

Introduction to American Rescue Plan Act of 2021:

Necessary Water, Sewer, &
Stormwater Infrastructure



NORTH CAROLINA
DEPARTMENT OF STATE TREASURER



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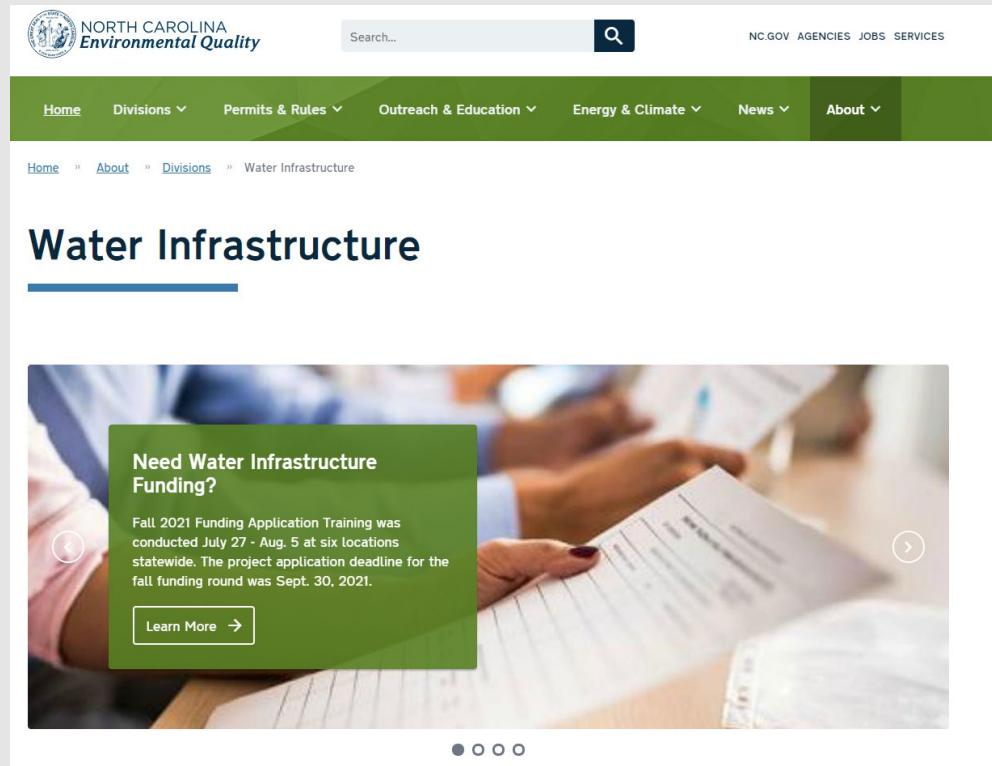




Water, Sewer & Stormwater Eligibility for ARPA/Local Fiscal Recovery Funds

October 22, 2021

N.C. Division of Water Infrastructure



- **Shadi Eskaf, Division Director**
- **Jon Risgaard, State Revolving Fund Section Chief**

Environmental Finance Center, UNC-Chapel Hill School of Government

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Environmental Finance Center

The EFC at UNC is dedicated to enhancing the ability of governments and other organizations to provide environmental programs and services in fair, effective, and financially sustainable ways

