



State Grant Program Proposed Application Process and Priority Rating Systems

Agenda Item J

State Water Infrastructure Authority Meeting

February 2014

Outline

- State Grant Application Process
- State Grant Application
- Priority Rating System
- Scoring Applications
- Ranking Applications

State Grant Funding Types

- State Wastewater High Unit Cost Grant (WWHUC)
- State Wastewater Technical Assistance Grant (WWTAG)
- State Drinking Water High Unit Cost Grant (DWHUC)
- State Drinking Water Technical Assistance Grant (DWTAG)

State Grant Application Forms

- North Carolina Water/ Wastewater Common Application Form
- NCDENR Application Appendix for Funding Programs
- State Grant Priority Rating Systems Guidance & Forms
 - State Wastewater Reserve Priority Rating System
 - State Drinking Water Reserve Priority Rating System
- Asset Management Guidance Supplement

State Grant Program Application Process

- State Grant Priority Rating System Guidance and Form
 - Priority Rating Form along with narrative, maps, documentation
 - Applicants to be instructed to claim all the points they believe they deserve
- No requests for additional information
 - Application to be evaluated as-is, in order to maintain program schedule
 - Application assistance provided
- Competitive process

Priority Rating Systems

- Two separate priority rating systems: Drinking Water and Wastewater
- Both use State Revolving Fund (SRF) as basis but modified:
 - To provide additional weight to financial need to align with intent of SL 2013-360 which refers to state grant funds being used to “meet project needs of rural, economically distressed governments”
 - To comply with “Common Criteria” (NCGS 159G-23)

“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	
5. Flood Hazard Ordinance	10. Regionalization	

Drinking Water Priority Rating System – Categories

Category I – Project Type

Category II – Public Health Benefits

Category III – System Management

Category IV – Financial Situation

DW Category I – Project Type

- Technical Assistance Grants (TAG) do not receive project points since they are intended to be used to study ways to correct noncompliance issues

DW Category II – Public Health Benefits

- Changed language for Line Item No. 5 – “Project is needed to address a promulgated but not yet effective regulation or is needed to address a high potential of violation of existing regulations”
- Changed Line Item No. 5 points to 25
- 40 point cap on Category

DW Category III – System Management

- Added the following to meet “Common Criteria”:
 - Line Item 15 – Moratorium
 - Line Item 16 – Capital Improvement Plan
 - Line Item 17 – Asset Management (replaced DWSRF)
 - Line Item 19 – Regionalization (replaced DWSRF)
 - Line Item 20 – Land Use Planning
 - Line Item 21 – Flood Hazard Zoning
- Added Line Item 18 – Operating Ratio for program consistency with Wastewater priority

DW Category III – System Management

- Asset Management Points changed to a negative for those over 1,000 connections without an Asset Management Plan to meet “Common Criteria” thresholds
- Operating Ratio Points:
 - Intended to recognize good system management
 - Due to focus on financial need added points for systems with high rate to MHI ratios unable to achieve an operating ratio greater than 1.0
 - 2.5% Utility Rate/MHI ratio equates to approximately top 20% of utility rates

DW Category IV – Financial Situation

- Changed Rate ratio to include Water and Sewer combined rates to meet statute for High Unit Cost threshold
- Changed financial formulas to effectively double financial point weighting
- Removed financial points cap

Wastewater Priority Rating System – Categories

Category I – Project Type

Category II – Environmental Benefit

Category III – System Management

Category IV – Financial Situation

WW Category I – Project Type

- Does not include Green project types (and related bonus points) that are part of CWSRF
- Technical Assistance Grants (TAG) do not receive project points since they are intended to be used to study ways to correct noncompliance issues

WW Category II – Environmental Benefits

- Added Line Item No. 10 – Coastal Habitat Protection Plan to adhere to “Common Criteria”

WW Category III – System Management

- Added the following to meet “Common Criteria”:
 - Line Item 13 – Moratorium
 - Line Item 14 – Capital Improvement Plan
 - Line Item 18 – Land Use Planning
 - Line Item 19 – Flood Hazard Zoning

WW Category III – System Management

- Asset Management Points changed to a negative for those over 1,000 connections without an Asset Management Plan to meet “Common Criteria” thresholds
- Operating Ratio Points:
 - Intended to recognize good system management
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WW Category IV – Financial Situation

- Changed Rate ratio to include Water and Sewer combined rates to meet statute for High Unit Cost threshold
- Changed financial formulas to effectively double financial point weighting
- Removed financial points cap

State Grant Application Ranking

- Each category and type of application will be scored and ranked separately
- The two priority systems are not intended to rank Wastewater applications against Drinking Water applications
- Staff will provide four separate ranked lists (WWHUC, WWTAG, DWHUC, DWTAG) for Authority review and approval to provide maximum flexibility in distribution of grant funds
- No funding lines will be drawn on lists provided

State Grant Program Other Considerations

- “Common Criteria” included in NCGS 159G for reserve accounts may be inconsistent with Authority responsibility for establishing priority
- Staff recommends that the Authority consider additional information not included as part of the priority system in determining final eligibility for funding

Proposed Other Considerations

1. The project will help address a situation that poses a risk of infrastructure failure such that if the failure occurred, substantial public health protection or environmental protection would be in jeopardy, or
2. The applicant has project funding in place from other than state funds, that the project substantially meets the intent of the Wastewater or Drinking Water Reserve Programs, and that supplemental funds are needed to enable the project to proceed, or
3. The project is anecdotally a high priority project but the finding is not reflected in the existing priority system, or
4. The project cost per connection served is at such a level that additional financial resources are warranted.

Proposed State Grant Program Application Schedule

- Established to award funding during state Fiscal Year 2013-14
- Broadcast notification of application deadline via email and website
- Accept applications (TAG and HUC) until April 1, 2014
- Review and ranking by staff
- Bring ranked project lists to Authority for review and approval on May 12, 2014

Action Item

- Staff recommends that SWIA approve the use of the proposed Priority Rating Systems incorporating noted changes to DW State Reserve Priority Category II along with the Other Considerations to determine eligibility for grants from the Wastewater Reserve and the Drinking Water Reserve



Questions