationships with LGUs
- Provide technical and managerial expertise to LGUs
- Are often seen as neutral arbiters for partnerships (e.g., COGs)
- Share information and collaborate on many VUP elements



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## *Discussion Time*



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



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*Asset Inventory and Assessment (AIA) Grants*

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

**For Spring 2026, VUR funding for AIAs is available**

- \$400,000 limit per LGU, 1.5% Fee
- No match requirement for VUR-funded AIA grants

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 and O&M costs
- Creating a prioritized list of projects
- Preparing a realistic, minimum 10-year Capital Improvement Plan (CIP)
- Conducting a rate study

VU funding must be used to help address Distressed LGU's statutory requirements

VU funding must be awarded directly to Distressed LGUs, their public partners or COG.

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

- \$150,000 limit per LGU's utility every 3 years, 1.5% Fee
- Match requirement for non-distressed recipients
- Limited to utilities with 10,000 or fewer residential connections and once every 3 years per utility

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 and O&M costs
- Creating a prioritized list of projects
- Preparing a realistic Capital Improvement Plan (CIP)
- Conducting a rate study



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

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## Rate Study Grants

### Rate Studies

- Required for all Distressed LGUs
- Can be within an AIA or MRF, or standalone
  - If standalone, contact the Division before applying
- Up to \$400,000 per LGU for any combination of AIA, rate study, and/or MRF during the funding round
- Division guidance available including minimum requirements:
  - Refer to 10-year CIP, and O&M and R&R costs from AIA
  - At least 1 year audited financial data
  - 10-year projections for each rate scenario
  - Must include a “full-cost pricing” scenario



<https://www.deq.nc.gov/about/divisions/water-infrastructure/viable-utilities#NewRateStudyGuidance-18200>

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## AIA/Rate Study – Application Components

### Required for Completeness:

- Application forms
- Fund Transfer Certification Form
- Resolution
- 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 5,000gal



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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 <b>OR</b>	0
3.B.2	4 out of 5 LGU indicators are worse than the state benchmark <b>OR</b>	1
3.B.3	5 out of 5 LGU indicators are worse than the state benchmark	2
<b>Total Points</b>		<b>24 Max</b>



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

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



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## *AIA – Category 2: System Management*

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

- Name
- Position/title
- Experience
- Trainings/certifications
- Current and future duties
- 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, or
- 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.)



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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



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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 Report then Final Deliverables
- 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
- Final Deliverable Requirements
  - Executive Summary
  - Meeting minutes/resolution of action(s) taken
  - Final Report
  - 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.

### **For Spring 2026, VUR funding for MRFs is available**

- \$400,000 limit per LGU (combined AIA, MRF, and Rate Study funding)
- 1.5% Fee

Merger – partial or complete consolidation

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

Regionalization – physical interconnection

- Water supply or wastewater collection
- Regional treatment

VU funding must be used to help address Distressed LGU's statutory requirements

VU funding must be awarded directly to Distressed LGUs, their public partners or COGs



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

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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**

- \$50,000 limit per LGU's utility (may change by legislation), 1.5% Fee
- 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



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

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## *MRF – Distressed Systems*

**NOT** required for all distressed systems

At least one applicant + one partner

- May include multiple partners

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

Distressed System MRF scopes must:

- Include at least 3 alternatives + No-Action
- Identify new options that were not addressed in a previous study, or build upon and advance past efforts
- Consider reasons for being distressed and how merging/regionalizing will lead to viability
- May include decentralization alternatives

An MRF Grant may be used to further the results of previous MRF activities



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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 <b>OR</b>	0
3.B.2	4 out of 5 LGU indicators are worse than the state benchmark <b>OR</b>	2
3.B.3	5 out of 5 LGU indicators are worse than the state benchmark	4
<b>Total Points</b>		<b>20 Max</b>



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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 desire level of service for its customers

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

- Consider rate increases and bill collection percentages



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## *MRF – 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

- 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. Deliverable and Closeout
- 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
- Deliverable contents
  - Report containing alternatives evaluation, analysis of each alternative including financial implications, and conclusions/recommendations
  - Meeting minutes/resolution of action(s) taken
  - Executive Summary



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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.

Cap Grant Year	North Carolina's Allotment	49% Principal Forgiveness	Total Available for Projects
2022	\$87,062,000	\$42,660,380	\$67,037,740
2023	\$87,290,000	\$42,772,100	\$64,594,600
2024	\$76,201,000	\$37,338,490	\$56,388,740
2025	\$28,650,000	\$14,038,500	\$21,201,000

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

- LSL inventory support and technical assistance
- Program management



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### Estimated Future Available Funding Amounts

Funding Amount	PF	0% Loan	Total
FY 2024 funds available for projects*	\$37,688,443*	\$19,050,250	\$56,738,693*
Awarded as of Feb. 2026	\$34,390,674	\$7,330,620	\$41,721,294
Available for future awards	\$3,297,769 + TBD**	\$11,719,630 + TBD**	\$15,017,399 + TBD**

