

**State Water Infrastructure Authority
Stormwater Funding Committee
March 31, 2022 Meeting**

Agenda Item D – Draft Stormwater Grant Entity Eligibility Considerations

Division of Water Infrastructure Staff Report

Background

As defined in NCGA Session Law 2021-180 Section 12.14(d), an eligible entity for a grant from the Local Assistance for Stormwater Infrastructure Investments fund is a city or county that (i) documents in a form and manner as the Department may specify a stormwater quality or quantity issue and (ii) demonstrates that it would experience a significant hardship raising the revenue necessary to finance stormwater management activities within its jurisdiction based on income and unemployment data, population trends, and any other data determined relevant by the Department. A regional council of government created pursuant to Part 2 of Article 20 of Chapter 160A of the General Statutes or a nonprofit entity is also an eligible entity under this section if the regional council of government or nonprofit entity partners with a city or county.

NOTE: These eligibility considerations apply to funding through the Local Assistance for Stormwater Infrastructure Investments fund; they do not apply to CWSRF funding.

The Department must establish parameters by which an entity demonstrates its eligibility to be considered for a stormwater grant under this Section of the Session Law. Staff provides this report to seek feedback from the Stormwater Funding Committee on current considerations.

For Section 12.14(d)(i) – Documentation of Stormwater Quality or Quantity Issue

Applicants will be required to provide:

1. Narrative that describes the stormwater quality and/or quantity issue and how the grant will be used to address the issue.
2. For construction and planning grants, maps that identify the location of the stormwater quality and/or quantity issue. The map shall show the outline of the watershed above the location, and identify the acreage, percentage of impervious area and land use cover in the watershed above the location.
3. For construction and planning grants, if available, provide photographs of the stormwater quality and/or quantity issue and identify the amount of rainfall that caused the issue based on the nearest reliable rain gage, news articles about the issue, or other information that clearly demonstrates the issue.

For Section 12.14(d)(ii) – Demonstration of “Significant Hardship”

The Session Law requires that to be eligible for consideration for a stormwater grant, an entity must demonstrate that it would experience a significant hardship raising the revenue necessary to finance stormwater management activities within its jurisdiction based on income and

unemployment data, population trends, and any other data determined relevant by the Department.

The following parameters may be considered when making the determination of significant hardship:

1. The City or County has a Stormwater Enterprise Fund, and the operating ratio of this Fund is less than 1.00

OR

Either 2A or 2B [to be determined]

2A. At least 2 of the 5 Local Government Unit (LGU) Indicators for the City or County are worse than the state benchmark:

LGU Indicators		Spring 2022 State Benchmark (for reference only; thresholds will be updated for each funding round)
Population Change	<=	4.26%
Poverty Rate	>=	14.7
Median Household Income	<=	\$54,602
Unemployment Rate	>=	3.9%
Per Capita Appraised Value of Property	<=	\$119,594

OR

2B. At least 2 of the 5 LGU Indicators for the City or County are worse than the State benchmark (see Item 2A) **and** the current monthly water and wastewater utility bill using the lowest in-town rate at 5,000 gallons applicable in the project area's City or County as shown on a rate sheet submitted with the application is above a threshold determined from a statewide survey of rates (e.g. >=\$100). For entities that only provide water rates, water rates will be divided by 0.4 to calculate a combined utility rate. For entities that only provide wastewater rates, wastewater rates will be divided by 0.6 to calculate a combined utility rate. Inclusion of water and wastewater rates in this criterion is intended to identify cities and counties where residents may have higher costs of living.

OR

3. The City or County does not meet Item 1 and Item 2A or 2B, but has stormwater projects that serve or benefit disadvantaged areas within the city's or county's jurisdiction. To be eligible, 75 percent or more of the project cost must be used to serve or benefit disadvantaged, underserved areas. Disadvantaged, underserved areas will be based on either:
- NC DEQ's determination of "Potentially Underserved Block Groups" or Tribal boundaries displayed on the [NC DEQ Community Mapping System](#), or information as described in the Guidance Document. Potentially Underserved Block Groups on the map include the following demographics: the share of nonwhites and Hispanic or Latino (of any race) is over fifty percent or at least ten percent higher than the County or State share, and the share of population experiencing poverty is over twenty percent or at least five percent higher than the County or State share. The entity can use this map to demonstrate that the proposed project serves or benefits areas located within block groups classified on the map as Potentially Underserved or within Tribal boundaries, or
 - If the proposed project does not fall within a Potentially Underserved Block Group or Tribal boundary layer on the map, the applicant must provide information in the application explaining what factors would qualify the project area as disadvantaged and underserved (such as demographic, historical, cultural, linguistic, or low-wealth factors; existing contamination, or other considerations deemed relevant).

This criterion is being considered because there may be situations in which a City or County as a whole is not eligible based on indicators of Item 1 and Item 2A or 2B, but there are areas within its jurisdiction that are disadvantaged and may benefit from a stormwater project. It must be decided whether projects serving or benefitting disadvantaged areas located within an otherwise non-eligible city or county will be considered eligible for a stormwater grant under this Section of the Session Law. The Staff seeks input from the Stormwater Funding Committee on this determination. If said projects will be eligible under Item 3, the Guidance Document for applications for stormwater grants will include the specific information that will be required in the application for consideration.
