

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

April 18 – 19, 2018

**North Carolina History Center at Tryon Palace
529 South Front Street
Debnam–Hunt Board Room
New Bern, NC**

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.

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

APRIL 18, 2018 AGENDA

Kim H. Colson, Authority Chair, Presiding

- 1:00 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
- 1:05 B. Approval of Feb. 28, 2018 Meeting Minutes (Action Item)**
- 1:10 C. Attorney General’s Office Report – Jill Weese**
- 1:15 D. Chair’s Remarks – Chair Colson**
- 1:20 E. Presentations by Eastern NC Local Governments & Utility Organizations**
- Neuse Regional Water & Sewer Authority – Harold Herring, Executive Director
 - Greenville Utilities Commission (GUC) – Anthony Whitehead, GUC Water Quality Manager and Tim Devine, Associate with Hazen & Sawyer
 - Town of Robersonville – Elizabeth Jenkins, Town Manager
- 2:45 Break**
- 3:00 F. Funding Recommendations for CDBG-I Grants for Public Schools – Julie Cubeta (Action Item)**
- 3:20 G. Key Program Metrics – Jennifer Haynie (Action Item)**
- 4:20 H. Potential Program Changes for Public Review for CWSRF, DWSRF and State Programs – Seth Robertson (Action Item)**
- 4:30 I. Potential Program Changes for Public Review for CDBG-I Program – Julie Cubeta (Action Item)**
- 4:40 J. Informal Comments from the Public**
- 4:45 K. Remarks by Authority Members, Chair and Counsel**
- 4:50 L. Adjourn**
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**State Water Infrastructure Authority
North Carolina Department of Environmental Quality**

APRIL 19, 2018 AGENDA

Kim H. Colson, Authority Chair, Presiding

9:00 M. 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 N. Chair’s Remarks – Chair Colson

9:10 O. Presentations by Eastern NC Local Governments & Utility Organizations

- Town of Mount Olive – Charles Brown, Town Manager
- Onslow Water & Sewer Authority – Jeff Hudson, Chief Executive Officer
- Town of Plymouth – Mayor Brian Roth

10:40 Break

10:55 P. Metrics Discussion Revisited (if needed) – Jennifer Haynie

11:15 Q. Communications Update – Cathy Akroyd, Division Public Information Officer

11:20 R. CDBG-I Duplin County \$3 Million Project De-obligation Update – Julie Cubeta

11:30 S. Additional DWSRF Application from Fall 2017 Application Round – Seth Robertson (Action Item)

11:40 T. Legislative Update – Chair Colson

12:00 U. Potential Legislative Changes – Kim Colson

12:20 V. Fair Bluff Initiative – Jessica Leggett

12:25 W. Master Plan Outreach Activities Update – Francine Durso

12:30 X. Informal Comments from the Public

12:40 Y. Concluding Remarks by Authority Members, Chair and Counsel

12:50 Z. Adjourn

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.

State Water Infrastructure Authority
North Carolina Department of Environmental Quality
February 28, 2018
Meeting Minutes

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
- Bernadette Pelissier
- Cal Stiles, Cherokee County Commissioner
- Charles Vines, Mayor of Bakersville

Division of Water Infrastructure Staff Attending Meeting

- Julie Haigler Cubeta, Community Block Development Grant – Infrastructure Unit Supervisor
- Francine Durso, Special/Technical Issues Senior Program Manager
- Seth Robertson, State Revolving Fund Section Chief
- Jennifer Haynie, Environmental and Special Projects Unit Supervisor
- Anita Reed, SRF Wastewater Unit Supervisor
- Jessica Leggett, Project Manager, Environmental and Special Projects Unit
- Amy Simes, Senior Program Manager
- Cathy Akroyd, Public Information Officer

Department of Justice Staff Attending Meeting

- Jill Weese, NC 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. Authority Members' Information Update

Mr. Colson stated that there have been changes in the appointees to the Authority. Mr. Carswell was not reappointed and Mr. Solomon resigned from the Authority. Governor Cooper appointed Dr. Bernadette Pelissier in early February 2018 to the seat previously held by Mr. Carswell. Dr. Pelissier was administered the Oath of Office on February 19, 2018. The Chair welcomed Dr. Pelissier to the Authority. Ms. Leggett read Dr. Pelissier's Statement of Economic Interest into the meeting minutes.

- This is an excerpt from a letter dated February 6, 2018 addressed to the Honorable Roy A. Cooper, III, Governor of North Carolina, regarding the evaluation of the Statement of Economic Interest filed by Bernadette Pelissier:

Dear Governor Cooper:

Our office is in receipt of Dr. Bernadette Pelissier's 2018 Statement of Economic Interest as a prospective appointee to the State Water Infrastructure Authority (the "Authority"). We have reviewed it for actual and potential conflicts of interest pursuant to Chapter 138A of the North Carolina General Statutes ("N.C.G.S."), also known as the State Government Ethics Act.

We did not find an actual conflict of interest or the potential for a conflict of interest. Dr. Pelissier will fill the role of a knowledgeable person with experience related to direct federal funding programs on the Authority.

Dr. Pelissier introduced herself and each Authority member introduced themselves.

Item C. Approval of Meeting Minutes

Mr. Colson presented the draft meeting minutes from the December 13, 2017 Authority meeting for approval.

Action Item C:

- Mr. Vines made a motion to approve the December 13, 2017 Authority meeting minutes. Ms. Goodwin seconded the motion. The motion passed unanimously.

