

**State Water Infrastructure Authority**  
**Meeting Date – January 18, 2017**  
**Agenda Item M**  
**2017 Intended Use Plans (IUPs) for CWSRF and DWSRF Programs**

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**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 Clean Water State Revolving Fund (CWSRF) and the Drinking Water State Revolving Fund (DWSRF).

The application priority ranking methods used for the evaluation of applications to the CWSRF and DWSRF 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.

The Division will hold a public meeting as soon as possible to receive public comment on the Draft IUPs. At the April 2017 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 as part of the capitalization grant applications.

For the 2017 IUPs, the Division of Water Infrastructure:

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

**Staff Recommendations:**

1. Staff recommends that the Authority approve the presentation of the existing CWSRF Priority Rating System at the public meeting about the IUP.
  2. Staff recommends that the Authority approve the presentation of the existing DWSRF Priority Rating System at the public meeting about the IUP.
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## DRAFT CWSRF PRIORITY RATING SYSTEM

Line Item #	Category 1 - Project Purpose	Points
<b>1.A</b>	Project will resolve failed infrastructure issues	15
<b>1.B</b>	Project will rehabilitate or replace infrastructure	15
1.B.1	Treatment units, pumps and/or pump stations to be rehabilitated or replaced are greater than 20 years old, <b>OR</b> lines, storage tanks, drinking water wells or intake structures to be rehabilitated or replaced are greater than 40 years old	10
<b>1.C</b>	Project will expand infrastructure	2
1.C.1	Treatment units, pumps and/or pump stations to be rehabilitated or replaced are greater than 20 years old, <b>OR</b> lines, storage tanks, drinking water wells or intake structures to be rehabilitated or replaced are greater than 40 years old	10
<b>1.D</b>	Project will provide stream/wetland/buffer restoration	20
1.D.1	Restoration project that includes restoration of a first order stream and includes stormwater infiltration BMPs	5
1.D.2	Restoration project that includes restoration and / or protection of riparian buffers to at least 30 feet on both sides of the stream	5
<b>1.E</b>	Project will provide stormwater BMPs to treat existing sources of pollution	20
1.E.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
<b>1.F</b>	Project will provide reclaimed water/usage or rainwater harvesting/usage	15
<b>Subtotal for Category 1 – Project Purpose (max of 30)</b>		
Category 2 – Project Benefits		Points
<b>2.A</b>	Project provides a specific environmental benefit by replacement, repair, or merger; includes replacing failing septic tanks	15
<b>2.B</b>	Project addresses promulgated but not yet effective regulations	10
<b>2.C</b>	Project directly addresses enforcement documents	
2.C.1	Project directly addresses an EPA Administrative Order for a local government applicant located in a Tier 1 county, or addresses an existing or pending SOC, or a DENR Administrative Order <b>OR</b>	5
2.C.2	Project directly resolves a Notice of Violation or Notice of Deficiency	3
<b>2.D</b>	Project includes system merger	10
<b>2.E</b>	Project improves treated water quality by adding or upgrading a unit process	3
<b>2.F</b>	Project <u>directly benefits</u> subwatersheds that are impaired as noted on the most recent version of the Integrated Report	20

<b>2.G</b>	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)	10
<b>2.H</b>	Project will result in elimination of an NPDES discharge	3
<b>2.I</b>	Primary purpose of the project is to achieve at least 20% reduction in energy use	5
	<b>Subtotal for Category 2 – Project Benefits (max of 35)</b>	
	<b>Category 3 – System Management</b>	<b>Points</b>
<b>3.A</b>	Applicant has a current Capital Improvement Plan (CIP) that spans at least 10-years and proposed project is included in the plan <b>OR</b>	2
<b>3.B</b>	Applicant has implemented an Asset Management Plan as of the date of application	10
<b>3.C</b>	System Operating Ratio is greater than or equal to 1.00 based on a current audit, or is less than 1.00 and unit cost is greater than 2.5%	5
	<b>Subtotal for Category 3 – System Management (max of 15)</b>	
	<b>Category 4 – Affordability</b>	<b>Points</b>
<b>4.A</b>	Current Monthly Utility Rate at 5,000 gallons Usage	
4.B.1	Greater than \$26 <b>OR</b>	2
4.B.2	Greater than \$33 <b>OR</b>	4
4.B.3	Greater than \$40 <b>OR</b>	6
4.B.4	Greater than \$47 <b>OR</b>	8
4.B.5	Greater than \$58	12
<b>4.B</b>	Local Government Unit (LGU) Indicators	
4.C.1	2 out of 5 LGU indicators worse than state benchmark <b>OR</b>	2
4.C.2	3 out of 5 LGU indicators worse than state benchmark <b>OR</b>	4
4.C.3	4 out of 5 LGU indicators worse than state benchmark <b>OR</b>	6
4.C.4	5 out of 5 LGU parameters worse than state benchmark	8
	<b>Subtotal for Category 4 – Affordability (max of 20)</b>	
	<b>Total of Points for All Categories:</b>	

