



November 7, 2022

ARPA Funding in North Carolina
North Carolina Department of Environmental Quality
Division of Water Infrastructure

<https://deq.nc.gov/about/divisions/water-infrastructure>



Funding Programs Administered by NC DEQ

Federal / State

- Clean Water State Revolving Fund (CWSRF)
- Drinking Water State Revolving Fund (DWSRF)

Federal

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

State Reserve Program (SRP)

- Drinking water and wastewater loans and grants
- Asset Inventory and Assessment (AIA) grants
- Merger Regionalization / Feasibility (MRF) grants
- Pre-construction planning grants

Viable Utility Reserve (VUR)

- Drinking water and wastewater grants, AIA, MRF, and rate study grants to improve long-term viability of utilities designated as distressed

Local Assistance for Stormwater Infrastructure Investments (LASII)

- Stormwater construction
- Stormwater planning
- Developing and implementing a new stormwater utility

By the Numbers (Pre-ARPA and BIL)



TYPICALLY
FUND
\$250 - \$300
MILLION / YEAR



DWSRF CAP
GRANT (BASE)
~\$34 MILLION /
YEAR



CWSRF CAP
GRANT (BASE)
~\$29 MILLION /
YEAR

Big Week!

Today < > November 14 - 20, 2021

Sun	Mon	Tue	Wed	Thu	Fri	Sat
14	15	16	17	18	19	20

President Biden signs the Infrastructure Investment and Jobs Act (Bipartisan Infrastructure Law)

Governor Cooper signs the 2021 Appropriations Act (includes ARPA grant funding)

ARPA for Water Infrastructure in NC

(State Appropriations)

November 2021 (S.L. 2021-180):

\$1.69 Billion appropriated from State's ARPA (State Fiscal Recovery Fund) to water, wastewater and stormwater infrastructure funding

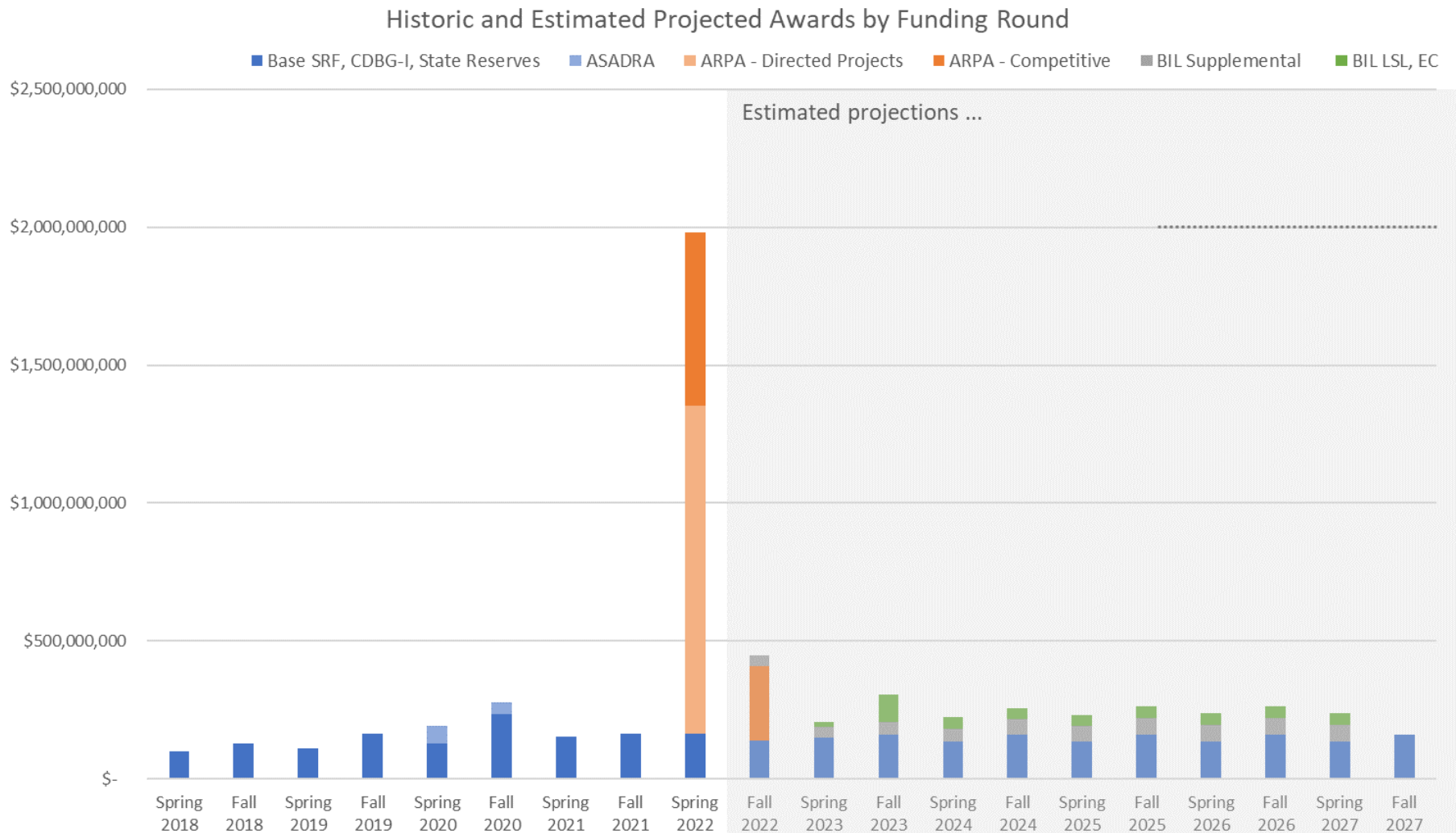
July 2022 (S.L. 2022-74):