Item D. Attorney General's Office Report

Ms. Weese had no items to report. Ms. Weese stated that she has been assigned as the Attorney General's Office representative to the State Water Infrastructure Authority. Authority members should contact her with any questions they may have. She noted that Phillip Reynolds has been promoted to the role of Special Deputy Attorney General.

Item E. Chair's Remarks

The spring application deadline is April 30th. Staff will conduct training next week in Kinston, Hickory and Raleigh. The next meeting of the Authority will be held in New Bern, April 18-19; several utilities and local governments in the eastern part of the state will be speaking to the Authority. The meeting information is in members' packet and will also be emailed.

Item F. Communications Update

Ms. Akroyd, the Division's Public Information Officer, presented an update about the Division's communications activities. She highlighted the Department of Environmental Quality's work with local media outlets, not only the larger markets, and asked Authority members to contact her with local stories. Mr. Colson stated the presentation about the Statewide Water and Wastewater Infrastructure Master Plan at the national AWWA/WEF Utility Management Conference in San Antonio on February 21, 2018 by Mr. Solomon and Ms. Durso was very well received; multiple states provided positive feedback.

Item G. Ethics Education & Statement of Economic Interest Filing Reminder

Statements of Economic Interest by each Authority member are due April 16, 2018. Ms. Leggett will let Authority members know if they are due to take the Ethics Education course this year.

Item H. Legislative Update

The Governor is working on changes in the budget for the General Assembly to consider in the short term. The Connect NC Bond dollars will end with this funding round, which means that grant dollars going forward will be dramatically less.

A Committee to Study Rates and Transfers/Public Enterprises, comprised of members of the General Assembly, has been established to look at enterprise fund rates and transfers out of those enterprise funds, mainly focusing on water and sewer. The Committee is looking at rate setting, collections, what

rates need to be to ensure proper maintenance and repair, and proper accounting controls to assure transparency. The Committee may consider potential legislation for the proper funding of infrastructure and whether regionalization can help facilitate financially healthy systems. On February 12, 2018, a presentation was made to the Committee by the UNC School of Government's Environmental Finance Center (Jeff Hughes and Kara Millonzi), the Local Government Commission (Greg Gaskins and Sharon Edmondson), and the Division of Water Infrastructure (Kim Colson). Through the presentations, it is becoming obvious that no single agency or entity acting alone can address these issues.

Mr. Gaskins stated that there may be misconceptions about the purpose of the Local Government Commission's Unit Assistance List but the goal is to assist local governments in not being on the list. Also, the fund transfers are leading to complaints that utility rates are too high and/or unfair. He has heard that some believe the Asset Inventory & Assessment grants are not a good idea because they identify condition issues, demonstrate that more money is needed, and that rates may need to be increased. The work with this Committee will be a long, educational process and it will be critical to be involved in any solutions. The Committee's general response was positive.

Item I. Introductions to Funding Decisions for Fall 2017 Application Round

Mr. Robertson reviewed the funding methodology and decision order for this round. This is the last round of the Connect NC Bond funds. The interest rate for this round for loans is 1.82% which is half the current market rate. Applications received this round were for all funding programs. The materials provided to the Authority members was reviewed.

Item J. Funding Recommendations for CDBG-I Grants

Ms. Cubeta presented the CDBG-I funding allocations. As requested by the Governor's Office and approved by the Authority, \$10 million will be allocated to projects providing relief to local governments that were affected by Hurricane Matthew, and special training, outreach, and a news release were used to publicize the availability of these funds. The remaining \$12.4 million in CDBG-I grants will be allocated to areas not claiming Hurricane Matthew impacts.

Mr. Colson stated that the existing priority point system was not designed specifically to fit Hurricane Matthew projects but that the projects all fit the need for Hurricane Matthew relief. Eight Hurricane Matthew projects are recommended for funding. Ms. Goodwin added that staff did a good job of publicizing the Hurricane Matthew relief grants but sees the difficulties in quickly adding something new to a grant program.

Action Item J.1:

- Mr. Vines made a motion to approve funding for Hurricane Matthew Project Numbers 1-3, 5-7, 9 and partially fund Project Number 4. Mr. Gaskins seconded the motion.
- Discussion: Mr. Stiles asked whether the Hurricane Matthew projects would have scored competitively if they had been ranked with the other CDBG-I projects. Ms. Cubeta stated that a few would have been competitive.
- The motion passed unanimously.

Ms. Cubeta then presented the recommended projects for the areas not claiming Hurricane Matthew impacts. Mr. Vines asked if CDBG-I Project Number 9 for the Town of Rich Square would be able to move forward since there were not enough funds to fully fund their request; Ms. Cubeta stated that the project could be scaled because it is a water line rehabilitation project.

Action Item J.2:

- Mr. Gaskins made a motion to approve funding for Project Numbers 1-3, 6-9 and partially fund Project Number 5. Mr. Vines seconded the motion. The motion passed unanimously.

Item K. Example Funding Scenario for Drinking Water Projects

Mr. Robertson presented the potential funding scenario for the drinking water projects. This is the first funding round in which a combination of funding from the DWSRF program and the State Drinking Water Reserve program is recommended. Ms. Hunnicutt identified a conflict of interest with DWSRF Project Number 1 for the Broad River Water Authority.

Action Item K.1:

- Mr. Gaskins made a motion to approve DWSRF Project Number 1. Mr. Stiles seconded the motion. Ms. Hunnicutt recused herself from the action item due to a conflict of interest. The motion passed.

