

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

January 21, 2016

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

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.

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 December 10, 2015 Minutes (Action Item)**
- 9:10 C. Attorney General’s Office Report – Phillip Reynolds**
- 9:15 D. Chair’s Remarks – Chair Colson**
- 9:20 E. Legislative Update – Chair Colson**
- 9:25 F. Ethics Education & Statement of Economic Interest Filing Reminder – Francine Durso**
- 9:30 G. Review of Applications Received for Sept. 30, 2015 Funding Round: Community Development Block Grant-Infrastructure (CDBG-I), Drinking Water SRF and Clean Water SRF – Seth Robertson**
- 9:40 H. Funding Decisions for Sept. 30, 2015 Funding Round (Action Items)**
1. CDBG-I – Julie Cubeta
 2. Clean Water SRF – Seth Robertson
 3. Drinking Water SRF – Seth Robertson
- 11:00 I. Affordability Criteria – Jennifer Haynie (Action Item)**
- 12:00 Lunch Break**
- 1:15 J. State Project Grant Priority System Update – Seth Robertson (Action Item)**
- 1:25 K. Asset Inventory and Assessment Grant – Amy Simes (Action Item)**
- 2:00 L. Merger/Regionalization Feasibility Grant – Matthew Rushing (Action Item)**

- 2:30 M. Planning for 2016 Work – Francine Durso
 - 2:45 N. Informal Comments from the Public
 - 3:00 O. Concluding Remarks by Authority Members, Chair and Counsel
 - 3:15 P. 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.

State Water Infrastructure Authority
North Carolina Department of Environmental Quality
December 10, 2015
Meeting Minutes

State Water Infrastructure Authority Members Attending Meeting

- Kim Colson, Chair; Director, Division of Water Infrastructure
- Leila Goodwin, Water Resources Engineer
- Robin Hammond, Assistant General Counsel, Local Government Commission
- Maria Hunnicutt, Manager, Broad River Water Authority
- JD Solomon, Vice President, CH2MHill
- Charles Vines, Manager, Mitchell County

Division of Water Infrastructure Staff Attending Meeting

- Julie Haigler Cubeta, Supervisor, Community Block Development Grant – Infrastructure Unit
- Francine Durso, Project Manager, Special/Technical Issues Unit
- Jennifer Haynie, Supervisor, Environmental and Special Projects Unit
- Seth Robertson, Chief, State Revolving Funds Section
- Amy Simes, Project Manager, Drinking Water Projects Unit
- Jessica Leggett, Project Manager, Environmental and Special Projects Unit
- Matthew Rushing, Project Manager, Drinking Water 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. Approval of Meeting Minutes

Mr. Colson presented the draft meeting minutes from the September 2015 Authority meeting and the October 15 and 22, 2015 Authority meetings for approval.

Action Item B:

- Ms. Goodwin made a motion to approve the September 17, 2015 Authority meeting minutes. Ms. Hammond seconded the motion. The motion passed unanimously.
- Mr. Vines made a motion to approve the October 15, 2015 Authority meeting minutes. Ms. Goodwin seconded the motion. The motion passed unanimously.
- Ms. Hammond made a motion to approve the October 22, Authority meeting minutes. Mr. Vines seconded the motion. The motion passed unanimously.

Item C. Attorney General's Office Report

Mr. Reynolds had no items on which to report.

Item D. Chair's Remarks

The Authority's Annual Report was transmitted to the Department of Environmental Quality on October 29, and to the NC General Assembly on November 2, 2015.

The Authority is nearing making decisions that will have direct implications for the spring 2016 funding round including the affordability criteria, asset inventory and assessment grants, and merger/ regionalization grants. Staff will seek approval to solicit stakeholder and public review.

As part of the master plan development, the Division has been working with the UNC Environmental Finance Center (EFC) to assess infrastructure needs across the state and hopes to have a contract in place soon to begin the work.

Ms. Vargas provided an update on the five training sessions she held with grantees of the Community Development Block Grant-Infrastructure program regarding changes in HUD requirements and to assist them in better understanding the program and sharing expectations of what is required to comply with the unique requirements of the CDBG-I grants. Attendance was good including many elected officials of the local government units.

Item E. Legislative Update

The Connect NC Bond Act was passed by the legislature and will go to public vote in March 2016. The bill provides guidance regarding the relationship of loans and grants which ties in with the affordability criteria and would provide significant resources if passed. Regarding the federal programs, Congress has not yet passed a budget that contains final appropriations.

Item F. Ethics Education and Statement of Economic Interest Filing

The Authority was reminded of their requirements for Ethics Education which must be completed every two years and the Statement of Economic Interest filing which is due every year by April 15th. The requirements for Conflict of Interest and the gift ban were reviewed. Mr. Solomon added that Professional Engineers have a higher standard than that required by the Ethics Commission in putting the public's welfare above their own.

Item G. 2016 Meeting Schedule

Under the Authority's Internal Operating Procedures, prior to the first meeting of a calendar year it must approve a schedule of regular meetings for the subsequent calendar year. A list of meeting dates for 2016 was presented noting that the Authority has already approved the meeting date of January 21.

Action Item G:

- Ms. Goodwin made a motion to approve the 2016 meeting schedule. Mr. Solomon seconded the motion. The motion passed unanimously.

Item H. Summary of Applications Received for September 30, 2015

The applications received in the September 2015 round for the Clean Water State Revolving Fund (CWSRF), Drinking Water State Revolving Fund (DWSRF) program, and the Community Development Block Grant-Infrastructure (CDBG-I) programs were summarized. A total of 85 applications were received requesting \$168.3 million. It appears that there should be enough funding available for the

requests to the CWSRF and DWSRF programs. Requests to the CDBG-I program totaled \$61.7 million and the program will have only \$14.1 million to award. The Authority will review these applications at its January 21, 2016 meeting.

Staff provided binders to each Authority member which contain the application project descriptions and additional information provided by the applicants for the CWSRF and CDBG-I programs. This funding round is the first one in which applicants could provide written additional information for consideration by the Authority. The binders also contain the guidance provided to applicants regarding the additional information that could be provided.

