

**State Water Infrastructure Authority  
North Carolina Department of Environmental Quality**

**July 19, 2017**

**North Carolina Rural Economic Development Center  
4021 Carya Drive  
Raleigh, North Carolina**

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*The State Government Ethics Act (North Carolina General Statute § 138A) mandates that the Chair inquire as to whether there is any known conflict of interest or potential conflict of interest with respect to any matters before the Authority today. If any member knows of a conflict of interest or potential conflict of interest, please identify the conflict at the time the conflict becomes apparent.*

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*The times indicated for each Agenda Item are merely for guidance. The Authority will proceed through the Agenda until completed.*

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**AGENDA**

**Kim H. Colson, Authority Chair, Presiding**

**9:00 A. Call to Order – Chair Colson**

1. Welcome
2. Reminder of Conflict of Interest and Compliance with State Government Ethics Act
3. Please set electronic devices to off or vibrate

**9:05 B. Approval of April 19, 2017 Minutes (Action Item)**

**9:10 C. Attorney General’s Office Report**

**9:15 D. Chair’s Remarks – Chair Colson**

**9:25 E. Communications Update – Cathy Akroyd, Division Public Information Officer**

**9:35 F. Presentation by EFC on their work for SWIA/Division – Jeff Hughes, Director, Environmental Finance Center at UNC**

**10:35 Break**

**10:50 G. Introduction to Funding Decisions for April 28, 2017 Application Round – Seth Robertson**

**11:05 H. Example Funding Scenario for Drinking Water Projects – Seth Robertson (Action Items)**

**11:20 I. Example Funding Scenario for Wastewater Projects – Seth Robertson (Action Items)**

**11:50 Break**

**12:00 J. Fair Bluff Initiative – Jessica Leggett and Francine Durso**

**12:15 K. CDBG-I Funds for Public Schools – Julie Cubeta (Action Item)**

**12:20 L. Draft Fiscal Year 2016-2017 Annual Report – Jessica Leggett and Francine Durso**

**12:30 M. Fall 2017 AIA and MRF Application Round Planning – Seth Robertson**

**12:40 N. Draft 2018 Authority Meeting Dates – Francine Durso**

**12:45 O. Informal Comments from the Public**

**1:00 P. Concluding Remarks by Authority Members, Chair and Counsel**

**1:15 Q. Adjourn**

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***Reminder to All Authority Members:*** Members having a question about a conflict of interest or potential conflict should consult with the Chair or with legal counsel.

***Reminder to Authority Members Appointed by the Governor:*** Executive Order 34 mandates that in transacting Commission business each person appointed by the Governor shall act always in the best interest of the public without regard for his or her financial interests. To this end, each appointee must recuse himself or herself from voting on any matter on which the appointee has a financial interest.

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**State Water Infrastructure Authority**  
**North Carolina Department of Environmental Quality**  
**April 19, 2017**  
**Meeting Minutes**

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**State Water Infrastructure Authority Members Attending Meeting**

- Kim Colson, Chair; Director, Division of Water Infrastructure
- Melody Adams, Director, Rural Grants/Programs, Rural Development Division, NC Dept. of Commerce
- Greg Gaskins, Deputy Treasurer, State & Local Finance Division; Secretary, Local Government Commission
- Leila Goodwin, Water Resources Engineer
- Maria Hunnicutt, Manager, Broad River Water Authority
- Charles Vines, Mayor of Bakersville

**Division of Water Infrastructure Staff Attending Meeting**

- Julie Haigler Cubeta, Community Development Block Grant – Infrastructure Unit Supervisor
- Francine Durso, Special/Technical Issues Unit Senior Program Manager
- Seth Robertson, State Revolving Funds Section Chief
- Jessica Leggett, Project Manager, Environmental and Special Projects Unit
- Robin Peele, Project Manager, Environmental and Special Projects Unit
- Cathy Akroyd, Public Information Officer

**Department of Justice Staff Attending Meeting**

- Phillip Reynolds, North Carolina Department of Justice; Assistant Attorney General, Environmental Division

**Item A. Call to Order**

Mr. Colson opened the meeting and reminded the members of the State Water Infrastructure Authority (SWIA) of General Statute 138A-15, which states that any member who is aware of a known conflict of interest or an appearance of a conflict of interest with respect to matters before the Authority today is required to identify the conflict or appearance of a conflict at the time the conflict becomes apparent.

