

**State Water Infrastructure Authority**  
**Meeting Date – January 15, 2015**  
**Agenda Item F – 2015 Intended Use Plans (IUPs) for DWSRF and CWSRF Programs**

---

**Division of Water Infrastructure Staff Report**

**Background**

North Carolina General Statute G.S. 159G-71 contains the powers and the duties of the State Water Infrastructure Authority (Authority) which include the following:

- To establish priorities for making loans and grants consistent with federal law

The Authority has this responsibility for the federal Drinking Water State Revolving Fund (DWSRF) and the Clean Water State Revolving Fund (CWSRF).

The application priority ranking methods used for the evaluation of applications to the DWSRF and CWSRF are proposed to the US Environmental Protection Agency each year, in North Carolina's Intended Use Plan (IUP) for each of the SRF programs. The IUP for each program includes the Priority Rating System which contains the points that are applied by Division staff when an application is evaluated.

For the 2015 IUPs, the Division of Water Infrastructure:

- Proposes no change to the existing DWSRF Priority Rating System
- Proposes one change to the CWSRF Integrated Priority Rating System

**Proposed Change to CWSRF Integrated Priority Rating System for 2015 IUP**

The June 2014 Water Resources Reform and Redevelopment Act (WRRDA) reauthorized the CWSRF with changes, one of which requires a new affordability criteria to be utilized. The affordability criteria must be included in the 2015 CWSRF IUP in order for North Carolina to be eligible for its 2015 capitalization grant. The capitalization grant application must be submitted in early 2015 in order to meet a new deadline imposed by Congress' Continuing Resolution Omnibus Bill for 2015. WRRDA requires that the following factors be considered in the affordability criteria:

- Population trends
- Unemployment
- Income
- Other criteria determined as relevant by the state

The North Carolina county tier designations are determined annually by the Department of Commerce and contain the three WRRDA-required affordability criteria (as population change, unemployment and median household income) along with property tax base, poverty rate, population and previous ranking.

Staff proposes that the county tier designation be used as the affordability criteria to comply with the WRRDA requirements for the 2015 capitalization grant application. The proposed revision to the CWSRF Integrated Priority Rating includes the addition of a new line item – Line 22 – which adds points for county tier as part of Category IV – Financial Situation as follows:

- Tier 1 = 2 points (most distressed)
- Tier 2 = 1 point
- Tier 3 = 0 points (least distressed)

The Division of Water Infrastructure will hold a public meeting to receive public comment on the Draft IUP before it is submitted to the EPA. The Division proposes to schedule a public meeting as soon as possible to receive public comment on the Draft IUPs for each program.

At the March 2015 Authority meeting, staff will update the Authority on the public comments received on the Priority Rating Systems and will ask the Authority to approve the Priority Rating Systems so that the IUPs can be submitted to EPA.

**Staff Recommendations:**

1. Staff recommends that the Authority approve the presentation of the existing DWSRF Priority Rating System at the public meeting about the IUP.
  2. Staff recommends that the Authority approve the presentation of the modified CWSRF Priority Rating System at the public meeting about the IUP.
-