Action Item K.2:

- Ms. Goodwin made a motion to approve Drinking Water State Reserve Projects Numbers 2-6, 8-10, 12-20, 22-26, 28-32, and 35; and DWSRF Project Numbers 3, 8-9, 11, 14, 26, 28-29 and 35. Ms. Hunnicutt seconded the motion. The motion passed unanimously.

Item L. Example Funding Scenario for Wastewater Projects, Asset Inventory and Assessment (AIA) Grants, and Merger/Regionalization Feasibility (MRF) Grants

Mr. Robertson presented the potential funding scenario for the wastewater projects, Asset Inventory and Assessment grants, and Merger/Regionalization Feasibility grants. This is the last funding round with Connect NC Bond dollars. As in past funding rounds, the Authority must decide between funding construction projects and funding AIA and MRF grants. The following topics were discussed:

- The City of Greenville stormwater BMP project (approved by the Authority in Jan. 2014 for \$7.3 million in CWSRF loan funds) has a \$13 million cost overrun after taking bids. The key reasons for the increase are the current bid environment (few bidders and costs are rising) and the increased complexity of the project work, an example of which is coordination with a large NCDOT project in downtown Greenville. Funding for the next round will be not be impacted by these cost overruns.
- For Wastewater State Reserve Project Number 10 for the Town of Belhaven (the first project not recommended for funding), could the application have been stronger. Staff responded yes but it was not a substantially deficient application. However, the applicant indicated the project would not move forward without grant funds, and since there are not sufficient grant funds available, the project is not recommended for funding.
- Wastewater State Reserve Project Number 38 for the Town of Saratoga was discussed. This project is linked to CDBG-I projects. Saratoga currently sends their wastewater to Stantonsburg for treatment. The proposed project would instead send Saratoga's wastewater to the City of Wilson which will provide a better long-term solution. However, if funded, it would impact revenue for Stantonsburg. Staff will evaluate more aspects of this project with the LGC and in the engineering report phase of this process.

Action Item L:

- Mr. Stiles made a motion to approve Wastewater State Reserve Project Numbers 1-9, 17, 21, 24-25, 28, 30-31, 33, 35, 37-38 and 43; CWSRF Project Numbers 10, 12, 20-23, 28, 40, and 45; Asset Inventory & Assessment Project Numbers 1-37; and Merger/Regionalization Feasibility Project Numbers 1-5. Mr. Gaskins seconded the motion. The motion passed unanimously.

Mr. Robertson presented an issue that staff became aware of last week with a previously approved project for the Town of Lake Lure (approved by the Authority in July 2016 for \$12.6 million in CWSRF loan funds). The approved project scope would have eliminated their existing wastewater treatment plant and pumped wastewater to the Town of Spindale for treatment. Lake Lure has significant

infiltration/inflow issues because a major sewer line is located on the bed of the lake. Spindale has raised concerns about this approach because, if the sewer on the lake bed were to break, it is possible that the entire lake would be drained and would pass through Spindale's wastewater treatment plant. Lake Lure now prefers to replace their sewer system with a low-pressure system to a new package wastewater treatment plant. This is a very substantial scope change but staff wanted to inform the Authority. The following topics were discussed by staff and the Authority:

- Mr. Colson stated that the intent and benefits of the project remain the same, and the new approach would help mitigate future risks by no longer using the sewer line on the lake bed. If the project costs are the same between the two alternatives, it may make more financial sense for Lake Lure given Spindale's concerns.
- Mr. Gaskins added Lake Lure is not currently on the Unit Assistance List but has been in the past. It is critical to ensure that Lake Lure will appropriately fund, operate and manage a low-pressure system and package plant. As originally approved, the advantage of sending the wastewater to Spindale was that it has the proper expertise in wastewater treatment.
- Ms. Goodwin stated that in December 2017, the Authority discussed the process for project changes. Because this is such a large scope change, did staff look at the points to make sure that this scope would have qualified for the funding they were awarded. Mr. Robertson stated that staff had reviewed the points, and that the scope change would not have made a difference in points and the type of funding for which they qualified.
- Mr. Stiles stated that sewer lines on the lake bed is not a good situation and supports the scope change.
- Ms. Hunnicutt stated that the pressure from the lake water above the sewer lines means that water from the lake is entering the sewer, not that wastewater is flowing out of the sewer into the lake. Failing septic tanks are located at the edge of the lake. She supports the change in scope which she believes will be an overall benefit to Rutherford County.

Mr. Colson and Mr. Robertson stated that based on the Authority's discussion at the December 2017 meeting regarding the process for project changes, the Authority did not need to act on the City of Greenville project or the Town of Lake Lure project. The Authority took no action.

Item M. 2018 Intended Use Plans (IUPs) for CWSRF and DWSRF Programs

Mr. Robertson presented information about the Intended Use Plans for the CWSRF and DWSRF Programs. The public comment period for the IUPs was noticed on Feb. 1, 2018; information about the IUPs was presented at a public meeting on Feb. 13, 2018; and, the public comment period closed on Feb. 15, 2018. No comments were received. Staff recommended that the Authority approve the IUPs so that the capitalization grant applications could be submitted to EPA. Mr. Colson stated that if the Authority makes changes across all the funding programs resulting from the metrics analysis that will be presented at the April 2018 Authority meeting, the IUPs can be modified. The Division prefers to obtain the capitalization grant from the EPA as quickly as possible as it earns interest in the program accounts.

