

**North Carolina  
Clean Water State Revolving Fund  
Intended Use Plan  
Fiscal Year 2021-2022**

**Division of Water Infrastructure**

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## 1. Introduction

The Division of Water Infrastructure (Division) is part of the North Carolina Department of Environmental Quality (NCDEQ). The Division administers financial assistance programs to assist local government units (LGUs) in constructing projects that both benefit water quality and improve the human environment.

In 2013 the North Carolina General Assembly created the State Water Infrastructure Authority (Authority) to determine the eligibility of projects for certain water infrastructure funding programs, including the Clean Water State Revolving Fund (CWSRF), consistent with federal law. The priorities reflected in this document have been approved by the Authority.

Specific to this document, the Division administers the federal-state CWSRF program as established by Title VI of the Federal Water Pollution Control Act (a.k.a. Clean Water Act) as amended in 1987. The CWSRF program offers loans to LGUs at interest rates lower than market rates for clean water infrastructure. As a LGU repays the loan, the monies are again loaned out, hence the revolving nature of the program. All loan repayments must go back into the CWSRF. This Intended Use Plan (IUP) serves to explain how the capitalization grant will be used and the CWSRF will operate.

The IUP is incorporated into the capitalization grant agreement and becomes the grant work plan. Combined, the operating agreement, grant agreement, IUP, Clean Water Act, Code of Federal Regulations, and state statutes set the program requirements for the CWSRF. The IUP identifies anticipated projects scheduled for loan commitments from the CWSRF. It also explains how the CWSRF will utilize a priority rating system to identify those projects that will address the greatest need and/or provide the greatest positive environmental impact on the water resources in North Carolina.

## 2. Financial History

Congress appropriates an overall CWSRF funding level that is allocated to states based on percentages in the Clean Water Act. This allocation has not been updated since the 1987 amendments that established the CWSRF. The North Carolina allocation is approximately 1.8% of the national appropriation. Capitalization grants, including the required State match, enable increasing amounts of loan commitments. This is due to loan repayments being loaned again, thereby providing public benefits repeatedly through time. While providing substantial support, this infrastructure financing has only met a small percentage of the clean water infrastructure needs for LGUs in North Carolina. However, if capitalization grants continue (or are increased), the program will better be able to meet infrastructure financing needs for LGUs.

## 3. Programmatic Goals

Pursuant to the Clean Water Act, the State must identify the goals and objectives of its water pollution control revolving fund (i.e., the CWSRF). The State has the following goals for its CWSRF program:

3.1. Overall CWSRF Program Goal

Provide funding for clean water infrastructure while advancing the NCDEQ’s mission to protect and enhance North Carolina’s surface waters and groundwater resources for the citizens of North Carolina and future generations.

3.2. Short-Term Goal

Continue efforts to inform local government units of the availability of funds, benefits of the CWSRF program, and funding process improvements.

3.3. Long -Term Goals

Goal #1: Continue efforts to streamline the funding process to ensure the funds are used in an expeditious and timely manner in accordance with §602(b)(4) of the Clean Water Act.

Goal #2: Aid compliance with state and federal water quality standards by all funded publicly-owned wastewater treatment works.

Goal #3: Ensure the technical integrity of CWSRF projects through diligent and effective planning, design, and construction management.

Goal #4: Ensure the long-term viability of the CWSRF program through effective financial practices.

Goal #5: Ensure the priority system reflects the NCDEQ’s and the Authority’s goals.

4. Information on Activities to be Supported

North Carolina's program will continue to be one of low-interest loans, supplemented with principal forgiveness as allowed by §603(i)(3) of the Clean Water Act. The State intends to access 4% of the capitalization grant for the administrative costs associated with running the program. These costs include application review, engineering report and environmental document review, design review, loan processing, construction inspection, and repayment processing and accounting for funded projects. The following table provides a summary of the projected funds available as a result of the Federal capitalization grant:

Sources and Uses For the Life of the Program									
Historic Sources and Uses			(From CWNIMS)						
FY	Revenues			Expenditures			Net For FY	Cumulative Net	
	Title VI Cap	State Match	Repayments Principle	Repayments Interest	Interest Earned	Project Disbursements			4% Admin
1989	\$ 22,677,869	\$4,535,574						\$ 27,213,443	\$ 27,213,443
1990	\$ 33,020,181	\$6,604,036				\$ 832,959	\$ 201,999	\$ 38,589,259	\$ 65,802,702
1991	\$ 39,039,068	\$7,807,814	\$ 93,098	\$ 26,095		\$ 2,325,135	\$ 428,363	\$ 44,212,577	\$ 110,015,279
1992	\$ 35,066,790	\$7,013,358	\$ 96,512	\$ 57,455	\$ 2,604	\$ 16,935,791	\$ 631,067	\$ 24,669,861	\$ 134,685,140
1993	\$ 34,688,907	\$6,937,781	\$ 312,847	\$ 279,547	\$ 25,906	\$ 53,307,895	\$ 735,053	\$ (11,797,960)	\$ 122,887,180
1994	\$ 21,523,986	\$4,304,797	\$ 2,031,416	\$ 1,149,187	\$ 82,487	\$ 36,500,242	\$ 815,408	\$ (8,223,777)	\$ 114,663,403
1995	\$ 22,229,658	\$4,445,931	\$ 4,751,663	\$ 3,481,087	\$ 334,091	\$ 41,628,927	\$ 1,078,750	\$ (7,465,247)	\$ 107,198,156
1996	\$ 36,412,875	\$7,282,573	\$ 6,640,508	\$ 4,687,320	\$ 953,958	\$ 33,089,280	\$ 1,428,751	\$ 21,459,203	\$ 128,657,359
1997	\$ 11,247,984	\$2,249,596	\$ 10,694,842	\$ 6,122,694	\$ 1,762,067	\$ 35,858,322	\$ 1,772,360	\$ (5,553,499)	\$ 123,103,860
1998	\$ 24,302,619	\$4,860,523	\$ 12,266,033	\$ 5,877,291	\$ 2,861,611	\$ 32,646,756	\$ 1,667,740	\$ 15,853,581	\$ 138,957,441
1999	\$ 24,304,599	\$4,860,919	\$ 15,416,998	\$ 7,474,609	\$ 3,951,306	\$ 19,434,231	\$ 1,609,647	\$ 34,964,553	\$ 173,921,994
2000	\$ 24,222,231	\$4,844,446	\$ 16,091,644	\$ 6,976,287	\$ 5,062,731	\$ 43,995,537	\$ 1,549,377	\$ 11,652,425	\$ 185,574,419
2001	\$ 24,006,906	\$4,801,381	\$ 17,073,660	\$ 7,133,702	\$ 5,323,531	\$ 52,275,405	\$ 1,601,947	\$ 4,461,828	\$ 190,036,247
2002	\$ 24,060,366	\$4,812,073	\$ 20,133,928	\$ 8,759,606	\$ 5,219,200	\$ 60,898,838	\$ 1,464,268	\$ 622,067	\$ 190,658,314
2003	\$ 23,903,946	\$4,780,789	\$ 21,082,695	\$ 9,061,238	\$ 5,391,271	\$ 49,986,344	\$ 1,363,979	\$ 12,869,616	\$ 203,527,930
2004	\$ 23,918,400	\$4,783,680	\$ 24,881,118	\$ 10,516,594	\$ 4,735,840	\$ 40,675,883	\$ 1,373,264	\$ 26,786,485	\$ 230,314,415
2005	\$ 19,447,857	\$3,889,571	\$ 25,576,460	\$ 10,343,438	\$ 4,811,322	\$ 67,022,666	\$ 1,774,524	\$ (4,728,542)	\$ 225,585,873
2006	\$ 15,804,261	\$3,160,852	\$ 27,163,010	\$ 10,053,528	\$ 5,552,843	\$ 65,232,990	\$ 1,813,433	\$ (5,311,929)	\$ 220,273,944
2007	\$ 19,316,385	\$3,863,277	\$ 31,235,426	\$ 11,983,058	\$ 6,959,845	\$ 89,612,981	\$ 1,950,049	\$ (18,205,039)	\$ 202,068,905
2008	\$ 12,281,247	\$2,456,249	\$ 35,248,991	\$ 12,528,511	\$ 8,866,941	\$ 39,030,703	\$ 1,981,175	\$ 30,370,061	\$ 232,438,966
2009	\$ 12,281,148	\$2,456,230	\$ 36,715,791	\$ 12,213,960	\$ 9,365,937	\$ 62,821,405	\$ 1,880,879	\$ 8,330,782	\$ 240,769,748
2009 ARR	\$ 70,729,100								
2010	\$ 36,773,000	\$7,354,600	\$ 40,793,762	\$ 13,011,181	\$ 3,737,429	\$ 89,278,230	\$ 2,829,164	\$ 9,562,578	\$ 250,332,326
2011	\$ 26,650,000	\$5,330,000	\$ 44,499,092	\$ 13,343,726	\$ 2,544,846	\$ 75,822,573	\$ 1,225,767	\$ 15,319,324	\$ 265,651,650
2012	\$ 25,507,000	\$5,101,400	\$ 50,747,102	\$ 13,961,676	\$ 1,997,212	\$ 92,326,265	\$ -	\$ 4,988,125	\$ 270,639,775
2013	\$ 24,096,000	\$4,819,200	\$ 57,103,194	\$ 12,641,174	\$ 1,131,131	\$ 111,420,255	\$ 2,189,477	\$ (13,819,033)	\$ 256,820,742
2014	\$ 25,304,000	\$5,060,800	\$ 52,085,979	\$ 14,244,396	\$ 1,031,247	\$ 96,624,370	\$ 1,502,219	\$ (400,167)	\$ 256,420,575
2015	\$ 25,175,000	\$5,035,000	\$ 54,433,833	\$ 14,793,448	\$ 2,107,019	\$ 125,900,815	\$ 1,494,060	\$ (25,850,575)	\$ 230,570,000
2016	\$ 24,113,000	\$4,822,600	\$ 66,280,242	\$ 15,049,112	\$ 591,974	\$ 102,943,029	\$ 1,007,000	\$ 6,906,899	\$ 237,476,899
2017	\$ 23,928,000	\$4,785,600	\$ 63,243,272	\$ 14,019,493	\$ 6,144,737	\$ 110,022,818	\$ 964,520	\$ 1,133,764	\$ 238,610,663
2018	\$ 28,967,000	\$5,793,400	\$ 65,069,666	\$ 16,058,602	\$ 5,480,830	\$ 65,751,180	\$ 957,120	\$ 54,661,198	\$ 293,271,861
2019	\$ 28,676,000	\$5,735,200	\$ 66,676,292	\$ 15,430,220	\$ 8,194,850	\$ 46,725,169	\$ 1,158,680	\$ 76,828,713	\$ 370,100,574
2020	\$ 28,590,000	\$5,736,000	\$ 76,395,801	\$ 14,144,801	\$ 9,575,286	\$ 136,456,346	\$ 1,057,040	\$ (3,071,498)	\$ 367,029,076
2021	\$ 28,000,000	\$5,000,000							
Totals	\$ 900,265,383	\$ 165,325,250	\$ 944,834,875	\$ 285,423,036	\$ 113,800,052	\$ 1,897,383,340	\$ 41,507,080	\$ 367,029,076	
<b>Projected Sources and Uses for FY 2021</b>			(Based on Availability Model)						
			\$ 77,000,000	\$ 13,500,000	\$ 8,000,000	\$ 150,000,000	\$ 1,000,000	\$ (52,500,000)	
								\$ 314,529,076	
<b>Projected Uses for Active Projects beyond FY 2021</b>									
(Does not take into account future funding rounds or revenues which cover the negative)						\$ 420,000,000		\$ (420,000,000)	
								\$ (105,470,924)	