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Featured Resources



- **Elsemarie Mullins, Project Director**

N.C. Pandemic Recovery Office

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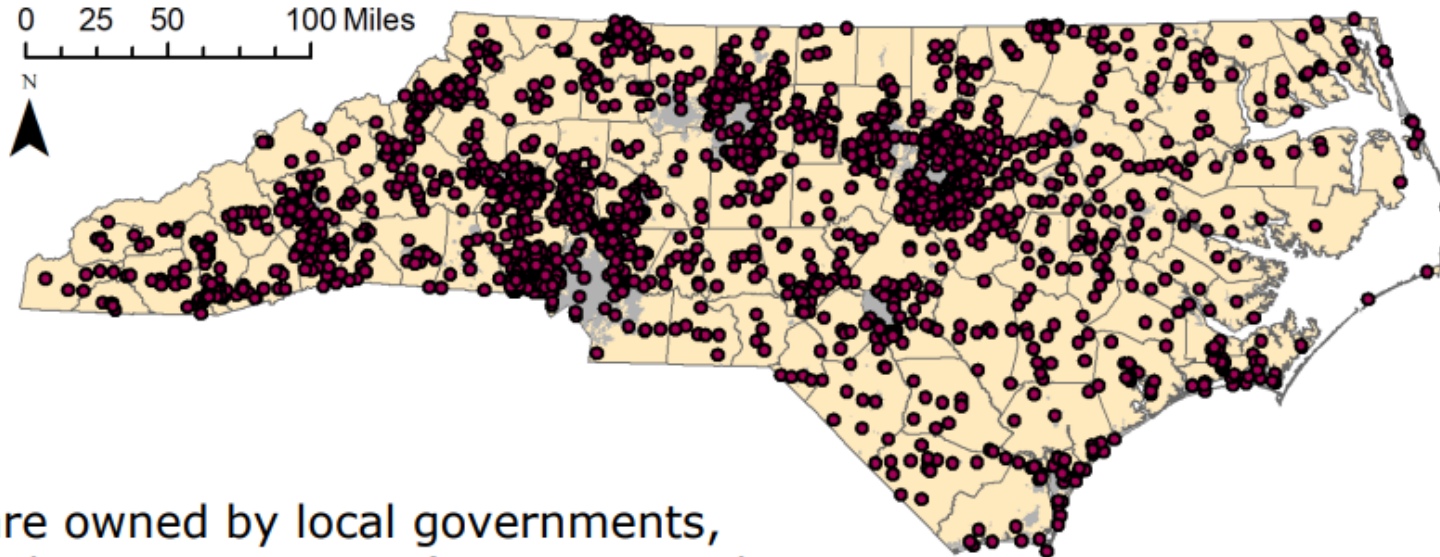
Click Here for the Latest News & Information
Read the latest FAQs, guidance, and reports; watch recent presentations and PROtalks; access updated reporting forms; and more.

ARPA Regional Information Sessions for Local Governments
American Rescue Plan Act Regional Information Sessions for Local Governments were held on June 30 and July 1. You can now view the recorded sessions and presentation slides.

- Marquis Crews,
Program Analyst

A lot of infrastructure

2,001 active community water systems serving more than 8.8 million people in North Carolina (December 2020)



27% of which are owned by local governments,
serving 89% of the water systems' service population

Analysis by the Environmental Finance Center at the UNC School of Government.

Data source: SDWIS database maintained by the Division of Water Resources in the NC Department of Environmental Quality.

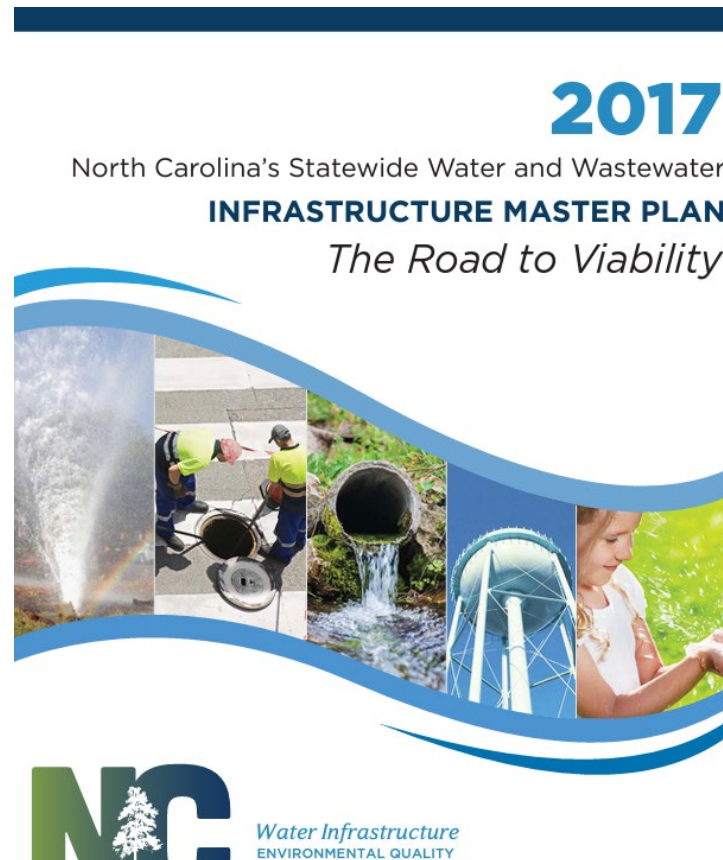
Geospatial locations are approximated by the EFC using secondary sources from NCOneMap (NC Geographic Information Coordinating Council), NC Department of Environmental Quality, NC Rural Economic Development Center, and primary sources.