Item I. Affordability Criteria Development

With the approved revisions to NCGS 159G, the previous criteria using the High Unit Cost (HUC) threshold for the state grant programs no longer exists, and the criteria are now to be based on affordability. The Division presented its proposal for the affordability criteria and explained the development of each step of the potential screening process, using four tests that include both local government unit (LGU) parameters and system parameters, all of which had been discussed with and generally supported by the Authority at previous meetings. One goal of the affordability criteria is to use it as a method to pair a grant with a loan offer which will maximize the current funding resources. This pairing of funding could potentially be implemented for the spring 2016 application round.

Discussion and questions by the Authority included: the initial dataset used for the analysis and the need to consider county/special systems; whether population was the right parameter for Test 1; the use of Test 2 as a gateway (a binary yes or no) instead of bins; county and special systems; and the need for a 30 day public review period given these potential significant changes to the funding priorities.

Items that were supported by the Authority included benchmarking to overall state data, using separate datasets for water and wastewater, and using a future operating ratio of 1.3 as the boundary for Test 3.

Based on the Authority's discussion and questions, staff will conduct additional analyses which will be presented to the Authority at its January 2016 meeting. With the additional time needed to complete the analyses, present details to the Authority in January, and provide for a 21 day public review period, staff presented a schedule that would include accepting applications for the spring round on April 29, 2016 instead of the usual deadline of the end of March. An additional Authority meeting likely in March would need to be scheduled.

Action Item I:

- Ms. Goodwin made a motion to approve receiving the spring 2016 applications by April 29, and scheduling an additional Authority meeting in March 2016. Mr. Solomon seconded the motion. The motion passed unanimously.

Item J. State Project Grant Priority System Update

Staff presented proposed changes to the existing State Drinking Water Reserve Priority System and the State Wastewater Reserve Priority System with the goal to use criteria similar to the DWSRF and CWSRF Priority Rating Systems and to incorporate the new affordability criteria in place of the existing Financial Situation category. In the past, the State Reserve programs have had \$3.5 million to \$5 million in funds. Due to the General Assembly providing additional funding, this year there will be \$12.4 million in funds, and next year \$15 million will be available.

There was discussion regarding providing for green project funding similar to that available in the CWSRF program, which encompasses stormwater, energy efficiency and reuse projects. Staff suggested that with all the other changes being made to the Reserve programs, adding green projects to the mix at

this point would further increase complexity. At this time, with the high demand for water/sewer infrastructure in small, disadvantaged towns, it might be preferable to continue the focus on funding water/sewer projects without the added complexity of considering stormwater projects. In addition, the focus of the first version of the Master Plan is on water and wastewater issues and will state that stormwater and other green projects will be investigated in a later version.

Since the affordability criteria will be reviewed again by the Authority, staff will bring this item back at the January 2016 meeting.

Item K. Asset Inventory and Assessment Grant

With the approved revisions to NCGS 159G, State Reserve grant funds for infrastructure asset inventory and assessment (AIA) work can potentially be implemented for the spring 2016 application round. Staff presented draft grant application components review which included a detailed narrative and Priority Rating System.

Discussion and questions by the Authority included the need for: the narrative to explain the current situation, the system's challenges, current staffing, what the applicant intends to do with the grant funds and how it will move them toward viability; addressing service to critical customers such as hospitals and schools; addressing public health and environmental impacts; and a resolution by the governing body that commits it to use the results of the AIA grant as part of their capital improvement plan and to set rates. There was also discussion about the need for staff to meet with a grantee before they begin work to set out expectations and ensure that all parties understand what needs to be completed.

Based on the Authority's discussion and questions, staff will present revised application components to the Authority its January 2016 meeting.

Item L. Merger/Regionalization Feasibility Grant

With the approved revisions to NCGS 159G, State Reserve grant funds for merger/regionalization feasibility work can potentially be implemented for the spring 2016 application round. Staff presented draft grant application components which included a detailed narrative, Priority Rating System, and a letter from each partner utility agreeing to cooperate in the study. Staff would meet with a grantee before they begin work to set out expectations, agree on the alternatives to be evaluated and ensure that all parties understand what needs to be completed. The study would include at a minimum four analyses: the applicant maintaining sole responsibility for its system and ensuring future viability; merging; regionalizing; and one more alternative of the applicant's choosing.

Discussion and questions by the Authority included the parallels between this grant and the AIA grant regarding items to be addressed in the narrative and the need for the applicant to address whether they have ever considered or studied merger/regionalization in the past and why it failed.

Based on the Authority's discussion and questions, staff will present revised application components to the Authority its January 2016 meeting.

Item M. Master Plan Committee Report

Master Plan Committee Chair Hunnicutt summarized the on-going work of the Committee. Mr. Reynolds noted that any member of the Authority could attend the Committee meetings. Staff will develop a more detailed schedule for the draft report, Authority review, stakeholder input and report finalization. The Authority agreed that short bios of each member would be included in an appendix.

Item N. Troubled Systems Protocol Update

Staff presented three potential scenarios under which struggling LGUs might be considered for the troubled system protocol (TSP). The goal of the TSP will be to help the LGU identify and address the core reason(s) that it is troubled with the expectation that the LGU is committed to take the steps necessary to address the issues. Staff proposed and the Authority supported the concept that the analyses could be performed by an independent 3rd party contracted by the Division with the goal of using the same process of evaluation for any participating LGU. Division staff will meet with Local Government Commission (LGC) staff in February to start development of the protocol.

Item O. Planning for 2016 Work

Staff briefly presented ideas for areas of focus for work by the Authority and Division in 2016; these will be discussed further at the January 2016 meeting.

Item P. Informal Comments from the Public

Mr. 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 O. Concluding Remarks by Authority Members, Chair, and Counsel

The next Authority meeting date is January 21, 2016 at the NC Rural Economic Development Center. The Authority will be approving the eligibility for funding for applications received in the September 2015 round for the CWSRF, DWSRF and CDBG-I programs.

Item P. Adjourn – The meeting was adjourned.



