

**State Water Infrastructure Authority**  
**Meeting Date: July 16, 2025**  
**Agenda Item F – Funding Awards for Clean Water State Revolving Fund and Drinking Water**  
**State Revolving Fund Emerging Contaminants Study Projects**

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**Division of Water Infrastructure Staff Report**

This report presents a preliminary funding scenario for the consideration of the State Water Infrastructure Authority (Authority). Subsequent updates and corrections to the application information and funding scenario (including application scores, ranking, potential funding amount, etc.) may occur and will be presented to the Authority during the July 16 meeting. This staff report represents applications received as of June 2, 2025. Applications are selected for funding by the Authority during the meeting, and the Authority’s selections are final.

**Background**

Congress appropriated funds to the Drinking Water State Revolving Fund (DWSRF) and Clean Water State Revolving Fund (CWSRF) in the Infrastructure Investment and Jobs Act (IIJA) of 2021, also known as the Bipartisan Infrastructure Law (BIL). The IIJA appropriated additional funds for five fiscal years (FY 2022 – FY 2026) specifically for the purpose of addressing emerging contaminants (EC) in drinking water and wastewater with a focus on perfluoroalkyl and polyfluoroalkyl substances (PFAS). For drinking water, these funds are referred to as the IIJA DWSRF-Emerging Contaminants (DWSRF-EC funds), and for wastewater, these funds are referred to as the CWSRF-EC funds.

Table 1 summarizes the DWSRF-EC and CWSRF-EC funds that North Carolina is receiving from the FY 2024 capitalization grants and from recently awarded re-allotments of FY 2022 and FY 2023 capitalization grants. Note that up to four percent of the DWSRF-EC allotments are used for set-asides to cover administrative costs. All of the CWSRF-EC capitalization grant will be used for funding projects. The Intended Use Plans for the two funds specify that at least half of the funding will be reserved in the Evaluation/Assessment Project Reserves for projects to evaluate alternatives to address PFAS (hereinafter referred to as EC study projects).

<b>Table 1. Summary of NC’s IIJA DWSRF-EC and IIJA CWSRF-EC Capitalization Grant Allotments for FY 2024 and Recently Awarded Reallotments</b>		
	<b>DWSRF-EC</b>	<b>CWSRF-EC</b>
FY 2024 Capitalization Grant	\$21,054,000	\$3,838,000
Recently awarded FY 2022 and FY 2023 Reallotments	\$649,000	\$0
Total Available Grant Funding for EC Projects (excluding Set-Asides)	\$20,834,880	\$3,838,000
Funds in the Evaluation/Assessment Project Reserves for EC study projects	\$10,417,440	\$1,919,000

Rolling applications for EC study projects were first received by November 1, 2024 and awarded funding in the December 10, 2024 Authority meeting. Table 2 summarizes the rounds of rolling applications completed since then and to date in which EC study project applications were awarded funds from the Evaluation/Assessment Project Reserve shown in Table 1.

<b>Table 2. Awards from the IJJA DWSRF-EC and IJJA CWSRF-EC Evaluation/Assessment Project Reserves from FY 2024 Capitalization Grant and Recently Awarded Reallotments</b>			
<b>SWIA Meeting/Funding Rounds</b>	<b>Rolling Application Deadline</b>	<b>SWIA Awards for DWSRF-EC Study Projects</b>	<b>SWIA Awards for CWSRF-EC Study Projects</b>
December 10, 2024	November 1, 2024	\$1,500,000	\$0
February 19, 2025	January 10, 2025	\$1,392,495	\$500,000
April 16-17, 2025	March 3, 2025	\$0	\$0
<b>Total Awarded Prior to July 2025 Awards</b> (including \$278,960 awarded CWSRF-EC study funds prior to Dec. 2024)		<b>\$2,892,495</b>	<b>\$778,960</b>
<b>Remainder of Evaluation/Assessment Project Reserve Available for July 2025 Awards</b>		<b>\$7,524,945</b>	<b>\$1,140,040</b>

The current round of rolling applications for DWSRF-EC and CWSRF-EC study projects were received by June 2, 2025. This staff report provides a summary of those DWSRF-EC and CWSRF-EC study project applications and presents a preliminary funding scenario for the Authority's consideration.

