

State Water Infrastructure Authority
Meeting Date: September 16, 2026
Agenda Item H – Additional Funding Request for the City of Albemarle
Long Creek WWTP Rehabilitation Project

Division of Water Infrastructure Staff Report

Background

The City of Albemarle's 12 million gallons per day (12 MGD) Long Creek Wastewater Treatment Plant (WWTP) was originally constructed in the mid-1970s and consists of influent screening, grit removal, extended aeration, clarification, filtration and disinfection. The treatment plant operates under NPDES Permit NC0024244. Over the years, the treatment plant has experienced major electrical failures and regular non-compliance events resulting from large flow and influent biological strength fluctuations. After receiving multiple Notice of Violations (NOVs), the City has entered into a Special Order by Consent (SOC) to address the noncompliance issues. Much of the scope included in the project is listed in the SOC as necessary to obtain compliance.

The proposed project will replace aging infrastructure components that are frequent sources of compliance problems, high maintenance costs and high failure potential. This project involves improvements to the WWTP's treatment process through:

- conversion of the existing aeration process to fine bubble diffusion
- construction of two larger clarifiers, and decommissioning of two existing clarifiers
- construction of a new building to house aeration equipment and electrical components
- conversion of the gas chlorine disinfection feed to a hypochlorite feed system, with a new building and storage tank
- construction of two new aerobic digesters and a new sludge dewatering facility with sludge cake containment basin
- comprehensive electrical upgrades including a new generator, switch gear, transformers, and below-grade feeds to all the major electrical loads at the plant

The project was initially awarded a CWSRF loan of \$16,453,200 (including \$500,000 in principal forgiveness) during the Fall 2020 application cycle for phase 1 of the project. During the engineering report review stage, an additional loan of \$2,926,800 was approved to cover a budget shortfall which increased total funding for phase 1 to \$19,380,000. In the Spring 2023 application cycle, the project received an additional \$14,650,000 in CWSRF loan funds for phase 2 of the project that implements major solids handling upgrades to the plant.

Design and permitting for the entire project was completed in May 2025. As the estimated project costs were higher than the funding amount, the Division approved a \$5M increase to the CWSRF loan and a funding offer was issued for the project on December 5, 2025 for an award amount of \$39,030,000 (including \$500,000 in principal forgiveness) at 0.1 percent interest rate for 20 years.

The project received seven construction bids ranging from \$37 million to \$69 million on July 14, 2026, and the engineer recommends that the construction contract be awarded to the lowest bidder for \$37,106,000. Total project cost, excluding the SRF closing costs, is \$46,207,510 as tabulated below.

Bid Amount (construction)	\$37,106,000
Generator and Switchgear	\$4,109,085
Engineering	\$3,137,425
Contingency (5%)	\$1,855,000
Total Project cost	\$46,207,510

The funding gap between the total project cost based on the lowest bid and the funding offer provided to the City is \$7,177,510. The City and the engineer acknowledge that a reduction in scope is not an option as most of the project components are needed to address the noncompliance issues listed in the SOC.

The City's financial consultant has presented the required revenue increases needed to cover this debt and all other planned capital projects at an August 11, 2026, Council meeting. As the City's leadership is in support of the project, the City of Albemarle is requesting an additional \$7,177,510 in CWSRF loans to fully fund the Long Creek WWTP Rehabilitation project.

The additional funding does not reduce the amount of CWSRF funds to be made available for the Fall 2026 funding round (i.e. available funds meet or exceed funding levels modeled and advertised for the Fall 2026 round).

Staff Recommendation

Staff recommend that the Authority approve an additional \$7,177,150 of CWSRF repayable loan funding for the City of Albemarle's Wastewater Treatment Plant Rehabilitation project (DWI Project # CS370522-08) to fully fund the project. This project addresses aging infrastructure, adds resiliency and operational efficiency, and fulfills requirements of the SOC.

Attachment: Request from the City of Albemarle