**Item B. Sheila Holman, NC Department of Environmental Quality Assistant Secretary for the Environment**

Ms. Sheila Holman, NC Department of Environmental Quality Assistant Secretary for the Environment, addressed the Authority. She presented Secretary Regan's three goals: drawing on department staff expertise, stakeholder engagement, and re-engaging with the General Assembly. In early February, Division staff had briefed her and Chief Deputy Secretary John Nicholson on the Authority's Water and Wastewater Infrastructure Master Plan, which they felt helped convey the scope of the issues facing NC's utilities and provided creative ideas on how to better use existing resources. Ms. Holman attended a meeting of the Environmental Council of States (ECOS) in Washington, DC, several weeks ago and was later contacted by the State of Tennessee seeking additional information about the Master Plan which she noted is gaining national attention.

### **Item C. Approval of Meeting Minutes**

Mr. Colson presented the draft meeting minutes from the January 2017 Authority meeting for approval.

#### **Action Item C:**

- Mr. Vines made a motion to approve the January 18, 2017 Authority meeting minutes. Ms. Goodwin seconded the motion. The motion passed unanimously.

### **Item D. Attorney General's Office Report**

Mr. Reynolds had no items to report.

### **Item E. Chair's Remarks**

The Chair was scheduled to present to the General Assembly's Agriculture and Natural and Economic Resources (AGNER) Appropriations Joint Committee on March 21; although the meeting was cancelled, information was provided to the Committee. The Chair participated in a panel discussion at the NC League of Municipalities' Town Hall Day on March 29. Treasurer Folwell was a featured speaker and he commented on the connection between financial management and water infrastructure. Mr. Gaskins has discussed the master plan with the Treasurer who is pleased that the two agencies are working together on issues such as the plan and the troubled system protocol. The Chair was invited by former Authority member Dr. Patricia Mitchell to speak to her Public Administration class at Appalachian State.

In early April, the Chair and Ms. Durso presented the Master Plan as the keynote speakers at the NC American Water Works Association/Water Environment Association (NCAWWA-WEA) Spring Symposium, which generated much interest in the state's new approach to viability and funding priorities. They will also be the opening session presenters for NC Rural Water Association Annual Conference in early May. On May 10, the Chair will brief the Environmental Management Commission Water Quality Committee on the creation of the Division, the consolidation of funding programs, and the Master Plan.

The Division's deadline to receive funding applications for the spring 2017 funding round is April 28, 2017. The Division will accept applications for Connect NC Bonds, the State Reserve Program, and the Clean Water State Revolving Fund. Application Training sessions were held at four locations throughout the state in late February and early March; a total of total of 114 people attended the sessions.

The Chair summarized bills in the General assembly related to local government finance and environmental issues. The Authority's Annual Report date will likely be changed to coincide with the date for the Division Annual Report and to combine the Division's report on its water infrastructure programs with the Authority's report. HB 718, filed by Representative McGrady, would strengthen the statutory requirements related to enterprise funds.

The IRS has issued an Advisory Opinion related to per diem for boards and commissions; it is now considered income subject to taxation.

### **Item F. Communications Update**

Ms. Cathy Akroyd, the Division's Public Information Officer, described and presented invitations to an event marking the roll out of the Master Plan to be held in Oxford on April 26, 2017 at 1:30 PM. Department of Environmental Quality Secretary Regan will be making remarks.

### **Item G. 2017 Intended Use Plans (IUPs) for CWSRF and DWSRF Programs**

The application priority ranking methods used for the evaluation of applications to the CWSRF and DWSRF are proposed to the EPA each year, in NC's IUP. 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 IUPs are submitted to the EPA as part of the state's capitalization grant application. At the Authority's January 18,

2017 meeting, the Division proposed no changes to the CWSRF and DWSRF Priority Rating Systems and the Authority approved the presentation of the rating systems for public review. The Division noticed the public comment period on February 21, 2017, and held a public meeting on March 6, 2017 to present the draft IUPs which contained the Priority Rating Systems. The comment period closed on March 24, 2017. No comments were received.

**Action Item G:**

- Ms. Goodwin made a motion to approve the CWSRF and DWSRF Priority Rating Systems for use in the 2017 IUPs. Mr. Vines seconded the motion. The motion passed unanimously.