UNC-EFC is offering the following for State Water Infrastructure Authority Members:

- **Attend Wed. Feb 10th afternoon only at no charge (includes lunch)**

Otherwise, to attend more sessions or entire course, the cost is \$250; please register on-line

Agenda

UNC School of Government
Environmental Finance Center

2016 Water and Wastewater Finance Workshop

February 9-10, 2016

Tuesday, February 9

9:00 Continental Breakfast/Registration

9:30 **Introduction/Capital Finance Overview**

[Jeff Hughes](#), Director, School of Government Environmental Finance Center

10:30 Break

10:45 **Water Finance Legal Issues and Trends**

Update on evolving legal issues (e.g. availability charges, impact fees, inter local agreement Pre-audit requirements, Pending Cases)

[Kara Millonzi](#), School of Government

12:00 Lunch

1:00 **Water and Sewer Rates!**

[Jeff Hughes](#)

[Shadi Eskaf](#), Senior Project Director Environmental Finance Center

[David Tucker](#), Project Director Environmental Finance Center

2:45 Break

3:00 **Navigating Inter-local Agreements**

Presentation of examples of partnership agreements and discussion of the planning and implementation challenges of forging successful partnerships.

[Jeff Hughes](#)

[Andy Yates](#), University of North Carolina

[Don Greeley](#), City of Durham

4:30 **Adjourn**



Wednesday, February 10

- 8:00** Continental Breakfast
- 8:30** **One Time Capital Charges and Fees (System Development Charges, Assessments, Impact Fees ETC.)**
Jeff Hughes
- 9:30** Break
- 9:45** **Affordability!?!?**
Discussion of different approaches and systems for measuring and addressing customer affordability
Jeff Hughes
Ed Buchan, City of Raleigh
- 11:00** Break
- 11:15** **Creative Water and Wastewater Finance**
What's New and Emerging in the world of water finance (Alternative Energy, Distributed Infrastructure, Green Bonds, Micro-Bonds, Assessment Bonds, P3)
Jeff Hughes
Project Representative
- 12:00** Lunch
- 1:00** **Finding the Money! Capital Finance Programs and Options**
Dennis DeLong, USDA Rural Development Water and Sewer Programs
Kim Colson, Director, Division of Water Infrastructure/Chair of State Water Infrastructure Authority (SWIA), NCDEQ
- 3:00** Wrap up and adjourn

State Water Infrastructure Authority
Meeting Date: January 21, 2016
Agenda Item F – Ethics Education and Statement of Economic Interest Filing

Division of Water Infrastructure Staff Report

Background:

Members of the State Water Infrastructure Authority are subject to the State Government Ethics Act (North Carolina General Statute § 138A) and are required to attend a basic ethics and lobbying education presentation within six months of appointment, and attend a refresher presentation at least every two (2) years thereafter. The presentation is offered [online](#) and [live at Raleigh-only and distance education sites](#).

In addition to ethics and lobbying education, each member is required to submit a Statement of Economic Interest (SEI) every year by April 15.

The table below shows information provided by the State Ethics Commission for each Authority member:

| Name | Ethics and Lobbying Education | | End Date of Appointment |
|-----------------------|-------------------------------|--------------------|-------------------------|
| | Education Received Date | Education Due Date | |
| Kim Colson | 8-18-14 | 8-18-16 | – |
| Dr. Patricia Mitchell | 7-7-14 | 7-7-16 | – |
| Robin Hammond | 4-30-15 | 4-30-17 | – |
| JD Solomon | 5-9-14 | 5-9-16 | 6-30-16 |
| Leila Goodwin | 3-28-14 | 3-28-16 | 6-30-16 |
| Charles Vines | 3-13-14 | 3-13-16 | 7-1-15 |
| Cal Stiles | 9-7-14 | 9-7-16 | 6-30-16 |
| Maria Hunnicutt | 9-9-14 | 9-9-16 | 6-30-17 |

Actions Needed by Authority Members:

Each Authority member should attend the basic ethics and lobbying education presentation either [online](#) or [live at Raleigh-only and distance education sites](#) prior to their education due date.

Each Authority member should submit their SEI prior to April 15, 2016. See <http://www.ethicscommission.nc.gov/sei/default.aspx> for information.

State Water Infrastructure Authority

Meeting Date: January 21, 2016

Agenda Item H.1 – Funding Decisions for September 30, 2015 Funding Round: CDBG-I

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 September 30, 2015, the Division received 40 applications for funding for the Community Development Block Grant-Infrastructure (CDBG-I) grant program, requesting a total of \$61,661,317. 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 July 2015 meeting, Division staff reviewed and ranked each complete, eligible application. There is \$14,107,757 available in FY 2015 funds this round.

Staff prepared the spreadsheets for Agenda Item H.1 which contains summarized information about the applications along with points verified by staff.

Staff Recommendation:

Community Development Block Grant-Infrastructure Grants:

This staff report presents four examples of potential scenarios for project funding. Under any of the scenarios and based upon the use of the CDBG-I Priority Rating System for each application, staff recommends that the Authority approve the rank of the following six applications as eligible to receive a CDBG-I grant. The project numbers correspond with the project numbers on the spreadsheet.

| Project No. | Applicant Name | Project Name | Engineering Firm | Funding Amount |
|---|----------------------|---|--------------------------------|--------------------|
| 1 | Tabor City, Town of | 2015 Inflow and Infiltration Improvements Project | The Adams Company | \$2,000,000 |
| 2 | Andrews, Town of | Payne Street Area Sewer Improvements | McGill Associates, P.A. | \$2,000,000 |
| 3 | Ayden, Town of | 2015 Sanitary Sewer Improvements | McDavid Associates, Inc. | \$1,031,725 |
| 5 | Long View, Town of | Shuford Area Water and Sewer Replacement Project | McGill Associates, P.A. | \$1,965,700 |
| 7 | Elm City, Town of | Elm City Water System Improvements | Municipal Engineering Services | \$775,000 |
| 8 | Bakersville, Town of | Bakersville CDBG Water Project | W.K. Dickson & Co., Inc. | \$1,999,500 |
| Total for CDBG Projects 1-3, 5, 7 and 8: | | | | \$9,771,925 |

Additional detail on two projects ranked within the top eight projects are provided to the Authority for its consideration. These are projects 4 and 6, submitted by the Town of Selma and by the Town of Yanceyville.

| Project No. | Applicant Name | Project Name | Engineering Firm | Funding Amount |
|-------------|----------------------|------------------------------------|-------------------------------------|----------------|
| 4 | Selma, Town of | Ricks Road Sewer Improvements | The Wooten Company | \$1,289,900 |
| 6 | Yanceyville, Town of | Wastewater Treatment Plant Upgrade | Alley, Williams, Carmon, King, Inc. | \$2,000,000 |

Selma’s Ricks Road Sewer Improvements project would extend sewer service to 22 occupied mobile homes, and serve a total of 42 lots in the mobile home park. The mobile home park has a 50 percent septic system failure rate. A sewer line exists at the property line of the mobile home park, the receiving line and pump station do not have capacity. These lines have a history of sanitary sewer overflows dating back to the 1990s. As a result, in addition to serving the mobile home park, this project would reroute the flow via a new force main and upsize the existing pump station, connecting to Johnston County’s wastewater system.