Values in RED are approximate values.

## 5. Criteria and Methods for Distributing Funds

### 5.1. Project List and Prioritization

The Intended Use Plan Project List may be supplemented or replaced based on applications received as a part of future funding cycles (see 5.2., below). The State's ranking for construction loan projects will be based on the Priority Rating System (see Appendix D).

The Priority Rating System considers four elements of a project: (1) project purpose, (2) project benefit, (3) system management, and (4) affordability.

For project purpose, the Division places higher priority on projects that will consolidate nonviable systems, resolve issues associated with failed infrastructure, or rehabilitate or replace infrastructure. Projects that reduce nonpoint source pollution (e.g., stormwater best management practices) are also prioritized.

In terms of project benefits, the Division seeks to prioritize projects where replacement, repair, or merger will provide an environmental benefit. For example, the Division more highly prioritizes projects that benefit impaired waters and/or replaces failing septic tanks. Additionally, projects that have a benefit of a system merger are highly prioritized by the Division.

In addition to correcting water quality issues, the Division desires to support those LGU systems that seek to be proactive in their system management, including prioritization points for having implemented asset management plans and appropriate operating ratios.

The Division also takes into account the ability of the applicant to afford projects. For example, those applicants who have a high poverty rate, high utility bills, lower population growth, lower median household incomes, and higher unemployment receive higher priority.

The Authority may adjust the rank of any application based on its analysis of a proposed project's value that is consistent with, but not evident in, the priority criteria system, provided it is consistent with federal law.

### 5.2. Application and Project Deadlines

The CWSRF program operates on a priority basis and accepts funding applications semi-annually. Projects are allocated funding in priority order (as noted above) until available funds are exhausted and within special reserve requirements (e.g. Green Project Reserve, Principal Forgiveness Reserve, etc. as described herein). Funding availability is determined based on the 2021 capitalization grant and associated state match. Results will be posted on the program's website. Project funding is contingent on adherence to the schedule below in accordance with § 159G-41 (**times listed are measured from Letter of Intent to Fund except as noted otherwise**):

5.2.1. Funding application and supporting information must be received by the application deadline to be considered for any given funding cycle.

- 5.2.2. After the Authority provides final project rank eligibilities, the CWSRF program will issue Letters of Intent to Fund (LOIF) based on the projects' prioritization and the amount of funds being made available in the cycle.
- 5.2.3. Within four months of the issuance of the LOIF, a complete Engineering Report / Environmental Information Document must be submitted to the CWSRF program.
- 5.2.4. Within nine months, the Engineering Report / Environmental Information Document must be approved.
- 5.2.5. Within 15 months, complete plans and specifications must be submitted with copies of all required permits, encroachments, etc., or evidence that applications for remaining required permits have been submitted to the respective permitting agency.
- 5.2.6. Within 19 months, the plans/specifications and all required permits must be approved/issued.
- 5.2.7. Within 23 months, the following events/items must be completed/received:
  - 5.2.7.1. Advertisement of the project for bids
  - 5.2.7.2. Receipt of bids
  - 5.2.7.3. Submission of bid information to CWSRF staff
  - 5.2.7.4. Obtainment of the Division's Authority to Award Construction Contracts.
- 5.2.8. Within 24 months, construction contracts must be executed.

**Notes:**

- 1) **The milestones in the timeline above are absolute for all projects in a particular cycle and will not be extended except based upon a demonstrated need for extension by the LGU. Projects may be able to meet these milestones ahead of schedule. However, in the event that any milestone noted above is not met, work by the CWSRF staff may be suspended and all documents returned to the Applicant until the proposed project is resubmitted for consideration during a future cycle.**
- 2) **If an Applicant desires CWSRF funding and the Applicant's project requires an Environmental Impact Statement (EIS), Division staff will manage the environmental review process. However, a funding application for the project will not be accepted in any funding cycle until a draft EIS has been sent to the State Clearinghouse (SCH). In the event that a fundable project is in process and the environmental review completed within the timeline results in the conclusion that an EIS is required, then the milestone deadlines for the project will be suspended until a draft EIS has been sent to the SCH. After the draft EIS is sent to the SCH, the project must adhere to the same time frames specified above.**

### 5.3. Detailed Loan and Project Funding Criteria

#### 5.3.1. General

- 5.3.1.1. To be eligible for CWSRF funding, a project must be on the Intended Use Plan Project List.
- 5.3.1.2. Funding can be provided for any eligible projects as provided for in the Clean Water Act and NCGS 159G, including wastewater treatment facilities, collection systems, stream restorations, stormwater BMPs, etc. that improve water quality.
- 5.3.1.3. Funding will be provided in priority order based on project score, Authority determination, and the amount of funds made available with consideration of principal forgiveness reserve detailed below. Projects cannot be substantively changed once funding is allocated.
- 5.3.1.4. The maximum CWSRF loan amount will be established at \$30 million per applicant per funding round.
- 5.3.1.5. The maximum CWSRF loan availability per applicant is not more than \$100,000,000 in outstanding debt to the CWSRF program.
- 5.3.1.6. Notwithstanding the limits in Items 5.3.1.4., and 5.3.1.5., if availability of funds exceeds project demand, these limits may be exceeded to ensure all available funds are utilized. Exceeding the maximum provided in Item 5.3.1.4. will be considered prior to Item 5.3.1.5.
- 5.3.1.7. A project may be funded with a targeted interest rate if the project is eligible for principal forgiveness as described in 5.3.2 below. For projects that are eligible for 75% or more principal forgiveness, the targeted interest rate will be 0%. For projects that are eligible for 50% or 25% grant funding, the targeted interest rate will be 1% lower than the Division's base interest rate (but no less than zero percent).

