



Written Statement for the Record

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Infrastructure Act, Part II”

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Chairman Carper, Ranking Member Capito, and members of the Committee, thank you for the opportunity to speak with you today about the Infrastructure Investment and Jobs Act (IIJA) and the transformative investment it has helped enable in North Carolina's water infrastructure. I appreciate the leadership of Congress, this Committee, and this Administration in addressing critical infrastructure needs, especially with regards to our nation's water and wastewater infrastructure.

This is an area that has traditionally not received the attention and funding that is necessary to ensure the integrity of our country's water and wastewater services. North Carolina is just one state of many across the country that are facing historic levels of need, which historic levels of funding for water and wastewater infrastructure are helping to address. So, I want to thank the committee for your attention to this issue, and for the opportunity to share North Carolina's story with you today and how we are using the IIJA funding to address aging infrastructure, current access and capacity, and emerging contaminants.

One of North Carolina's and Governor Cooper's top priorities is ensuring that everyone in our state has access to clean drinking water and reliable water infrastructure—because without that, nothing else matters. This funding means that not only can we address issues of aging and failing water infrastructure across the state, but we can also begin to reach the significant part of our population who have not historically had access to clean and reliable water and wastewater services.

I'd like to share with you a story about the community of Ivanhoe, in rural Sampson County. The residents of Ivanhoe have been fighting for decades for the ability to connect to a public water system. Governor Cooper and I heard from these residents about what it was like knowing their white clothes would come out of the wash stained brown by the well water, and how when it got cold, the well pumps were unreliable, and they might not have water at all. But in 2022, thanks to federal funding, we awarded a \$13.2 million¹ grant to run 40 miles of new water lines and connect 350 homes in Ivanhoe to the county water system for the first time. They are all looking forward to turning on the faucet and having clean water every time.

These are the stories that give us hope, and these are the types of issues we'll be able to fix across the state with the landmark level of federal funding that we've received. Many areas in our state are dealing with aging and failing water and wastewater equipment. Some are still serviced by terra cotta pipes or even, in places like Liberty, North Carolina, Orangeburg pipes

¹ *Governor Cooper Highlights \$13.2 Million Investment to Create Water Distribution System in Ivanhoe.* (2022). NC Governor Roy Cooper. <https://governor.nc.gov/news/press-releases/2022/09/27/governor-cooper-highlights-132-million-investment-create-water-distribution-system-ivanhoe>

made of wood pulp and sealed with tar that are literally disintegrating. Additionally, North Carolina has also been on the front lines of addressing emerging contaminants, including PFAS, in drinking water across the state. It is vital that we confront each of these needs to improve the resiliency of our systems and the lives and health of our residents and their communities. Thanks to the historic investment of federal dollars, we are inventorying lead lines; connecting communities to reliable water and sewer service; upgrading aging equipment; increasing the resilience of our infrastructure in the face of more frequent and more intense storms; replacing miles of failing pipes; and beginning to address PFAS in our public water systems.

North Carolina had a head start in handling increased water and wastewater funding because our state leaders chose to allocate a significant portion of ARPA funds to water infrastructure: about \$1.9 billion of our state's \$5.4 billion allotment,² which was a huge increase from the roughly \$200 million typically allocated for these projects. The first thing we did was evaluate our processes, because it is easy to spend money—the challenge is investing it well.

We evaluated and addressed three main areas: capacity to manage grants and permitting from an agency level; modernizing the systems associated with applying for grant funding; and changing our approach to soliciting grant applications to ensure that dollars reach the communities that need them most.

My agency, like many environmental agencies across the country, has faced significant funding cuts over the past decade and struggles with maintaining sufficient staffing levels due to uncompetitive salaries. To manage these challenges, we created a new section, our Program Management Office, to oversee our federal funding programs and provide oversight, coordination, and resources to our divisions handling federal funding. This new office has helped hire the staff we need to oversee projects and process permits, created an oversight program to ensure all dollars fulfill their intended purpose, and helped scale our operations to ensure that we could efficiently and effectively operate our water infrastructure program at a scale orders of magnitude larger than our department was accustomed to handling.