**Item H. Providing Water and Sewer Services in NC**

Ms. Kara Millonzi, Associate Professor of Public Law and Government at the University of North Carolina-Chapel Hill School of Government, presented "Providing Water and Sewer Services in NC." The goal of the presentation was to describe 10 types of operating structures in NC under which local governments provide water and sewer services: municipalities, counties, city/county utility commissions, county water and sewer districts, water and sewer authorities, sanitary districts, metropolitan water and/or sewerage districts, and other commissions. For each structure, information was presented about how it is formed, its function/purpose, authority to establish rates, ability to mandate connections, availability fees it may charge, and its territorial boundaries.

Regarding regionalization and mergers, Ms. Millonzi noted that it is not simple to determine the best operating structure for potentially involved entities. The easiest structure to implement is through interlocal agreements (ILAs) because it provides the most flexibility and control at the local level and the approval of the General Assembly is not needed. The second easiest structure is a water and sewer authority.

**Item I. Troubled System Protocol Update**

The Division has continued work on the Troubled System Protocol by analyzing the following financial characteristics of potentially troubled systems: days cash on hand, median household income, percent population change, population, poverty rate, property valuation per capita, unemployment rate and utility rates. Data were graphically presented comparing the characteristics of local units of government to state benchmarks. The most relevant characteristics were refined to days cash on hand, population, and property valuation per capita. Staff proposes to initiate a pilot program with potentially troubled systems to inform development of the protocol framework. The Authority commented that getting out in the field and working with systems would be good experience and training.

**Item J. City of Henderson Drinking Water State Revolving Fund Project Update**

In January 2017, the Authority determined that the City of Henderson was eligible to receive a DWSRF loan in the amount of \$19.893 million for the Kerr Lake Regional Water Plant upgrades consisting of clarification improvements to assist in maintaining compliance with disinfection byproducts precursors. As the engineering report was being developed, the Division was notified that the City and its partners determined it would be a better project to construct a 10 MGD expansion of the Kerr Lake Regional Water Treatment Plant. By letter dated April 5, 2017, the City requested that the project be changed from a rehabilitation project to a rehabilitation project with a component of expansion. If the project had been originally submitted as an expansion, it would have scored high enough to have received funding as part of the fall 2016 application round. The applicant may apply for additional funds in the fall 2017 application round.

**Action Item J:**

- Mr. Vines made a motion to approve the revised project as eligible to receive funding through the DWSRF program. Mr. Gaskins seconded the motion. The motion passed unanimously.

#### **Item K. Update on CDBG-I Funds for Public Schools**

The Division previously presented information to the Authority regarding the 2017 budget allocation of approximately \$4.5 million in deobligated CDBG funds to the Department of Environmental Quality to fund water and sewer infrastructure needs at public schools. The Division invited participation in regional meetings to present the program and how to apply for funds by sending letters to every county manager and school superintendent in the state. The meetings were held in March in Asheville, Hickory, Lumberton, Raleigh, Washington and Wilmington, with approximately 60 attendees. There was great interest in the western part of the state from both school and county representatives. A county and a school system must work closely together because a county must be the applicant since CDBG funds cannot be awarded to a school system. The Division is waiting for the Dept. of Commerce to set a date for the required public hearing, to be followed by a 30-day public comment period.

#### **Item L. Master Plan Outreach Committee**

The Chair appointed the members of the Master Plan Outreach Committee as follows: Mr. Carswell as Chair, Ms. Hunnicutt, Mr. Solomon and Mr. Stiles. The Committee has assisted staff in reviewing the information about the Master Plan that will be distributed to the public. In March, the Division mailed Master Plans with cover letters to NCDEQ leadership, Governor's office, each member of the General Assembly, every mayor listed in the League of Municipalities database (approximately 540), the chair of every county commission, the executive directors of other water and sewer entities, and the executives directors of each Council of Government (COG). The COGs are very interested in working with the Division to get the messages of the Master Plan to their communities. The Master Plan rollout event will be April 26 in Oxford. Master Plan speaking points and a one-page sheet have been developed.

#### **Item M. Recent Work of US EPA and US Water Alliance**

Staff presented information about the Division's recent involvement with the EPA Water Infrastructure and Resiliency Finance Center's "Water Infrastructure Financial Leadership for Communities in Need" and the EPA Office of Ground Water and Drinking Water's "Water System Partnerships" workshops January in Washington DC. North Carolina was one of only 16 invited attendees for the Financial Leadership workshop. Master Plan concepts were discussed at both workshops and NC is becoming recognized as a national leader through its holistic view of organizational and financial management in addition to infrastructure management. Staff has also participated in the US Water Alliance's One Water Initiative listening session held in RTP in January. Summaries of these workshops were provided to the Authority.