### 5.3.2. Principal Forgiveness

5.3.2.1. Communities that are eligible to receive principal forgiveness are defined as disadvantaged. Based on the current proposed appropriation, approximately 10% of the federal capitalization grant will be used to provide additional subsidization in the form of principal forgiveness to disadvantaged communities.

5.3.2.2. The Division will provide additional subsidization to projects in the categories provided in 5.3.2.2.1 – 5.3.2.2.2 in project priority order.

5.3.2.2.1. Non-viable rescue: Projects that eliminate a non-viable system to benefit a disadvantaged community with a financial need consistent with the criteria in 5.3.2.2.2 and served by a public wastewater system will receive principal forgiveness for the full amount of the loan up to \$3,000,000. The disadvantaged community either meets the affordability criteria listed in 5.3.2.2.2 or is representative of the criteria.

5.3.2.2.2. Affordability: Projects that receive project purpose points when the applicant has less than 20,000 residential wastewater connections, at least three (3) of five (5) LGU indicators worse than the state benchmark, an operating ratio (future) of less than 1.3, utility rates greater than the state median, and/or project cost per connection that project to increase the utility rates above the 70<sup>th</sup> percentile of state-wide utility rates will receive principal forgiveness following the affordability criteria grant percentage matrix found in Appendix E .

Projects that receive project purpose points when the benefiting system has been designated as distressed per § 159G-45, has utility rates greater than the state median, and/or project cost per connection that project to increase the utility rates above the 70<sup>th</sup> percentile of state-wide utility rates will receive principal forgiveness percentages following the affordability criteria grant percentage matrix found in Appendix E.

Principal forgiveness will range from 25% to 100% in increments of 25% up to \$500,000 per applicant per round with the targeted interest rate as described under 5.3.1.7 applied to the remaining portion of the loan.

- 5.3.2.3. Principal forgiveness is not available for green projects.
- 5.3.2.4. Notwithstanding the above limits in Items 5.3.2.2.2, if availability of principal forgiveness funds exceeds project demand, the limits may be exceeded to ensure all available funds are utilized in the following order:
  - 5.3.2.4.1. Affordability limit of \$500,000 in item 5.3.2.2.2 may be exceeded up to the grant percentage determined in the affordability grant percentage matrix found in Appendix E.
  - 5.3.2.4.2. Affordability percentages determined in 5.3.2.2.2 may be exceeded by 10% not to exceed 100% for eligible projects in priority order. If funds remain after all eligible projects receive the percent increase, principal forgiveness percentages can be increased by additional 10% increments (not to exceed 100%) for eligible projects until principal forgiveness funds are utilized.

### 5.3.3. Green Projects

- 5.3.3.1. Not less than 10% of the 2020 federal capitalization grant appropriations will be provided for green projects, provided there are sufficient applications to utilize this reserve. Funding may bypass a higher priority project to satisfy the Green Project Reserve. Any such bypassing will be shown in the Intended Use Plan Project Priority List. If sufficient applications are not received to utilize this reserve after two cycles of funding applications, funds may be utilized for non-green projects. However, the State will continue to conduct outreach to promote green project funding opportunities. Green projects funded through the Green Project Reserve will receive targeted interest rates.
- 5.3.3.2. Notwithstanding the above paragraph, the State will offer targeted interest rates to green projects beyond the requirements of the capitalization grant consistent with the priority rating system.
- 5.3.3.3. A green project will be eligible for a 1% reduction from the targeted interest rate (but not less than zero percent).

5.3.3.4. Principal forgiveness is not available for green projects

5.3.4. Miscellaneous Criteria/Provisions:

- 5.3.4.1. Davis-Bacon prevailing wage rates apply to all loans as required by grant agreements/conditions.
- 5.3.4.2. American Iron and Steel provisions will apply to all loans as required by Federal mandates.
- 5.3.4.3. Brooks Act requirements will be applied to projects in a dollar amount equal to or exceeding the capitalization grant.
- 5.3.4.4. The CWSRF loan interest rate is based on ½ of The Bond Buyer’s 20-Bond Index except as specifically allowed herein. The maximum interest rate for each loan will be set at the time of application with a lower interest rate, if available, set at the time of the award offer.
- 5.3.4.5. Approval of a CWSRF loan is contingent on approval by the Local Government Commission (LGC).
- 5.3.4.6. CWSRF loan terms are set by the LGC.
- 5.3.4.7. The maximum CWSRF loan term is determined by State statute and federal requirements.
- 5.3.4.8. A 2% loan fee is required. The loan fee cannot be financed by the CWSRF fund.
- 5.3.4.9. Loan repayments are due in May (principal and interest) and November (interest only) of each year.
- 5.3.4.10. Interest begins accruing on date of completion in the Notice to Proceed.
- 5.3.4.11. The first loan repayment is due no sooner than six months after the completion date as established in the Notice to Proceed.

6. Programmatic Conditions

6.1. Assurances and Specific Proposals

Pursuant to §606(c)(4) of the Clean Water Act, the State of North Carolina certifies that:

- 6.1.1. The State will enter into binding commitments for 120% of the amount of each payment received under the capitalization grant within one year after receipt of each payment.

- 6.1.2. The State will expend all funds in the CWSRF in an expeditious and timely manner.
- 6.1.3. The State will conduct environmental reviews of treatment works projects according to procedures set forth in its Operating Agreement between the State and US Environmental Protection Agency.

6.2. Federal Requirements

- 6.2.1. The State will ensure that all federal requirements are met as noted in the CWSRF Operating Agreement between the State and US Environmental Protection Agency and the Grant Agreement, including Single Audit, Disadvantaged Business Enterprise compliance, federal environmental crosscutters, and Federal Funding Accountability and Transparency Act (FFATA) reporting requirements.
- 6.2.2. The State will enter all required reporting information into respective federal databases including FFATA, CWSRF National Information Management System (NIMS), and the CWSRF Benefits Reporting (CBR) system.
- 6.2.3. The State will ensure that all applicants to the CWSRF program certify that they meet the fiscal sustainability planning requirements. Such certifications will be received by the time of loan offer.

6.3. Transfer between CWSRF and Drinking Water State Revolving Fund

Transfer of funds between the CWSRF and the Drinking Water State Revolving Fund are authorized by federal statutes. This IUP does not propose any such transfer of funds. However, the Division reserves the ability to make transfers in managing cash flow. If such transfer takes place, a subsequent transfer will be made by transferring that amount back from the receiving fund to the providing fund (i.e., no permanent transfers) as soon as possible.

7. Public Review and Comment

**DWSRF & CWSRF Intended Use Plans, including SRF/SRP Priority Rating Systems**

Comment: From Aqua North Carolina: Regulated utilities can and should be part of the solution to address aging infrastructure across North Carolina.

Response: *Regulated utilities should be part of the solution to address aging infrastructure. Regulated utilities (for profit water and water & sewer) corporations are eligible for DWSRF funds. However, regulated utilities are not eligible for CWSRF or Viable Utility Reserve funds under NCGS §159G-31(a) and (d) respectively. **No change to the IUP is recommended.***

Comment: From Aqua North Carolina: Existing federal financing assistance programs for critical water infrastructure, such as SRF, should benefit all taxpayers, including those who are customers of regulated water companies. Having access to drinking water DWSRF programs benefit customers of regulated water systems in the same way as customers of public systems since our companies are required by the North Carolina Utilities Commission to pass any savings directly on to our customers. The DWSRF is a tool for all service providers, regardless of who owns the system that they rely

upon for drinking water.

*Response: Eligibility for funding through the SRF program is established in State Statute and is not part of the IUP. **No change to the IUP is recommended.***

### **Affordability Criteria**

**Comment:** From Carolina Water Service: It appears, per the Affordability Calculator template available on the North Carolina Department of Environmental Quality (DEQ) website, that the median customer bill population does not include privately-owned water utilities and may also exclude non-profit water providers. CWSNC recommends including all DWSRF-eligible entities in the customer bill population to accurately represent the availability of the application to its eligible population.