We also targeted areas of our operations that needed to be modernized and streamlined. For example, our water infrastructure application process was still paper-based, requiring applicants to hand-deliver their applications in binders to our staff in Raleigh. We subsequently created an online application portal that not only eased the process for applicants but also reduced the stress on our staff, who had been hand-entering data. Our team built an online platform that shows how many projects are in each regional office's territory and are building

² *COVID-19 Funding Dashboard*. (2023). NC Pandemic Recovery Office. <https://ncpro.nc.gov/data-research/covid-19-funding-dashboard>

out a predictive analytics tool to help us better prepare for the impending wave of permit applications resulting from project awards. We've also focused on finding ways to overcome statewide staffing shortages by better leveraging the people, technologies, and processes we already have in place. We can now deploy staff quickly to provide support to teams experiencing high work volumes, from application reviews to permitting and beyond. This is critical to our success, as we currently have a 24 percent vacancy rate for engineering positions.

Above all, we are committed to making sure the funding we administer reaches the communities who need it most, including our small and rural communities and the ones who've been historically bypassed and have lived with unreliable, insufficient, and potentially contaminated service for far too long. We know that government has long served some residents more equitably than others, and we know that we are being entrusted with the responsibility and opportunity to impact and improve the lives of *all* North Carolinians.

In order to ensure that record funding reaches communities like Ivanhoe that have traditionally not benefited from water infrastructure dollars, we knew that we needed to reimagine our grantmaking process. In the past, we had posted the application on our website, conducted a limited number of outreach sessions in various parts of the state, and contracted with technical assistance agencies. In reimagining our process, we canvassed every county health department in the state to identify which communities did not have access to reliable water and wastewater service. We then made a portion of our funding available to water utilities who were using at least 75 percent of their funding request to connect these communities to public water and/or sewer services.³ We also partnered with many community organizations to spread the word about our funding availability more widely. I'm proud to say that these changes are resulting in more than 2,000 homes, so far, slated to be connected to public water for the first time.

A lack of reliable service is not the only water issue plaguing disadvantaged communities. North Carolina has significant levels of PFAS contamination, which has affected rural and urban areas alike. We especially worry about our small towns who cannot shoulder the burden of costs associated with treatment without outside help. For example, when the Town of Maysville discovered high levels of PFAS in their drinking water supply—likely the result of AFFF (firefighting foam) impacting groundwater—they knew that their residents could not afford the \$2,500 in additional costs each household would need to absorb in order to install treatment

³ 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. (2022). NCDEQ. <https://www.deq.nc.gov/water-infrastructure/dwi-arpa-administration-plan-feb-2022/download?attachment>

technology. With the help of \$2.5 million in grants, this community was able to install the necessary treatment system to ensure clean drinking water for their residents.⁴

EPA Administrator Michael Regan, a fellow North Carolinian, came to Maysville to announce the IJA Emerging Contaminants Funding for Small and Disadvantaged Communities in February of this year to illustrate the type of town that this funding was created to help. There isn't a small town in the state—or the country—with the rate base to afford these types of upgrades. Yet, we cannot afford to allow our communities to continue drinking contaminated water: this is why the \$61.7 million⁵ that North Carolina will receive through IJA to help small, rural and disadvantaged communities combat PFAS in their drinking water matters.

In addition to testing large public water systems, we have begun testing over 650 of the small systems in our state, serving daycares, churches, mobile home communities, and other neighborhoods.⁶ Our goal is to maximize the impact of this funding to help avoid passing on the cost burden of treatment to our residents, many of whom can ill afford it.

We are committed to holding polluters accountable where there is an identifiable responsible party. North Carolina became a leader in addressing PFAS by necessity when, in 2017, we learned that a PFAS compound known as Gen X had contaminated the Cape Fear River. Since that time, we've learned that the facility, owned by Chemours, has contaminated drinking water in at least an eight-county region. We have taken steps to eliminate wastewater discharges from the site, institute a groundwater cleanup system, and significantly reduce air emissions of PFAS. Thanks to a 2019 consent order, Chemours is required to cover the costs of treating affected drinking water wells.⁷

While the Chemours facility gave North Carolina early experience in dealing with PFAS contamination, we recognize that PFAS is bigger than one company or one chemical. In June of last year, Governor Cooper and I announced our North Carolina Action Strategy for PFAS⁸ with three priorities: protecting communities, protecting drinking water, and cleaning up

⁴ EPA Administrator Michael Regan announces \$2 billion for small water systems to address PFAS contamination, \$62 million for NC. (2023). NC Newswire. <https://ncnewswire.com/briefs/epa-administrator-michael-regan-announces-2-billion-for-small-water-systems-to-address-pfas-contamination-62-million-for-nc/>