Significant Needs Across N.C.

Results of the 2021 North Carolina Local Government Stormwater Management Survey

SEPTEMBER 2021

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- Water/wastewater: \$17-\$26 billion
- Stormwater: \$2.76 billion

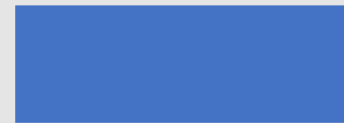
Most Recent Round of State Infrastructure Funding

\$617.2 million



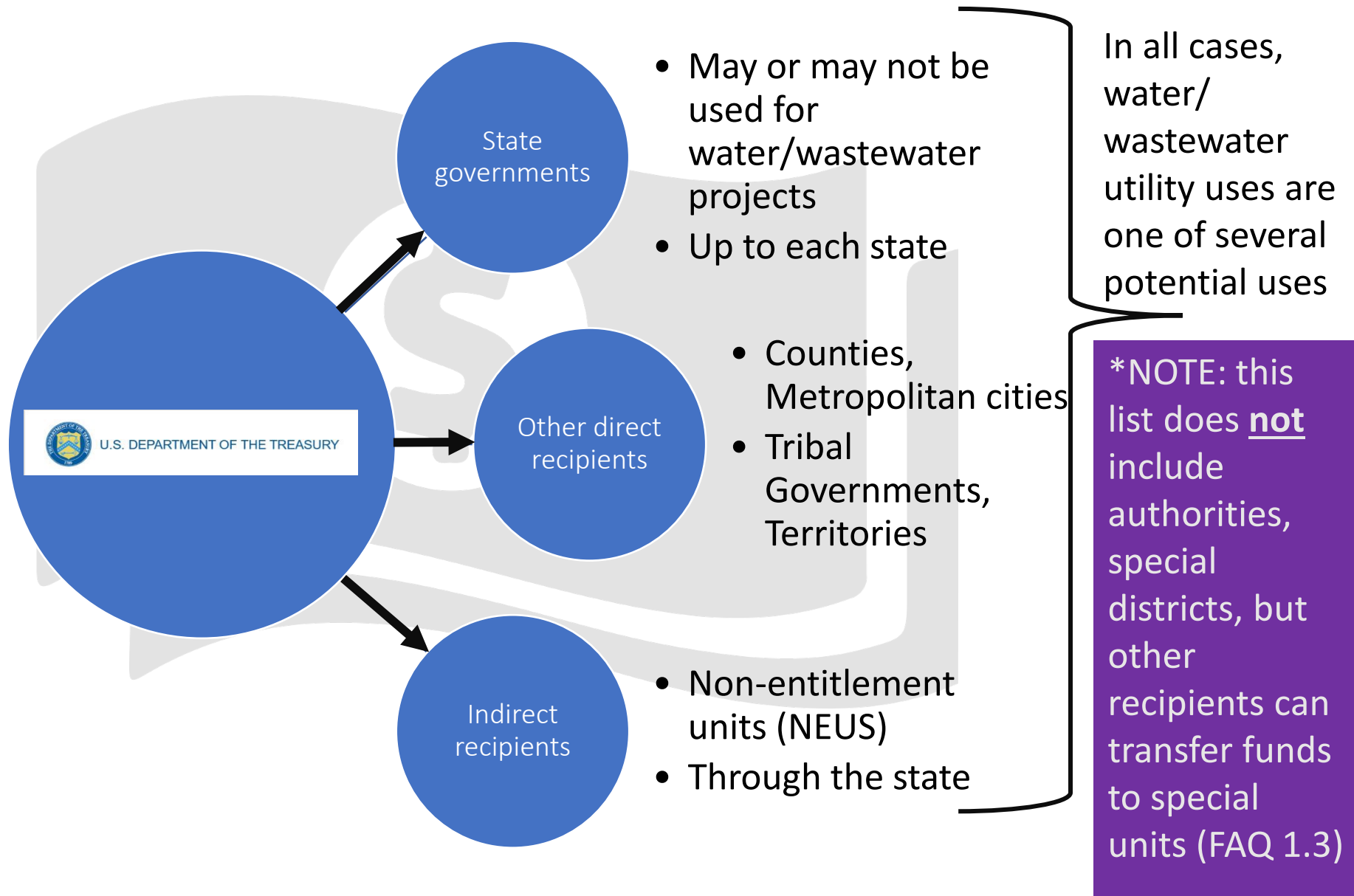
Funding Requests

\$158.3 million

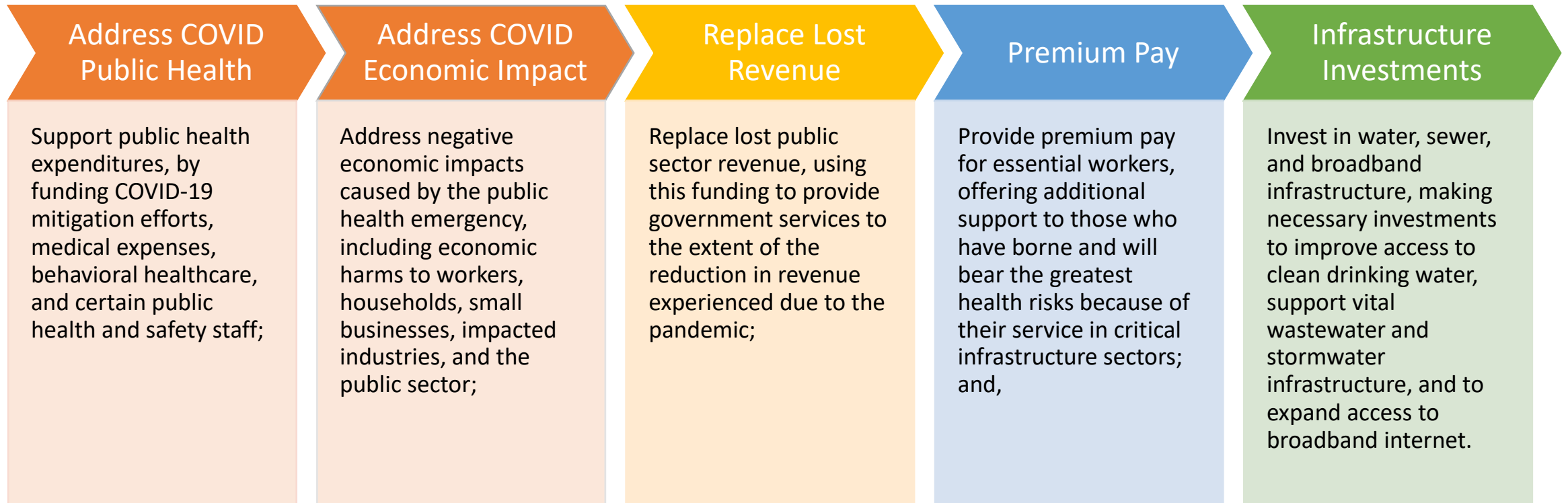


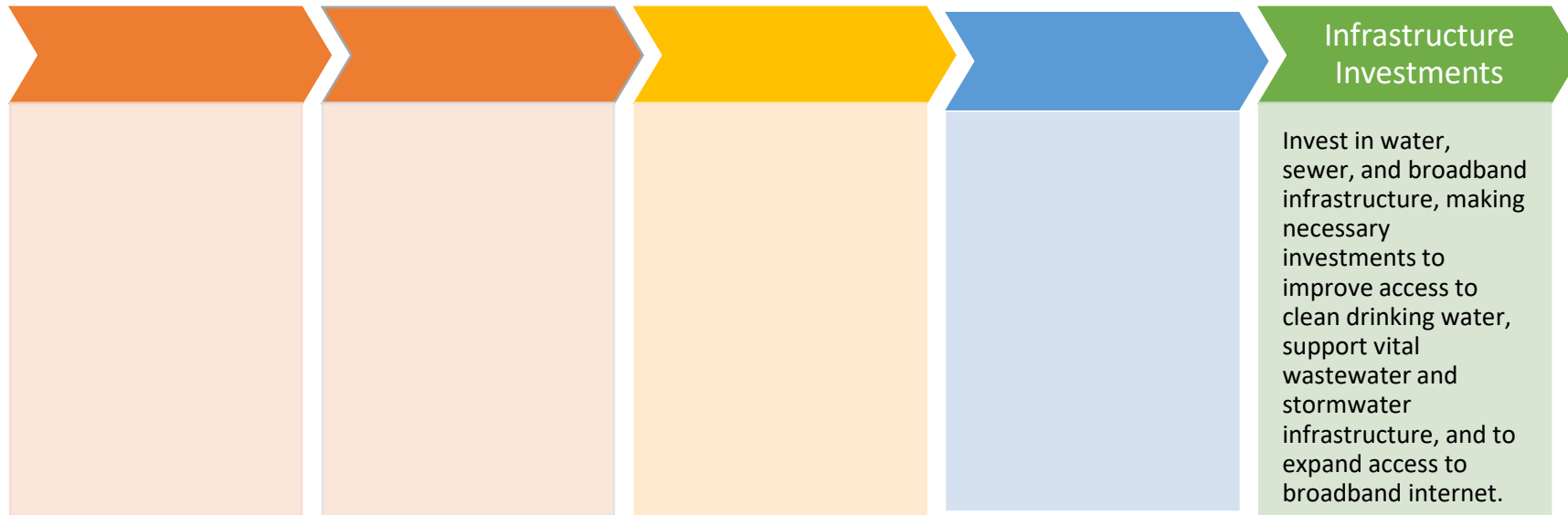
Available Funding

Fiscal Recovery Funds (ARPA)



ARP/FRF Allowable Expenditures