*Response: Division staff utilized utility rate information generated by surveys conducted annually by the UNC Environmental Finance Center (EFC) for calculating updated rate data. This data mostly consisted of local government utilities with combined water & sewer rates but did also include three regulated for-profit utilities with combined rates (Carolina Water Service was included). Single water providers and single water providers were also analyzed and compared to the combined utility data set. The single utilities analyzed did include both for-profit and non-profit regulated utilities. In general, the single utilities had rates higher than the individual rates for combined utilities. **No changes to the Affordability Criteria are recommended.***

**Comment:** From Carolina Water Service: It is recommended that DWI update the customer bill database every two years to capture what could be material changes in that timeframe.

*Response: The Division supports the recommendation of a two year evaluation frequency as being a reasonable expectation on staff. It is not recommended that a frequency for evaluating the affordability criteria is set as part of the criteria. **No changes to the Affordability Criteria are recommended.***

**Comment:** From Carolina Water Service: CWSNC also recommends DWI solicit water and sewer bill rates that accurately reflect the full cost of service. That is, utilities should normalize their customer rates for purposes of SFR applications to include cross-subsidizing that occurs through taxes (e.g., Water Tax), surcharges, pass-throughs, or other measures, including subsidization between water and sewer services. It is likely that this type of crosssubsidization is performed to varying degrees (or in some cases not at all) across the population of utilities. This step will be the most consistent and comprehensive way to level the playing field for all DWSRF or Clean Water SRF (CWSRF) applicants by creating a true “apples-to-apples” dataset to support the application criteria. It also would remove the incentive for utilities to mask the true cost of service and best represent the potential affordability pressures the utility’s customers face. This method would also identify otherwise hidden distressed systems. Such adjustments should be calculated as a charge per connection and added to the existing approved water or sewer rates.

*Response: The Division acknowledges that LGUs may subsidize water & sewer rates for various reasons, such that the true cost of providing the utility service is not reflected in the*

*user rates. The affordability criteria methodology is predicated on encouraging LGU's to set appropriate rates which reflect the true cost of the utility service. **No changes to the Affordability Criteria are recommended.***

**Comment:** From Carolina Water Service: CWSNC would recommend separate matrices for water and sewer to allow like-for-like service comparisons across the eligible utilities. DWI would therefore avoid the statistical gymnastics it performs in Item I in an attempt to balance the scales for the variety of utility providers. As stated above, crosssubsidization may be masking the true variances between single and dual-service providers. **No changes to the Affordability Criteria are recommended.**

**Response:** *Division staff considered a combined matrix as well as separate matrices for single-service providers. Since there is a tendency for single-providers to have higher rates (especially for water providers), a combined matrix should heighten their competitiveness toward higher grant awards and principal forgiveness. The methodology does not attempt to correct for any "cross-subsidization" effect, the net effect of this will be to favor the LGU which does NOT practice any cross-subsidization, as their rates will be comparatively higher, again heightening their competitiveness toward higher grant awards and principal forgiveness. **No changes to the Affordability Criteria are recommended at this time, but staff do recommend this continue to be evaluated as part of future updates.***

**Comment:** From Carolina Water Service: Additionally, to the extent single-service providers do indeed tend to have higher customer bills than dual-service providers, this difference should not be overridden, but instead should remain to reflect the different cost of service realities of these utilities' operations and affordability status. Any resulting differences in eligibility for funds could provide incentive to pursue a merger, interconnection, or consolidation with a nearby utility, consistent with the goals of the DWI funding offerings.

**Response:** *Division staff agrees that the proposed affordability criteria recognize the higher cost of single-service providers and provides more opportunity for these single-service providers to receive grants / principal forgiveness due to higher rates. **No changes to the Affordability Criteria are recommended at this time, but staff do recommend this continue to be evaluated as part of future updates.***

**Comment:** From Carolina Water Service: DWI notes that it continues to recommend using project cost per connection as the preferred metric to evaluate the scope of the project in conjunction with other affordability criteria. CWSNC would agree that project cost per connection is the best metric in this context, as it is a uniform and easily understood figure that can be applied to all eligible utilities. However, there is no discussion in Item I of revisiting the project cost per connection scale (i.e., the x-axis of the affordability matrix), despite a significant trend of rising construction costs the past several years for infrastructure projects, notwithstanding additional supply chain pressures due to the COVID economic crisis.

**Response:** *The Division does not attempt to apply any type of construction cost inflation factor to the affordability matrix X-axis (project cost per connection). The grant eligibility thresholds are set based on potential rate increases. The Division recognizes that increasing costs can have direct impacts on user rates and encourages applicants to*

*include increase cost consideration as part of the project application budget. **No changes to the Affordability Criteria are recommended.***

Comment: From Carolina Water Service: DWI concludes that an applicant would be eligible based on either the existing monthly bill or estimated monthly bill inclusive of project cost, and such flexibility would incentivize utilities to take a proactive approach to setting rates. CWSNC disagrees with this conclusion. There are far too many counterincentives and, as noted above, methods available to avoid reflecting full cost of service in water and sewer utility rates for publicly owned systems, keeping rates artificially low and leading to lower application submissions. CWSNC recommends broadening the bands of grant percentages for monthly bill plus project cost to ensure that both existing high bill utilities (as depicted in Table 4 of Item I) and those who would become high bill utilities due to the proposed project will be treated comparably and are eligible for similar funding.

Response: *Step 4 of the affordability criteria was created partly to incentivize LGU's toward taking a proactive approach establishing rates to reflect the true cost of the service. The affordability calculation incentivizes proactive self-funding by providing more benefit for current rates than for future / hypothetical high rates. The changes to the Step 4 matrix shown in Table 4 and Figure 5 is based on the similar approach used in past years and the Division believes it continues to meet the intent to incentivize proactive rate setting. **No changes to the Affordability Criteria are recommended.***

Comment: From WithersRavenel: It appears the proposed affordability criteria which uses combined rates is not included as a part of the proposed SRF or SRP Priority Rating Systems. This creates a conflict in priority and eligibility for grant funding in the affordability criteria.

Response: *The proposed revisions to the affordability criteria will be applied all programs in which affordability plays a role, CWSRF, DWSRF, CDBG-I, SRP, AIA, MRF, VUR. **No changes to the Affordability Criteria are recommended, however recommendations to the Authority will updated to ensure that it is clear which programs the affordability criteria are applicable to.***

## 8. Budget and Project Periods

8.1. The budget and project periods being requested for the capitalization grants is shown in Appendix B and on EPA Form SF 424.

8.2. The anticipated cash draw ratio will be 100% State and, after all State matching funds are withdrawn, 100% federal for disbursements made from the capitalization grant.

Alternatively, the State may elect a cash draw ratio of 83.3% federal and 16.7% State for all withdrawals.

- 8.3. The source of State match funds is from appropriations and supplemented by loan fees as needed. State match funds will be deposited into the CWSRF before drawing any federal funds.
- 8.4. Loan fees (2% of loan) on loans from the grant and fees from loans from repayment funds will be deposited into separate account centers. Fees will be used to administer the program. In addition, fees considered non-program income will also be used for other water quality purposes within the Divisions of Water Resources and Water Infrastructure, including funding for positions.

## Appendix A

### Intended Use Plan Project List

#### North Carolina Clean Water State Revolving Fund State Project List

Applicant Name	Project Name	County	Total Funding Request	Green Project Reserve	Principal Forgiveness	Base CWSRF	Priority Points	Estimated Binding Commitment
<b>April 2021 Application Round Funded Projects</b>								
Dunn, City of	Collection System Improvements	Harnett	\$2,000,000		\$500,000	\$1,500,000	75	8/1/2022
Bessemer City, City of	Vantine Pump Station and Sewer Replacement	Gaston	\$1,887,000		\$500,000	\$1,387,000	72	8/1/2022
Farmville, Town of	Middle Swamp Sanitary Sewer Outfall Relocation	Pitt	\$3,000,000				69	NA
Oxford, City of	WWTP Rehabilitation	Granville	\$6,062,000				66	NA
Bailey, Town of	Wastewater Treatment Plant Improvements	Nash	\$1,567,000				65	NA
Jamesville, Town of	Wastewater Treatment and Collection	Martin	\$2,850,000				64	NA
Fairmont, Town of	Sewer Pump Station Relocation and Flood Protection Project	Robeson	\$1,938,000				62	NA
Louisburg, Town of	Green Hill Pump Station Replacement / Relocation	Franklin	\$1,034,650				61	NA
Farmville, Town of	Moore Street Sanitary Replacement	Pitt	\$500,000		\$500,000		61	8/1/2022
Whitakers, Town of	Porter Street Sewer Pump Station Improvements	Edgecombe	\$500,000		\$500,000		59	8/1/2022

