Clean Water and Drinking Water Grants and Loans

Total Funding Available: $6 billion; $4 billion for Clean Water State Revolving Fund, $2 billion for Drinking Water State Revolving Fund

N.C. Funding Available: $71 million for Clean Water State Revolving Fund, $66 million for Drinking Water State Revolving Fund

Overview:
Clean Water State Revolving Fund (CWSRF)

The CWSRF assists in the funding of wastewater treatment facilities and projects associated with estuary and nonpoint source programs. Eligible uses for the funds include construction of publicly-owned wastewater treatment facilities, local sewers, sewer interceptors, water recycling facilities, and expanded use projects such as implementation of nonpoint source (NPS) projects or programs and stormwater treatment.

The N.C. Department of Environment and Natural Resources (DENR) Construction Grants & Loans (CG&L) section will administer this program for North Carolina. For federal stimulus funds only, disbursements in this program will function differently than in the past.

DENR will award one-half of funds in the form of principal forgiveness, and the other one-half of funds in the form of a loan at 0% interest rate. There is a cap of $3 million for each project award, and awards will not be increased for high bids. CG&L will break its funding into two cycles. Sixty-five percent of available funds will be awarded in Round 1 (timetable below), and remaining funds will be awarded in Round 2.

The main criteria for federal stimulus awards will be the speed with which a project can proceed to contract and construction. A unit of government will not receive an award for more than one project unless there are insufficient applications to award all funds available. For each community, the highest-ranking project will be considered first. If a local government receives an award as part of the 20% "green" set-aside, it will still be eligible to receive an additional award if it has an application rating high enough.

There are other modifications to the application process for CWSRF projects under the federal stimulus package. Importantly, the required Engineering Report form is being replaced with a "Streamlined Engineering Report." Visit www.nccgl.net/Stimulus.html for more information.

States are encouraged to obligate 50 percent of the funds within 180 days. DENR intends to meet this goal with the following timeline:

- Receipt of Round 1 applications — April 3, 2009
- Award notifications — April 24, 2009

- Final day to accept resolutions April 28, 2009
- Successful applicants approved by LGC May 5, 2009
- Round 1 applicants under contract June 17, 2009
    - NOTE: Successful Round 1 applicants NOT under contract by June 17 will lose their awards and have to reapply for Round 2
- **Receipt of Round 2 applications June 3, 2009**

Drinking Water State Revolving Fund (DWSRF)

The DWSRF assists public water systems in achieving or maintaining compliance with the federal Safe Drinking Water Act (SDWA), including all environmental reviews and applicable permits. Projects must be from a public water system, must comply with the SDWA, and must be on the state program's project priority list, or Intended Use Plan (IUP). The DWSRF program can fund only the most cost-effective solution to a documented public health problem. Therefore, the applicant must document both the existence of the problem and the costs of alternatives to address it, typically in the Preliminary Engineering Report, or "PER." In particular, the PER must explicitly discuss the "do-nothing" or "no-build" alternative.

Eligible uses include water treatment facilities, replacement of aging infrastructure, planning studies, consolidation of water systems, and source water protection. Ineligible uses include dams or rehab of dams, O&M costs, projects mainly for fire protection, or projects primarily to accommodate future growth.

The Public Water Supply Section of DENR (PWSS) will administer the federal stimulus funds in this category. For federal stimulus funds only, disbursements in this program will function differently than in the past.

PWSS will award one-half of funds in the form of principal forgiveness, and the other one-half of funds in the form of a loan at 0% interest rate, with up to a 20-year payback period. There is a cap of $3 million for each project award, and awards will not be increased for high bids. PWSS will break its funding into two cycles. Fifty to 65% of available funds will be awarded in Round 1, and remaining funds will be awarded in Round 2, which has a "ready-to-proceed" deadline of June 3. Further, PWSS will look first to fulfill the 20% "green" set-aside before evaluating other projects on the IUP.

The main criteria for federal stimulus awards will be the speed with which a project can proceed to contract and construction. While the deadline for the first round of funding has passed, any project in the IUP that has submitted a complete application and is ready-to-proceed **by June 3, 2009** will be eligible for any remaining funding to be distributed through a second round. Applications for projects not already included in the IUP will not be accepted.

Special Factors (both funds):
The legislation directs priority funding to projects on state priority lists that are ready to proceed to construction within twelve months of enactment. It also prohibits the use of both Revolving Funds for the purchase of land easements and to prohibit other set asides under section 1452(k) of the Safe Drinking Water Act that do not directly create jobs.

There are no changes to the permitting requirements for either fund. DENR is working on solutions to expedite permitting. In order to avoid permitting hold-ups, consider projects that fall under the minimum standards for environmental review and permitting requirements, or focus on rehabilitation projects.

Not less than 20 percent of funds shall go for green infrastructure, water or energy efficiency improvements or other environmentally innovative activities (provided these types of applications are received). Examples of such activities may include repairing leaks for water efficiency, reclaimed water projects, or stormwater projects.

How to Access Funding: Both funds will be run through the state revolving fund programs. Neither program will accept ***new*** letters of intent at this point in time, although if you submitted a project for placement on either program's Intended Use Plan but have not followed up with the application, you may do so for the second round of funding. Please call the contacts below if you did not receive funding in the first round of funding. The state contacts will assist you in strengthening your application. See above description for details of project selection criteria. Further information may be found online:

Clean Water State Revolving Fund: www.nccgl.net/Stimulus.html or www.nccgl.net/fap/cwsrf/index.html

Drinking Water State Revolving Fund:
www.deh.enr.state.nc.us/pws/srf/Pages/dwsrf_program.htm or http://www.deh.enr.state.nc.us/pws/recovery.htm

Federal contact: http://www.epa.gov/water/eparecovery/

State contacts:

Clean Water State Revolving Fund: Dan Blaisdell, (919) 715-6211
DENR Division of Water Quality, Construction Grants & Loans Chief

Drinking Water State Revolving Fund: Sid Harrell, (919) 715-3216
DENR Division of Environmental Health, Environmental Engineer

League Staff Liaison: Erin Wynia, ewynia@nclm.org, 919-715-4126

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