



February 26, 2021

UNC-EFC 2021 Finance Strategies Workshop

Division of Water Infrastructure Funding Programs

Environmental Quality

Division of Water Infrastructure



Division of Water Infrastructure Funding Programs

- Funding source for water & wastewater projects
- Eligible to Local Government Units (counties, cities, towns, sanitary districts, etc.)
- Loan / principal forgiveness / grant programs
- Pure grant programs
 - Community Development Block Grant – Infrastructure (construction only)
 - Viable Utility Reserve



Overview

- One project application for all programs
 - Same application for consideration across all programs
 - Considered at same time (usually)
 - Applicant indicates their grant requirements for project to move forward, and willingness to accept federal condition.
- Two funding rounds per year
 - Spring (~April 30) SRF and State loans
 - Fall (~Sept. 30) all funding sources available

State Reserve Program

- Annual appropriations (\$10M per year)
 - Water and wastewater projects grants
 - Asset Inventory and Assessment grants
 - Merger / Regionalization Feasibility grants
 - Fall Funding round
- Revolving funds
 - Some historic funds do revolve back into program or become available when projects funds are not utilized. (i.e. NC Connect Bond loans and grants)
 - Spring and/or Fall as funds are available

State Reserve – Construction

- Loans – \$3M max per applicant per system type
 - ½ market rate
 - Target interest rate available every 3 years
- Grants – \$3M max per applicant per system type every 3 years
- Construction project grant percentages are determined by affordability criteria

State Program Funding – Non-Construction

- **Asset Inventory and Assessment (AIA) grants**
 - \$150,000 max per applicant per system type over a 3-year period
 - < 10,000 residential connections (some exceptions for partners)
 - Match is required
 - Eligible activities include:
 - Identify system components and location
 - Determine condition of critical components
 - Risk analysis to establish critical components
 - Establish costs for replacement/repairs/upgrades and continuous operations and maintenance
 - Create prioritized list of projects to be completed
 - Prepare realistic Capital Improvement Plan (CIP) that includes critical projects
 - SWIA funded ~ 30 per year over last 4 years

State Program Funding – Non-Construction

- **Merger / Regionalization Feasibility (MRF) grants**
 - \$50,000 per applicant per system type over a 3-year period
 - Moving toward resiliency:
 - Evaluate the feasibility of water or wastewater systems merging or consolidating
 - Evaluate shared management and other types of partnerships
 - Evaluate the current situation
 - All eligible applications have been funded since 2016.

Viable Utility Reserve

- Grant funds
- Limited to “distressed” units
- \$9M one time appropriation
- Eligible Projects
 - Water and Wastewater Construction
 - Planning and assessment
 - Emergency Operation (only if LGC has taken over)
- May include grant conditions
- Must be approved by SWIA and LGC
- Application priority/process in development.



Federal Funding Programs

- State Revolving Fund
 - Clean Water SRF (\$120-\$130M/year)
 - Drinking Water SRF (\$90-\$100M/year)
 - Spring and Fall funding rounds
- Community Development Block Grants – Infrastructure (CDBG-I)
 - \$21-\$25M in grants per year
 - Fall funding round

State Revolving Fund

- Eligibility
 - Local Government Units (counties, cities, towns, sanitary districts, etc.)
 - Non-profit water corporations
 - Investor-owned drinking water corporations (DW only)



State Revolving Fund

- Types of projects
 - Source water or water storage
 - Water transmission or distribution
 - Wastewater and Water treatment
 - Wastewater collection
 - Reclaimed water
 - Stormwater BMPs
 - Stream restoration
 - Energy efficiency at treatment works or collection systems