Dr. Pelissier inquired whether the Division had received public input when the priority rating systems were developed. Mr. Robertson answered yes, that comments had been received on the substantial changes made to the priority criteria by the Authority in July 2015. Historically, however, the Division does not receive any public comment but did receive many comments for the IUPs that were developed at the time of the American Recovery and Reinvestment Act of 2009 (known as ARRA).

Action Item M:

- Mr. Gaskins made a motion to approve the CWSRF and DWSRF Priority Rating Systems for use in the 2018 Intended Use Plans. Mr. Vines seconded the motion. The motion passed unanimously.

Item N. Key Program Metrics Update

Ms. Haynie presented the purpose of the metrics review and the items that will be presented for discussion at the April 2018 Authority meeting: (1) a detailed metrics analysis with the current priority points system, and (2) the impact of the affordability criteria. Mr. Colson stated that if there are additional items on which the Authority would like information, please let staff know as soon as possible.

Ms. Goodwin also stated that with the amount of funding that has been provided for the Asset Inventory & Assessment grants, it will be important to know the outcomes and that the Authority is not funding “reports that will sit on a shelf.” At the December 2017 meeting, the Authority suggested the possibility of a questionnaire to recipients of the AIA and MRF grants to learn if they found the process valuable. Mr. Colson stated that staff will address this, but as of now, very few of the AIA and MRF grants have been completed.

Mr. Colson stated that the Authority will not need to make final decisions at the April meeting regarding potential priority system changes based on the metrics analysis. If the Authority prefers, a conference call could be held in May or June to approve the changes.

Item O. Master Plan Outreach Activities Update

Ms. Durso presented on the local, legislative and national exposure of the Authority’s Statewide Water and Wastewater Infrastructure Master Plan and the positive feedback that has been received following presentations. Ms. Durso also updated the Authority on future presentations on the Master Plan, including at meetings with each of the 16 Councils of Government (COGs) across the state; these meetings are currently being scheduled.

Two members of the Master Plan Outreach Committee are no longer members of the Authority, and two additional members are needed. Ms. Adams volunteered to serve on the Committee. Mr. Colson requested that anyone else that is interested should contact him.

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

The Authority noted that from the information presented for the meeting today, it appears that the “points submitted” by the applicant have become much closer to the “points verified” by staff. This is indicative of good training provided for the applicants by the Division staff; this work of the staff is noticed and appreciated. As the Authority continues to fund AIA grants, it is interested in knowing about the grants awarded to systems in which the water and/or sewer rates are not adequate to support operations and maintenance (O&M) and capital needs, as well as not sufficient to support their debt. This will also be a good measure of the effectiveness of the grants.

The Authority is impressed with the state’s steps forward with the Master Plan and the foresight presented in the Plan for the infrastructure, organizational and financial management of systems.

The next Authority meeting will be a two-day meeting, April 18-19, 2018 in New Bern, NC.

Item R. Adjourn – The meeting was adjourned.

State Water Infrastructure Authority

Meeting Date: April 18-19, 2018

Agenda Item F - Funding Recommendations for CDBG-I Grants for Public Schools

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:

- Review recommendations for grants and loans submitted to it by the Division of Water Infrastructure
- Determine the rank of applications
- Select the applications that are eligible to receive grants and loans

On November 1, 2017, the Division received four applications for funding for the Community Development Block Grant-Infrastructure (CDBG-I) grant program for public schools, requesting a total of \$3,942,160. Division staff first determined if each application was complete and was eligible for funding. Then, using the Priority Rating Systems approved by the Authority at its December 2016 meeting, Division staff reviewed and ranked each complete, eligible application.

There is \$4,489,692 available in the CDBG-Infrastructure funding for public schools. The maximum award is \$1.0 million. Staff is recommending a total award of \$3,894,750.

Staff Recommendation:

Staff recommends the following projects for funding:

Project No.	Applicant Name	Project Name	Engineering Firm	Funding Amount
1	Columbus County	Old Dock School Wastewater Project	Green Engineering, PLLC	\$1,000,000
2	Wilkes County	Mulberry School Sewer Project	West Consulting, PLLC	\$1,000,000
3	Alexander County	Stony Point Elementary Wastewater Project	West Consulting, PLLC	\$894,750
4	Jackson County	Blue Ridge School Water and Wastewater Project	Lofquist and Associates, Inc.	\$1,000,000
			TOTAL	\$3,894,750

There is \$594,942 remaining in the school funds. Staff also recommends that the \$594,942 be held for potential documented overruns in construction costs in the school projects, to be recommended and awarded as need arises.

State Water Infrastructure Authority

Meeting Date: April 18-19, 2018

Agenda Item H – Potential Program Changes for Public Review for CWSRF, DWSRF and State Reserve 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
- To develop guidelines for making loans and grants consistent with federal law

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

A. State Revolving Fund Program Changes

The application priority ranking methods used for the evaluation of applications to the CWSRF and DWSRF are proposed to the US Environmental Protection Agency (EPA) 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 IUPs are submitted to the US EPA as part of the capitalization grant applications.

The Division of Water Infrastructure proposes that changes be made to the CWSRF and DWSRF programs to improve consistency between the State and Federal programs. These changes include:

1. Changes to Project Purpose and Affordability portions of the Priority Rating Systems to align scoring with the state reserve program and adjust the weighting between the four primary categories of priority points, and
2. Changes to the qualifications for SRF principal forgiveness to make the requirements similar to the state reserve program requirements for grant eligibility by applying the same affordability criteria.