The Town of Yanceyville received a CWSRF loan of \$1,250,000 (\$497,000 in principal forgiveness) in May 2014 to replace an existing sludge lagoon with an aerobic digester and a digester storage tank. The same project, but with the addition of the lagoon closure expenses, ranks high enough to be recommended for funding in the CDBG program. The engineering report for the CWSRF project is finished and has been approved by the Clean Water SRF Program. If the project is approved for funding with CDBG-Infrastructure funds, the engineering report costs would not be reimbursable from CDBG funds.

SCENARIO NO. 1:

Scenario No. 1 would fund projects 1-3, 5, 6 (Yanceyville), 7 and 8, and would not fund the Town of Selma. In addition to the previously recommended six projects plus Yanceyville, this scenario provides full funding for the Town of Aulander’s project, and provides partial funding for **one** of the next three projects. The Town of Aulander’s project is a sewer rehabilitation project; the Town of Troy’s project rehabilitates both water and sewer lines in three low-to-moderate areas in Troy, and the Town of Stantonsburg’s project rehabilitates sewer lines contributing to overflows at the wastewater treatment plant. Scenario No. 1 is presented on the following page.

| Project No. | Applicant Name | Project Name | Engineering Firm | Funding Requested | Funding Available |
|---|-----------------------|---|-------------------------------------|-------------------|---------------------|
| 1 | Tabor City, Town of | 2015 Inflow and Infiltration Improvements Project | The Adams Company | \$2,000,000 | \$2,000,000 |
| 2 | Andrews, Town of | Payne Street Area Sewer Improvements | McGill Associates, P.A. | \$2,000,000 | \$2,000,000 |
| 3 | Ayden, Town of | 2015 Sanitary Sewer Improvements | McDavid Associates, Inc. | \$1,031,725 | \$1,031,725 |
| 4 | Selma, Town of | Ricks Road Sewer Improvements | The Wooten Company | \$1,289,900 | Not funded |
| 5 | Long View, Town of | Shuford Area Water and Sewer Replacement Project | McGill Associates, P.A. | \$1,965,700 | \$1,965,700 |
| 6 | Yanceyville, Town of | Wastewater Treatment Plant Upgrade | Alley, Williams, Carmon, King, Inc. | \$2,000,000 | \$2,000,000 |
| 7 | Elm City, Town of | Elm City Water System Improvements | Municipal Engineering Services | \$775,000 | \$775,000 |
| 8 | Bakersville, Town of | Bakersville CDBG Water Project | W.K. Dickson & Co., Inc. | \$1,999,500 | \$1,999,500 |
| 9 | Aulander, Town of | Sewer System Improvements | The Wooten Company | \$1,741,549 | \$1,741,549 |
| SCENARIO NO. 1 SUBTOTAL | | | | | \$13,513,474 |
| 10 | Troy, Town of | Water and Sewer Replacement Project | McGill Associates, P.A. | \$2,000,000 | \$594,283 |
| 11 | Brunswick, Town of | Bish Ford and Davis Sewer Extension | The Adams Company | \$957,330 | \$594,283 |
| 12 | Stantonsburg, Town of | Sanitary Sewer Replacement | Municipal Engineering Services | \$675,000 | \$594,283 |
| SUBTOTAL PLUS <u>ONE</u> OF THE ABOVE PROJECTS | | | | | \$14,107,757 |

SCENARIO NO. 2:

Scenario No. 2 funds projects 1-5 (includes Selma), and 7 and 8 and would not fund the Town of Yanceyville's project. This scenario provides full funding for the Town of Aulander's project, and provides partial funding for the Town of Troy's project.

| Project No. | Applicant Name | Project Name | Engineering Firm | Funding Requested | Funding Available |
|-----------------------------|----------------------|---|-------------------------------------|-------------------|---------------------|
| 1 | Tabor City, Town of | 2015 Inflow and Infiltration Improvements Project | The Adams Company | \$2,000,000 | \$2,000,000 |
| 2 | Andrews, Town of | Payne Street Area Sewer Improvements | McGill Associates, P.A. | \$2,000,000 | \$2,000,000 |
| 3 | Ayden, Town of | 2015 Sanitary Sewer Improvements | McDavid Associates, Inc. | \$1,031,725 | \$1,031,725 |
| 4 | Selma, Town of | Ricks Road Sewer Improvements | The Wooten Company | \$1,289,900 | \$1,289,900 |
| 5 | Long View, Town of | Shuford Area Water and Sewer Replacement Project | McGill Associates, P.A. | \$1,965,700 | \$1,965,700 |
| 6 | Yanceyville, Town of | Wastewater Treatment Plant Upgrade | Alley, Williams, Carmon, King, Inc. | \$2,000,000 | Not Funded |
| 7 | Elm City, Town of | Elm City Water System Improvements | Municipal Engineering Services | \$775,000 | \$775,000 |
| 8 | Bakersville, Town of | Bakersville CDBG Water Project | W.K. Dickson & Co., Inc. | \$1,999,500 | \$1,999,500 |
| 9 | Aulander, Town of | Sewer System Improvements | The Wooten Company | \$1,741,549 | \$1,741,549 |
| 10 | Troy, Town of | Water and Sewer Replacement Project | McGill Associates, P.A. | \$2,000,000 | \$1,304,383 |
| SCENARIO NO. 2 TOTAL | | | | | \$14,107,757 |

SCENARIO NO. 3:

Scenario No. 3 funds projects 1-3, 5, 7 and 8, and would not fund the Town of Selma nor the Town of Yanceyville. This scenario would provide full funding for the Town of Aulander, the Town of Troy, and partial funding for the Town of Brunswick or partial funding for the Town of Stantonsburg.

| Project No. | Applicant Name | Project Name | Engineering Firm | Funding Requested | Funding Available |
|---|-----------------------|---|-------------------------------------|-------------------|---------------------|
| 1 | Tabor City, Town of | 2015 Inflow and Infiltration Improvements Project | The Adams Company | \$2,000,000 | \$2,000,000 |
| 2 | Andrews, Town of | Payne Street Area Sewer Improvements | McGill Associates, P.A. | \$2,000,000 | \$2,000,000 |
| 3 | Ayden, Town of | 2015 Sanitary Sewer Improvements | McDavid Associates, Inc. | \$1,031,725 | \$1,031,725 |
| 4 | Selma, Town of | Ricks Road Sewer Improvements | The Wooten Company | \$1,289,900 | Not Funded |
| 5 | Long View, Town of | Shuford Area Water and Sewer Replacement Project | McGill Associates, P.A. | \$1,965,700 | \$1,965,700 |
| 6 | Yanceyville, Town of | Wastewater Treatment Plant Upgrade | Alley, Williams, Carmon, King, Inc. | \$2,000,000 | Not Funded |
| 7 | Elm City, Town of | Elm City Water System Improvements | Municipal Engineering Services | \$775,000 | \$775,000 |
| 8 | Bakersville, Town of | Bakersville CDBG Water Project | W.K. Dickson & Co., Inc. | \$1,999,500 | \$1,999,500 |
| 9 | Aulander, Town of | Sewer System Improvements | The Wooten Company | \$1,741,549 | \$1,741,549 |
| 10 | Troy, Town of | Water and Sewer Replacement Project | McGill Associates, P.A. | \$2,000,000 | \$2,000,000 |
| SCENARIO NO. 3 SUBTOTAL | | | | | \$13,513,474 |
| 11 | Brunswick, Town of | Bish Ford and Davis Sewer Extension | The Adams Company | \$957,330 | \$594,283 |
| 12 | Stantonsburg, Town of | Sanitary Sewer Replacement | Municipal Engineering Services | \$675,000 | \$594,283 |
| SUBTOTAL PLUS <u>ONE</u> OF THE ABOVE PROJECTS | | | | | \$14,107,757 |

SCENARIO NO. 4:

Scenario No. 4 funds projects 1 – 8, and partially funds the Town of Aulander’s project.

| Project No. | Applicant Name | Project Name | Engineering Firm | Funding Requested | Funding Available |
|-----------------------------|-----------------------|---|-------------------------------------|--------------------------|--------------------------|
| 1 | Tabor City, Town of | 2015 Inflow and Infiltration Improvements Project | The Adams Company | \$2,000,000 | \$2,000,000 |
| 2 | Andrews, Town of | Payne Street Area Sewer Improvements | McGill Associates, P.A. | \$2,000,000 | \$2,000,000 |
| 3 | Ayden, Town of | 2015 Sanitary Sewer Improvements | McDavid Associates, Inc. | \$1,031,725 | \$1,031,725 |
| 4 | Selma, Town of | Ricks Road Sewer Improvements | The Wooten Company | \$1,289,900 | \$1,289,900 |
| 5 | Long View, Town of | Shuford Area Water and Sewer Replacement Project | McGill Associates, P.A. | \$1,965,700 | \$1,965,700 |
| 6 | Yanceyville, Town of | Wastewater Treatment Plant Upgrade | Alley, Williams, Carmon, King, Inc. | \$2,000,000 | \$2,000,000 |
| 7 | Elm City, Town of | Elm City Water System Improvements | Municipal Engineering Services | \$775,000 | \$775,000 |
| 8 | Bakersville, Town of | Bakersville CDBG Water Project | W.K. Dickson & Co., Inc. | \$1,999,500 | \$1,999,500 |
| 9 | Aulander, Town of | Sewer System Improvements | The Wooten Company | \$1,741,549 | \$1,045,932 |
| SCENARIO NO. 4 TOTAL | | | | | \$14,107,757 |

| 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 | |

Agenda Item H-1 – CDBG-I Priority Rating System for Sept. 2015 Application Round

| | | | |
|------------|---|----|--|
| 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 DENR 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 | |

Agenda Item H-1 – CDBG-I Priority Rating System for Sept. 2015 Application Round

| | | | |
|------------|--|---------------|-----------------------|
| 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 | | |
| | 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) | | |

Agenda Item H-1 – CDBG-I Priority Rating System for Sept. 2015 Application Round

| | 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 | Calculation; cap = 15 | |
| 4.H | Low to Moderate Income | Calculation | |
| | Subtotal for Category 4 – Financial Situation (max = 50) | | |
| | Total of Points for All Categories: | | |

Community Development Block Grant - Infrastructure (CDBG-I) - Sept. 2015 Application Round
Recommendations for Funding - Agenda Item H-1