## DRAFT CWSRF Integrated Priority Rating System – For All CWSRF Projects

Line Item #	Category I – Project Type <i>(Points are given for only <b>one</b> type of project per funding application)</i>	Points	Points Claimed
<b>1</b>	<b>Type 1 – WWTP: NEW CONSTRUCTION OR EXPANSION OF EXISTING WWTP</b>	5	
1.1	Replaces WWTP infrastructure that is greater than 20 years old as of date of application	5	
1.2	If the WWTP is a major facility ( greater than 1.0 MGD) AND in a Tier 3 county: 1. Does the applicant have a reclaimed water system that is actively distributing more than 100,000 gpd? <b>YES NO (Circle One)</b> 2. Will the project include reclaimed water that will use 100,000 gpd (must have commitment letters from users)? <b>YES NO (Circle One)</b> Subtract 2 points if answered “no” to <b>both</b> questions.	-2	
1.3	If answered “no” to <b>both</b> questions in Line Item 1.1 then: 1. Is the WWTP approved for reclaimed water distribution? <b>YES NO</b> 2. Will the project include meeting reclaimed water standards? <b>YES NO</b> Subtract 2 points if answered “no” to <b>both</b> questions.	-2	
<b>2</b>	<b>Type 2 – WWTP INFRASTRUCTURE REPLACEMENT/REHABILITATION</b> that <u>does not</u> increase service area and/or WWTP capacity	15	
2.1	Replaces WWTP infrastructure that is greater than 20 years old as of date of application	5	
2.2	<u>Primary purpose</u> of the project is to achieve at least 20% reduction in energy use	5	
<b>3</b>	<b>Type 3 – NEW SEWER LINE EXTENSION</b> that serves areas with failing systems, single-family residence discharges or single-family residence spray / drip irrigation systems	20	
<b>4</b>	<b>Type 4 – CAPACITY INCREASE: EXPANSION OF EXISTING SEWER INFRASTRUCTURE</b>	5	
4.1	Replaces sewer lines that are greater than 40 years old or pump stations that are greater than 20 years old as of date of application	5	
<b>5</b>	<b>Type 5 – NO CAPACITY INCREASE: EXISTING SEWER INFRASTRUCTURE REPLACEMENT/REHABILITATION</b> (pump station/ force main/gravity sewer)	20	
5.1	Replaces sewer lines that are greater than 40 years old or pump stations that are greater than 20 years old as of date of application	5	
5.2	Addresses infiltration/inflow (I/I) for a sewershed based on a SSES	3	
5.3	<u>Primary purpose</u> of the project is to achieve at least 20% reduction in energy use	5	
<b>6</b>	<b>Type 6 – STREAM/WETLAND/BUFFER RESTORATION</b>	15	
6.1	Restoration project that includes restoration of a first order stream and includes stormwater infiltration BMPs	12	
6.2	Restoration project that includes restoration and / or protection of riparian buffers to at least 30 feet on both sides of the stream	3	
<b>7</b>	<b>Type 7 – STORMWATER BMPs</b> that treat existing sources of pollution	20	
7.1	Project that includes BMPs or BMPs in series that achieve at least 35% nutrient reduction (both TN and TP) and 85% TSS reduction	10	

8	Type 8 – RECLAIMED WATER project	15	
9	Type 9 – RAINWATER HARVESTING / UTILIZATION project	10	
	<b>Subtotal for Category I – Project Type: (max of 30)</b>		
	<b>Category II – Environmental Benefits</b>		
		<b>Points</b>	<b>Points Claimed</b>
10	Implementation of a basinwide water quality plan recommendation or strategy	25	
11	Project <u>directly benefits</u> subwatersheds that are impaired as noted on the most recent version of the Integrated Report	10	
12	Project <u>directly benefits</u> waters classified as HQW, ORW, Tr, SA, WS-I, WS-II, WS-III* or WS-IV* (* these classifications must be covered by an approved Source Water Protection Plan to qualify)	5	
13	Correct documented violations of groundwater standards for a permitted system (e.g., nondischarge facility, subsurface system, etc.)	25	
	<b>Subtotal for Category II – Environmental Benefits: (max of 35)</b>		
	<b>Category III – System Management</b>		
		<b>Points</b>	<b>Points Claimed</b>
14	Project directly addresses an EPA administrative order for a local government applicant located in a Tier 1 county	5	
15	Project directly addresses a SOC that is pending or being negotiated by including repair and rehabilitation as part of the expansion/construction project	5	
16	Project directly addresses an existing SOC by including repair and rehabilitation as part of the expansion/construction project	2	
17	Applicant has implemented an Asset Management Plan as of the date of application	5	
18	Operating Ratio is greater than or equal to 1.00	5	
19	Project will include regionalized system management of entire service area or applicant has already implemented regionalized system management	5	
	<b>Subtotal for Category III – System Management: (max of 20)</b>		
	<b>Category IV – Financial Situation</b>		
		<b>Points</b>	<b>Points Claimed</b>
20	Poverty rate (%) of the service area divided by 4		
21	Monthly sewer (based on 5,000 gal) or stormwater bill for residential customers / (median household income / 12) x 500		
22	<b>County Tier Designation (Tier 1 = 2 points; Tier 2 = 1 point; Tier 3 = 0 points)</b>		
	<b>Subtotal for Category IV – Financial Situation: (max of 20)</b>		
	<b>Total of Points for All Categories:</b>		