B. State Reserve Project Loans and Grants Changes

The Division proposes that changes be made to the State Reserve Drinking Water and Wastewater Project Priority Rating Systems to improve consistency between the State and Federal programs. The proposed changes are to the Project Purpose and Affordability points to align projects with the SRF program and to adjust the weighting between the four primary categories of priority points.

Summary of State Reserve and State Revolving Funds (SRF) Priority Point System for projects changes: (changes shown in strikethrough and red in the following tables)

1. Category I – Project Purpose
 - a. DWSRF Line Item 1.A – Reduce from 30 points to 25 points
 - b. CWSRF Line Items 1.F and 1.G – Reduce from 20 points to 15 points
 - c. Category 1 Maximum Points Available – For DWSRF, State Reserve WW, CWSRF – Reduce from 30 points to 25 points

2. Category 4 – Affordability [synchronize points between State Reserve program (max. points reduced to 25) and SRF programs (max. points increased to 25)]
 - a. Line Item 4.A – Add to SRF programs
 - b. Line Item 4.A.1 – Eliminate
 - c. Renumbered Line Item 4.A.1 – Change from 4 to 2 points
 - d. Renumbered Line Item 4.A.2 – Change from 6 to 4 points
 - e. Renumbered Line Item 4.A.3 – Change from 10 to 8 points
 - f. Line Item 4.B.1 – Eliminate
 - g. Renumbered Line Item 4.B.4 – Change from 12 to 10 points
 - h. Line Item 4.C.1 – Eliminate
 - i. Renumbered Line Item 4.C.1 – Change from 4 to 3 points
 - j. Renumbered Line Item 4.C.2 – Change from 6 to 5 points
 - k. Renumbered Line Item 4.C.3 – Change from 8 to 7 points

C. Asset Inventory and Assessment Grant Changes

The Division proposes that the eligibility for these grants be limited to applicants with less than 10,000 residential service connections with limited exceptions to better target the limited grant funds available.

Proposed Eligibility Exceptions

1. If small systems applying are considering consolidation with larger, ineligible systems (those with > 10,000 residential connections), the applicant can utilize the system management of the larger system (must pass resolutions for both systems)
2. If a larger system (those with > 10,000 residential connections) has consolidated with a smaller system within the past 5 years, the larger system may utilize the grant to work within the smaller system

Staff Recommendations

Staff recommends that the Authority approve seeking public input on the following changes:

1. Proposed changes to the CWSRF and DWSRF Priority Rating Systems
 2. Proposed changes to the WWSRF and DWSRP Priority Rating Systems
 3. Proposed changes to CWSRF and DWSRF qualifications for principal forgiveness
 4. Proposed changes to qualifications for AIA grants
-

Proposed Changes to **PRIORITY RATING SYSTEM for Wastewater Projects**

Instructions: For each line item, mark “X” to claim the points for that line item. Be sure that your narrative includes justification for every line item claimed. At the end of each Category, provide the total points claimed for each program in the subtotal row for that category. Then add the subtotals from each category and enter the Project Total in the last line. Note that some categories have a maximum allowed points that may be less than the total of individual line items.

Line Item #	Category 1 – Project Purpose	Claimed Yes/No	SWWR Pts	CWSRF Pts
1.A	Reserved for Other Programs			
1.B	Project will resolve failed infrastructure issues		15	15
1.C	Project will rehabilitate or replace infrastructure		15	15
1.C.1	Treatment units, pumps and/or pump stations to be rehabilitated or replaced are greater than 20 years old, OR water/sewer lines, storage tanks, drinking water wells or intake structures to be rehabilitated or replaced are greater than 40 years old		10	10
1.D	Project will expand infrastructure		2	2
1.D.1	Treatment units, pumps and/or pump stations to be rehabilitated or replaced are greater than 20 years old, OR lines, storage tanks, drinking water wells or intake structures to be rehabilitated or replaced are greater than 40 years old		10	10
1.E – 1.E.2	Reserved for Other Programs			
1.F	Project will provide stream/wetland/buffer restoration			20 15
1.F.1	Restoration project that includes restoration of a first order stream and includes stormwater infiltration BMPs			5
1.F.2	Restoration project that includes restoration and / or protection of riparian buffers to at least 30 feet on both sides of the stream			5

Line Item #	Category 1 – Project Purpose (Continued)	Claimed Yes/No	SWWR Pts	CWSRF Pts
1.G	Project will provide stormwater BMPs to treat existing sources of pollution			20 15
1.G.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
1.H	Project will provide reclaimed water/usage or rainwater harvesting/usage			15
	Maximum Points for Category 1 – Project Purpose		30 25	30 25
	Subtotal claimed for Category 1 – Project Purpose			
Line Item #	Category 2 – Project Benefits	Claimed Yes/No	SWWR Pts	CWSRF Pts
2.A – 2.B	Reserved for Other Programs			
2.C	Project provides a specific environmental benefit by replacement, repair, or merger; includes replacing failing septic tanks		15	15
2.D	Project addresses promulgated but not yet effective regulations		10	10
2.E	Project directly addresses enforcement documents			
2.E.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, OR		5	5
2.E.2	Project directly resolves a Notice of Violation or Notice of Deficiency		3	3
2.F	Project includes system merger		10	10
2.G – 2.I	Reserved for Other Programs			

