

	<b>Division of Water Infrastructure Funding Program Highlights</b>  <i>Last updated: February 2024</i>	<b>Spring 2024</b>
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**Application deadline is 5:00 p.m. on Tuesday, April 30, 2024. Applications may be submitted at:**  
<https://edocs.deq.nc.gov/Forms/Spring2024DWIFunding>

## Community Development Block Grant-Infrastructure (CDBG-I)

### **What types of projects can this program fund?**

This is a U.S. Department of Housing and Urban Development (HUD) federally funded program. This program is designed to help communities create healthy living environments through financing public water and sewer infrastructure; and mitigate public and environmental health problems in areas where the percentage of low- and moderate-income (LMI) persons is at least 51% LMI (national objective).

### **Who can apply for this funding?**

Only non-entitlement\* units of general local governments (UGLG), with a project that meets the national objective of benefiting at least 51% LMI, can apply to the program. *\*HUD definition: Cities with populations smaller than 50,000 and counties with populations smaller than 200,000.*

Single purpose units of government (i.e., water or sewer authorities) must work with their UGLG as a subrecipient. If a UGLG is served by a single purpose unit of government, they may apply for a grant to replace, repair, or up-grade or extend infrastructure owned by a single purpose unit of government.

### **How much funding is available in this round?**

Division staff anticipate having approximately \$11.3 million available.

### **What types of targeted funding are available?**

All CDBG-I funds are 100% grant with no local match. All recipients must comply with federal grant conditions.

### **What are the interest rates related to the CDBG-I program?**

Since this is a federal grant program, there are no loans associated with this program.

### **What are the funding limits for my town, city, or county?**

Each UGLG is limited to \$3 million every three years (this three-year period starts at State Water Infrastructure Authority (SWIA) award date). If submitting multiple applications (outside of combined water and sewer applications), only one application will be awarded to an UGLG during each funding round.



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**Clean Water State Revolving Fund (CWSRF)**

**What types of projects can this program fund?**

This program can fund construction projects related to wastewater treatment, wastewater collection, reclaimed water, stormwater control measures (SCMs), stream restoration, and energy efficiency projects. These projects may be funded by low-interest loans or Principal Forgiveness (PF).

**Who can apply for this funding?**

Any local government unit (LGU) may apply for this funding. LGUs include counties, cities, towns, sanitary districts, water and sewer authorities, etc.

**How much funding is available this round?**

Division staff anticipate having approximately \$100 million available, including \$10.5 million in PF.

**What types of targeted funding are available?**

The Division offers PF based upon the grant/PF percentage calculated by the Affordability Criteria (see Affordability Calculator under the Application Forms tab of the website), or if a project documents that it provides a direct benefit to a disadvantaged area. The principal forgiveness portion of a SRF loan does not have to be repaid.

**What are the interest rates related to the CWSRF?**

Interest rates are ½ market rate of the 20-year Bond Index. The most recent funding round (Fall 2023) has a maximum base interest rate of 1.80%. The interest rate will be set when LGC approves the loan and will be the lower of the interest rates determined at either the application due date, or at the time of LGC approval.

For projects that are eligible for 75% or 100% PF, any repayable portion of the loan will have a 0% interest rate. For loans that are eligible for 50% or 25% PF, any repayable portion of the loan will have an interest rate of 1% less than the half-market rate (e.g., 0.68%).

All projects funded under the CWSRF Green Project Reserve will have an interest rate of 1% less than the half-market rate (e.g., 0.80%).

**What are the funding limits for my LGU?**

Per application round, LGUs are limited to \$35 million.

Overall, any LGU may carry a total of approximately \$200 million in CWSRF debt.



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## Drinking Water State Revolving Fund (DWSRF)

### **What types of projects can this program fund?**

This program can fund construction projects related to drinking water sources, drinking water treatment, and drinking water transmission, distribution, and storage. These projects may be funded by low-interest loans or Principal Forgiveness (PF).