Aligns eligible uses with the types or categories of projects that would be eligible to receive financial assistance through the EPA’s Clean Water State Revolving Fund (CWSRF) or Drinking Water State Revolving Fund (DWSRF).

DWSRF: Projects include treatment, transmission and distribution (including lead service line replacement), source rehabilitation and decontamination, storage, consolidation, and new systems development.

CWSRF: Projects include construction of publicly- owned treatment works, nonpoint source pollution management, national estuary program projects, decentralized wastewater treatment systems, stormwater systems, water conservation, efficiency, and reuse measures, watershed pilot projects, energy efficiency measures for publicly-owned treatment works, water reuse projects, security measures at publicly-owned treatment works, and technical assistance to ensure compliance with the Clean Water Act.

NO State Law Authority for Broadband Infrastructure (but watch for new legislation)

Fiscal Recovery Funds (FRF/ARPA)

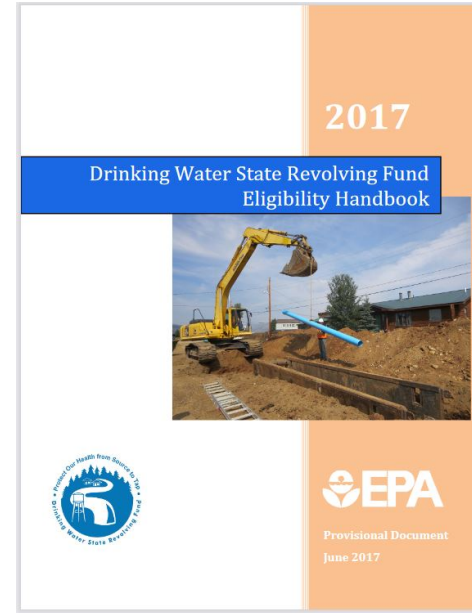
- Drinking Water SRF eligible projects:

https://www.epa.gov/sites/default/files/2017-06/documents/dwsrf_eligibility_handbook_june_13_2017_updated_508_version.pdf