If there are not enough eligible applications for EC study projects to award at least 50 percent of the capitalization grant funding by the second semi-annual application round in which construction project applications are considered, the remainder of the Evaluation/Assessment Project Reserve will be made available to construction projects. Applications for the second semi-annual construction round are being considered for award in today's meeting, and thus any amount of the remainder of Evaluation/Assessment Project Reserve shown in Table 2 that is not awarded to EC study projects will be considered for funding EC construction projects in Agenda Item G.

### **Program Schedule**

The Division has established application cutoff dates for each funding cycle for EC study projects in the new rolling application process. Complete and eligible applications received prior to the application cutoff date will be considered for funding by the Authority at the next scheduled Authority meeting. EC study projects not selected for funding will be automatically reconsidered for the next funding cycle. Applications for the EC study projects will be considered on a rolling basis to award the full amount of the Evaluation/Assessment Project Reserve as quickly as possible without a set schedule.

The Evaluation/Assessment Project Reserve in the FY 2024 capitalization grant provides \$1,919,000 for CWSRF-EC Study projects. Note that \$778,960 of the FY 2024 capitalization grant funds are obligated to applications previously received and awarded by the Authority, leaving \$1,140,040 to be awarded from the Evaluation/Assessment Project Reserve.

The Evaluation/Assessment Project Reserve in the FY 2024 capitalization grant and recently awarded reallocations of funds provides \$10,417,440 for DWSRF-EC study projects. Note that \$2,892,495 was obligated to applications previously received and awarded by the Authority, leaving \$7,524,945 to be awarded from the Evaluation/Assessment Project Reserve.

All funding awarded from the DWSRF-EC and CWSRF-EC will be made available as 100 percent principal forgiveness (PF).

FY 2024 DWSRF-EC and CWSRF-EC funding caps for EC study projects are \$500,000 per applicant per year, starting in December 2024. The FY 2025 capitalization grant will limit applicants to \$500,000 total per applicant, starting in August 2025.

### **Summary of Applications Received**

Table 3 shows the number of complete and eligible applications and ineligible applications for EC study projects received by the Division as of June 2, 2025, through the rolling application process. Total funding requested is also listed in the table.

<b>Table 3. Summary of EC Study Project Applications Received by June 2, 2025</b>			
	<b>DWSRF-EC Study Projects</b>	<b>CWSRF-EC Study Projects</b>	<b>Total Requested Funds</b>
Eligible Applications	5	0	<b>\$2,500,000</b>
Ineligible Applications	4 <sup>a</sup>	0	<b>\$2,000,000</b>
Funding Requested from Eligible Applications	\$2,500,000	\$0	<b>\$2,500,000</b>

<sup>a</sup>Excluding one application for an EC construction project that was submitted as a rolling application. This application has been excluded from this table so that only EC study projects are shown.

### **Example Funding Scenario for DWSRF-EC and CWSRF-EC Programs**

The Authority may consider multiple funding scenarios. In the example funding scenario presented, five EC study applications received by the Division are complete and eligible applications. All five applications are eligible for DWSRF-EC funding and would receive a total of \$2,500,000 of DWSRF-EC funds. Table 4 summarizes the example funding scenario.