### **Who can apply for this funding?**

Any local government unit (LGU) may apply for this funding. LGUs include counties, cities, towns, sanitary districts, water and sewer authorities, etc. Non-profit Water Corporations and Investor-Owned Drinking Water Corporations may also apply.

### **How much funding is available this round?**

Division staff anticipate having approximately \$80 million available, including \$16 million in Principal Forgiveness (PF).

### **What types of targeted funding are available?**

The Division offers PF based upon the grant/PF percentage calculated by the Affordability Criteria (see Affordability Calculator under the Application Forms tab of the website), or if a project documents that it provides a direct benefit to a disadvantaged area. The principal forgiveness portion of a SRF loan does not have to be repaid.

### **What are the interest rates related to the DWSRF?**

Interest rates are ½ market rate of the 20-year Bond Index. The most recent funding round (Fall 2023) has a maximum base interest rate of 1.80%. The interest rate will be set when LGC approves the loan and will be the lower of the interest rates determined at either the application due date, or at the of LGC approval.

For projects that are eligible for 75% or 100% PF, any repayable portion of the loan will have a 0% interest rate. For loans that are eligible for 50% or 25% PF, any repayable portion of the loan will have an interest rate of 1% less than the half-market rate (e.g., 0.80%).

### **What are the funding limits for my LGU?**

Per application round, LGUs are limited to \$25 million.

Overall, any LGU may carry a total of approximately \$200 million in DWSRF debt.



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**Bipartisan Infrastructure Law Emerging Contaminants Funds  
(BIL DWSRF EC)**

**What types of projects can this program fund?**

This program can fund construction projects or planning projects addressing any Per and Polyfluoroalkyl Substances (PFAS) in Water systems.

**Who can apply for this funding?**

Any local government unit (LGU) may apply for this funding. LGUs include counties, cities, towns, sanitary districts, water and sewer authorities, etc. Non-profit Water Corporations and Investor-Owned Drinking Water Corporations may also apply for Drinking Water Funds.

**How much funding is available this round?**

- Approximately \$10.4 million for DWSRF-EC Construction Projects
- Approximately \$10.4 million for DWSRF-EC Study Projects
- No CWSRF-EC funds are available this round.

**What types of targeted funding are available?**

All BIL DWSRF-EC funds will be 100% PF.

**What are the interest rates related to the CWSRF?**

All SRF-EC funds will be 100% PF and will not have a repayable loan portion of the funds.

**What are the funding limits for my LGU?**

- \$5 million for DWSRF- EC construction projects per applicant per round
- \$500,000 for SRF-EC planning projects per applicant per round

**What other information should I know about the EC funds?**

- Projects seeking BIL EC funds must use the same common application and applicable priority rating systems (DW/CW PRS).
- Claim applicable Bil SRF EC eligible priority rating line items and all other eligible line items.
- EC eligible projects will be considered for base SRF funds.
- EC applications will have two prioritization scores. One score for EC funds only and another score for base funds.



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## Local Assistance for Stormwater Infrastructure Investments for Construction Projects (LASII-C)

### **What types of projects can this program fund?**

This is one of the newest Division programs and can fund stormwater construction projects such as stormwater quantity or quality projects. Stormwater quantity projects consist of projects that create or improve, retrofit, repair, or replace stormwater infrastructure to control stormwater quantity and reduce flooding. Stormwater quality projects include projects that create new stormwater control measures (SCMs) or improve, retrofit, repair, rehabilitate or replace existing SCM infrastructure, or stream restoration, wetland restoration, buffer restoration, or estuary restoration, or rainwater harvesting and utilization.

### **Who can apply for this funding?**

Municipalities and counties may apply for this funding. Additionally, a Council of Governments or non-profit entity may apply for this funding, so long as they are partnering with a municipality or county.