<b>Applicant Name</b>	<b>Project Name</b>	<b>County</b>	<b>Total Funding Request</b>	<b>Green Project Reserve</b>	<b>Principal Forgiveness</b>	<b>Base CWSRF</b>	<b>Priority Points</b>	<b>Estimated Binding Commitment</b>
Laurinburg, City of	Bridge Creek & College Park Sanitary Sewer Rehab	Scotland	\$8,951,000		\$500,000	\$8,451,000	59	8/1/2022
Reidsville, City of	WWTP Headworks Replacement	Rockingham	\$3,920,000				55	NA
Ayden, Town of	Carmichael MHP Pump Station Improvements	Pitt	\$500,000				55	NA
Elm City, Town of	Elm City -- Sewer Collection System Rehab	Wilson	\$1,996,726				55	NA
Middlesex, Town of	Sewer Collection System Rehabilitation / Relining Project	Nash	\$829,589			\$829,589	55	8/1/2022
Lumberton, City of	2021 Wastewater System Improvements	Robeson	\$2,829,790			\$2,829,790	53	8/1/2022
Enfield, Town of	2021 CWSRF Sewer Phase 4	Halifax	\$982,746				52	NA
Edenton, Town of	2021 Wastewater System Improvements	Chowan	\$1,886,490			\$1,886,490	50	8/1/2022
Manteo, Town of	UV Disinfection and Resiliency Upgrade	Dare	\$1,882,330				50	NA
Garland, Town of	2020 Wastewater Treatment Plant Improvements	Sampson	\$500,000				49	NA
Fair Bluff, Town of	Regional Pump Station / Collection System Improvements	Columbus	\$1,009,630				49	NA
Dunn, City of	Black River WWTP Improvements	Harnett	\$3,626,000			\$3,626,000	47	8/1/2022
Jacksonville, City of	Ellis Pump Station	Onslow	\$2,453,165				46	NA

Applicant Name	Project Name	County	Total Funding Request	Green Project Reserve	Principal Forgiveness	Base CWSRF	Priority Points	Estimated Binding Commitment
Lumberton, City of	2021 WTP Sludge Removal and Lagoon Modifications	Robeson	\$519,750			\$519,750	43	8/1/2022
Edgecombe County	2021 Kingsboro Industrial Park Sewer System Improvements	Edgecombe	\$1,307,436				42	NA
Clayton, Town of	Neuse River Water Reclamation Facility	Johnston	\$138,750,000			\$50,000,000	40	8/1/2022
Conover, City of	Northeast WWTF Headworks Improvements	Catawba	\$1,232,000			\$1,232,000	33	8/1/2022
Statesville, City of	Replace Elevated Sewer Line	Iredell	\$455,500			\$455,500	23	8/1/2022
Johnston County	WWTF 4 MGD Expansion	Johnston	\$84,000,000				20	NA
<b>October 2020 Application Round Funded Projects</b>								
Brunswick County	2020 City of Navassa WW Collection System Rehabilitation	Brunswick	\$2,852,818				81	NA
Yadkin Valley Sewer Authority	High Priority Collection System Rehab Project	Surry	\$1,762,000				77	NA
Stanly County	Richfield Sewer System Improvement	Stanly	\$1,215,200				76	NA
Farmville, Town of	Middle Swamp Sanitary Sewer Outfall Relocation	Pitt	\$3,000,000				74	NA
Woodland, Town of	Peachtree/Chestnut Sewer Replacement	Northampton	\$1,096,150		\$500,000	\$419,150	73	±2/1/22
Clinton, City of	Clinton WWTP Resiliency Improvements	Sampson	\$3,000,000				71	NA
St. Pauls, Town of	Wastewater Treatment Plant Relocation	Robeson	\$6,093,450		\$500,000		68	±2/1/22

Applicant Name	Project Name	County	Total Funding Request	Green Project Reserve	Principal Forgiveness	Base CWSRF	Priority Points	Estimated Binding Commitment
Fremont, Town of	Sanitary Sewer System Rehab Phase III	Wayne	\$2,996,783				68	NA
Oxford, City of	Wastewater Treatment Plant Rehab	Granville	\$6,062,000				66	See April 2020 Round ±12/1/21
Selma, Town of	Brack Wilson Pump Station Relocation and System Improvements	Johnston	\$3,015,000		\$500,000	\$2,515,000	65	±2/1/22
Ayden, Town of	Carmichael MHP Sewer Pump Station Improvements	Pitt	\$856,000				65	NA
Bailey, Town of	Wastewater Treatment Plant Improvements	Nash	\$1,567,000				65	NA
Enfield, Town of	2020 CWSRF Sanitary Sewer Phase 4 Pump Station 2 Replacement and Stations 6, 8, & 9 Repair & Collection Lines Improvements on portions of Park Dr W., W. Franklin St and Bond St, & Church St	Halifax	\$982,746				65	NA
Jamesville, Town of	Wastewater Treatment and Collection	Martin	\$2,850,000				64	NA
Whitakers, Town of	Porter Street Sewer Pump Station Relocation	Edgecombe	\$1,459,000				63	NA
Fairmont, Town of	Sewer Pump Station Relocation and Flood Protection	Robeson	\$1,938,000				62	NA
Murfreesboro, Town of	Carver Park Lift Station Replacement/Relocation	Hertford	\$537,003		\$500,000	\$37,003	61	±2/1/22
Louisburg, Town of	Green Hill Pump Station Replacement/Relocation	Franklin	\$1,034,650				61	NA
Macclesfield, Town of	2020 WWTP Facilities Relocation	Edgecombe	\$3,250,000		\$500,000	\$2,750,000	61	±

<b>Applicant Name</b>	<b>Project Name</b>	<b>County</b>	<b>Total Funding Request</b>	<b>Green Project Reserve</b>	<b>Principal Forgiveness</b>	<b>Base CWSRF</b>	<b>Priority Points</b>	<b>Estimated Binding Commitment</b>
Kinston, City of	Briery Run Sewer Phase V Sewer Project	Lenoir	\$2,905,630		\$500,000	\$2,405,630	59	±8/1/21
Spindale, Town of	Oak Street Pump Station Rehabilitation	Rutherford	\$2,000,000				58	NA
Beulaville, Town of	2020 Pump Station No. 1	Duplin	\$1,000,000				58	NA
Middlesex, Town of	Town Wide Sanitary Sewer Manhole Rehabilitation Project	Nash	\$1,974,579				58	NA
Albemarle, City of	Long Creek WTP Treatment Process Rehab	Stanly	\$16,453,200		\$500,000	\$15,953,200	57	±2/1/22
Sanford, City of	Little Buffalo Creek Rehabilitation	Lee	\$3,845,000		\$500,000	\$3,345,000	57	±2/1/22
New Bern, City of	Duffyfield Stormwater Enhancement Project	Craven	\$855,000	\$855,000			56	±2/1/22
Reidsville, City of	WWTP Headworks Replacement	Rockingham	\$3,920,000				55	See April 2020 Round ±5/1/22
Engelhard Sanitary District	Replace Low Pressure Septic Tanks	Hyde	\$1,500,000				55	NA
Elm City, Town of	Elm City - Sewer Collection System Rehab	Wilson	\$1,996,726				55	NA
Wallace, Town of	Wallace Gravity Sewer Rehab - phase II	Duplin	\$1,520,720				55	NA
Eden, City of	Contracts IIB and V - Junction Pump Station Rehab & Smith River Replacement and Rehab and Siphon Replacement	Rockingham	\$7,158,982			\$2,116,609	54	±2/1/22
Southern Pines, Town of	Warrior Woods Pump Station Relocation	Moore	\$2,998,000				54	Declined
Taylorsville, Town of	2021 Wastewater Treatment Plant Improvements Project	Alexander	\$781,500				53	NA

<b>Applicant Name</b>	<b>Project Name</b>	<b>County</b>	<b>Total Funding Request</b>	<b>Green Project Reserve</b>	<b>Principal Forgiveness</b>	<b>Base CWSRF</b>	<b>Priority Points</b>	<b>Estimated Binding Commitment</b>
Washington, City of	Pump Station Flood Protection & Sewer Rehab	Beaufort	\$2,500,500				53	See April 2020 Round ±8/1/21
Morehead City, Town of	2020 Wastewater System Improvements Project - Pump Station 2 Relocation	Carteret	\$2,326,000				52	NA
Yadkin Valley Sewer Authority	2020 Collection System Rehab - Part II	Surry	\$310,500				52	NA
Henderson, City of	Sandy Creek Basin Sewer Rehabilitation	Vance	\$2,542,553				51	NA
Rockingham County	Hogan's Creek and Fishing Creek Wastewater Pump Station Relocation and Flood Protection	Rockingham	\$2,735,000				51	NA
Siler City, Town of	Blood Run Pump Station Relocation	Chatham	\$1,485,000				50	NA
Garland, Town of	2020 Wastewater Treatment Plant Improvements	Sampson	\$500,000				49	NA
Fair Bluff, Town of	Regional Pump Station/Collection System Improvements	Columbus	\$994,709				49	NA
Maysville, Town of	Wastewater Treatment Upgrades	Jones	\$242,928				48	NA
Wilson, City of	Hominy Creek Wastewater Management Facility Flood Protection Walls and Replacement of Influent Screens	Wilson	\$1,049,000				47	NA
Hookerton, Town of	Sewer Collection System Rehab and Emergency Generators	Greene	\$1,996,983				47	NA
Boardman, Town of	Regional Pump Station/Collection System Improvements	Columbus	\$88,481				47	NA