#### **Item N. Authority Members' Information Notebook**

Staff compiled a notebook for each Authority member which includes information about each funding program, lists and location maps of projects funded by the Authority since January 2014, legislation related to the Authority, and other background information.

#### **Item O. Informal Comments from the Public**

Chair Colson stated that public comments could be made at this time with the reminder that in accordance with the Authority's Internal Operating Procedures, comments must be limited to the subject of business falling within the jurisdiction of the Authority and should not be project-specific. There were no informal comments from the public.

#### **Item P. Concluding Remarks by Authority Members, Chair, and Counsel**

Ms. Adams stated that the new Deputy Secretary of the Department of Commerce, Rural Division, was Mr. Napoleon Wallace.

The next Authority meeting date is July 19, 2017. At the meeting, the Authority will review funding program applications that will be received in April, and a presentation will be made by the UNC Environmental Finance Center on work that they have been doing for the Division and the Authority.

**Item Q. Adjourn** – The meeting was adjourned.

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# State Water Infrastructure Authority

Meeting Date: July 19, 2017

## Agenda Item H

### Example Funding Scenario for Drinking Water Projects for April 2017 Application Round

#### Division of Water Infrastructure Staff Report

This staff report presents an example funding scenario for drinking water project applications. A total of 36 applications were received requesting approximately \$59 million in funding. In this example, applications are shown as funded in priority order until available funds are exhausted. Grant funds are provided at the percentage determined by the affordability criteria established by the Authority. Since available Connect NC Bond loan funds exceed demand after all eligible projects have been funded, the Drinking Water State Reserve can fully fund Projects 8, 10, 29, and 31.

This example is detailed in Table H-1 below. A total of 32 drinking water projects totaling \$56,240,666 are proposed to be funded as shown in this example.

**Table H-1. Drinking Water State Reserve Project Applications – Example Funding Scenario**

Proj. No.	Applicant Name	Project Name	Amount of Funding Requested by Applicant	Potential Grant Amount from Bond	Potential Loan Amount
1	Seaboard, Town of	Seaboard Water Distribution System Improvements	\$1,654,492	\$1,654,492	\$0
2	Robbinsville, Town of	Tallulah Creek Water Treatment Plant Improvements	\$650,000	\$487,500	\$162,500
3	Pinetops, Town of	Town of Pinetops Elevated Water Tank Rehabilitation	\$757,100	\$0	\$757,100
4	Belhaven, Town of	Water Line Replacement, Water St., Edward St. and Riverview St.	\$349,560	\$262,170	\$87,390
5	Franklinville, Town of	2017 Water Improvements	\$496,500	\$372,375	\$124,125
6	Elm City, Town of	Wells No. 2 & No. 6 Water Treatment System Improvements	\$685,109	\$171,278	\$513,831
7	Siler City, Town of	Water Treatment Plant Improvements	\$4,705,025	\$2,352,513	\$2,352,512
8*	Nash County	Northern Nash Drinking Water System	\$9,545,000	\$3,000,000	\$6,545,000
9	Wallace, Town of	Water System Control Upgrade	\$640,600	\$0	\$640,600
10*	Bessemer City, City of	Water Treatment Plant Improvements	\$5,406,300	\$0	\$5,406,300
11	Montgomery County	Chemical Feed Rehabilitation	\$500,000	\$250,000	\$250,000



