



# **State Loan and Grant Programs: Background**

**Agenda Item I**

**State Water Infrastructure Authority Meeting**

**February 2014**

# Outline

- Background
- Eligible Applicants and Project Types
- Funding Levels
- Criteria Development
- SWIA Report Due May 1, 2014

# State Loan and Grant Programs

- Programs established by legislation (NCGS 159G)
- Funded by General Assembly
- Legislation refers to these as “Reserve” accounts; include programs for Wastewater and Drinking Water

## Reserve Account Programs

Loans	Grants
1. State Revolving Loan (SRL)	1. High Unit Cost Grant (HUC)
2. State Emergency Loan (SEL)	2. Technical Assistance Grant (TAG)

# Session Law 2013-360 Section 14.21.(m)

- Purpose/emphasis of state grants is to “meet the project needs of rural, economically distressed local governments”
- SWIA responsibility to “determine the distribution of funds between public water system-related projects and wastewater-related projects, depending upon the number of applications for grants received and the priorities established ...”
- Provides \$3.5M in Reserve Funds for current state FY
- Provides \$5M in Reserve Funds for next state FY

# Proposed Schedule

- Present draft priority rating systems today for SWIA approval
- Announce application deadline
- Accept applications until April 1, 2014
- SWIA approve eligible recipients on May 12, 2014
- DENR will send Letter of Intent to Fund after May 12, 2014

# Eligible Reserve Fund Applicants

- Local government unit or non-profit water corporation
- Only to the extent that other funding sources are not reasonably available to the applicant (NCGS 159G-36.b.)
- Additional criteria for grant eligibility
  - Must be in Tier 1 or Tier 2 county (SL 2013-360 Section 14.21.(m))
  - For HUC grants, applicant's annual average water and/or sewer bill must be over the HUC threshold of 1.5% (for both) or over 0.75% for either water or sewer

# Eligible Project Types

- Wastewater Reserve
  - Wastewater collection system
  - Wastewater treatment works
  - Stormwater quality projects
  - Nonpoint source pollution projects
- Drinking Water Reserve
  - Public water system projects

# State Grant Programs – Wastewater & Drinking Water

- Tier 1 and Tier 2 counties only
- High Unit Cost Grant (HUC)
- Technical Assistance Grant (TAG)
  - Wastewater – determine the best way to correct deficiencies in a system or treatment plant that is not in compliance with permit limits, or is experiencing operational problems and is at risk of violating permit limits
  - Drinking Water – determine the best way to correct deficiencies in a system that does not comply with State law or the rules adopted to implement the law



# Wastewater Reserve Funding Levels

- Grant funds provided from 1988-1993 and in 1998 – \$249 M total
- Loan funds provided from 1988-1993 and in 1995 – \$29M total
  - State Revolving Loans (SRL)
    - Approx. \$2.5M repaid every year
  - State Emergency Loans (SEL)
    - Approx. \$500,000 repaid every year
    - Not under SWIA purview; approved by DENR Secretary
  - Have continuously awarded loans

# Drinking Water Reserve Funding Levels

- Grant funds provided from 1988-1993 and in 1998 – \$240M total
- Loan funds provided from 1988-1993 and in 1998 – \$42M total
  - State Revolving Loans (SRL)
  - State Emergency Loans (SEL)
    - Not under SWIA purview; approved by DENR Secretary
  - Loan programs inactive; repayments used as state match for federal SRF

# State Funding Level Limits Per Entity

- Maximum of \$3M in a single fiscal year
- Loan awards for 3 consecutive fiscal years for targeted interest rate projects may not exceed \$3M
  - Targeted interest rate project = HUC-eligible applicants
- High unit cost (HUC) grants awarded for 3 consecutive fiscal years may not exceed \$3M
- Technical assistance grants (TAG) awarded for 3 consecutive fiscal years may not exceed \$50,000

# “Common Criteria” for Reserves

- NCGS 159G-23 requires the application of 13 Common Criteria to Reserve Funds

## Common Criteria for Reserve Funds

1. Public Necessity	6. Sound Management / Asset Management	11. State Water Supply Plan
2. Effect on Impaired Waters	7. Capital Improvement Plan	12. Water Conservation Measures for Drought
3. Efficiency	8. Coastal Habitat Protection	13. Low-Income Residents
4. Comprehensive Land Use Plan	9. High Unit Cost Threshold	<b>Next presentation will cover in more detail</b>
5. Flood Hazard Ordinance	10. Regionalization	

# SWIA Must Report by May 1, 2014

- Required by Session Law 2013-360 Section 14.21.(m)
- Report to:
  - Environmental Review Commission
  - Senate Appropriations Committee on Natural & Economic Resources
  - House Appropriations Subcommittee on Natural & Economic Resources
  - Fiscal Research Division
- On:
  - Distribution of grant funds awarded
  - Whether changes are needed to the existing grant program or other available grant programs to better facilitate the dissemination of funds and meet the project needs of rural, economically distressed local governments
- Draft report for March 2014 SWIA meeting



# Questions