Additional **\$611 Million** appropriated from General Fund and State's ARPA to water and wastewater infrastructure funding

 DWI is administering **~\$2 billion** in ARPA funds (35% of NC's SFRF \$) and **\$300 million** in other state funds

Funding Awards to Recipients

\$2.4 billion in one year, then avg. \$500 million/year



NC DEQ DWI ARPA Administration Plan

NC DEQ Division of Water Infrastructure's Plan to Administer American Rescue Plan Act's State Fiscal Recovery Fund Appropriated in the State Budget for Drinking Water, Wastewater and Stormwater Projects

Last updated February 3, 2022.

This document describes the plan for administering the appropriated State Fiscal Recovery Fund as grants for drinking water, wastewater, and stormwater projects.

Summary:

The North Carolina General Assembly appropriated \$1.69 billion from the state's allocation of the American Rescue Plan Act (ARPA) for drinking water, wastewater, and stormwater investments in Sections 12.13 and 12.14 of the Current Operations Appropriations Act of 2021 (S.L. 2021-180). The North Carolina Department of Environmental Quality (NC DEQ) Division of Water Infrastructure (Division) will administer approximately \$1.6 billion as grants for drinking water, wastewater, and stormwater systems in North Carolina, which excludes amounts that will be transferred to other agencies and up to 3% in administrative costs. The funds, some of which are appropriated for specific projects, are divided into different Reserves to be administered by the Division, shown in the table below, following statutory and budgetary requirements. In addition, federal requirements for the use of American Rescue Plan Act appropriations will apply. All funds must be expended by December 30, 2026.

NC DEQ Fund or Reserve	Purpose	Allocated directly for specific local governments and public entities (earmarked), approx.	Approximate remaining for grant funding (non-earmarked)
Viable Utility Reserve	Grants for water and wastewater systems that have been designated as distressed by the State Water Infrastructure Authority and the Local Government Commission, for the purposes set forth in subdivisions (1) through (5) of G.S. 159G-32(d).	\$89.7 million	\$353.0 million
Drinking Water Reserve and Wastewater Reserve (State Reserves)	Project construction grants for public water systems and wastewater systems NC DEQ categorizes as at-risk of becoming distressed .	\$116.6 million	\$191.3 million
	Project construction grants for public water systems and wastewater systems not designated as distressed or categorized as at-risk .	\$614.8 million	\$54.1 million
	Grants for asset inventory and assessments, rate studies, merger/regionalization feasibility, training, and planning grants to conduct project engineering, design, or other preconstruction activities.	\$0	\$77.6 million
Local Assistance for Stormwater Infrastructure Investments Fund	Grants for local governments for projects that will improve or create infrastructure for controlling stormwater quantity or quality.	\$18.5 million	\$82.0 million
Total		\$839.6 million	\$758.0 million
		Total funds: approx. \$1.6 billion	