<b>Table H-1. Drinking Water State Reserve Project Applications – Example Funding Scenario (continued)</b>					
<b>Proj. No.</b>	<b>Applicant Name</b>	<b>Project Name</b>	<b>Amount of Funding Requested by Applicant</b>	<b>Potential Grant Amount from Bond</b>	<b>Potential Loan Amount</b>
12	Aurora, Town of	Aurora Drinking Water System Upgrade	\$526,584	\$131,646	\$394,938
13	Robersonville, Town of	Water System Improvements	\$535,000	\$267,500	\$267,500
14	Montgomery County	Fairway Shores Water Main Replacement	\$821,500	\$410,750	\$410,750
15	Montgomery County	Booster Pump Station #1 & #2 Rehabilitation	\$2,000,000	\$1,000,000	\$1,000,000
16	Beaufort County Water District V - Pantego Township	2017 Water System Improvements	\$534,800	\$401,100	\$133,700
17	Sharpsburg, Town of	Town of Sharpsburg 2017 NC DEQ Water Project	\$1,998,690	\$1,499,018	\$499,672
18	Clyde, Town of	Chamber Mountain Rd. and Thompson Cove Rd. Waterline Replacement	\$650,000	\$162,500	\$487,500
19	Lucama, Town of	2017 Water System Improvements	\$488,990	\$122,248	\$366,742
20	Beaufort County Water and Sewer District VII - Richland Township	2017 Water System Improvements	\$672,000	\$504,000	\$168,000
21	Beaufort County Water District I - Washington Township	2017 Water System Improvements	\$534,800	\$401,100	\$133,700
22	Beaufort County Water District IV - Bath Township	2017 Water System Improvements	\$978,000	\$733,500	\$244,500
23	North Lenoir Water Corporation	2017 Water System Improvements	\$925,000	\$693,750	\$231,250
24	Beaufort County Water District VI - Chocowinity/ Richland Township	2017 Water System Improvements	\$2,230,000	\$1,115,000	\$1,115,000
25	Farmville, Town of	2017 Water System Improvements	\$639,000	\$319,500	\$319,500
26	Burnsville	Burnsville Water Treatment Plant Improvements	\$456,900	\$114,225	\$342,675

**Table H-1. Drinking Water State Reserve Project Applications – Example Funding Scenario (continued)**

<b>Proj. No.</b>	<b>Applicant Name</b>	<b>Project Name</b>	<b>Amount of Funding Requested by Applicant</b>	<b>Potential Grant Amount from Bond</b>	<b>Potential Loan Amount</b>
27	Valdese, Town of	Meter Replacement Project (AMI)	\$2,265,386	\$566,347	\$1,699,039
28	Teachey, Town of	2017 Water System Improvements	\$196,995	\$98,498	\$98,497
29*	Alexander County	Water Line Extension Project	\$4,971,335	\$0	\$4,971,335
30	Carolina Beach, Town of	Carolina Beach 2017 Drinking Water Project	\$1,726,000	\$0	\$1,726,000
31*	Wilson Mills Water District	WTP Service Line	\$4,700,000	\$0	\$4,700,000
32	Johnston County	WTP 2.0 MGD Upgrade	\$3,000,000	\$0	\$3,000,000
<b>Totals for State Reserve</b>			<b>\$56,240,666</b>	<b>\$17,091,010</b>	<b>\$39,149,656</b>
				<b>\$56,240,666</b>	

(\*)Since available Connect NC Bond loan funds exceed demand after all eligible projects have been funded, Projects No. 8, 10, 29, and 31 can be fully funded.

The Division originally planned to make \$36,800,000 in loan money available this round. This funding scenario exceeds that number by fully funding Project No. 31. If this project is not funded, then this money would be moved forward to the next funding round.

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**Other Funding Scenarios**

Note that there are other scenarios which could be constructed, and staff can assist the Authority with other scenarios during the meeting.

# State Water Infrastructure Authority

Meeting Date: July 19, 2017

## Agenda Item I

### Example Funding Scenario for Wastewater Projects for April 28, 2017 Application Round

#### Division of Water Infrastructure Staff Report

This staff report presents an example funding scenario for wastewater project applications. A total of 54 applications were received requesting approximately \$273 million in funding. This example provides the best funding available for a given project application and maximizes the utilization of Connect NC Bond loan funds. Applications are funded in priority order and offered the best available funding from the Connect NC Bond grant and loans and Clean Water State Revolving Funds. Grant funds are provided at the percentage determined by the affordability criteria established by the Authority.

This example is detailed in Tables I-1 and I-2 below. A total of 30 wastewater projects totaling \$112,264,148 are proposed to be funded as shown in this example.