(\*) Includes ~\$350,000 left over from FY 2023 allotment

(\*\*) Additional funds may added from the FY 2025 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
- **NEW 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

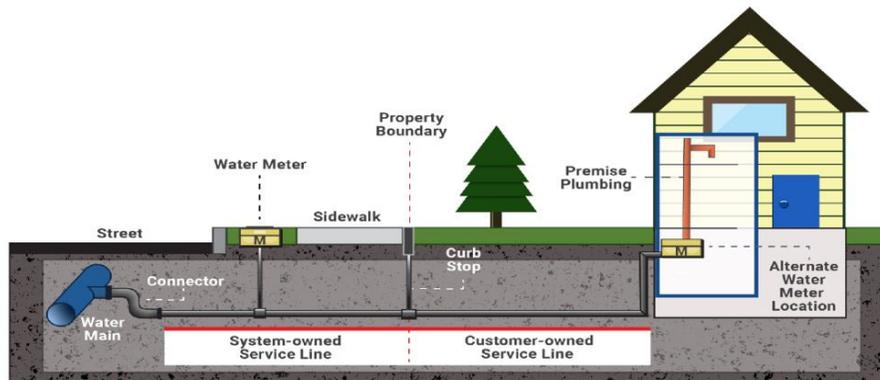
- Service line connects the water main to the building inlet
  - Includes lead connectors (goosenecks, pigtails, etc.)
  - Includes galvanized service lines downstream of a known lead service line or **(NEW)** of line of unknown material
- No need to replace portions previously replaced
- Funds cannot 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 work 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 per Round*

- Replacing known lead service lines
  - \$5 million cap per Applicant per round
  - LSLs already known to be lead and you are ready to replace them
- Verifying materials and replacing lead service lines
  - \$2 million cap per Applicant per round
  - \$1 million max. can be used for line material verification
  - Already done inventory and identified lines and areas likely to be lead. Ready to verify line materials and replace lead lines
- Inventory only
  - \$1 million cap per Applicant per round
  - Identifying areas as known lead, known not lead, or unknown
  - Further investigation and verification on unknown areas
- Funding Caps can be exceeded in priority order by \$500,000 increments when funds are available



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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 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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## *IJJA – 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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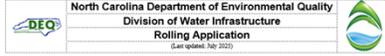
## *IJJA – LSLR Priority rating System – Affordability*

### 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 \$89 OR		4
4.B.2	Greater than \$107 OR		6
4.B.3	Greater than \$126 OR		8
4.B.4	Greater than \$145		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 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.

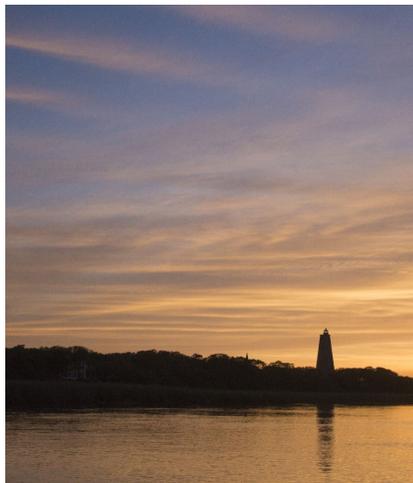
Part of the new LSLR/EC-S rolling application

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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*When (and how) do I get the money?*



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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 award and prior to first payment
- **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 (ARPA, LSLR, 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?*

### Planning only last payment checklist (key items)

- Final Report
- Executive Summary
- Proof 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



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## *BABA – Approved Waivers*

- Adjustment Period Waiver for SRF Projects that have Initiated Design Planning
  - This one is complicated
  - Waive BABA requirements on projects that initiated project design planning prior to May 14, 2022
  - Does not waive AIS requirements
  - May not cover re-design
  - DWI has already identified affected projects and is in contact with the relevant fund recipients.
  - Waiver does not apply for new projects that got funded after December 2023.



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## Timely and Expeditious Use of Funds (NEW)

- 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 four 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

Spring 2026 Application Type	Approximate Amount Available in Spring 2026			
Drinking Water Projects	DWSRF Loan: \$50M (incl. \$18 M in PF)	Emerging Contaminants (EC): \$10M for construction (100% PF)		
Wastewater Projects (including stormwater quality, stream restoration)	CWSRF Loan: \$90 M (incl. \$13 M in PF)	Emerging Contaminants (EC): Up to \$4M for construction (estimated) (100% PF)	CDBG-I ~\$10M	Viable Utility Reserve \$20M grants (~\$18M for construction and ~\$2M for planning)
Planning Projects				
<b>Total</b>	<b>~\$184M</b>			

Rolling Application Type	Approximate Amount Available Through 2026
Lead Service Line Inventories and Replacements	~\$15M (incl. ~\$3.3M in PF) (more is available)
Evaluation/Assessment Studies to Address PFAS in Drinking Water and in Wastewater/Landfills	Drinking Water ~\$10M (100% PF) Wastewater ~\$2M (100% PF)
<b>Total</b>	<b>~\$27.0M</b>

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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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