Posted on the Division of Water Infrastructure's website, under "I Need Funding"

<https://deq.nc.gov/about/divisions/water-infrastructure/i-need-funding>

- Public review (Dec 2021-Jan)
- Announced Feb. 10, 2022 (recorded webinar)

Eligible Projects

Construction:

- DW and WW projects similar to SRF eligibilities
- Stormwater quantity and/or quality

Planning:

- Pre-construction planning grants
- Asset Inventory and Assessments
- Merger/Regionalization Feasibility studies
- Stormwater planning
- Developing a new stormwater utility

Can add on (related to rest of project):

- Training
- Rate study

ARPA (and General Fund) Funds Available for Awards

\$2.3 billion appropriated from the ARPA SFRF and General Fund

SL 2021-180 Funds

\$1.23 billion directly appropriated (earmarked) to 216 communities

SL 2022-74 Funds

Viable Utility Reserve "Distressed"	\$353 M Available for Applications
State Reserve "At Risk"	\$191.3 M Available for Applications
State Reserve "All Other Systems"	\$54.1 M Available for Applications
State Reserve Studies	\$77.6 M Available for Applications
Local Assistance for Stormwater Infrastructure Investment	\$82 M Available for Applications
State Reserve	\$182 M Available for Applications

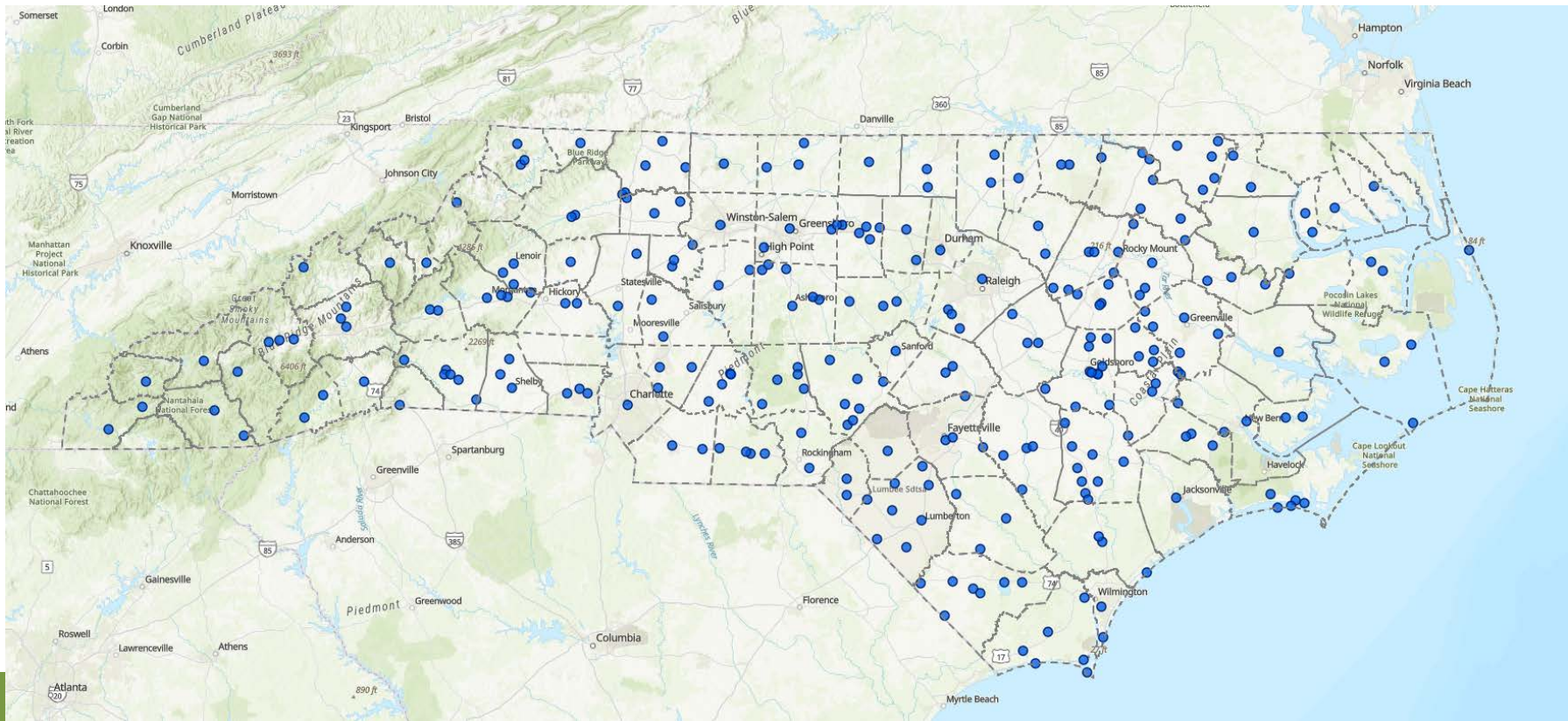
\$940 million available for applications