**Table I-1. Wastewater State Reserve Project Applications – Example Funding Scenario**

Proj. No.	Applicant Name	Project Name	Amount of Funding Requested by Applicant	Potential Grant Amount from Bond	Potential Loan Amount
1	Warrenton, Town of	Warrenton Sewer Rehab	\$460,000	\$345,000	\$115,000
3	Thomasville, City of	North Hamby Creek Outfall Sanitary Sewer Improvements Phase III	\$8,334,351	\$3,000,000	\$5,334,351
4	Warrenton, Town of	Battle Avenue Sewer Upgrade	\$738,125	\$553,594	\$184,531
5	Sawmills, Town of	Horseshoe Bend Road Area Sanitary Sewer Project	\$2,300,000	\$575,000	\$1,725,000
7	Graham, City of	Boyd Creek Lift Station	\$2,450,000	\$612,500	\$1,837,500
8	Tuskaseegee Water and Sewer Authority	Jackson Paper and Dollar General Lift Station Improvements	\$1,515,200	\$378,800	\$1,136,400
14	Taylorsville, Town of	2018 Prison Sewer Pump Station Improvements	\$430,000	\$107,500	\$322,500
18	Haw River, Town of	Lang Street Pump Station Replacement	\$1,500,000		\$1,500,000
19	Andrews, Town of	Wastewater Treatment Plant Improvements Phase II	\$3,148,000		\$3,148,000
21	Edenton, Town of	Wastewater Collection System Inflow and Infiltration Abatement	\$1,000,000		\$1,000,000
25	Taylorsville, Town of	2018 Wastewater Treatment Plant Improvements	\$350,000		\$350,000
26	Roper, Town of	2017 Wastewater Treatment Plant Improvements	\$960,000		\$960,000

**Table I-1. Wastewater State Reserve Project Applications – Example Funding Scenario (continued)**

Proj. No.	Applicant Name	Project Name	Amount of Funding Requested by Applicant	Potential Grant Amount from Bond	Potential Loan Amount
29	Swan Quarter Sanitary District	Wastewater Treatment Facility Rehab	\$1,198,200		\$1,198,200
31	Burnsville, Town of	Burnsville OMC Pump Station and Water Treatment Plant Improvements	\$1,171,800		\$806,400
32	Valdese, Town of	Wastewater Treatment Plant Upgrade - Backdrive Centrifuge	\$317,265		\$317,265
40	Teachey, Town of	2017 Sanitary Sewer Improvements	\$165,400		\$165,400
43	Carolina Beach, Town of	2017 Wastewater Project	\$1,342,000		\$1,342,000
44	Alexander County	Sewer Collection Line Extension and Pump Station Upgrade	\$5,181,300		\$5,181,300
46	Johnston County	Buffalo Creek WWPS Upgrade & FM	\$4,405,000		\$4,405,000*
49	Leland, Town of	Relocation of Lift Station #14	\$1,161,055		\$1,161,055
<b>Totals for Wastewater State Reserve</b>			<b>\$38,127,696</b>	<b>\$5,572,394</b>	<b>\$32,189,902</b>
				<b>\$37,762,296</b>	

(\* ) Since available Connect NC Bond loan funds exceed demand after all eligible projects have been funded, Project No. 46 can be fully funded.

The Division originally planned to make \$5,800,000 available in State Reserve Grant funds this round. This funding example results in \$227,606 in unused grant funds. The authority can apply these remaining funds to either Project No. 18 or 19, which both score 54 priority points, or if unused, these funds will be used in the Fall 2017 funding round.

**Table I-2. Clean Water State Revolving Fund (CWSRF) Applications – Example Funding Scenario**

Proj. No.	Applicant Name	Project Name	Amount of Funding Requested by Applicant	Potential Principal Forgiveness	Potential Loan Amount
2	St. Pauls, Town of	Wastewater Collection System Rehabilitation	\$1,603,380	\$500,000	\$1,103,380
9	Plymouth, Town of	Wastewater Treatment Plant Rehabilitation and Improvements	\$2,042,500	\$500,000	\$1,542,500
10	Burke County	Eckard Creek Pump Station Rehabilitation	\$1,666,680	\$500,000	\$1,166,680

**Table I-2. Clean Water State Revolving Fund (CWSRF) Applications – Example Funding Scenario (continued)**

<b>Proj. No.</b>	<b>Applicant Name</b>	<b>Project Name</b>	<b>Amount of Funding Requested by Applicant</b>	<b>Potential Principal Forgiveness</b>	<b>Potential Loan Amount</b>
11	Pilot Mountain, Town of	Sunset Sewer Subbasin Rehabilitation Project	\$2,503,992	\$500,000	\$2,003,992
21	Thomasville, City of	Hank's Branch Sanitary Sewer Rehabilitation, Phase I	\$1,150,000		\$1,150,000
37	Warsaw, Town of	2017 Sanitary Sewer Improvements	\$4,000,000		\$4,000,000
40	Fayetteville Public Works Commission	Rockfish Creek Basin Peak Flow Facilities	\$17,912,000		\$17,912,000
41	Charlotte Water, City of Charlotte	McAlpine Creek WWMF Clarifier and Aeration Rehabilitation Project	\$69,539,000		\$30,000,000
46	Johnston County	WWTP 4 MGD Expansion	\$9,150,000		\$9,150,000
50	Forsyth County	Idols Road Regional Pump Station	\$4,473,300		\$4,473,300
<b>Totals for CWSRF</b>			<b>\$114,040,852</b>	<b>\$2,000,000</b>	<b>\$72,501,852</b>
				<b>\$74,501,852</b>	