## DRAFT DWSRF PRIORITY RATING SYSTEM

Line Item #	Category 1 - Project Purpose	Points
<b>1.A</b>	Project will eliminate, by merger or dissolution, a failing public water supply system	30
<b>1.B</b>	Project will resolve failed infrastructure issues	25
<b>1.C</b>	Project will rehabilitate or replace infrastructure	12
1.C.1	Treatment units, pumps and/or pump stations to be rehabilitated or replaced are greater than 20 years old, <b>OR</b> lines, storage tanks, drinking water wells or intake structures to be rehabilitated or replaced are greater than 40 years old	8
<b>1.D</b>	Project will expand infrastructure	2
1.D.1	Treatment units, pumps and/or pump stations to be rehabilitated or replaced are greater than 20 years old, <b>OR</b> lines, storage tanks, drinking water wells or intake structures to be rehabilitated or replaced are greater than 40 years old	8
<b>Subtotal for Category 1 – Project Purpose (max of 30)</b>		
	Category 2 – Project Benefits	Points
<b>2.A</b>	Project provides a specific public health benefit to a public water supply system by replacement, repair, or merger; includes replacing dry wells, addressing contamination of a drinking water source by replacing or additional treatment; or resolves managerial, technical & financial issues	20
<b>2.B</b>	Project addresses promulgated but not yet effective regulations	10
<b>2.C</b>	Project directly addresses enforcement documents	
2.C.1	Project directly addresses an EPA Administrative Order for a local government applicant located in a Tier 1 county, or addresses an existing or pending SOC, or a DENR Administrative Order <b>OR</b>	5
2.C.2	Project directly resolves a Notice of Violation or Notice of Deficiency	3
<b>2.D</b>	Project includes system merger	10
<b>2.E</b>	Project addresses low pressure in a public water supply system	10
<b>2.F</b>	Project addresses acute contamination of a water supply source	15
<b>2.G</b>	Project addresses contamination of a water supply source other than acute	10
<b>2.H</b>	Project improves treated water quality by adding or upgrading a unit process	3
<b>2.I</b>	Water loss in system to be rehabilitated or replaced is 30% or greater	3

<b>2.J</b>	Project provides a public water system interconnection	
2.J.1	Project creates a new interconnection between systems not previously interconnected <b>OR</b>	10
2.J.2	Project creates an additional or larger interconnection between two systems already interconnected which allows one system's public health water needs to be met during an emergency <b>OR</b>	10
2.J.3	Project creates any other type of interconnection between systems	5
<b>2.K</b>	Project provides redundancy/resiliency for critical treatment and/or transmission/distribution system functions including backup electrical power source	3
	<b>Subtotal for Category 2 – Project Benefits (max of 35)</b>	
	<b>Category 3 – System Management</b>	<b>Points</b>
<b>3.A</b>	Applicant has a current Capital Improvement Plan (CIP) that spans at least 10-years and proposed project is included in the plan <b>OR</b>	2
<b>3.B</b>	Applicant has implemented an Asset Management Plan as of the date of application	10
<b>3.C</b>	System Operating Ratio is greater than or equal to 1.00 based on a current audit, or is less than 1.00 and unit cost is greater than 2.5%	5
<b>3.D</b>	Applicant has an approved Source Water Protection Plan and/or a Wellhead Protection Plan	5
<b>3.E</b>	Applicant has implemented a water loss reduction program	5
<b>3.F</b>	Applicant has implemented a water conservation incentive rate structure	3
	<b>Subtotal for Category 3 – System Management (max of 15)</b>	
	<b>Category 4 – Affordability</b>	<b>Points</b>
<b>4.A</b>	Current Monthly Utility Rate at 5,000 gallons Usage	
4.A.1	Greater than \$26 <b>OR</b>	2
4.A.2	Greater than \$33 <b>OR</b>	4
4.A.3	Greater than \$40 <b>OR</b>	6
4.A.4	Greater than \$47 <b>OR</b>	8
4.A.5	Greater than \$58	12
<b>4.B</b>	Local Government Unit (LGU) Indicators	
4.B.1	2 out of 5 LGU indicators worse than state benchmark <b>OR</b>	2
4.B.2	3 out of 5 LGU indicators worse than state benchmark <b>OR</b>	4
4.B.3	4 out of 5 LGU indicators worse than state benchmark <b>OR</b>	6
4.B.4	5 out of 5 LGU parameters worse than state benchmark	8
	<b>Subtotal for Category 4 – Affordability (max of 20)</b>	
	<b>Total of Points for All Categories:</b>	