Competitive Funding for the \$940 Million

- Existing SRF funding application process
- Existing SRF Priority Rating Systems, scoring, awards
- Updated the single application form for SRF and ARPA
- No match required for ARPA, 100% grant
- Capped ARPA grant limits per recipient based on type
 - Counted earmarks towards grant limits
 - Regionalization projects eligible for higher limits
 - Serving disadvantaged, underserved areas higher limits
- Developed plans with SWIA and public comments
- Two funding rounds so far (April 2022, Sept 2022)
- Considered same applications for ARPA and SRF
- Increased outreach

Spring 2022 Funding Applications

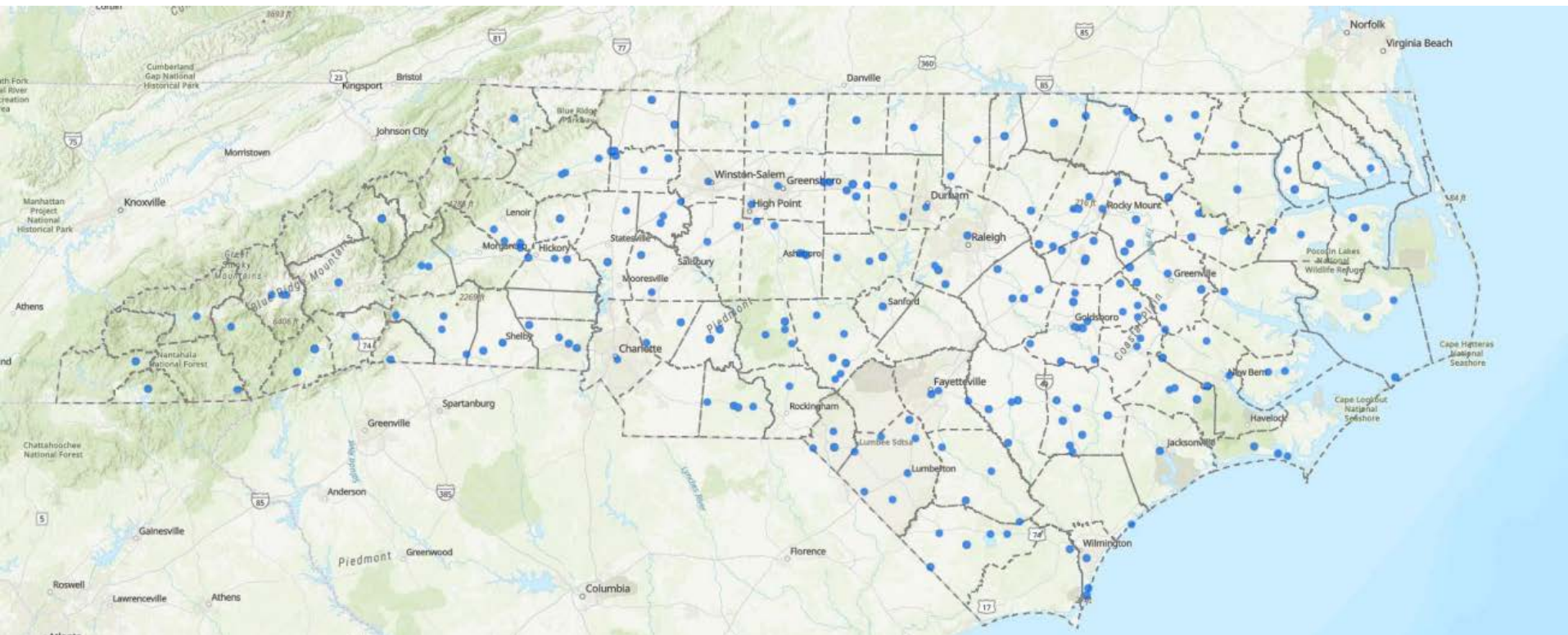
More than **\$3.1 Billion** in funding requests, in 649 new applications from 94 (out of 100) counties. Also re-considered over 50 Fall 2021 unfunded applications.