**Other Funding Scenarios**

Note that there are other funding scenarios which could be constructed, and staff can assist the Authority with other scenarios during the meeting.

**State Water Infrastructure Authority**  
**Meeting Date: July 19, 2017**  
**Agenda Item J – Town of Fair Bluff Initiative**

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**Division of Water Infrastructure Staff Report**

The Department of Environmental Quality (DEQ) has developed an initiative in response to the significant and substantial Hurricane Matthew-related wastewater infrastructure impacts currently affecting the financial and overall economic health of the town of Fair Bluff in Columbus County.

This initiative has evolved through DEQ's work with Governor Cooper's hurricane recovery office and may ultimately serve as a template for creating long-term solutions for many towns across the state.

The initiative is led by DEQ's Division of Water Infrastructure, working in conjunction with the Local Government Commission (LGC) and the University of North Carolina's Environmental Finance Center (EFC), and will leverage the existing resources of these partnering groups.

Hurricane Matthew-related impacts to Fair Bluff have jeopardized the ability of its wastewater utility to operate as a self-sufficient business which will also affect the area's regional wastewater system which includes Fairmont, Cerro Gordo and Boardman. A summary of Fair Bluff's situation follows:

- Fair Bluff was significantly impacted by Hurricane Matthew, resulting in the loss of many residences and businesses and the revenue they generated.
- The town's utility enterprise fund revenue has dropped by 30-to-50 percent since the hurricane, and the town is facing substantial financial challenges.
- Fair Bluff's financial issues impact the town of Fairmont (Robeson County), which treats Fair Bluff's wastewater and relies upon the revenue generated by this service.
- Fairmont also treats wastewater from the towns of Cerra Gordo and Boardman in Columbus County, and from Orrum and Proctorville in Robeson County. If the viability of Fairmont's wastewater utility is put at risk by Fair Bluff's current situation, the feasibility of wastewater treatment for these communities is also impacted, creating a significant regional issue.
- While grants may help Fair Bluff with short-term needs, they will not address the town's long-term fiscal and viability issues.

The goal of this initiative is to:

- Assess the water and wastewater infrastructure and financial impacts in Fair Bluff that have resulted from Hurricane Matthew.
- Assess the associated financial impacts, including those on nearby communities.
- Develop potential permanent alternatives that address long-term infrastructure, organizational and financial management, such that adequate and safe water and wastewater services are provided for the involved communities.

The preliminary scope of work includes:

- Assess the general condition of water and wastewater infrastructure assets.
- Conduct financial reviews.
- Estimate general costs to upgrade/replace/repair infrastructure.
- Determine the level of funding needed to function as long-term, self-sufficient utilities.
- Develop potential alternatives for the provision of water and wastewater services for the involved communities.
- Prepare a summary report.

These circumstances represent an important opportunity to address and create long-term, realistic solutions for the infrastructure, organizational and financial needs of towns like Fair Bluff.

This initiative creates an approach that can be used by the many towns across the state that experience financial distress and physical infrastructure challenges. It accomplishes this goal by bringing together multiple state agencies to conduct a unique, comprehensive analysis that combines the best aspects of already successful financing tools such as construction loans and grants and the Asset Inventory and Assessment and Merger/Regionalization Feasibility grants.

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## **State Water Infrastructure Authority**

**Meeting Date: July 19, 2016**

### **Agenda Item K – CDBG-I Funds for Critical Water and Sewer Needs at Public Schools**

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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 includes the following:

- To establish priorities for making loans and grants under this Chapter, consistent with federal law.

