JOSH STEIN
Governor
D. REID WILSON
Secretary
SHADI ESKAF
Director

NORTH CAROLINA
Environmental Quality

October 5, 2026

Josh Ward, Town Manager
Town of Highlands
210 N. 4th Street
Highlands, NC 28741

Subject: Engineering Report Funding Approval
Town of Highlands
Drinking Water Resiliency Improvements
DWI Project No.: SRF-D-HEL-0050

Dear Mr. Ward:

The Division of Water Infrastructure (Division) has completed its review of the engineering report and environmental document for the subject project received on October 1, 2026. Based upon the review, the Division has determined that the above-referenced project is eligible for funding as follows:

Eligible:

Replacement and installation of water line including approximately 4,646 LF of 6-inch DIP and 3,108 LF of 2-inch PVC water line along Black Rock Circle, Webbmont Road, Hammond Road, Webb Branch Road, Buttermilk Road and Chowan Drive.

Removal and replacement of pavement, roadways, driveways and curbs, and sedimentation and erosion-control devices; electrical, valves, fire hydrants, vaults, and associated appurtenances.

Development of an Emergency Response Plan

Non-Eligible:

Paving of roadways in excess of the excavated area; spare parts, service contracts, and maintenance contracts; and extended warranties.

Based upon a detailed review of the future bid documents, the Division may determine that portions of the project are not eligible for funding and the total funding amount may be reduced.

Please note that funding is contingent on meeting the schedule provided in your *Letter of Intent to Fund*, or your approved Funding Deadline Extension approval letter (if applicable), as tabulated below:

Milestone	**Date**
Design-and-Bid Package Submittal	6/1/2027
Design-and-Bid Package Approval	10/1/2027
Advertise Project, Receive Bids, Submit Bid Information, and Receive Authority to Award	2/2/2028
Execute Construction Contract(s)	5/2/2028

Please submit Plans and Specifications via the new Online Supporting Documentation Submittal Form located at https://edocs.deq.nc.gov/Forms/DW-Document-Upload-Form. The link to the online submittal form and a list of frequently asked questions can also be accessed from the Division's "I Have Funding" page, https://www.deq.nc.gov/about/divisions/water-infrastructure/i-have-funding.

If you have any questions, please contact Jason Fulton, E.I., either by telephone at 828.296.4682 or by e-mail at jason.fulton@deq.nc.gov.

Sincerely,

Renee Parkman

Renee Parkman, P.E., Supervisor
Drinking Water Projects Unit

Attachments: Categorical Exclusion

EC: Josh Ward, Town of Highlands, josh.ward@highlandsnc.org
Cole Emmett, P.E., McGill Associates, P.A., cole.emmett@mcgillassociates.com
Renee Parkman, P.E. (DWI, via e-mail)
Jason Fulton, E.I. (DWI, via e-mail)
Mark Hubbard, P.E. (DWI, via e-mail)
David Smith (DWI, via e-mail)
Susan Wallace (DWI, via e-mail)
DWI Agreement ID 2000088986 (**ER/EID – ERAL**)

Categorical Exclusion

North Carolina Division of Water Infrastructure

Project Applicant:	*Town of Highlands*
Date:	*October 5, 2026*
Project Name:	*Drinking Water Resiliency Improvements*
Project Number:	*SRF-D-HEL-0050*
Estimated Project Cost:	*$3,164,254*
Estimated Funding Amount:	*$3,164,254*

Project Description: *The project will replace approximately 7,754 LF of existing undersized, shallow, corroded, and/or failing water lines with new water lines installed at adequate depth to improve water quality, pressure, reliability, and resiliency during storm and flood events.*

The above-named applicant will receive funding assistance from the State Revolving Fund. The North Carolina Department of Environmental Quality, Division of Water Infrastructure (**Division**) has conducted a review of the project in accordance with the NCGS §159G-38. The Division has determined that this project is below the minor construction activities threshold outlined in the 15A NCAC 01C .0408; therefore, the project is exempt from inter-agency review, and the preparation of additional environmental documents is not required.

This determination shall become effective upon its distribution by the Division and will be available on the Division's website (https://deq.nc.gov/about/divisions/water-infrastructure/division-water-infrastructure/environmental-documents). This determination can be revoked at any time adverse information is made available. The documentation to support this decision will be on file with the Division, and is available for public scrutiny upon request.

Comments concerning this decision may be addressed in writing to Ms. Stephanie Suter, Deputy Director, Division of Water Infrastructure, North Carolina Department of Environmental Quality, 1633 Mail Service Center, Raleigh, North Carolina 27699. Alternatively, she can be reached via telephone at 919.707.9044 or via e-mail at stephanie.suter@deq.nc.gov.

Sincerely,

Renee Parkman

Renee Parkman, P.E., Supervisor
Drinking Water Projects Unit
Division of Water Infrastructure