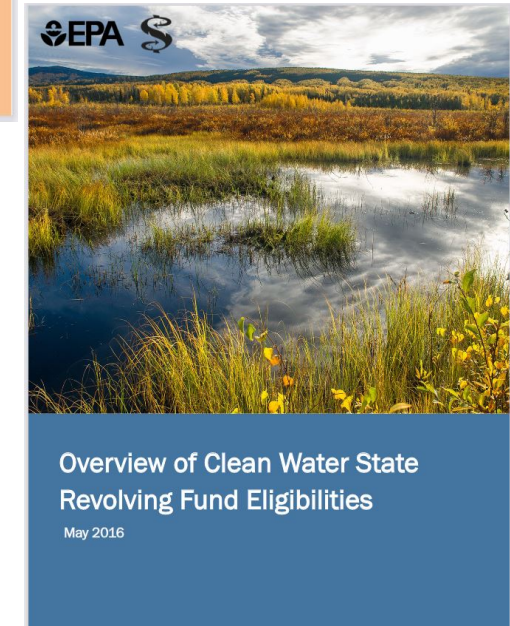


- Clean Water SRF eligible projects:

https://www.epa.gov/sites/default/files/2016-07/documents/overview_of_cwsrf_eligibilities_may_2016.pdf

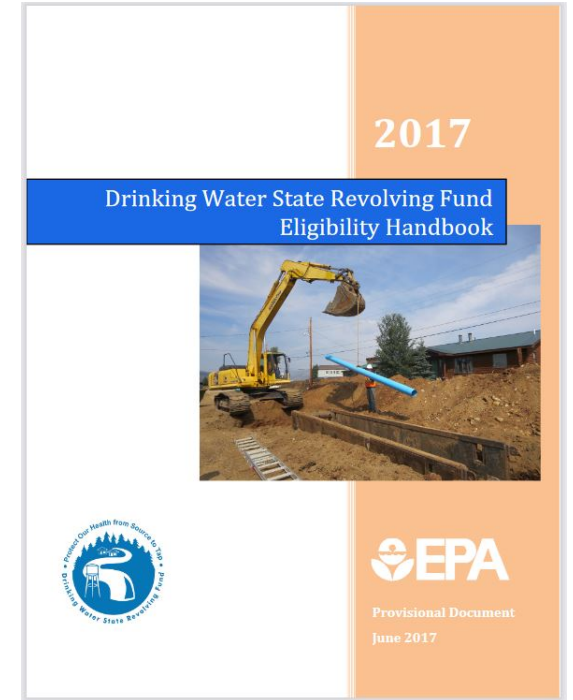


Funds must be obligated by Dec 31, 2024 and spent by Dec 31, 2026

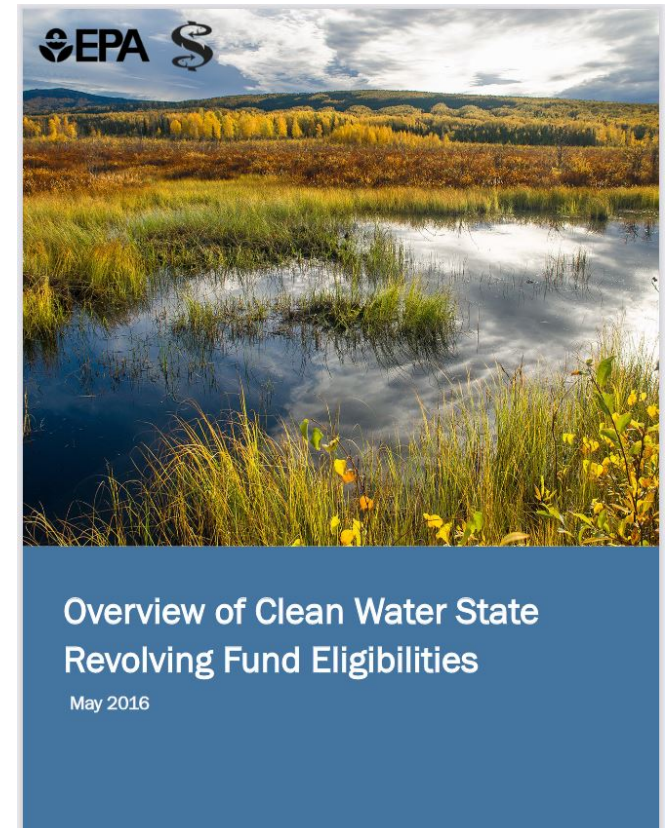


- Drinking Water SRF eligible projects:

- Treatment
- Transmission and distribution
- Source (raw water intakes, wells, alternative supply)
- Storage
- Consolidation
- Creation of a new system to address public health problems with serious risks caused by unsafe drinking water OR to create a new regional community water system to eliminate individual systems with technical, managerial and financial difficulties



- Clean Water SRF eligible projects:
 - Centralized wastewater treatment
 - Energy conservation
 - Water conservation
 - Stormwater
 - Agricultural Best Management Practices
 - Decentralized Wastewater treatment
 - Resource Extraction
 - Contaminated Sites
 - Landfills
 - Habitat Protection and restoration
 - Silviculture
 - Desalination
 - Groundwater Protection and Restoration
 - Surface Water Protection and Restoration
 - Planning/Assessment



Fiscal Recovery Funds (ARPA)

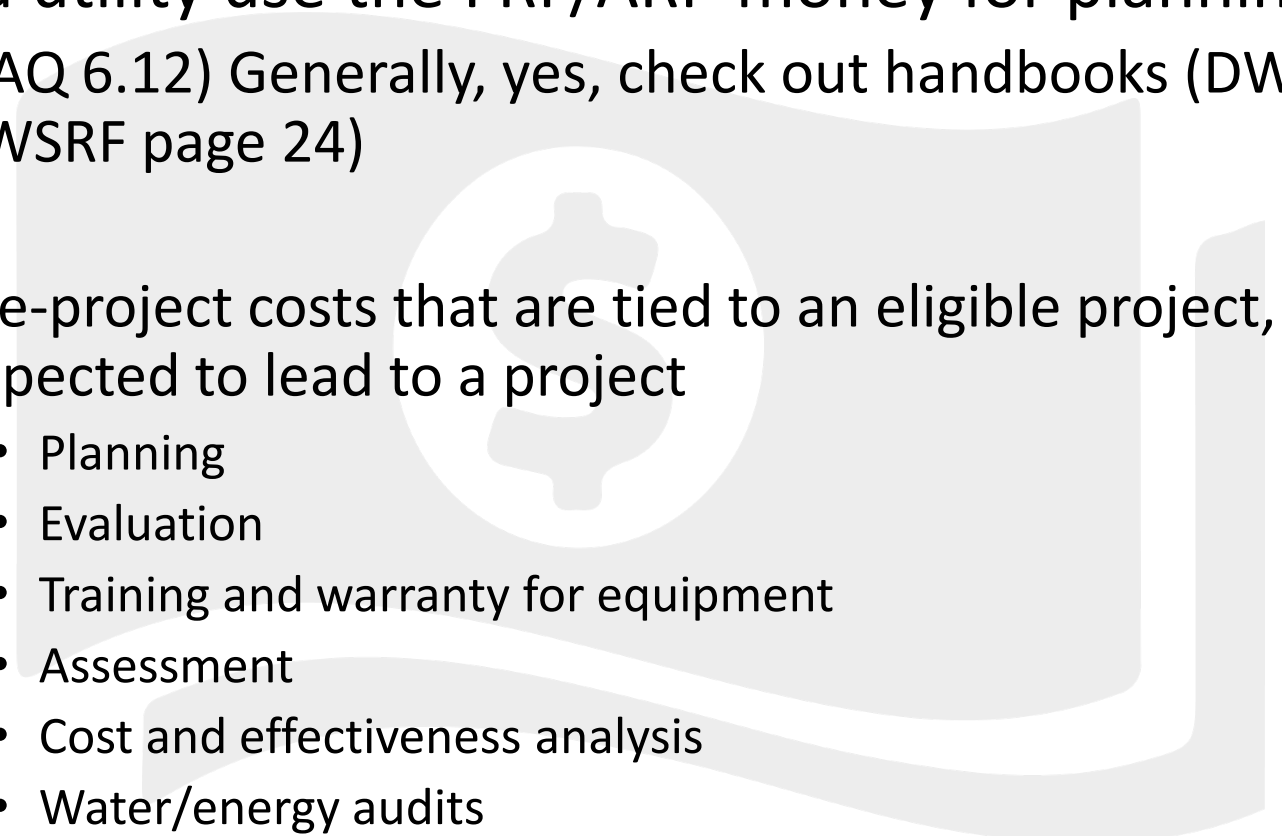
- Ineligible uses

- Debt payments/refinance
- Contribute to reserves (or “rainy day” fund)
- As a non-Federal match for other Federal funds, included SRF grants
-
- Day to day operating expenses
- Drinking water system growth that may not materialize (See section 3.4.1, page 14, [DWSRF handbook](#))