The FY 2017 budget allocated \$4.49 million in deobligated CDBG funds to the Dept. of Environmental Quality to fund water and sewer infrastructure needs at public schools. Because these funds were recaptured without the associated administration funding attached, grants from these funds will require a local dollar match to cover the expenses of administering the CDBG grant, the expense of the engineering report, the expense of the environmental report, and the development of plans and activities associated with compliance with the Fair Housing Act, Section 3 of the Housing and Urban Development Act of 1968, Language Access Plans, the Davis-Bacon Act, and other federal regulations attached to the CDBG program. These funds are a one-time appropriation. The maximum grant will be \$1.0 million.

At its Dec. 14, 2016 meeting, Division staff presented the proposed priority criteria and procedures to be used for project selection. The Authority approved as draft the proposed priority criteria and directed staff to hold a public hearing on the proposed priority criteria.

The Division invited participation in regional meetings to present the proposed program to representatives of county management and school superintendents by sending letters to every county manager and school superintendent in the state. The meetings were held in March 2017 in Asheville, Hickory, Lumberton, Raleigh, Washington and Wilmington, with approximately 60 attendees.

##### **Staff Recommendation**

Division staff recommend that the Authority approve as final the priority criteria shown on the next page.



<b>CATEGORY 1 – PROJECT PURPOSE (20 POINTS MAX)</b>			
<b>Line Item</b>		<b>Max Points</b>	<b>Points</b>
1.A	Project will eliminate, by merger with a public system, a failing on-site water or sewer system	15	
1.B	Project will replace a failing on site water or sewer system with a new on-site system	20	
1.C	Project will rehabilitate aging water/sewer infrastructure components	10	
1.C.1	Treatment units, pumps and/or pump stations to be rehabilitated or replaced are greater than or equal to 20 years old, OR lines, storage tanks, and drinking water wells to be rehabilitated or replaced are greater than or equal to 40 years old	2	
<b>Subtotal for Category 1 – Project Purpose (max = 20)</b>			
<b>CATEGORY 2 – PROJECT BENEFITS (30 POINTS MAX)</b>			
<b>Line Item</b>		<b>Max Points</b>	<b>Points</b>
2.A	Project provides specific environmental/public health benefit by replacement, repair or merger	20	
2.B	Project directly addresses enforcement documents	10	
2.C	Project addresses low pressure in an on-site water system	4	
2.D	Project addresses acute contamination in the on-site water supply	10	
2.E	Project addresses non-acute contamination in the on-site water supply	6	
<b>Subtotal for Category 2 – Project Benefits (max = 30)</b>			
<b>CATEGORY 3 – FINANCIAL SITUATION AND DEMOGRAPHICS (40 POINTS MAX)</b>			
<b>Line Item</b>		<b>Max Points</b>	<b>Points</b>
3.A	Poverty rate of the county	up to 10	
3.B	Population of the county	up to 10	
3.C	Property valuation per capita	up to 10	
3.D	Tax burden per capita	up to 10	
<b>Subtotal for Category 3 – Financial Situation and Demographics (max = 40)</b>			
<b>CATEGORY 4 – PROJECT READINESS (10 POINTS MAX)</b>			
<b>Line Item</b>		<b>Max Points</b>	<b>Points</b>
4.A	Project has approved plans and specifications	5	
4.B	Project has all permits	5	
<b>Subtotal for Category 4 – Project Readiness (max = 10)</b>			
<b>TOTAL OF POINTS FOR ALL CATEGORIES</b>		<b>100</b>	

**State Water Infrastructure Authority**  
**Meeting Date: July 19, 2017**  
**Agenda Item N – Draft 2018 Authority Meeting Schedule**

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**Division of Water Infrastructure Staff Report**

**Background**

Under the Internal Operating Procedures for the North Carolina State Water Infrastructure Authority, adopted by the Authority on February 20, 2014, Article III, Section 2 provides that prior to the first meeting of each calendar year the Authority shall approve a schedule of regular meetings for the subsequent calendar year (regular meetings).

Note, however, that after the year’s schedule has been approved, the Chair is authorized under Article III, Section 2 to make changes to the meeting dates if required with at least 7 calendar days’ notice.

The Authority is required to meet at least four times per year according to NCGS 159G-70.(e).

**Planning for 2018 Meetings**

Staff suggests that the Authority review the following schedule of regular meetings for the calendar year 2018:

<b>Proposed Dates of Regular Meetings in 2018</b>	
January 17 <b>OR</b> February 21	3rd Wed
March 21 <b>OR</b> April 18	3rd Wed
July 18	3rd Wed
September 19	3rd Wed
October 17	3rd Wed
December 12	<u>2nd</u> Wed