| Project No. | Applicant Name | Engineering Firm | Project Description | Provided Additional Information | Number of New Connections | \$ per Connection | LMI % | County | CDBG-I Grant Request | CDBG-I Grant | Total Project Cost | Points Submitted | Points Verified (Total All Categories) | Project Purpose | Project Benefit | System Management | Financial Situation | Difference in Points Claimed & Verified | Staff Notes |
|-------------|---------------------|--------------------------|--|---------------------------------|---------------------------|-------------------|--------|-----------------|----------------------|--------------|--------------------|------------------|--|-----------------|-----------------|-------------------|---------------------|--|--|
| 1 | Tabor City, Town of | The Adams Company, Inc. | The proposed improvements include approximately 6,700 LF of 8" gravity sewer line replacement along streets tributary to the 4th Street Pump Station. The proposed project will eliminate I&I concerns and related environmental impacts by replacing the existing old vitrified clay collection lines (44 years old) with new PVC gravity sewer lines. Elimination of the I&I will reduce wear and maintenance on the 4th Street Pump Station, eliminate high risk of SSOs and reduce spikes at the WWTP. | X | | | 92.60 | Columbus | \$2,000,000 | \$2,000,000 | \$2,050,000 | 91.34 | 86.19 | 15 | 15 | 15 | 41.19 | 2.E.1. Town has not entered into an SOC (-5). 4.H. (-.15). Applicant claimed 93%, we calculated 92.6% LMI | |
| 2 | Andrews, Town of | Mc Gill Associates, P.A. | This project will install 4150 LF of 8" DIP with associated manholes and associated replacement of adjacent storm drain piping and surface restoration on four streets. Existing lines are 8, 6, and 4-inch VCP and in extremely poor condition. The poor condition of the sewer lines has resulted in overflows, leaks and backups into homes. | X | | | 96.00 | Cherokee | \$2,000,000 | \$2,000,000 | \$2,000,000 | 85.14 | 85.14 | 15 | 18 | 15 | 37.14 | | |
| 3 | Ayden, Town of | McDavid Associates, Inc. | The replacement of approximately 1,300 LF of waterlines and 1,000 LF of gravity sewer collection to eliminate sections of 40+ year old piping contributing to inflow/infiltration issues. Replacement of existing 8 inch sewer lines with 8 inch sewer lines will not result in an increase in capacity. | | | | 100.00 | Pitt | \$1,031,725 | \$1,031,725 | \$1,031,725 | 83.24 | 85.00 | 15 | 15 | 15 | 40.00 | 4.F. Applicant claimed 23.2% PR, actually is 27.1% (+1.76). | |
| 4 | Selma, Town of | The Wooten Company | The project will extend approximately 1,450 LF of 8" gravity sewer to serve a mobile home park with failing septic tanks. The existing pumping station servicing the project area will be expanded to handle the additional flow, and the discharge of the pumping station will be relocated due to overflow problems at the discharge manhole. The project will reroute 3,960 LF of 6" force main to resolve the overflow problems. | X | 22* | \$59,940 | 96.50 | Johnston | \$1,289,900 | \$1,289,900 | \$1,318,700 | 90.73 | 80.73 | 5 | 20 | 5 | 50.73 | 1. E.2. Applicant claimed two project purposes; may only claim one. (-10). | * there are 42 lots total in the MHP; only 22 are occupied |
| 5 | Long View, Town of | Mc Gill Associates, P.A. | The proposed water project will rehab/replace approximately 3,400 LF of pre-1946 water lines, with valves and related appurtenances. The proposed sewer project will rehab/replace approximately 3,900 LF of 8-inch sewer lines, manholes, service taps and related appurtenances. The proposed sewer project will replace sewer lines that have documented sewer back-ups into the homes in the project area. | X | | | 83.50 | Catawba & Burke | \$1,965,700 | \$1,965,700 | \$1,965,700 | 81.13 | 77.49 | 15 | 20 | 15 | 27.49 | 4.H. Applicant claimed LMI=92.4%, we calculated 83.5%. (-3.64). | |

| Project No. | Applicant Name | Engineering Firm | Project Description | Provided Additional Information | Number of New Connections | \$ per Connection | LMI % | County | CDBG-I Grant Request | CDBG-I Grant | Total Project Cost | Points Submitted | Points Verified (Total All Categories) | Project Purpose | Project Benefit | System Management | Financial Situation | Difference in Points Claimed & Verified | Staff Notes |
|-------------|----------------------|-------------------------------------|--|---------------------------------|---------------------------|-------------------|-------|------------|----------------------|--------------|--------------------|------------------|--|-----------------|-----------------|-------------------|---------------------|---|---|
| 6 | Yanceyville, Town of | Alley, Williams, Carmen, King, Inc. | Installation of a 60-ft diameter aerobic digester with a 40-HP floating aerator, a 6-ft diameter sludge storage tank with a 40-HP floating aerator, flow equalization pumps and controls, installation of automatic influent grit and chamber and bar screen, new standby generator for existing SBR operation, and lagoon closure. The Town desires to provide a new aerobic digester and digester storage tank to replace the existing lagoon this is for a better long term solution to their solids handling and management program. The lagoon is proposed to be drained, solids removed and decommissioned to prevent future water accumulation. | X | | | 76.30 | Caswell | \$2,000,000 | \$2,000,000 | \$2,000,000 | 76.31 | 76.31 | 15 | 3 | 13 | 45.31 | | SRF loan awarded May 2014 for same project. Engineering report approved. |
| 7 | Elm City, Town of | Municipal Engineering Services | This project consists of replacing approximately 6,225 LF of 6" water lines with new hydrants, new valves and new service connections. This project will replace old, undersized water lines in specific areas of the Town's water distribution system where pressure and water quality problems exist. | | | | 78.10 | Wilson | \$775,000 | \$775,000 | \$775,000 | 75.74 | 75.74 | 15 | 15 | 15 | 30.74 | | |
| 8 | Bakersville, Town of | WK Dickson & Co., Inc. | This project will replace 6800 LF of water main, install approximately 270 new meters and service connections, and replace meters older than 25 years old. In addition, the project will construct a new well to serve as a secondary water source, as required by state regulation. | X | | | 73.00 | Mitchell | \$1,999,500 | \$1,999,500 | \$2,051,000 | 85.11 | 75.72 | 5 | 20 | 15 | 35.72 | | 1.C. (-10), and 1.C.1. (-5) Applicant claimed two project purposes; may only claim one (-15). 4.H. Applicant claimed 71.5% LMI; we calculated 73%. (+.61). |
| 9 | Aulander, Town of | The Wooten Company | The project will correct deficiencies in the collection system to reduce the quantity of inflow and infiltration (I/I) to the town's system. The project will rehabilitate of 5,170 LF of gravity sewer and replace 4,230 LF of sewer line and replace of thirty (30) manholes. | X | | | 80.39 | Bertie | \$1,741,549 | \$1,045,932 | \$1,741,549 | 75.18 | 74.55 | 15 | 18 | 15 | 26.55 | | 4.H. Applicant claimed 81.93% LMI, we calculated 80.36% (-.63). |
| 10 | Troy, Town of | McGill Associates, P.A. | This project will rehabilitate water and sewer line in three low income areas in Troy. The project will replace approximately 4600 LF of existing 6" and 8" VCP, including manholes and appurtenances. Existing VCP lines will be replaced with 8" PVC and DIP. Brick manholes will be replaced with precast concrete. This project will also replace 4900 LF of existing 1", 2", and 6" water lines, valves and appurtenances. The 1" and 2" lines will be replaced with 6" PVC and ductile iron pipe. Water meters will be replaced. | X | | | 92.01 | Montgomery | \$2,000,000 | | 2,000,000 | 77.23 | 74.20 | 15 | 20 | 0 | 39.20 | | 3.A. CIP did not follow template (-3). 4.H. Applicant claimed 92.1% LMI, we calculated 92%. (-.03). |