<b>Applicant Name</b>	<b>Project Name</b>	<b>County</b>	<b>Total Funding Request</b>	<b>Green Project Reserve</b>	<b>Principal Forgiveness</b>	<b>Base CWSRF</b>	<b>Priority Points</b>	<b>Estimated Binding Commitment</b>
Hendersonville, City of	Mud Creek Interceptor	Henderson	\$8,627,000			\$8,627,000	47	±2/1/21
Lumberton, City of	Northwest Sewer System and Pump Station Improvements	Robeson	\$2,143,360				47	NA
Jacksonville, City of	Ellis Pump Station	Onslow	\$2,543,165				46	NA
Robbins, Town of	Wastewater Recovery	Moore	\$530,000				46	NA
Goldsboro, City of	Little Cherry Big Cherry Pump Station Relocation Out of Floodplain	Wayne	\$3,058,000				45	ASADRA
Cerro Gordo, Town of	Regional Pump Station/Collection System Improvements	Columbus	\$344,059				45	NA
Pikeville, Town of	2020 Collingwood Pump Station Relocation	Wayne	\$1,000,000				45	NA
Cape Fear Public Utility Authority	Rehabilitation and Replacement of Gravity Sewer in Downtown Wilmington Area	New Hanover	\$4,590,308			\$4,590,308	43	±2/1/22
Fountain, Town of	Lynch Street Sewer Pump Station Improvements	Pitt	\$500,000				43	NA
Conover, City of	Rock Barn #1 PS	Catawba	\$1,057,000				42	NA
Edgecombe County	2021 Kingsboro Industrial Park Sewer System Improvements	Edgecombe	\$1,281,800				42	NA
Maggie Valley, Town of	WWTP Levee Repair	Haywood	\$253,000				40	NA
Clayton, Town of	Neuse River Water Reclamation Facility	Johnston	\$138,750,000			\$30,000,000	40	Actual from Earlier Round 10/7/20
Taylorsville, Town of	2021 Collection System Improvements Project	Alexander	\$400,000				40	NA
Beech Mountain, Town of	2022 Sewer Main Improvement Project	Watauga	\$2,870,000				37	NA

Applicant Name	Project Name	County	Total Funding Request	Green Project Reserve	Principal Forgiveness	Base CWSRF	Priority Points	Estimated Binding Commitment
Hickory, City of	Henry Forks WWTF Solids Handling Facilities Upgrade	Catawba	\$30,000,000			\$30,000,000	33	±2/1/22
Valdese, Town of	Cline Avenue Basin and Pump Station Upgrades	Burke	\$1,176,000				33	NA
Fayetteville PWC	Big Rockfish Creek Sanitary Sewer Outfall	Cumberland	\$10,025,890			\$10,025,890	33	2/18/21
Lincoln County	Sewer Pump Station #15 Rehabilitation	Lincoln	\$803,662				32	NA
Surf City, Town of	WWTP resiliency improvements	Pender	\$2,370,553				31	NA
Benson, Town of	2020 Wastewater System Improvements	Johnston	\$3,533,000			\$3,533,000	30	±2/1/22
Asheboro, City of	Sanitary Sewer Lift Station No. 3 Improvements	Randolph	\$2,705,240				27	NA
Wallace, Town of	Sewer Collection System Expansion	Duplin	\$4,791,517			\$4,791,517	22	±2/1/22
Charlotte Water	McAlpine Creek WWMF Reliability and Process Improvements Project	Mecklenburg	\$70,325,678				21	Actual from Earlier Round 8/13/19
Johnston County	WWTF 4 MGD Expansion	Johnston	\$84,000,000			\$24,320,000	20	±8/1/21
Trinity, City of	Wastewater Regionalization Project	Randolph	\$1,354,000				19	NA
Cape Fear Public Utility Authority	PS-69 Motts Creek Pump Station Replacement	New Hanover	\$5,451,900				16	NA
<b>April 2020 Application Round Funded Projects</b>								
Everetts, Town of	2020 Wastewater System Improvements	Martin	\$609,800		\$609,800		78	±8/1/21
Yadkin Valley Sewer Authority	2020 Collection System Rehabilitation - Part I (Pipeline Rehab)	Surry	\$670,000				75	ASADRA
Tryon, Town of	Braewick Road Sewer Rehabilitation Project	Polk	\$2,189,950				68	ASADRA

<b>Applicant Name</b>	<b>Project Name</b>	<b>County</b>	<b>Total Funding Request</b>	<b>Green Project Reserve</b>	<b>Principal Forgiveness</b>	<b>Base CWSRF</b>	<b>Priority Points</b>	<b>Estimated Binding Commitment</b>
Fremont, Town of	Sanitary Sewer System Rehab Phase III	Wayne	\$2,996,783				65	NA
Woodland, Town of	Wastewater Collection System Improvements	Northampton	\$2,000,000		\$500,000	\$1,500,000	63	Declined
Dublin, Town of	Backer Creek Sewer Outfall Replacement	Bladen	\$903,000				63	NA
Ellerbe, Town of	Wastewater System Rehabilitation	Richmond	\$2,097,000		\$500,000	\$1,047,461	63	±8/1/21
Liberty, Town of	Liberty Collection System Improvements	Randolph	\$3,000,000				62	ASADRA
Oxford, City of	Wastewater Treatment Plant Rehabilitation	Granville	\$6,062,000		\$500,000	\$5,562,000	62	±12/1/21
Ayden, Town of	Carmichael MHP Sewer Pump Station Improvement	Pitt	\$856,000				61	NA
Pollocksville	2020 WWTP Facilities Relocation	Jones	\$3,000,000				61	ASADRA
Trenton, Town of	2020 WWTP Operations Building Relocation	Jones	\$955,000				57	NA
Beulaville, Town of	2020 Pump Station No. 1	Duplin	\$1,000,000				55	NA
Tabor City, Town of	Phase II WWTP Rehabilitation-ASADRA	Columbus	\$736,820		\$500,000	\$236,820	54	±8/1/21
Farmville, Town of	Middle Swamp Sanitary Sewer Outfall Relocation	Pitt	\$3,000,000				53	NA
Tabor City, Town of	Gore Street Pump Station Relocation and Flood Protection	Columbus	\$1,543,000				53	NA
Graham, City of	Graham WWTP Improvements Project	Alamance	\$30,694,000		\$500,000	\$7,194,000	53	±8/1/21
Engelhard Sanitary District	Replace Low Pressure Septic Tanks	Hyde	\$1,500,000				51	NA
Laurinburg, City of	Leith Creek WWTP Influent Pump Station	Scotland	\$4,721,000			\$4,721,000	51	±8/1/21

<b>Applicant Name</b>	<b>Project Name</b>	<b>County</b>	<b>Total Funding Request</b>	<b>Green Project Reserve</b>	<b>Principal Forgiveness</b>	<b>Base CWSRF</b>	<b>Priority Points</b>	<b>Estimated Binding Commitment</b>
Walstonburg, Town of	Wastewater Improvements	Green	\$133,980		\$133,980		51	±8/1/21
Vanceboro, Town of	Sewer Collection System Rehab	Craven	\$1,998,802		\$500,000	\$1,498,802	51	Declined
Elm City, Town of	Sewer Collection System Rehab	Wilson	\$1,996,726			\$1,996,726	50	Declined
Washington, City of	PS Flood Protection and Sewer Rehab	Beaufort	\$2,500,500			\$2,500,500	49	±8/1/21
Louisburg, Town of	Green Hill Pump Station Replacement/Relocation	Franklin	\$1,034,650				49	NA
St. Pauls, Town of	Wastewater Treatment Plant Relocation	Robeson	\$6,093,450				48	See Oct 2020 Round ±2/1/22
Randleman, City of	Wastewater Treatment Facility Repairs and Upgrades (Reconsideration)	Randolph	\$1,625,000			\$1,625,000	48	±8/1/21
Bailey, Town of	2020 Sanitary Sewer Collection Lines	Nash	\$533,900			\$533,900	48	±8/1/21
Fairmont, Town of	Sewer Pump Station Relocation and Flood Protection Project	Robeson	\$1,938,000				47	NA
Morehead City, Town of	2020 Wastewater System Improvements Project - Pump Station 2 Relocation	Carteret	\$2,326,000				47	NA
Whiteville, City of	PS#1 Replacement/Elevation & Outfall Relocation	Columbus	\$4,532,263			\$4,532,263	47	±8/1/21
Kinston, City of	Sewer Lift Station Mitigation Project	Lenoir	\$1,800,000			\$1,800,000	47	Declined
Kinston, City of	Briery Run Sewer Phase V Sewer Project	Lenoir	\$2,905,630			\$2,905,630	47	±8/1/21
Oxford, City of	Wastewater Treatment Plant Electrical Building Relocation	Granville	\$2,805,000			\$2,805,000	47	Declined

