

State Water Infrastructure Authority
Meeting Date: April 15-16, 2026
Agenda Item J – 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 April 15-16, 2026 meeting. This staff report represents applications received between January 10, 2026 and March 2, 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 FYs 2025/2026 and Awarded Reallotments		
	DWSRF-EC	CWSRF-EC
<i>Estimated</i> FY 2026 Capitalization Grant for DWSRF-EC	\$21,054,000	
FY2025 Capitalization Grant for CWSRF-EC		\$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

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
Total Study funds awarded prior to Rolling Applications (Fall 2023 – Spring 2024)	\$9,030,000	\$500,000
Study Funds Awarded via Rolling Applications prior to April 2026 Awards	\$6,392,495^a	\$500,000
Total Study Funds Awarded	\$15,422,495^a	\$1,000,000

^aAt the February 18, 2026 meeting, Carolina Water Service, Inc. of North Carolina was awarded \$500,000 for a Drinking Water EC Study project. It was later found that Carolina Water Service, Inc. of North Carolina had already received EC Study funding and was not eligible for additional funding per the IUP change in August 2025 limiting study funding to \$500,000. Table amounts do not include this award.

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 2027 for FY 2026 capitalization grants), the remainder of the Evaluation/Assessment Project Reserve will be made available to construction projects.

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 and 2026 DWSRF-EC and CWSRF-EC funding caps for EC study projects are \$500,000 per applicant starting in August 2025, with funds received from FY 2022 through FY 2026 counting toward the cap.

Staff received the current round of rolling applications for DWSRF-EC and CWSRF-EC study projects between January 10, 2026 and March 2, 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.

Summary of Applications Received

Table 3 shows the number of complete and eligible applications for EC study projects received by the Division between January 10, 2026 and March 2, 2026 through the rolling application process. Table 3 also lists the total funding requested.

Table 3. Summary of EC Study Project Applications Received by March 2, 2026			
	DWSRF-EC Study Projects	CWSRF-EC Study Projects	Total Requested Funds
Eligible Applications	1	1	\$1,000,000
Ineligible Applications	0	0	\$0
Funding Requested from Eligible Applications	\$500,000	\$500,000	\$1,000,000

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. One application is eligible for DWSRF-EC funding, for a total of \$500,000. The other application is eligible for CWSRF-EC funding for a total of \$500,000.

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	1	1	\$500,000	\$500,000
CWSRF-EC Studies	1	1	\$500,000	\$500,000
Total	2	2	\$1,000,000	\$1,000,000

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

Project-Specific Notes

- Cliffside Sanitary District, a distressed local government unit (LGU), proposes to develop monitoring and removal plans for documented PFAS compounds found in the wastewater treatment lagoon as required by their recently renewed NPDES permit.
- Union County’s application proposes to address PFAS at the Yadkin River Water Treatment Plant by studying treatment alternatives. This application was a resubmission of their June 2025 application after a change in the application guidance allowing documented special circumstances to be considered for eligibility.

Staff Recommendations

Staff recommend funding the eligible study project applications for the April 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 April 2026 awards from the DWSRF-EC and CWSRF-EC funds are contingent on the Division’s receipt of FY 2025 from the US Environmental Protection Agency (USEPA).

Table 5. April 2026 IIJA DWSRF-EC and CWSRF-EC Example Funding Scenario

SWIA Sheet Appl. No.	Applicant Name	County	Project Name	Program	Project Type	Amount of Funding Requested	Potential Award (100% PF)^a
1	Cliffside Sanitary District	Rutherford	CSD PFAS Monitoring & Removal Plans	IIJA CWSRF-EC	CW EC Study	\$500,000	\$500,000
2	Union County	Union	Yadkin WTP – PFAS Pilot Study	IIJA DWSRF-EC	DW EC Study	\$500,000	\$500,000
Total Award for Emerging Contaminants Study Applications in Funding Scenario							\$1,000,000

^aAll April 2026 awards from the IIJA DWSRF-EC and CWSRF-EC funds are contingent on the Division’s receipt of the EC funds from the USEPA.