

State Water Infrastructure Authority
Meeting Date: February 18, 2026

Agenda Item G – Funding Awards for Clean Water State Revolving Fund and Drinking Water State Revolving Fund Emerging Contaminants Study Projects

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 February 18, 2026 meeting. This staff report represents applications received between November 4, 2025 and January 9, 2026. 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. 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 IIJA CWSRF-EC funds.

Table 1 summarizes the DWSRF-EC and CWSRF-EC funding that North Carolina is receiving from the FY 2025 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 (IUPs) 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).

Table 1. Summary of NC's DWSRF-EC and CWSRF-EC Capitalization Grant Allotments for FY 2025 and Recently Awarded Reallotments

	DWSRF-EC	CWSRF-EC
FY 2025 Capitalization Grant	\$21,054,000	\$3,838,000
Total Available Funding for EC Projects* (excluding Set-Asides)	\$20,211,840	\$3,838,000
Funds in the Evaluation/Assessment Project Reserves for EC study projects*	\$10,105,920	\$1,919,000

*Includes funding awarded to EC projects between July 2025 and December 2025.

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

Table 2. Awards from the DWSRF-EC and CWSRF-EC Evaluation/Assessment Project Reserves (FY 2022 – 2025 Capitalization Grants)

	SWIA Awards for DWSRF-EC Study Projects	SWIA Awards for CWSRF-EC Study Projects
Study Funds Awarded Prior to February 2026 Awards	\$5,892,495	\$500,000
Total Study funds awarded prior to Rolling Application	\$9,030,000	\$500,000
Total Study Funds Awarded	\$14,922,495	\$1,000,000

The current round of rolling applications for DWSRF-EC and CWSRF-EC study projects was received between November 4, 2025 and January 9, 2026. 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 (i.e., in February 2026 for FY 2025 capitalization grants), the remainder of the Evaluation/Assessment Project Reserve will be made available to construction projects. Total DWSRF-EC funds left over from the FY2025 capitalization grant is \$9,658,880. With a recommended award of \$1,000,000 for DWSRF-EC study projects, the leftover funds of \$8,658,880 are made available for eligible DWSRF-EC construction projects from the Fall 2025 round of applications (see Agenda Item I).

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. Emerging Contaminants 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.

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

FY 2025 DWSRF-EC and CWSRF-EC funding caps for EC study projects are \$500,000 per applicant starting in August 2025, with funds received from FY2022 through FY2026 counting towards the cap.

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 January 9, 2026 through the rolling application process. Total funding requested is also listed in Table 3.

Table 3. Summary of EC Study Project Applications Received by January 9, 2026

	DWSRF-EC Study Projects	CWSRF-EC Study Projects	Total Requested Funds
Eligible Applications	2*	0	\$1,000,000
Ineligible Applications	0	0	\$0
Funding Requested from Eligible Applications	\$1,000,000	\$0	\$1,000,000

*Includes one application that was reconsidered from December 2025

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

The Authority may consider multiple funding scenarios. In the example funding scenario presented, two EC study applications received by the Division are complete and eligible. These applications are eligible for DWSRF-EC funding and would receive a total of \$1,000,000 of DWSRF-EC funds. There were no applications received for CWSRF-EC funding.

Table 4 summarizes the example funding scenario.

Table 4. Example Funding Scenario for IIJA DWSRF-EC & IIJA CWSRF-EC Funds

Eligible Applications	Applications Received	Funded Applications in Scenario	Total Requested Funds	Potential Principal Forgiveness Award
DWSRF-EC Studies	2*	2	\$1,000,000	\$1,000,000
CWSRF-EC Studies	0	0	\$0	\$0
Total	2	2	\$1,000,000	\$1,000,000

*Includes one application that was reconsidered from December 2025

A full list of applications is shown in Attachment G-1. The application number in the first column in Table 5 below refers to the application number in Attachment G-1.

Project-Specific Notes

- Carolina Water Service of North Carolina's application proposes to design PFAS treatment for 16 well sites with documented PFAS over the MCL. These wells are located in Wake, Gaston, Watauga, Durham, Moore and Cumberland Counties and serve a population of 4,136 people.
- TriRiver Water's application proposes to address PFAS at the Chatham County Water Treatment Plant by studying treatment alternatives. This application was a reconsideration from December 2025 after a change in the application guidance allowing documented special circumstances in their source water to be considered for eligibility.

Staff Recommendations

Staff recommend funding the eligible study project applications for the February 2026 funding round.

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.

The February 2026 awards from the DWSRF-EC funds are contingent on the Division's receipt of FY 2025 from the US Environmental Protection Agency.

Table 5 – February 2026 IIJA DWSRF-EC Example Funding Scenario

SWIA Sheet Appl. No.	Applicant Name	County	Project Name	Program	Project Type	Amount of Funding Requested	Potential Award (100% PF)*
1	Carolina Water Service of North Carolina	multiple	PFAS Site Improvements Implementation	IIJA DWSRF-EC	DW EC Study	\$500,000	\$500,000
2	TriRiver Water	Lee, Chatham	Chatham County WTP EC Study	IIJA DWSRF-EC	DW EC Study	\$500,000	\$500,000
Total Award for Emerging Contaminants Study Applications in Funding Scenario							\$1,000,000

* All February 2026 awards from the IIJA DWSRF-EC funds are contingent on the Division's receipt of the EC funds from EPA.