⁵ FY2022-23 EC Allotment Memo. (2023). EPA. https://www.epa.gov/system/files/documents/2023-02/FY22_FY23_Combined_BIL_EC_Allotments_Memo_to_WDDs_February_2023_signed.pdf

⁶ Action Strategy for PFAS. (2023). NCDEQ. <https://www.deq.nc.gov/news/key-issues/emerging-compounds/action-strategy-pfas>

⁷ Chemours Consent Order. (2023). NCDEQ. <https://www.deq.nc.gov/news/key-issues/genx-investigation/chemours-consent-order>

⁸ North Carolina DEQ Action Strategy for PFAS. (2022). NCDEQ. <https://www.deq.nc.gov/genx/nc-deq-action-strategy-pfas/open>

contamination—research, regulate, and remediate. We’re prioritizing identification of PFAS contamination so that we can assess the extent of the problem. We are focused both on using existing research and identifying and addressing gaps in the science that will enable us to regulate discharges of these harmful chemicals and protect public health. We are prioritizing source reduction, as it is the most cost-effective way to protect our drinking water. It is much cheaper to stop PFAS pollution from happening than to clean it up after the fact. With our assessment and regulations in hand, we can take steps to remediate existing contamination.

In March, Administrator Regan returned to North Carolina to announce EPA’s proposed drinking water regulation for six PFAS compounds. In anticipation of this action, DEQ has been working with public water systems to assess PFAS levels and help prepare for a national drinking water standard. Late last year, we sampled 50 of the municipal and county drinking water systems across our state who had previously reported testing results for PFOA and PFOS above the minimum reporting level in 2019 sampling by the North Carolina Collaboratory.⁹ Our sampling results showed that 43 systems serving three million people will need to take action to come into compliance with the proposed MCLs.¹⁰ We’re actively working with those systems with a goal to utilize IJA funding for planning and construction projects to reduce their PFAS levels in preparation for the EPA’s drinking water regulations.

We are also learning from and working with the public water systems that have experience addressing PFAS. I’ll give you the example of Cape Fear Public Utility Authority (CFPUA), who spent \$43 million dollars on the installation of a granular activated carbon filtration system to treat for PFAS coming from the Cape Fear River.¹¹ CFPUA’s customers are spending \$70 per year, per customer, to pay for the new system. From their experience, we know that there is a lot of testing, planning, and design work that must take place before a utility is ready to construct a treatment system. CFPUA, and their neighbor in Brunswick County—who is spending over \$120 million to expand and upgrade their water treatment plant to address PFAS—are graciously serving as mentors to other systems that are just now grappling with the reality that they will need to install treatment technology to ensure clean drinking water for their residents.

⁹ *Data: PFAS Water Testing Reports by Site (Round 1)*. (2023). North Carolina PFAS Testing Network. <https://ncpfastnetwork.com/data/>

¹⁰ *DEQ PFAS Sampling of Public Water Systems*. (2023). NCDEQ. <https://www.deq.nc.gov/news/key-issues/emerging-compounds/understanding-pfas/deq-pfas-sampling-public-water-systems>

¹¹ *The results are in: Wilmington water tests PFAS-free after \$43 million CFPUA project*. (2022). Star News Online. <https://www.starnewsonline.com/story/news/local/2022/10/11/wilmington-water-free-of-pfas-genx-local-utility-authority-says/69553249007/>

We appreciate the \$23 million per year over five years that we're receiving for emerging contaminants through IJJA, but these examples show how that amount will only scratch the surface of the needs that we are facing. North Carolina estimates that it will take between \$661 million to \$1.3 billion to install treatment technology at just the affected municipal and county water systems. Learning from CFPUA and Brunswick County's experiences, we are designating the majority of our first round of IJJA emerging contaminants funding to assist our 43 large public water systems in planning for PFAS treatment. Subsequent rounds of funding will offset construction costs, but we know that the needs will dwarf the amount of funding we have available, and time is of the essence. From our experience, we have seen that the time it takes to construct treatment systems and bring them online can easily reach or exceed three years. Once the federal maximum contaminant levels for PFAS are finalized, all of our impacted systems will only have three years to come into compliance. That means these communities need to plan now in order to have treatment systems in place before compliance deadlines. Funding coming from IJJA for emerging contaminants is exceedingly important. But we are not at the finish line. In fact, we're just getting started.