Projects Funded in Spring 2022

\$789.4 Million in 386 construction and planning projects in 86 counties (ARPA, DWSRF and CWSRF funding).

Included \$174 million that were appropriated 3 days prior.



Fall 2022 Funding Applications

\$2.7 Billion in funding requests, in 649 new applications from 91 counties. Will also reconsider Spring 2022 unfunded applications.

FALL 2022 FUNDING APPLICATION SUBMITTALS



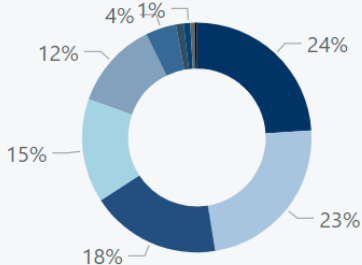
Number of Submittals*

649

Funds Requested*

\$2,732,195,002

Number of Submittals by Project Type



*Numbers and amounts are based on total submittals received prior to review.

Location	Applicant Name	Project Name	Funds Requested (\$)
Alamance	Graham	Haw River Outfall Rehabilitation	\$2,500,000
		Pomeroy, Travora and Marshall St Storm Sewer Replacement	\$2,000,000
		Pomeroy, Travora and Marshall St Stormwater Planning Application	\$250,000
		Small Waterline Replacement	\$1,832,000
		Total	\$6,582,000
Haw River		Haw River Inflow and Infiltration Project	\$4,500,000
		Roma Road Waterline	\$3,267,000
		Spray Street Waterline Replacement	\$1,020,000
		Total	\$8,787,000
Other		Ireland/Main Street SW Infrastructure Improvements	\$3,704,000
		May's Lake Regional Stormwater Project	\$100,000
		Sewer AIA	\$200,000
		Water AIA	\$200,000
		Total	\$4,204,000
Total			\$19,573,000
Alexander	Taylorsville	2022 Collection System Rehabilitation Project	\$3,789,300
		2022 Surface Water Protection Collection System Rehabilitation	\$1,515,600
		2022 Wastewater Treatment Plant Improvements	\$2,336,000
		Total	\$7,640,900

Approximate Timeline for Construction Projects (Spring 2022 Applications)

May 2,
2022

- Applications due

July
2022

- Funding awards by SWIA

End of
2022

- Engineering Reports submitted

End of
2023

- Plans and Specs approved, permits in hand

Mid
2024

- Executed contracts

Dec 31,
2026

- ARPA funds must be expended

Project Requirements (Federal and State)

- Federal ARPA fund requirements
 - If SRF eligible, is ARPA eligible
 - Stormwater quantity and stormwater quality both eligible
 - Cannot be used to pay debt
 - Cost incurred on/after March 2021
 - Funds spent by Dec 31, 2026
 - Prevailing wages and labor agreements reporting of >\$10 million projects (not for Revenue Replacement funds)
 - Risk assessment
 - Uniform guidance for procurement of A/E services
- State Budget and Statute requirements
 - Eligible recipients
 - Eligible project types (VUR, LASII)
 - Funding caps

Opportunities (Examples) – Similar to BIL

- Transformational!
- Implementing CIP / AMP projects
- Regionalization
- Serving/benefiting disadvantaged communities / address environmental justice/equity
- Resolving failing infrastructure
- Resilience
- Emerging contaminants
- Right-sizing infrastructure
- Water and energy efficiency / water loss
- Essential system upgrades
- Stormwater flood control, stormwater quality improvement
- Developing stormwater utilities
- Project planning
- Asset inventories and assessments
- ... and more

Strong State Support to Invest in W/WW/SW

March
2021

- ARPA signed; North Carolina allocated \$5.7 billion in SFRF

Spring/
Summer
2021

- Proposed Investments in water infrastructure:
 - Governor's Budget: \$800 million
 - Senate Proposed Budget: \$1.23 billion
 - House Proposed Budget: \$1.58 billion