<b>Applicant Name</b>	<b>Project Name</b>	<b>County</b>	<b>Total Funding Request</b>	<b>Green Project Reserve</b>	<b>Principal Forgiveness</b>	<b>Base CWSRF</b>	<b>Priority Points</b>	<b>Estimated Binding Commitment</b>
Yadkin Valley Sewer Authority	2020 Collection System Rehabilitation - Part II (Standby Generators)	Surry	\$310,500				47	NA
Rockingham County	Hogan's Creek and Fishing Creek Wastewater Pump Station Relocation and Flood Protection	Rockingham	\$2,735,000				46	NA
Reidsville, City of	WWTP Headworks Replacement	Rockingham	\$3,920,000			\$3,920,000	45	±5/1/22
Sparta, Town of	Wastewater Interceptor Project	Alleghany	\$1,268,000			\$1,268,000	45	Declined
Laurinburg Maxton Airport Commission	LMAC Collection System Improvements - Pell Rd	Scotland	\$579,858			\$579,858	45	±8/1/21
Fair Bluff, Town of	Fair Bluff Regional Pump Station/Collection System Improvements	Columbus	\$994,709				45	NA
Maysville, Town of	Wastewater Treatment Upgrades	Jones	\$226,728			\$226,728	45	Declined
Wilson, City of	Hominy Creek Wastewater Management Facility Flood Protection Walls and Replacement of Influent Screens	Wilson	\$1,049,000				43	NA
Robbins, Town of	Wastewater Recovery	Moore	\$530,000				43	NA
Middlesex, Town of	Town Wide Sanitary Sewer Manhole Rehabilitation Project	Nash	\$1,974,579				43	NA
Contentnea Metropolitan Sewerage District	WWTP Berm Improvement	Pitt	\$1,645,000			\$1,645,000	41	±8/1/21
Marion, City of	Catawba River Aerial Sewer Crossing Elimination	McDowell	\$1,098,300			\$1,098,300	41	Declined

<b>Applicant Name</b>	<b>Project Name</b>	<b>County</b>	<b>Total Funding Request</b>	<b>Green Project Reserve</b>	<b>Principal Forgiveness</b>	<b>Base CWSRF</b>	<b>Priority Points</b>	<b>Estimated Binding Commitment</b>
Cerro Gordo, Town of	Regional Pump Station/Collection System Improvements	Columbus	\$344,059				41	NA
Burgaw, Town of	Relocation of pump stations and critical improvement, repair and replacement of sewer infrastructure lines	Pender	\$3,015,000			\$3,015,000	41	Declined
Whitakers, Town of	Porter Street Sewer Pump Station Relocation	Edgecombe	\$1,459,000				40	NA
Jamesville, Town of	Wastewater Treatment and Collection	Martin	\$2,850,000			\$2,850,000	40	Declined
Fayetteville Public Works Commission	Buckhead Creek Sewer Relocation	Cumberland	\$1,262,465			\$1,262,465	40	Declined
Fountain, Town of	Lynch Street Sewer Pump Station Improvements	Pitt	\$500,000				40	NA
Pikeville, Town of	2020 Collingwood Pump Station Relocation	Wayne	\$1,000,000				40	NA
Lake Waccamaw, Town of	Lift Station Mitigation and WWTP Rehabilitation	Columbus	\$809,780			\$809,780	39	±8/1/21
Clinton, City of	Clinton WWTP Resiliency Improvements	Sampson	\$3,280,518			\$3,280,518	39	Declined
Contentnea Metropolitan Sewerage District	NC Hwy 11 Pump Station Improvements	Pitt	\$6,839,000			\$6,839,000	39	Declined
Sanford, City of	WWTP Flood Protection	Lee	\$1,020,000			\$1,020,000	38	±8/1/21
Selma, Town of	Brack Pump Station Relocation & System Improvements	Johnston	\$3,015,000			\$3,015,000	37	±8/1/21
Southern Pines, Town of	Warrior Woods Pump Station Relocation	Moore	\$2,998,000			\$2,998,000	36	Declined
Hickory, City of	Henry Forks WWTF Solids Handling Facilities Upgrade	Catawba	\$30,000,000				35	See Oct 2020 Round ±2/1/22

<b>Applicant Name</b>	<b>Project Name</b>	<b>County</b>	<b>Total Funding Request</b>	<b>Green Project Reserve</b>	<b>Principal Forgiveness</b>	<b>Base CWSRF</b>	<b>Priority Points</b>	<b>Estimated Binding Commitment</b>
Maggie Valley, Town of	WWTP Levee Repair	Haywood	\$253,000				34	NA
Hendersonville, City of	Mud Creek Interceptor Replacement (Reconsideration)	Henderson	\$8,627,000				34	See Oct 2020 Round ±2/1/21
Stanly County	Richfield Sewer System Improvement	Stanly	\$1,215,200				34	NA
Goldsboro, City of	Little Cherry Big Cherry Pump Station Relocation Out of Floodplain	Wayne	\$3,058,000				32	ASADRA
Valdese, Town of	Cline Avenue Basin and Pump Station Upgrades	Burke	\$1,200,000				31	NA
Benson, Town of	2020 Wastewater System Improvements	Johnston	\$3,533,000				30	See Oct 2020 Round ±2/1/22
Clayton, Town of	Neuse River Water Reclamation Facility	Johnston	\$138,750,000				30	Actual from Earlier Round 10/7/20
Fayetteville Public Works Commission	Big Rockfish Creek Sanitary Sewer Outfall	Cumberland	\$10,025,890				30	See Oct 2020 Round 2/18/21
Asheboro, City of	Sanitary Sewer Lift Station No. 3 Improvements	Randolph	\$2,705,240				29	NA
New Bern, City of	Duffyfield Stormwater Enhancement Project	Craven	\$855,000				28	See Oct 2020 Round ±2/1/22
Lincoln County	Sewer Pump Station #15 Rehabilitation	Lincoln	\$803,662				28	NA
Surf City, Town of	WWTP resiliency improvements	Pender	\$2,370,553				27	NA
Sanford, City of	Little Buffalo Creek Rehabilitation	Lee	\$3,845,090				25	See Oct 2020 Round ±2/1/22
Wallace, Town of	Sewer Collection System Expansion	Duplin	\$4,791,517				24	See Oct 2020 Round ±2/1/22

<b>Applicant Name</b>	<b>Project Name</b>	<b>County</b>	<b>Total Funding Request</b>	<b>Green Project Reserve</b>	<b>Principal Forgiveness</b>	<b>Base CWSRF</b>	<b>Priority Points</b>	<b>Estimated Binding Commitment</b>
Charlotte Water	McAlpine Creek WWMF Reliability and Process Improvements Project	Mecklenburg	\$70,325,678				21	Actual from Earlier Round 8/13/19
Trinity, City of	Wastewater Regionalization Project	Randolph	\$1,354,000				19	NA
Cape Fear Public Utility Authority	PS-69 Motts Creek Pump Station Replacement	New Hanover	\$5,451,900				16	NA
Southport, City of	Southport Wastewater Treatment Facility (Reconsideration)	Brunswick	\$10,575,484				16	Actual from Earlier Round 8/1/21
Johnston County	WWTF 4 MGD Expansion	Johnston	\$84,000,000				15	Actual from Earlier Round 8/1/21

**Appendix B**  
**2021 CWSRF Proposed Payment Schedule**  
(Dependent on timing of state match and award of federal grant)