| Project No. | Applicant Name | Engineering Firm | Project Description | Provided Additional Information | Number of New Connections | \$ per Connection | LMI % | County | CDBG-I Grant Request | CDBG-I Grant | Total Project Cost | Points Submitted | Points Verified (Total All Categories) | Project Purpose | Project Benefit | System Management | Financial Situation | Difference in Points Claimed & Verified | Staff Notes |
|-------------|-----------------------|--------------------------------|---|---------------------------------|---------------------------|-------------------|-------|----------|----------------------|--------------|--------------------|------------------|--|-----------------|-----------------|-------------------|---------------------|---|--|
| 11 | Brunswick, Town of | The Adams Company, Inc. | This project will install 1,950 linear feet of new 8" gravity sewer lines, 1,000 LF of 4" force main, one new lift station, connect 21 homes to the new system and crush and fill 21 old septic tanks. Several homes are straight piping grey wastewater directly to ditches which is a clear violation of regulations. | X | 21 | \$46,778 | 73.30 | Columbus | \$957,330 | | \$982,330 | 85.58 | 72.83 | 5 | 20 | 10 | 37.83 | 1.C. (-10) and 1.E. 2. (-10) : Applicant claimed two project purposes; may only claim one (-20). 4.H. Applicant claimed 80% LMI, we calculated 73.3% (-2.75). | |
| 12 | Stantonsburg, Town of | Municipal Engineering Services | The project consists of the rehabilitation and/or replacement of approx. 2,260 LF of 8" terra cotta sewer line and associated brick manholes in Stantonsburg. New 8" PVC or ductile iron sewer pipe will be installed to replace old clay pipe. Steel reinforced precast concrete manholes will be installed to replace the old brick manholes. | | | | 79.60 | Wilson | \$675,000 | | \$675,000 | 75.87 | 70.86 | 15 | 15 | 13 | 27.86 | 2.E.2. It is not clear that the repairs will entirely resolve the NOVs (-3). 3.E Water Loss Reduction Program water loss numbers are not approximate with the Local Water Supply Plan. (-2). 4.H. Applicant calculated 79.59% LMI, we calculated 79.58% (-.01). | Claimed more benefit points than were available, hence the -2 on 3.E |
| 13 | Murphy, Town of | Mc Gill Associates, P.A. | Water: The proposed project will replace approximately 1,000 LF of 8-inch asbestos cement pipe with approximately 1,000 LF of 8-inch DIP (ductile iron pipe) waterline. Sewer: The proposed project will replace approximately 3,700 LF of 6-inch vitrified clay pipe with 3,700 LF of 8-inch DIP (ductile iron pipe). Water and Sewer lines are in the same footprint. | X | | | 87.60 | Cherokee | \$2,000,000 | | \$2,000,000 | 80.52 | 69.71 | 15 | 20 | 3 | 31.71 | 3.D. Did not submit a source water protection plan(-5). 3.E. Did not submit a Water Loss Prevention Program (-5). 4.G. Applicant miscalculated W/S rates (+.7). 4.H. Applicant claimed 91.3% LMI, we calculated 87.6% (-1.51). | |

| Project No. | Applicant Name | Engineering Firm | Project Description | Provided Additional Information | Number of New Connections | \$ per Connection | LMI % | County | CDBG-I Grant Request | CDBG-I Grant | Total Project Cost | Points Submitted | Points Verified (Total All Categories) | Project Purpose | Project Benefit | System Management | Financial Situation | Difference in Points Claimed & Verified | Staff Notes |
|-------------|----------------------|----------------------------------|--|---------------------------------|---------------------------|-------------------|-------|---------|----------------------|--------------|--------------------|------------------|--|-----------------|-----------------|-------------------|---------------------|---|--|
| 14 | Grantsboro, Town of | McDavid Associates, Inc. | This project will install 6540 LF of 6" low pressure sewer main and 615 LF of 2" force main to serve 54 homes where there is a 25.9% septic system failure rate. STEP systems will be installed using CDBG funds at the 39 homes that are LMI. A large sewer system pump station, and 10,800 LF of 6" sewer force main to send wastewater to the WWTP in Bayboro is included. | X | 54 | \$37,037 | 82.40 | Pamlico | \$2,000,000 | | \$2,000,000 | 67.27 | 67.27 | 10 | 20 | 5 | 32.27 | | |
| 15 | Burke County | West Consultants, PLLC | The project will install 19,130 LF of 8-inch water lines on NC 18 South and 13,000 lf of 8-inch water lines on Rhoney Road to Old NC-18S. The project will address inadequate chlorine levels in the Music Mountain water system at the north end of this Hwy 18S project. The project will also serve 19 homes with dry wells and/or drinking water with acute and non-acute contamination. | X | 19 | \$105,263 | 86.40 | Burke | \$2,000,000 | | \$2,000,000 | 64.87 | 67.15 | 10 | 20 | 8 | 29.15 | 4.G. Applicant miscalculated W/S rates (+.07). 4.H. Applicant claimed 81% LMI, we calculated 86.4%. (+.2.21). | Linear feet in budget vs. description do not match |
| 16 | Black Creek, Town of | Herring-Sutton & Associates, P.A | The project will install approx. 7200 LF of 8" gravity sanitary sewer and 8400 LF of 4" sewer force main to serve 54 LMI residences. In addition, approx. 54 existing failing or non-code compliant septic tanks will be abandoned. Three new wastewater pumping stations will be constructed to transfer the collected wastewater to the existing 35 year old Evansdale Regional pump station. Two aging pump stations will be rehabilitated. | X | 54 | \$37,037 | 82.40 | Wilson | \$2,000,000 | | \$2,000,000 | 82.12 | 65.87 | 5 | 20 | 15 | 25.87 | Pts.1.C. (-10), and 1.C.1. (-5) : Applicant claimed two project purposes; may only claim one (-15). 4.F. Incorrect poverty rate used (-4.52). 4.H Applicant claimed 86.6% LMI, we calculated 82.4% (-1.73). | |
| 17 | Parmele, Town of | McDavid Associates, Inc. | This project will construct central sewer infrastructure to serve 17 residences. The septic systems at these homes are failing. Construction will include 3000+/- LF of gravity sewer collection line and two sewer pump stations. Parmele currently pumps all sewer to the Town of Robersonville for treatment. | X | 17 | \$117,647 | 67.60 | Martin | \$2,000,000 | | \$2,000,000 | 90.97 | 65.38 | 5 | 20 | 13 | 27.38 | 1.E.2. Applicant claimed two project purposes; may only claim one (-10). 4.F. Incorrect poverty rate used (-2.35). 4.H. Applicant claimed 100% LMI; we calculated 67.6%. (-13.24). | |