<b>Table 4. Example Funding Scenario for IIJA DWSRF-EC &amp; IIJA CWSRF-EC Funds</b>				
<b>Eligible Applications</b>	<b>Applications Received</b>	<b>Funded Applications in Scenario</b>	<b>Total Requested Funds</b>	<b>Potential Principal Forgiveness Award</b>
DWSRF-EC Studies	9	5	\$4,500,000	\$2,500,000
CWSRF-EC Studies	0	0	\$0	\$0
<b>Total</b>	<b>9</b>	<b>5</b>	<b>\$4,500,000</b>	<b>\$2,500,000</b>

**Project-Specific Notes for Applications in the Example Funding Scenario**

- Aqua North Carolina’s application is for funding the design of ion exchange filters to remove PFOS and PFOA at eight wells within the Brookwood Community of Fayetteville, NC. A corresponding construction project for the installation of ion exchange filters at two of the wells, Copeland Acres and Stoney Point, is also included in the construction funding scenario.
- One application was from a local government designated as Distressed (City of Goldsboro).

Staff recommend funding all eligible study project applications for the July 2025 funding round. Table 5 shows the funds available from the FY 2024 DWSRF-EC and CWSRF-EC Evaluation/Assessment Project Reserve funds, the example July 2025 Funding Scenario, and how the recommendation will likely impact future funding rounds for EC study projects.

<b>Table 5. Potential IIJA DWSRF-EC and IIJA CWSRF-EC Evaluation/Assessment Project Reserve Funds Available for Future Funding Rounds for EC Study Projects</b>		
	<b>IIJA DWSRF-EC Principal Forgiveness</b>	<b>IIJA CWSRF-EC Principal Forgiveness</b>
Estimated FY 2024 EC funds and reallotments remaining available for EC study projects for this funding round	\$7,524,945	\$1,140,040
Example July 2025 funding scenario awards for EC studies	\$2,500,000	\$0
FY 2024 and reallotments EC Evaluation/Assessment Project Reserve funds remaining and to be considered for EC construction projects in Agenda Item G <sup>a</sup>	\$5,024,945	\$1,140,040

<sup>a</sup>Following the July 2025 Authority meeting, all FY 2024 and recently reallotted EC Study funds will be allocated.

A full list of applications, including those that would not be funded under this scenario, are shown in Attachment F-1. The application number in the first column in Table 5 below refers to the application number in Attachment F-1.

### **Other Funding Scenarios**

Note that there are other funding scenarios which could be constructed, and staff can assist the Authority with other scenarios during the meeting.

All July 2025 awards from the DWSRF-EC funds are contingent on the Division's receipt of the FY 2024 and reallocated DWSRF-EC funds from the US Environmental Protection Agency.

<b>Table 5 – July 2025 IIJA DWSRF-EC Example Funding Scenario</b>							
<b>SWIA Sheet Appl. No.</b>	<b>Applicant Name</b>	<b>County</b>	<b>Project Name</b>	<b>Program</b>	<b>Project Type</b>	<b>Amount of Funding Requested</b>	<b>Potential Award (100% PF)*</b>
1	Aqua North Carolina, Inc.	Cumberland	Brookwood Community Ion Exchange Filters	IIJA DWSRF-EC	DW EC Study	\$500,000	\$500,000
2	South Granville Water and Sewer Authority	Granville	PFAS Pilot, Planning, and Engineering	IIJA DWSRF-EC	DW EC Study	\$500,000	\$500,000
3	Greensboro, City of	Guilford	Mitchell WTP ATEC Design	IIJA DWSRF-EC	DW EC Study	\$500,000	\$500,000
4	Goldsboro, City of	Wayne	PFAS Treatment Preliminary Engineering	IIJA DWSRF-EC	DW EC Study	\$500,000	\$500,000
5	Harnett County	Harnett	PFAS Treatment Evaluation and Pilot Test	IIJA DWSRF-EC	DW EC Study	\$500,000	\$500,000
<b>Total Award for Emerging Contaminants Study Applications in Funding Scenario</b>							<b>\$2,500,000</b>

\* All July 2025 awards from the IIJA DWSRF-EC funds are contingent on the Division's receipt of the EC funds from EPA.