Line Item #	Category 2 – Project Benefits (Continued)	Claimed Yes/No	SWWR Pts	CWSRF Pts
2.J	Project improves treated water quality by adding or upgrading a unit process		3	3
2.K – 2.0	Reserved for Other Programs			
2.P	Project <u>directly benefits</u> subwatersheds that are impaired as noted on the most recent version of the Integrated Report		20	20
2.Q	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	10
2.R	Project will result in elimination of an NPDES discharge		3	3
2.S	Primary purpose of the project is to achieve at least 20% reduction in energy use			5
	Maximum Points for Category 2 – Project Benefits		35	35
	Subtotal claimed for Category 2 – Project Benefits			
Line Item #	Category 3 – System Management	Claimed Yes/No	SWWR Pts	CWSRF Pts
3.A	Applicant has a current Capital Improvement Plan (CIP) that spans at least 10-years and proposed project is included in the plan OR		2	2
3.B	Applicant has implemented an Asset Management Plan as of the date of application		10	10
3.C	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	5

Line Item #	Category 3 – System Management (Continued)	Claimed Yes/No	SWWR Pts	CWSRF Pts
3.D – 3.F	Reserved for Other Programs			
	Maximum Points for Category 3 – System Management		15	15
	Subtotal claimed for Category 3 – System Management			
Line Item #	Category 4 – Affordability	Claimed Yes/No	SWWR Pts	CWSRF Pts
4.A	Residential Connections			
4.A.1	Less than 20,000 residential connections OR		2	
4.A.1	Less than 10,000 residential connections OR		4 <u>2</u>	<u>2</u>
4.A.2	Less than 5,000 residential connections OR		6 <u>4</u>	<u>4</u>
4.A.3	Less than 1,000 residential connections		10 <u>8</u>	<u>8</u>
4.B	Current Monthly Utility Rates at 5,000 gallons Usage			
4.B.1	Greater than \$26 OR		2	2
4.B.1	Greater than \$33 OR		4	4
4.B.2	Greater than \$40 OR		6	6
4.B.3	Greater than \$47		8	8
4.B.4	Greater than \$58		12 <u>10</u>	12 <u>10</u>
4.C	Local Government Unit (LGU) Indicators			
4.C.1	2 out of 5 LGU indicators worse than state benchmark OR		2	2
4.C.1	3 out of 5 LGU indicators worse than state benchmark OR		4 <u>3</u>	4 <u>3</u>

4.C.2	4 out of 5 LGU indicators worse than state benchmark OR		6 <u>5</u>	6 <u>5</u>
4.C.3	5 out of 5 LGU indicators worse than state benchmark		8 <u>7</u>	8 <u>7</u>
4.D – 4.E	Reserved for Other Programs			
	Maximum Points for Category 4 – Affordability		30 25	30 25
	Subtotal claimed for Category 4 – Affordability			
	Total of Points for All Categories for Wastewater Projects			

Proposed Changes to **PRIORITY RATING SYSTEM for Drinking Water Projects**

Instructions: For each line item, mark “X” to claim the points for that line item. Be sure that your narrative includes justification for every line item claimed. At the end of each Category, provide the total points claimed for each program in the subtotal row for that category. Then add the subtotals from each category and enter the Project Total in the last line. Note that some categories have a maximum allowed points that may be less than the total of individual line items.

Line Item #	Category 1 – Project Purpose	Claimed Yes/No	SDWR Pts	DWSRF Pts
1.A	Project will eliminate, by merger or dissolution, a failing public water supply system		25	30 <u>25</u>
1.B	Project will resolve failed infrastructure issues		25	25
1.C	Project will rehabilitate or replace infrastructure		12	12
1.C.1	Treatment units, pumps and/or pump stations to be rehabilitated or replaced are greater than 20 years old, OR water/sewer lines, storage tanks, drinking water wells or intake structures to be rehabilitated or replaced are greater than 40 years old		8	8
1.D	Project will expand infrastructure		2	2
1.D.1	Treatment units, pumps and/or pump stations to be rehabilitated or replaced are greater than 20 years old, OR lines, storage tanks, drinking water wells or intake structures to be rehabilitated or replaced are greater than 40 years old		8	8
1.E – 1.H	Reserved for Other Programs			
	Maximum Points for Category 1 – Project Purpose		25	30 <u>25</u>
	Subtotal claimed for Category 1 – Project Purpose			
Line Item #	Category 2 – Project Benefits	Claimed Yes/No	SDWR Pts	DWSRF Pts
2.A – 2.A1.	Reserved for Other Programs			
2.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	20
2.C	Reserved for Other Programs			

Line Item #	Category 2 – Project Benefits	Claimed Yes/No	SDWR Pts	DWSRF Pts
2.D	Project addresses promulgated but not yet effective regulations		10	10
2.E	Project directly addresses enforcement documents			
2.E.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, OR		5	5
2.E.2	Project directly resolves a Notice of Violation or Notice of Deficiency		3	3
2.F	Project includes system merger		10	10
2.G	Project addresses documented low pressure		10	10
2.H	Project addresses acute contamination of a water supply source		15	15
2.I	Project addresses contamination of a water supply source other than acute		10	10
2.J	Project improves treated water quality by adding or upgrading a unit process		3	3
2.K	Water loss in system to be rehabilitated or replaced is 30% or greater		3	3
2.L	Project provides a public water system interconnection			
2.L.1	Project creates a new interconnection between systems not previously interconnected OR		10	10
2.L.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 OR		10	10
2.L.3	Project creates any other type of interconnection between systems		5	5
2.M – 2.N	Reserved for Other Programs			
2.O	Project provides redundancy/resiliency for critical treatment and/or transmission/distribution system functions including backup electrical power source		3	3
2.P – 2S	Reserved for Other Programs			