As a state agency, our job doesn't end when we award grant dollars. In order to be truly successful in distributing IJJA funding and ensure a positive impact to public health and the environment, we have to be able to handle the permitting needs that are coming along with these projects. The historic level of funding also translates to a historic level of permit applications that we need to be able to turn around quickly so that benefits are realized as soon as possible.

As an agency, we've explored creative solutions to addressing permitting capacity. We have a 24 percent vacancy rate of engineers across DEQ, which is a challenge shared by many states. In order to review and issue permits, we rely on highly skilled staff and engineers. As a result of staffing challenges, we have had to find creative ways to get staff to where they're most needed: using administrative funding allocations to establish additional time-limited positions, creating a flexible workforce that can go where the need is greatest, and coordinating our agency response through our Program Management Office so that we can anticipate problems before they happen and smooth the way where possible.

As the newly elected President of the Environmental Council of the States (ECOS),¹² I'd encourage Congress to increase the level of funding for categorical grants, which represent the dollars the federal government gives states to carry out delegated federal programs. The states implement and enforce nearly all of the nation's environmental laws. Funding for categorical

¹² ECOS. (2023). ECOS. <https://www.ecos.org/>

grants has remained stagnant while our responsibilities, including for addressing emerging issues such as PFAS, have grown significantly. While I recognize that this Committee's jurisdiction is over policy and not funding, I feel it is incumbent upon me to let you know that not increasing categorical grant funding to help states keep up with growing regulatory and permitting responsibilities has a material impact on our ability to deliver permits in an effective and efficient manner.

Similarly, I'd like to bring to the Committee's attention the long-term threat to the State Revolving Funds posed by the appropriations bill recently passed by the House and under consideration in the Senate. On behalf of ECOS, we are concerned about these developments. The Clean Water Act and Safe Drinking Water Act State Revolving Funds are two of the nation's most successful and sustainable environmental programs. They are critical to addressing the increasing demands on and risks to the nation's drinking water supplies. The proposed cuts would be devastating to the states' capacity to meet current and growing environmental needs and harm the state-federal partnership that is crucial to protect public health and the environment throughout the country. ECOS urges Congress to build state capacity through these programs rather than diminish it.

Using supplemental appropriations in the IIJA to offset cuts to annual federal funding undermines the historic opportunity provided by this landmark law, which was to extend affordable financing for water infrastructure to more communities than ever before.

I want to express to the Committee North Carolina's gratitude for prioritizing water and wastewater infrastructure funding in the IIJA. It represents a significant downpayment on a costly bill that is coming due across the country for critical infrastructure that has not been maintained. Even with a historic amount of federal and state dollars, North Carolina could only fund 13.7 percent of the funding requested in 2022 for water and wastewater infrastructure needs. In 2023, we have been able to fund less than nine percent of the \$2.6 billion dollars communities have requested for their projects. And according to a study done in 2017, the capital cost of the system needs in our state are estimated to range from \$17 to \$26 billion dollars over the next 20 years,¹³ which does not take into account recent storm-related damage or PFAS treatment.

Our work is just beginning—we have already awarded the portion of the Drinking Water and Clean Water State Revolving Funds we've received from EPA so far this year to projects across

¹³ *Statewide Water and Wastewater Infrastructure Master Plan*. (2017). NCDEQ. <https://www.deq.nc.gov/about/divisions/water-infrastructure/state-water-infrastructure-authority/statewide-water-and-wastewater-infrastructure-master-plan>

the state. We are continuing to build capacity for funding administration and permitting, and we are working tirelessly to address PFAS. We have also created a new Lead Service Line Replacement funding program to respond to over \$36 million in initial requests. With that program, we are continuing to engage in proactive outreach to communities that may need support, and our goal is to have firms lined up to assist our communities in a timely manner. Applications for this program will be accepted year-round, and we're thrilled that the first of these funds will be awarded in just two weeks.

We are far from the finish line, but the race is well begun. North Carolina will never stop working to ensure that all residents of our state have access to clean drinking water and reliable water infrastructure, and we appreciate your commitment to that same goal. Our agency's mission is to provide science-based environmental stewardship for the health and prosperity of all North Carolinians. IJJA and other federal funding plays a key role in our ability to achieve this mission, and I am grateful to the committee for allowing me to share these updates on our progress to date.