To be eligible, the Applicant must document a stormwater quality or quantity issue and demonstrate significant hardship in raising the revenue by having either one or more local government unit (LGU) indicators worse than the state benchmarks or has a stormwater project in a disadvantaged area where 75% or more of the construction cost benefits the disadvantaged area.

### **How much funding is available this round?**

Division staff anticipate having approximately \$12.0 million available.

### **What are the funding limits for my LGU?**

For stormwater construction projects, funding limits are \$5 million per Applicant per cycle or \$7.5 million total per cycle if two or more units of local government are collaborating together on one project.



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**The application deadline is a rolling deadline. Applications will be reviewed on a rolling basis by the State Water Infrastructure Authority (SWIA).**

**Bipartisan Infrastructure Law - Lead Service Line Replacement (LSLR)**

**What types of projects can this program fund?**

This program can fund drinking water construction projects related to replacing lead service lines from the house to the main. Projects that can be funded include lead service line replacement (LSLR), lead service line find-and-replace projects, and lead service line inventories, especially to comply with the Lead and Copper Rule Revisions that are due by October 15, 2024.

**Who can apply for this funding?**

Any local government unit (LGU) may apply for this funding. LGUs include counties, cities, towns, sanitary districts, water and sewer authorities, etc. Non-profit Water Corporations and Investor-Owned Drinking Water Corporations may also apply.

**How much funding is available this round?**

Division staff are accepting applications on a rolling basis. For 2024, Division staff have \$86.5 million available for funding the LSLR program, including \$55.0 million in Principal Forgiveness (PF). 50% of the awarded funds each round will be reserved for inventory projects.

**What types of targeted funding are available?**

The Division offers PF based upon the grant/PF percentage calculated by the Affordability Criteria (see Affordability Calculator under the Application Forms tab of the website), or if a project documents that it provides a direct benefit to a disadvantaged area. The principal forgiveness portion of a SRF loan does not have to be repaid.

**What are the interest rates related to the LSLR?**

Interest rates are ½ market rate of the 20-year Bond Index. The most recent funding round (Spring 2023) has a maximum base interest rate of 1.687%. The interest rate will be set when LGC approves the loan and will be the lower of the interest rates determined at either the application due date, or at the of LGC approval.

For projects that are eligible for 75% or 100% PF, any repayable portion of the loan will have a 0% interest rate. For loans that are eligible for 50% or 25% PF, any repayable portion of the loan will have an interest rate of 1% less than the half-market rate (e.g., 0.68%).

**What are the funding limits for my LGU?**

- \$5 million per round for replacing known LSLs
- \$2 million per round for verifying and replacing LSLs
  - Cap of \$1 million of budget for inventory/verification of materials
- \$1 million per round for inventory/verification of materials



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## Viable Utility Reserve (VUR)

### **What types of projects can this program fund?**

This program can fund both planning grants and construction projects. Types of projects that planning grants can fund include rate studies, asset inventory and assessments, and merger/regionalization feasibility studies.

Please note that for this round, only planning grants are available for distressed LGUs who have not already received an asset inventory and assessment or rate study grant from us.

### **Who can apply for this funding?**

For this round, this program can fund planning only for LGUs that have been designated as distressed by both the State Water Infrastructure Authority (SWIA) and the Local Government Commission (LGC) and have not previously received an asset inventory and assessment or rate study grant from us.

### **How much funding is available this round?**

Division staff anticipate having approximately \$4 million available for planning projects that will help distressed LGUs complete their statutory requirements.

### **What are the funding limits for my LGU?**

For the study grants offered this round, there is a funding cap of \$400,000 per LGU.

### **What is other information I need to know about these funding programs?**

Funding from the VUR is part of the viable utilities program, which has five requirements: (1) completion of an asset assessment and rate study; (2) participation in an initial education program; (3) development of a short-term action plan; (4) development of a long-term action plan; and (5) development of a long-term financial plan that includes continuing education.