	Maximum Points for Category 2 – Project Benefits		35	35
	Subtotal claimed for Category 2 – Project Benefits			
Line Item #	Category 3 – System Management	Claimed Yes/No	SDWR Pts	DWSRF Pts
3.A	Applicant has a current Capital Improvement Plan (CIP) that spans at least 10-years and proposed project is included in the plan OR		2	2
3.B	Applicant has implemented an Asset Management Plan as of the date of application		10	10
3.C	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	5
3.D	Applicant has an approved Source Water Protection Plan and/or a Wellhead Protection Plan		5	5
3.E	Applicant has implemented a water loss reduction program		5	5
3.F	Applicant has implemented a water conservation incentive rate structure		3	3
	Maximum Points for Category 3 – System Management		15	15
	Subtotal claimed for Category 3 – System Management			
Line Item #	Category 4 – Affordability	Claimed Yes/No	SDWR Pts	DWSRF Pts
4.A	Residential Connections			
4.A.1	Less than 20,000 residential connections OR		2	
<u>4.A.1</u>	Less than 10,000 residential connections OR		4 <u>2</u>	2 <u>2</u>
<u>4.A.2</u>	Less than 5,000 residential connections OR		6 <u>4</u>	4 <u>4</u>
<u>4.A.3</u>	Less than 1,000 residential connections		10 <u>8</u>	8 <u>8</u>
4.B	Current Monthly Utility Rates at 5,000 gallons Usage			
4.B.1	Greater than \$26 OR		2	2
<u>4.B.1</u>	Greater than \$33 OR		4	4
<u>4.B.2</u>	Greater than \$40 OR		6	6
<u>4.B.3</u>	Greater than \$47		8	8
<u>4.B.4</u>	Greater than \$58		12 <u>10</u>	12 <u>10</u>
4.C	Local Government Unit (LGU) Indicators			

4.C.1	2 out of 5 LGU indicators worse than state benchmark OR		2	2
4.C.1	3 out of 5 LGU indicators worse than state benchmark OR		4 <u>3</u>	4 <u>3</u>
4.C.2	4 out of 5 LGU indicators worse than state benchmark OR		6 <u>5</u>	6 <u>5</u>
4.C.3	5 out of 5 LGU indicators worse than state benchmark		8 <u>7</u>	8 <u>7</u>
4.D – 4.E	Reserved for Other Programs			
	Maximum Points for Category 4 – Affordability		30 25	30 25
	Subtotal claimed for Category 4 – Affordability			
	Total of Points for All Categories for Drinking Water Projects			

State Water Infrastructure Authority
Meeting Date – April 18-19, 2018
Agenda Item I – Potential Program Changes for Public Review for CDBG-I Program

Division of Water Infrastructure Staff Report

Background

The Community Development Block Grant (CDBG) program is primarily a housing program that may also fund other community-based activities supporting strong neighborhoods and communities. The priority criteria have lacked a benefit associated with the extension of water and sewer infrastructure to new low-to-moderate income housing, which made those types of projects noncompetitive. Staff is making a recommendation to add a benefit in the priority criteria to make these projects more competitive in future rounds.

Staff is also making a recommendation for a change in Line Item 4.G to reflect Line Item 4.B in the other programs, scaled to match the CDBG-I point system. Household income will be reflected in the points for low-to-moderate income percentage of the project area.

The changes shown in strikethrough and red in the following table.

Staff Recommendation

Staff recommends that the Authority approve seeking public input on the following changes:

1. Add new Line Item 2.T to the Priority Rating System in Category 2 – Project Benefits

2.T *Project provides site work and new water and/or wastewater infrastructure, including house or apartment connections, to new low-to-moderate income housing. 5 points.*

2. Replace Line Item 4.G in the Priority Rating System in Category 4 – Financial Situation

- Delete existing Line Item 4.G:

~~**4.G** *Utility rates/median household income (MHI), the value of which is scored on a sliding scale, and that incorporates both water and sewer rates into one number, divided by the most recent reported MHI. 15 points.*~~

- Replace with new Line Item 4.G as follows, which will mirror this line item in the priority rating systems for other loan and grant programs:

4.G Current Monthly Residential Single Utility Rates at 5,000 Gallons Usage		
4.G.1	Greater than \$33	6 points
4.G.2	Greater than \$40	9 points
4.G.3	Greater than \$47	12 points
4.G.4	Greater than \$58	15 points
	Maximum Total for 4.G	15 points