<u>Payment Quarter</u>	<u>2020 CW Payment Amount</u>
April 1, 2021 – June 30, 2021	
July 1, 2021 - September 30, 2021	\$28,676,000
October 1, 2021 - December 31, 2021	
January 1, 2022 - March 31, 2022	
April 1, 2022 - June 30, 2022	
July 1, 2022 - September 30, 2022	
Total	\$28,676,000

**Appendix C**  
**PRIORITY RATING SYSTEM for Wastewater Projects**

## PRIORITY RATING SYSTEM for Wastewater Projects

**Instructions: For each line item, mark "X" to claim the points for that line item. Be sure that your narrative includes justification for every line item claimed. At the end of each Category, provide the total points claimed for each program in the subtotal row for that category. Then add the subtotals from each category and enter the Project Total in the last line. Note that some categories have a maximum allowed points that may be less than the total of individual line items.**

Line Item #	Category 1 – Project Purpose	Claimed Yes/No	Points
1.A	Project will consolidate a nonviable drinking water or wastewater utility		25
1.B	Project will resolve failed infrastructure issues		15
1.C	Project will rehabilitate or replace infrastructure		15
1.C.1	Treatment units, pumps and/or pump stations to be rehabilitated or replaced are greater than 20 years old, <b>OR water/sewer</b> lines, storage tanks, drinking water wells or intake structures to be rehabilitated or replaced are greater than 40 years old		10
1.D	Project will expand infrastructure		2
1.D.1	Treatment units, pumps and/or pump stations to be rehabilitated or replaced are greater than 20 years old, <b>OR</b> lines, storage tanks, drinking water wells or intake structures to be rehabilitated or replaced are greater than 40 years old		10
<b>1.E – 1.E.2</b>	Reserved for Other Programs		
1.F	Project will provide stream/wetland/buffer restoration		15
1.F.1	Restoration project that includes restoration of a first order stream and includes stormwater infiltration BMPs		5
Line Item #	Category 1 – Project Purpose (Continued)	Claimed Yes/No	Points
1.F.2	Restoration project that includes restoration and / or protection of riparian buffers to at least 30 feet on both sides of the stream		5
1.G	Project will provide stormwater BMPs to treat existing sources		20

<b>PRIORITY RATING SYSTEM for Wastewater Projects</b>			
	of pollution		
1.G.1	Project that includes BMPs or BMPs in series that achieve at least 35% nutrient reduction (both TN and TP) and 85% TSS reduction		10
1.H	Project will provide reclaimed water/usage or rainwater harvesting/usage		15
	<b>Maximum Points for Category 1 – Project Purpose</b>		25
	<b>Subtotal claimed for Category 1 – Project Purpose</b>		
Line Item #	Category 2 – Project Benefits	Claimed Yes/No	Points
2.A – 2.B	Reserved for Other Programs		
2.C	Project provides a specific environmental benefit by replacement, repair, or merger; includes replacing failing septic tanks		15
2.D	Project addresses promulgated but not yet effective regulations		10
2.E	Project directly addresses enforcement documents		
2.E.1	Project directly addresses an EPA Administrative Order for a local government Applicant located in a Tier 1 county, or addresses an existing or pending SOC, or a DEQ Administrative Order, <b>OR</b>		5
Line Item #	Category 2 – Project Benefits (Continued)	Claimed Yes/No	Points
2.E.2	Project directly resolves a Notice of Violation or Notice of Deficiency		3
2.F	Project includes system merger		10
2.G – 2.H	Reserved for Other Programs		
2.I	Project improves treated water quality by adding or upgrading a unit process		3

<b>PRIORITY RATING SYSTEM for Wastewater Projects</b>			
<b>2.J – 2.M</b>	Reserved for Other Programs		
<b>2.N</b>	Project provides resiliency for critical system functions		
2.N.1	Project relocates infrastructure from inside the 100-year floodplain to outside the 500-year floodplain <b>OR</b>		8
2.N.2	Project relocates infrastructure from inside the 100-year floodplain to outside the 100-year floodplain <b>OR</b>		5
2.N.3	Project relocates infrastructure from between the 100-year and 500-year floodplains to outside a 500-year floodplain <b>OR</b>		3
2.N.4	Project fortifies or elevates infrastructure within floodplain, <b>OR</b>		4
2.N.5	Project improves ability to assure continued operation during flood events <b>OR</b>		4
2.N.6	Project downsizes infrastructure related to buyouts <b>OR</b>		4
2.N.7	Project provides redundancy/resiliency for critical treatment and/or transmission/distribution system functions including backup electrical power source		3
<b>2.O</b>	Project <u>directly benefits</u> subwatersheds that are impaired as noted on the most recent version of the Integrated Report		20
<b>2.P</b>	Project <u>directly benefits</u> waters classified as HQW, ORW, Tr, SA, WS-I, WS-II, WS-III* or WS-IV* (* these classifications must be covered by an approved Source Water Protection Plan to qualify)		10
<b>2.Q</b>	Project will result in elimination of an NPDES discharge		3
<b>2.R</b>	Primary purpose of the project is to achieve at least 20% reduction in energy use		5
	<b>Maximum Points for Category 2 – Project Benefits</b>		35
	<b>Subtotal claimed for Category 2 – Project Benefits</b>		
<b>Line Item #</b>	<b>Category 3 – System Management</b>	<b>Claimed Yes/No</b>	<b>Points</b>
<b>3.A</b>	Capital Planning Activities		

<b>PRIORITY RATING SYSTEM for Wastewater Projects</b>			
3.A.1	Applicant has implemented an Asset Management Plan as of the date of application <b>OR</b>		10
3.A.2	Applicant has a current Capital Improvement Plan (CIP) that spans at least 10-years and proposed project is included in the plan		2
<b>3.B</b>	System Operating Ratio is greater than or equal to 1.00 based on a current audit, or is less than 1.00 and unit cost is greater than 2.5%		5
<b>3.C – 3.E</b>	Reserved for Other Programs		
	<b>Maximum Points for Category 3 – System Management</b>		15
	<b>Subtotal claimed for Category 3 – System Management</b>		
<b>Line Item #</b>	<b>Category 4 – Affordability</b>	<b>Claimed Yes/No</b>	<b>Points</b>
<b>4.A</b>	Residential Connections		
4.A.1	Less than 10,000 residential connections <b>OR</b>		2
4.A.2	Less than 5,000 residential connections <b>OR</b>		4
4.A.3	Less than 1,000 residential connections		8
<b>4.B</b>	Current Monthly Combined Utility Rates at 5,000 Usage		
4.B.1	Greater than \$79 <b>OR</b>		4
4.B.2	Greater than \$90 <b>OR</b>		6
4.B.3	Greater than \$107		8
4.B.4	Greater than \$129		10
<b>Line Item #</b>	<b>Category 4 – Affordability (Continued)</b>	<b>Claimed Yes/No</b>	<b>Points</b>
<b>4.C</b>	Local Government Unit (LGU) Indicators		
4.C.1	3 out of 5 LGU indicators worse than state benchmark <b>OR</b>		3

<b>PRIORITY RATING SYSTEM for Wastewater Projects</b>			
4.C.2	4 out of 5 LGU indicators worse than state benchmark <b>OR</b>		5
4.C.3	5 out of 5 LGU indicators worse than state benchmark		7
<b>4.D – 4.E</b>	Reserved for Other Programs		
	<b>Maximum Points for Category 4 – Affordability</b>		25
	<b>Subtotal claimed for Category 4 – Affordability</b>		
	<b>Total of Points for All Categories</b>		

## Appendix D Grant Percentage Matrix

**Table 4. Proposed Step 4 (Affordability Matrix)**

Percentile Ranges for grant eligibility categories	Combined Monthly Bills <sup>1</sup> based on 2020 data (\$/5000 gallons)	% Grant or PF	Combined Monthly Bills + Project cost per customer per month <sup>2</sup> based on 2020 data (\$/5000 gallons)	% Grant or PF
> 99 Percentile	> \$148	100%	> \$148	100%
95 - 99 Percentile	\$129 - \$148	100%	\$129 - \$148	75%
85 - 95 Percentile	\$107 - \$129	75%	\$107 - \$129	50%
70 - 85 Percentile	\$90 - \$107	50%	\$90 - \$107	25%
50 - 70 Percentile	\$79 - \$90	25%	\$79 - \$90	0%
0 - 50 Percentile	\$0 - \$79	0%	\$0 - \$79	0%
<p>1Single utility providers may divide by 0.4 for water or 0.6 for sewer applicant for calculating a combined monthly bill.</p> <p>2 Project cost per customer per month calculated assuming 0% interest financing for 20 years.</p>				