

## Federal and State Funds available to support Counties Expanding Water and Sewer

**North Carolina Department of Environmental Quality Grant Programs:** For the [Spring 2023 Funding Cycle](#) applications are being considered until May 1, 2023 for drinking water and wastewater construction projects for the State Revolving Funds and the Community Development Block Grant-Infrastructure Program.

- **State Revolving Funds (SRFS):** provide low-interest loans (including principal forgiveness loans) for wastewater and drinking water projects. In addition to the SRF funds typically available, this round will include the use of Bipartisan Infrastructure Law (BIL) general supplemental funds. Applications for addressing emerging contaminants (e.g., PFAS) and for identifying and replacing lead service lines will also be accepted. Local government units and non-profit water corporations (and investor-owned drinking water utilities for drinking water projects) are eligible to apply for up to \$25 million in Drinking Water State Revolving Fund loans and up to \$35 million in Clean Water State Revolving Fund loans.
- **Community Development Block Grant-Infrastructure Program:** provide grants to fund wastewater and drinking water projects in areas that meet the U.S. Housing and Urban Development low-to-moderate income threshold (LMI). It is available to non-entitlement municipalities and counties and offers grants up to \$3 million grants per applicant every three years.

**American Rescue Plan Act Funds (ARPA)** – In May 2021, Treasury released [guidance](#) on how local governments can use ARPA funds. The [interim final rule](#) released detailed how the funds can be used for acute pandemic response needs or revenue shortfalls these governments face to serving communities and populations hardest hit by COVID-19. The funds are allowed to be used for “necessary investments in water, sewer or broadband infrastructure.”

“Necessary investments include projects that are required to maintain a level of service that, at least, meets applicable health-based standards, taking into account resilience to climate change.” Notably, the “Interim Final Rule provides [State, local, and Tribal] governments with wide latitude to identify investments in water and sewer infrastructure that are of the highest priority for their own communities, which may include projects on privately-owned infrastructure.” NCLF published [a guide for communities](#) interested in using ARPA funds for these types of investments and detailed below are a few examples of such uses from Brookings ARPA Investment Tracker.

## Example Projects From [Brookings ARPA Investment Tracker](#):

- Buncombe County, NC
  - Buncombe County Intergovernmental Relations will deliver water and sewer infrastructure to the Ferry Road Infrastructure project. This will provide necessary foundational water and sewer infrastructure for the Ferry Road development, which will expand affordable housing and recreational opportunities in Buncombe County. This project will be administered/constructed by the Department of Transportation, Metropolitan Sewer District, and the City of Asheville. Ferry Road will encourage affordable housing near transportation and jobs while expanding cultural and recreational assets. The project will track the number of new linear feet of roadway, sewer, water, as well as the number of customers served with water and sewer.
- Cumberland County, NC
  - Cumberland County is in the process of exploring the addition of a sanitary sewer system located within the Shaw Heights community, which is located within a Qualified Census Tract (QCT). Failing septic systems has been an issue within this community and in order for the Shaw Heights Affordable Housing ARPA Project (AR215) to be the most successful, the installation and construction of new pipes, pump stations, and force mains for sewer systems is required.
- Forsyth County, NC
  - "The Rural Hall Highway 65 Waterline Extension Project is designed to provide public water access to existing homes of residents currently relying on private wells with a risk of contamination. The funding requested would assist with covering the costs of private well testing, engineering and design, construction costs associated with the installation of the water line, and any connection fees. The extension would measure to 2.5 miles, connecting and providing quality water to 40 households, many of which are low/moderate income households."
- Alamance County, NC
  - A Public Safety Training Center for EMS and Sheriff's Office is currently being built within Alamance County. The County is researching whether extending water and sewer to the training center would be ARP eligible. The project would extend a water and sewer line to an Alamance Community College-owned Public Safety Training Center (in partnership with the Alamance County EMS Department and Sheriff's Office). The training center is near a low-income mobile home neighborhood that currently may not have water and sewer available to the residents.
- Columbus County, NC
  - Water line extensions to supply water in needy areas.

**USDA Rural Development Funds:** The [Water & Waste Disposal Loan & Grant Program in North Carolina](#) provides funding for clean and reliable drinking water systems, sanitary systems, solid waste disposal and storm water drainage to households and businesses in eligible rural areas. Most state and local governmental entities are qualified applicants if they are a rural area or town with populations of less than 10,000, tribal lands in rural areas, and colonias. The funding is long-term, low-interest loans that may be combined with grants in some circumstances. The funds can be used for acquisition, construction, and improvement of water, waste, and sewage systems. There also may be funding available for additional fees such as legal fees, permits, land and water rights, incurred interest during construction, facility purchases to improve or prevent loss of service. The loans have a fixed interest rate based on need for the project and median household income in the area served with up to a 40-year payback period.

**Additional Resources:**

- [PowerPoint from General Session: Water Infrastructure ARPA Funds facilitated by North Carolina Association of County Commissioners](#)
- [National Association of Counties Report, \*\*Counties and the American Rescue Plan Act Recovery Fund: CLEAN WATER, SEWER & STORMWATER INFRASTRUCTURE\*\*](#)
- [Mini podcast by UNC-Chapel Hill Environmental Finance Center on Using Local Fiscal Recovery Funds for Water, Wastewater, and/or Stormwater Infrastructure](#)