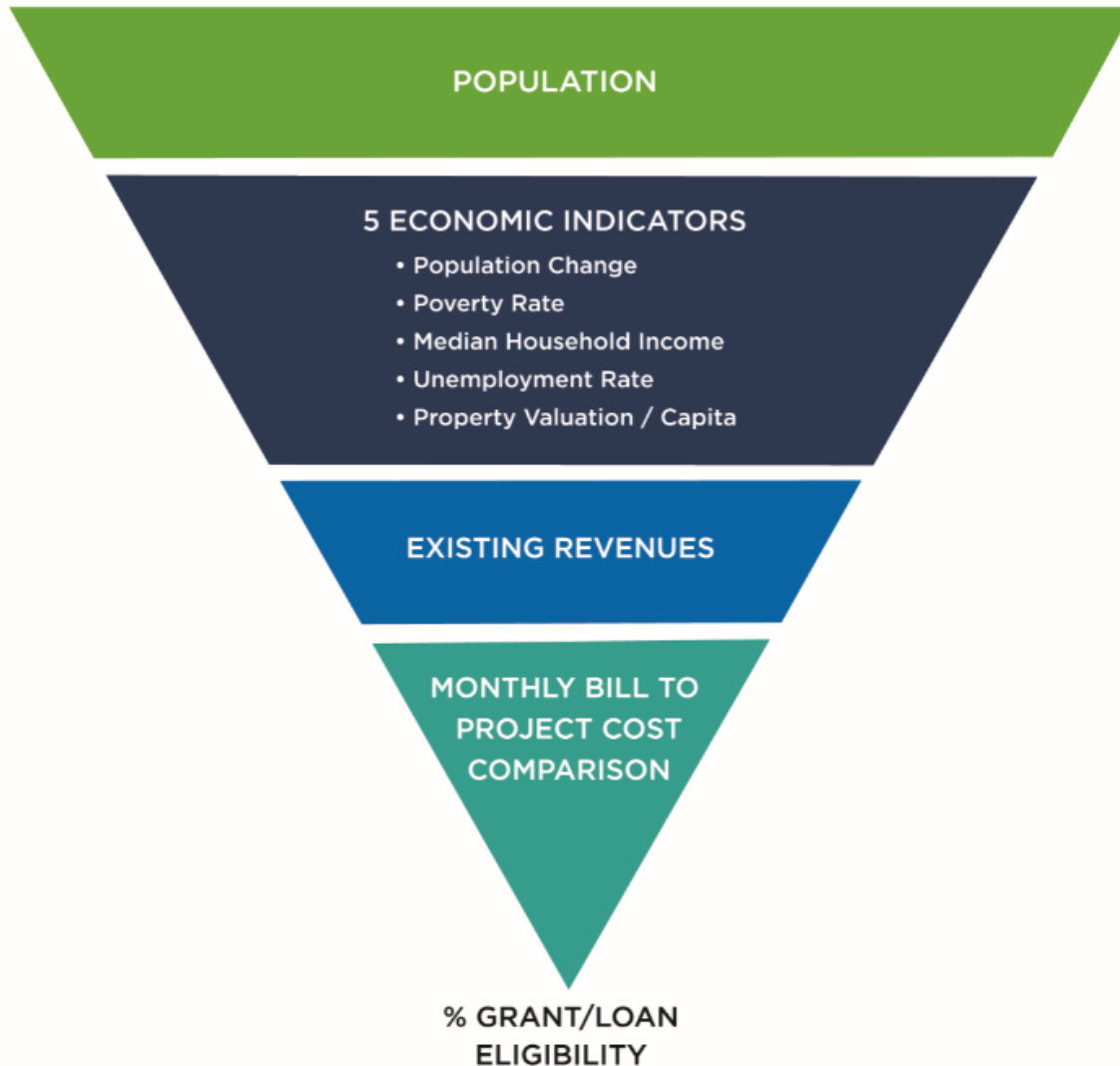


General Information – SRF

- Percentage rate
 - ½ market rate
 - 1% interest rate reduction or 0% interest rate loans based on affordability criteria
 - 1% interest rate reduction for green projects
- Principal Forgiveness (PF)
 - 100% PF for elimination of failing public system
 - Up to \$500k per applicant per round based on affordability criteria
- Loan limit
 - \$20 million limit (DWSRF)
 - \$30 million limit (CWSRF)
- Federal conditions apply including Davis-Bacon, American Iron and Steel, NEPA-like environmental review

Stretching Funding Resources & Affordability

4 Elements of Affordability Criteria



Eligibility for Percentage of Grant Funds

| WATER OR SEWER MONTHLY BILL FOR 5,000 GALLONS | MEDIAN | | PROJECT COST PER CONNECTION |
|---|---|--|-----------------------------|
| | LOWER-THAN-MEDIAN PROJECT COST PER CONNECTION | HIGHER-THAN-MEDIAN PROJECT COST PER CONNECTION | |
| >\$58 | 100% | 100% | 100% |
| >\$47 TO ≤ \$58 | 75% | 75% | 100% |
| >\$40 TO ≤ \$47 | 50% | 50% | 75% |
| >\$33 TO ≤ \$40 | 25% | 25% | 50% |
| NC ≤ \$33 | 0% | 25% | 25% |
| | ≤ \$1,150 | > \$1,150 TO ≤ \$4,750 | > \$4,750 |

HIGHER-THAN-MEDIAN BILL FOR 5,000 GALLONS

LOWER-THAN-MEDIAN BILL FOR 5,000 GALLONS

Federal Community Development Block Grants – Infrastructure (CDBG-I)

- Comprehensive community development program overseen by HUD
- \$21-\$25M in grants per year
- Water and wastewater projects may include
 - new service into low-mod income areas,
 - Work must be in residential areas; we cannot fund infrastructure in business districts
- Cannot fund infrastructure for job creation



Federal Community Development Block Grants – Infrastructure (CDBG-I)

- **Eligibility:**
 - Must be a minimum of 51% low-to-moderate income population in the service area
 - Excludes 24 “entitlement cities”
- **Many layers of Federal Requirements**
 - DBW, AIS, environmental review,
 - Must determine the income levels in the community by either survey or by ACS statistics
 - Focus on comprehensive community development

| | |
|------------------------------|--|
| Equal Employment Opportunity | Residential Anti-Displacement and Relocation |
| Procurement Plan | Citizens Participation Plan |
| Section 3 Plan | Fair Housing Plan/Analysis |
| Language Access Plan | |

17 *Federal Community Development Block Grants – Infrastructure (CDBG-I)*

- Typically, grantees will hire a grant administrator to assist the town with the development and implementation of these plans, and to conduct the worker interviews to demonstrate Davis-Bacon compliance
- Ultimately, however, it is the local government who is responsible

Overview

- Staff are available to meet to discuss projects / applications
 - Unique or large projects
 - Design-build
 - Accelerated schedule
- Two funding rounds per year
 - Spring (~April 30) SRF and State loans
 - Training starts next week!
 - Fall (~Sept. 30) all funding sources available

Ongoing efforts

- Intended Use Plan (IUP) updates
- Review of prioritization system
 - Construction
 - AIA
 - MRF
- Review of affordability calculation
 - Combined vs. sperate utility rates
 - Projection of rates including proposed project.
- Viable Utility Program synchronization with other funding sources.



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