

State Water Infrastructure Authority
April 15-16, 2026 Meeting
Agenda Item K – Additional Funding Recommendations for CDBG-I Grant

Division of Water Infrastructure Staff Report

In December 2022, the State Water Infrastructure Authority (Authority) increased the Community Development Block Grant–Infrastructure (CDBG-I) grant total threshold for project award amounts from \$2 million to \$3 million. When approving the CDBG-I grant amount increase, the Authority placed the following limit:

- *An amendment to the deobligated/recapture funds policy to allow existing grants to receive additional funding over the maximum award, not to exceed \$500,000, if funds are available, to keep the project viable, to existing and future projects.*

This report presents to the Authority a request to award additional CDBG-I funds to the Town of Brunswick over the \$500,000 limit established in December 2022 by the Authority. The additional funds for Town of Brunswick will come from deobligated funds from the FY 2019-2020 grant year.

Background

The Town of Brunswick was awarded a Federal Fiscal Year (FFY) 2021-2022 CDBG-I grant from the Authority on July 18, 2023 for \$2.0 million. The project is a drinking water project to construct an elevated storage tank, interconnect a subdivision, abandon two wells, and install nine fire hydrants. In January 2026, the Town of Brunswick initially bid the project unsuccessfully and after rebidding in February 2026, the Town received two bids with the lowest bidder at \$3,673,800.

After reviewing the lowest bidder and project cost, the current CDBG-I grant is under-funded by \$1,673,800. After value-engineering was performed, the reduction of the bid price was \$352,350, which brought the total cost of the project to \$1,321,450 over the awarded grant amount.

Currently, the Division has available from deobligated CDBG-I funds from the FFY 2019-2020 grant year in the amount of \$2,376,920.95. Deobligated FFY 2019-2020 funds that are not expended for other eligible costs by September 2027 will return to the federal government. This amount can make up the entire project cost for the Town of Brunswick without value engineering and would reduce the FFY 2019-2020 deobligated funds to \$703,120.95. Therefore, the CDBG-I Unit is recommending to the Authority the following:

- Awarding \$1,673,800 in additional CDBG-I grant funds to the Town of Brunswick. This would bring the total funding for the project to \$3,673,800. The Division will utilize the FFY 2019-2020 deobligated funds for the additional funds.
- As this project enters construction, if there is requirement to provide additional funds to the Town that can be funded out of the FFY2019-2020 deobligated funds, to approve the CDBG-I

Unit the flexibility to proceed with awarding additional FY2019-2020 deobligated funds to the Town of Brunswick without requiring further action or approval from the Authority.

This is recommended because of the current \$500,000 limit placed on awarding additional funds from deobligated grants. The recommendations would allow the Division to proceed with construction and not delay the project. Any costs would be reviewed via the Division’s Change Order review process.

FY2022 Funding Round Summary for Town of Brunswick

In 2022, the State of North Carolina received \$47,037,288 in Community Development Block Grant (CDBG) State funds. The 2022 CDBG-I appropriation from that funding was \$19,323,243.

The Town of Brunswick was awarded two drinking water CDBG-I grants in State Fiscal Year (SFY) 2022-2023 and SFY 2023-2024 totaling \$3,000,000 (Table 1).

Table 1. Town of Brunswick Funding			
Grant Number	Project Name	SWIA Award Date	Funding Amount
22-I-4103	Water System Resiliency, Phase 1	February 21, 2023	\$1,000,000
22-I-4105	Water System Resiliency, Phase 2	July 18, 2023	\$2,000,000
Total:			\$3,000,000

To date the Division has not received any deobligated funds from FFY 2021-2022 CDBG-I funding recipients and must consider earlier grant years to provide additional funds to the Town.

FFY 2019-2020 Funds Deobligation Summary

FFY 2018-2019 CDBG-I grant year was not considered for additional funds since the Division must recapture all remaining funds to North Carolina Department of Commerce by September 2026. There is insufficient time to execute contracts and disburse funds with FFY 2018-2019 grant year funds. Therefore, the Division will recommend that the Authority obligate FFY 2019-2020 deobligated funds to the Town.

In 2020, the State of North Carolina received \$48,537,754 in CDBG State funds. The 2020 CDBG-I appropriation from that funding was \$25,831,793. In 2021 the Authority awarded 17 CDBG-I grants and from 2021 to present has closed out 13 of these grants.

As a result of closing these grants, the Division received \$2,901,920.95 in deobligated funds. To date:

1. The Division has received a request from Magnolia (22-I-4108) for additional funds and obligated \$525,000 under current policy.
2. After allocating funds to Magnolia, the net FY 2019-2020 CDBG-I deobligation amount is: \$2,376,920.95. This amount exceeds the Town of Brunswick’s request for additional funds.

Town of Brunswick’s Additional Funding Scenario

The Town’s request to the Division for additional funds had two amounts identified as Options A and B. Both requested amounts are only valid until June 5, 2026, which is the date to which the contractor can hold their bid prices. The following is a summary of the total project costs and the amounts requested.

- Option A – The total project costs include the lowest bidder: \$3,673,800. Option A requests \$1,673,800 in additional funds to fully fund the project.
- Option B – This option reduces the scope of construction bid items, with a resulting total project cost of \$3,321,450. Option B requests \$1,321,450 in additional funds.

Table 3 is an analysis of scope of work that is achieved with each option.

Table 3. Comparison of Goals Achieved with Option A and Option B		
Project Goals	Option A	Option B
Install Elevated Storage Tank		
Install fire hydrants/valves		Removed from project
Interconnect Duchess Forest subdivision and abandon wells		Abandoning wells located at Duchess Forest would not occur. Just disconnected.
Funding achieves goal		
Partial achievement of goal		
Goal not achieved		

To summarize the outcome of Option A and B:

- Option A achieves all goals of the project as originally applied for to the Division.
- Option B achieves the goal of constructing the elevated storage tank and connecting the Duchess Forest subdivision. However, the Town must monitor the wells and will not have the fire safety and valves to isolate the system for repairs.

By selecting Option A, the current total remaining FY 2019-2020 deobligated funds will be reduced from \$2,376,920.95 to \$703,120.95.

Staff Recommendations

The staff makes two recommendations to the Authority:

1. Award to the Town of Brunswick, Option A, \$1,673,800 in additional CDBG-I grant funds, bringing the total funding from \$2,000,000 to \$3,673,800.
2. In the event it is required, the Authority provides the Division flexibility in awarding additional funds to the Town of Brunswick from FFY 2019-2020 deobligated funds without requiring further approval from the Authority.