

State Water Infrastructure Authority
Meeting Date: September 17, 2025
Agenda Item I – 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 September 17 meeting. This staff report represents applications received as of August 1, 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. 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 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 IIJA DWSRF-EC and IIJA CWSRF-EC Capitalization Grant Allotments for FY 2025		
	DWSRF-EC	CWSRF-EC
FY 2025 Capitalization Grant	\$21,054,000	\$3,838,000
Total Available Grant 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 the \$5,000,000 that was awarded to an EC construction project in Spring 2025 round

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.

Table 2. Awards from the IIJA DWSRF-EC and IIJA CWSRF-EC Evaluation/Assessment Project Reserves			
SWIA Meeting/Funding Rounds	Rolling Application Deadline	SWIA Awards for DWSRF-EC Study Projects	SWIA Awards for CWSRF-EC Study Projects
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
July 16, 2025	June 2, 2025	\$2,500,000	\$0
Study Funds Awarded Prior to September 2025 Awards		\$5,392,495	\$500,000
Total Study funds awarded prior to Rolling Application		\$9,030,000	\$500,000
Total Study Funds Awarded		\$14,422,495	\$1,000,000
FY 2025 Evaluation/Assessment Project Reserve Available for September 2025 Awards		\$10,105,920	\$1,919,000

The current round of rolling applications for DWSRF-EC and CWSRF-EC study projects were received by August 1, 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 next semi-annual construction round are due September 30, 2025, with awards being made at the Authority's February 2026 meeting.

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 without a set schedule.

The Evaluation/Assessment Project Reserve in the FY 2025 capitalization grant provides \$1,919,000 for CWSRF-EC Study projects and \$10,105,920 for DWSRF-EC Study projects.

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 2022 through 2026 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 August 1, 2025, through the rolling application process. Total funding requested is also listed in Table 3.

Table 3. Summary of EC Study Project Applications Received by August 1, 2025			
	DWSRF-EC Study Projects	CWSRF-EC Study Projects	Total Requested Funds
Eligible Applications	1	0	\$500,000
Ineligible Applications	1	0	\$500,000
Funding Requested from Eligible Applications	\$500,000	\$0	\$500,000

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

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

Table 4. Example Funding Scenario for IIJA DWSRF-EC & IIJA CWSRF-EC Funds				
	Applications Received	Funded Applications in Scenario	Total Requested Funds	Potential Principal Forgiveness Award
Eligible Applications				
DWSRF-EC Studies	2	1	\$1,000,000	\$500,000
CWSRF-EC Studies	0	0	\$0	\$0
Total	2	1	\$1,000,000	\$500,000

Project-Specific Notes

- Iredell Water Corporation has documented exceedances of PFAS compounds at their ground water wells. The proposed project will conduct pilot testing of PFAS treatment technologies at the well sites and expand on the sampling efforts. Based on the pilot testing evaluations, conceptual designs and planning-level cost estimates will be developed for the feasible alternatives and next steps towards a full-scale implementation will be recommended.
- The City of Lumberton’s Water Treatment Plant PFAS Treatment Evaluation project received \$500,000 in study funding during the Fall 2023 application cycle. The Applicant requested an additional \$500,000 to cover for preliminary engineering of PFAS removal facilities and associated plant improvements. The FY 2025 IUP limits the study funds to \$500,000 per applicant and all previous awards being counted toward this limit. Hence, the application from City of Lumberton is deemed ineligible to receive any more IIJA-EC study funds.

Staff Recommendations

Staff recommend funding the eligible study project application for the September 2025 funding round. Table 5 shows the funds available from the FY2025 DWSRF-EC and CWSRF-EC Evaluation/Assessment Project Reserve funds, the example September 2025 Funding Scenario, and how the recommendation will likely impact future funding rounds for EC study projects.

Table 5. Potential IIJA DWSRF-EC and IIJA CWSRF-EC Evaluation/Assessment Project Reserve Funds Available for Future Funding Rounds for EC Study Projects		
	IIJA DWSRF-EC Principal Forgiveness	IIJA CWSRF-EC Principal Forgiveness
Estimated FY2025 EC funds available for EC study projects for this funding round	\$10,105,920	\$1,919,000
Example September 2025 funding scenario awards for EC studies	\$500,000	\$0
FY2025 EC Evaluation/Assessment Project Reserve funds remaining	\$9,605,920	\$1,919,000

A full list of applications, including those that would not be funded under this scenario, are shown in Attachment I-1. The application number in the first column in Table 6 below refers to the application number in Attachment I-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.

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

Table 6 – September 2025 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	Iredell Water Corporation	Iredell	Iredell Water Corporation Wells PFAS Study	IIJA DWSRF-EC	DW EC Study	\$500,000	\$500,000
Total Award for Emerging Contaminants Study Applications in Funding Scenario							\$500,000

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