November
2021

- Appropriations Act of 2021: \$1.69 billion

July 2022

- Appropriations Act of 2022: +\$611 million

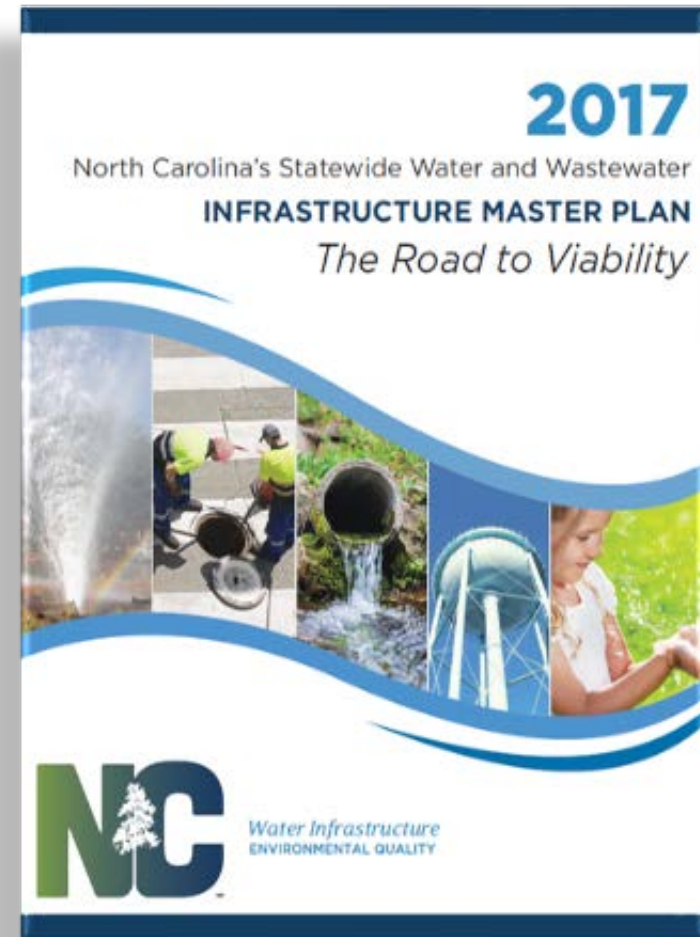
Building on Recent Actions

2017: SWIA creates a Master Plan, estimates \$17-26 billion in funding needs

2018-2020: DEQ and other agencies inform legislators of the needs and risks of non-viability of small systems throughout the state; legislative study committee

2020: General Assembly creates the Viable Utility Reserve; requires SWIA and LGC to identify distressed utilities; provides state grants and statutory requirements (training, action plans, asset inventories, rate studies) to resolve viability pressures

2020: appropriated non-recurring \$9 M in state funds to VUR; communicated great needs



Priorities for the funding in the state

- Supporting Viable Utility program
- Spread funding across the state; address needs of small systems
- Benefiting disadvantaged areas, equity
- Support existing prioritization system
- Regionalization
- Planning, and asset inventories and assessments
- Serving disadvantaged, underserved areas
- Lower long-term debt burden on distressed systems
- Expand stormwater funding to include quantity
- Outreach and engagement
- Compliance with state and federal requirements

Problem-Solving Challenges

- Workload (applications, funded projects, follow-ups)
- Recruitment and retention
- Navigating US Treasury requirements
- Adjusting processes for compliance (e.g. additional reporting requirements, A/E procurement, risk assessment)
- 2026 deadline challenging for some projects
- Availability of A/E firms
- Cost increases, low number of bids
- Competing funding programs (vs. SRF and vs. CDBG)
- Outreach
- Managing expectations
- Danger of return to reliance on grant funding, long-term viability

Join our team; help across the state!

DEQ is hiring!
(And not just in Raleigh)



Work for DEQ

DEQ is looking for top talent to share their knowledge, skills, and commitment to a strong, safe environment for our state and beyond.

[See all current job openings!](#) 



Division of Water Infrastructure
deq.nc.gov/about/divisions/water-infrastructure

State Water Infrastructure Authority
[deq.nc.gov/about/divisions/water-infrastructure/
state-water-infrastructure-authority](http://deq.nc.gov/about/divisions/water-infrastructure/state-water-infrastructure-authority)