Other FAQs

- Can a utility combine an eligible project with another one?
 - Yes, but the utility can only spend FRF/ARP money on the portion of the project that is eligible
- Can a utility complete a (fill in the blank) stormwater project?
 - Assess the project with the CWSRF guidelines:
 - Stormwater projects must have a water quality benefit.
 - Page 13, [CWSRF handbook](#)

Other FAQs

- Can a utility use the FRF/ARP money for planning costs?
 - (FAQ 6.12) Generally, yes, check out handbooks (DWSRF page 15/16; CWSRF page 24)
 - Pre-project costs that are tied to an eligible project, or are reasonably expected to lead to a project
 - Planning
 - Evaluation
 - Training and warranty for equipment
 - Assessment
 - Cost and effectiveness analysis
 - Water/energy audits
 - Conservation plans
- 

Other FAQs

- Does Davis Bacon and NEPA apply to infrastructure projects funded by FRF?
 - There are no requirements for Davis-Bacon Labor Standards or American Iron and Steel Provisions in the interim rule for projects under \$10 million.
 - Necessary investments “should be carried out in ways to produce high-quality infrastructure, avert disruptive and costly delays, and promote efficient”. Recipients are encouraged “to use strong labor standards, including project labor agreements.....” See [FAQ 6.17](#)
 - For projects over \$10 million, Davis-Bacon will apply (or a similar labor standard and reporting method) See [FAQ 6.17](#) and the [Reporting and Compliance Document, page 21](#)
 - If combined with other funds, utility must follow requirements for those other funds.

Other FAQs

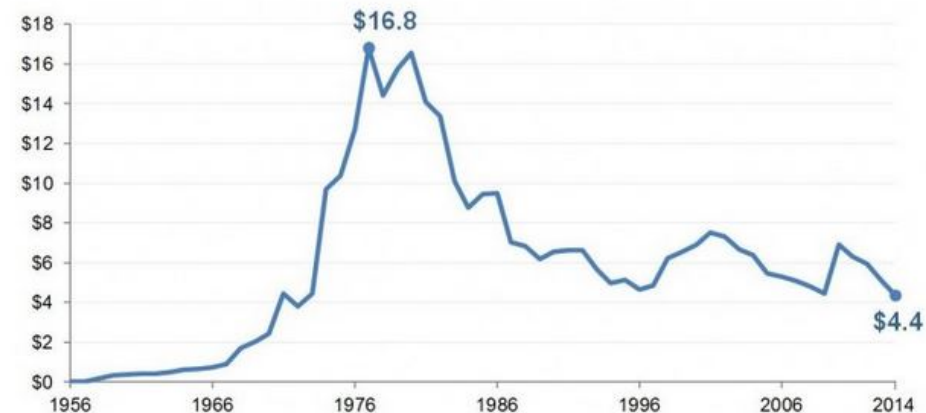
- Does the National Environmental Policy Act (NEPA) apply to eligible infrastructure projects?
 - NC, Treasury guidance states: “NEPA does not apply to Treasury’s administration of the Funds. Projects supported with payments from the Funds may still be subject to NEPA review if they are also funded by other federal financial assistance programs.” (FAQ 6.4)

IMPORTANT

- Projects should be financially sustainable going forward
- Keep the long term view in mind—more grant \$\$ may not come
- Explore regionalization options
- Build/replace/rehab assets that can be maintained and operated with the utility's revenue
- Funds done Dec 2026
- *Raise rates as needed*



Federal spending on water and wastewater utility infrastructure decreased in the 1980s and after 2000
Reported in billions of 2014 dollars



Source: Congressional Budget Office (March 2015), Public Spending on Transportation and Water Infrastructure, 1956 to 2014.