Proposed Changes to CDBG PRIORITY RATING SYSTEM - For All CDBG Projects

	Category 1 – Project Purpose	Points	Points Claimed
1.A	Project will eliminate, by merger or dissolution, a failing public water supply system	15	
1.B	Project will resolve failed infrastructure issues	5	
1.C	Project will rehabilitate or replace infrastructure	10	
1.C.1	Treatment units, pumps and/or pump stations to be rehabilitated or replaced are greater than 20 years old, OR lines, storage tanks, drinking water wells or intake structures to be rehabilitated or replaced are greater than 40 years old	5	
1.D	Reserved for the CWSRF and DWSRF Programs		
1.D.1	Reserved for the CWSRF and DWSRF Programs		
1.E	Project will extend service for the following specific reasons:		
1.E.1	Extend water and/or sewer service to new low-income housing, or to an area where existing LMI homes are being rehabilitated	15	
1.E.2	Connect existing LMI homes to water and/or sewer service	10	
1.F	Reserved for the CWSRF Program		
1.F.1	Reserved for the CWSRF Program		
1.F.2	Reserved for the CWSRF Program		
1.G	Reserved for the CWSRF Program		
1.G.1	Reserved for the CWSRF Program		
1.H	Reserved for the CWSRF Program		
	Subtotal for Category 1 – Project Purpose (max = 15)		
	Category 2 – Project Benefits	Points	Points Claimed
2.A	Project provides a specific environmental or public health benefit by replacement, repair, or merger; includes replacing failing septic tanks, replacing dry wells, addressing contamination of a drinking water source by replacing or additional treatment	15	

2.A.1	In the project area, 20% or greater of individual septic tanks are failing, or water sources are contaminated, or wells are dry	5	
2.B	Reserved for the DWSRF Program		
2.C	Reserved for the CWSRF Program		
2.D	Project addresses promulgated but not yet effective regulations	3	
2.E	Project directly addresses enforcement documents		
2.E.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 DEQ Administrative Order OR	5	
2.E.2	Project directly resolves a Notice of Violation or Notice of Deficiency	3	
2.F	Project includes system merger	10	
2.G	Project addresses low pressure in a public water supply system	5	
2.H	Project addresses acute contamination of a water supply source	15	
2.I	Project addresses contamination of a water supply source other than acute	10	
2.J	Reserved for the CWSRF and DWSRF Programs		
2.K	Water loss in system to be rehabilitated or replaced is 30% or greater	10	
2.L	Project provides a public water system interconnection		
2.L.1	Project creates a new interconnection between systems not previously interconnected OR	5	
2.L.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 OR	3	
2.L.3	Reserved for the DWSRF Program		
2.M	Project directly addresses a moratorium on a local government unit system	7	
2.N	Water and sewer project is located within the same footprint	5	

2.O	Reserved for the DWSRF Program		
2.P	Reserved for the CWSRF Program		
2.Q	Reserved for the CWSRF Program		
2.R	Reserved for the CWSRF Program		
2.S	Reserved for the CWSRF Program		
2.T	<u>Project provides site work and new water and/or wastewater infrastructure, including house or apartment connections, to new low-to-moderate income housing</u>	5	
	Subtotal for Category 2 – Project Benefits (max = 20)		
	Category 3 – System Management	Points	Points Claimed
3.A	Applicant has a current Capital Improvement Plan (CIP) that spans at least 10-years and proposed project is included in the plan OR	3	
3.B	Applicant has implemented an Asset Management Plan as of the date of application	10	
3.C	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	
3.D	Applicant has an approved Source Water Protection Plan and/or a Wellhead Protection Plan	5	
3.E	Applicant has implemented a water loss reduction program	5	
3.F	Reserved for the DWSRF Program		
	Subtotal for Category 3 – System Management (max = 15)		
	Category 4 – Financial Situation	Points	Points Claimed
4.A	Reserved for the CWSRF and DWSRF Programs		
4.B	Reserved for the CWSRF Program		
4.C	Reserved for the DWSRF Program		
4.D	Reserved for the CWSRF Program		
4.E	Reserved for the CWSRF Program		
4.F	Poverty rate	Calculation; cap = 15	

4.G	Utility rates/MHI <u>Current Monthly Residential Single Utility Rates at 5,000 gallons Usage</u>	Calculation; cap = 15	
4.G.1	<u>Greater than \$33</u>	<u>6</u>	
4.G.2	<u>Greater than \$40</u>	<u>9</u>	
4.G.3	<u>Greater than \$47</u>	<u>12</u>	
4.G.4	<u>Greater than \$58</u>	<u>15</u>	
4.H	Low to Moderate Income	Calculation; cap = 20	
	Subtotal for Category 4 – Financial Situation (max = 50)		
	Total of Points for All Categories:		



COUNTY OF DUPLIN

P.O. BOX 910 • 224 SEMINARY STREET
KENANSVILLE, NC 28349-0910 • TEL. 910-296-2100 • FAX 910-296-2107

March 22, 2018

N.C. Department of Commerce
Division of Community Assistance
4313 Mail Service Center
Raleigh, North Carolina 27699-4313

RE: CDBG 2015-I-2755

To Whom It May Concern,

The Duplin County Board of County Commissioners voted at its meeting on February 19, 2018 not to move forward with the 2015 Community Development Block Grant (CDBG) Infrastructure project (CDBG 2015-I-2755) that the County had been awarded for sewer improvements. The Board of Commissioners also voted to pay back the NC Department of Commerce the funds which had already been received in relation to the aforementioned project.

Enclosed you will find a check in the amount of \$331,012.43. Should you have any questions or concerns regarding this matter, please do not hesitate to call on me at any time.

Sincerely,

Davis H. Brinson
Duplin County Manager & Clerk to the Board

Cc: Elizabeth Stalls, Duplin Co. Planner

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MAR 28 2018
NC DEPT OF COMMERCE
RURAL ECONOMIC DIVISION

Agenda Item V – Fair Bluff Initiative

Location Map of 5 Involved Towns: Fair Bluff, Cerro Gordo, Boardman, Fairmont & Proctorville