| Project No. | Applicant Name | Engineering Firm | Project Description | Provided Additional Information | Number of New Connections | \$ per Connection | LMI % | County | CDBG-I Grant Request | CDBG-I Grant | Total Project Cost | Points Submitted | Points Verified (Total All Categories) | Project Purpose | Project Benefit | System Management | Financial Situation | Difference in Points Claimed & Verified | Staff Notes |
|-------------|-----------------------|--------------------------------|---|---------------------------------|---------------------------|-------------------|-------|------------|----------------------|--------------|--------------------|------------------|--|-----------------|-----------------|-------------------|---------------------|--|-------------|
| 18 | Murfreesboro, Town of | McDavid Associates, Inc. | This project will extend central sewer to 22 residences where over 20 percent of the septic systems have failed. Project will install 3,500 LF of gravity sewer collection line, a duplex sewer pump station and force main to collect and pump sewer to the Murfreesboro WWTP. | | 22 | \$90,909 | 81.80 | Hertford | \$2,000,000 | | \$2,000,000 | 77.64 | 65.11 | 5 | 20 | 15 | 25.11 | 1.E.2.Applicant claimed two project purposes; may only claim one (-10). 4. F. Incorrect poverty rate used (-2.53). | |
| 19 | Fremont, Town of | Municipal Engineering Services | This project will rehabilitate a pump station that requires a polymeric lining, repair and/ or replacement of pumps, odor control, air/ vacuum release valves, automatic transfer switches, an overhaul of the diesel generators and replacement of the SCADA system. The project will also replace 2,600 LF of 8-inch gravity sewer, install 6,250 LF of cured-in-place pipe lining and polymeric lining for 50 manholes and repair and replacement of 135 service laterals. | X | | | 73.40 | Wayne | \$2,000,000 | | \$2,000,000 | 67.29 | 65.08 | 15 | 3 | 15 | 32.08 | 4.H. Applicant claimed 78.8, we calculated 73.4% (-2.21). | |
| 20 | Rutherford County | Odom Engineering | The project will include the installment of 800 LF of 6-inch PVC waterline and 1,000 LF of 2-inch PVC waterline including valves, hydrants and other appurtenances to connect to Broad River Water Authority's existing waterline. Project includes tap fees and the connection of service lines to 31 homes. The project will abandon a system deemed non-viable by NCDEQ-PWS due to lack of managerial, financial and technical capacity. | X | 31 | \$6,129 | 77.50 | Rutherford | \$190,000 | | \$190,000 | 70.59 | 64.06 | 10 | 20 | 8 | 26.06 | 1.A Applicant described two project purposes; may only claim one (-15). 3.E. Water Loss Prevention Plan does not follow template (-5). 4.G. Combined water and sewer rate is >2.5% (+3.35). 4.H. Applicant claimed 77.2% LMI, we calculated 77.5% (+.12). | |
| 21 | Roper, Town of | The Wooten Company | The proposed project will provide critical improvements to both the Water Treatment Plant (WTP) and the water distribution system. WTP improvements include the replacement of the piping, fittings, and brackets and pipe supports; pressure filter, high service pump, flow meter, elevated tank, filter backwash holding tank; new static mixer, and rehabilitation of existing clearwell. Waterline replacements include 1,000 LF of 2" galvanized steel waterline, and 840 LF of 6", and 700 LF of 8" PVC waterline, three new fire hydrants, two blow offs and 10 new valves. | X | | | 76.60 | Washington | \$1,092,000 | | \$1,092,000 | 77.65 | 62.65 | 15 | 3 | 8 | 36.65 | 2.K. Water loss could not be verified (-10). 3.E. Water loss info inconsistent with the Water Loss Program and the Local Water Supply Plan (-5). | |

| Project No. | Applicant Name | Engineering Firm | Project Description | Provided Additional Information | Number of New Connections | \$ per Connection | LMI % | County | CDBG-I Grant Request | CDBG-I Grant | Total Project Cost | Points Submitted | Points Verified (Total All Categories) | Project Purpose | Project Benefit | System Management | Financial Situation | Difference in Points Claimed & Verified | Staff Notes |
|-------------|---------------------|--------------------------|--|---------------------------------|---------------------------|-------------------|-------|-----------|----------------------|--------------|--------------------|------------------|--|-----------------|-----------------|-------------------|---------------------|--|-------------|
| 22 | Graham County | Mc Gill Associates, P.A. | This project will extend 11,800 LF of 8" diameter sewer line to serve between 4 and 5 LMI housing rehabilitation projects on Old Sweetwater Rd in Graham County. In addition, 20 other LMI homes with failing septic systems will be connected to the sewer line. | X | 24 | \$83,333 | 74.10 | Graham | \$2,000,000 | | \$2,000,000 | 71.75 | 62.22 | 15 | 15 | 5 | 27.22 | 3.D. Did not submit a source water protection plan(-5). 3.E. Did not submit a Water Loss Prevention Program (-5). 4.G. W/S rates calculated incorrectly (-.21). 4.H. Applicant claimed 72.4% LMI; we calculated 74.1%. (+.68). | |
| 23 | Jonesville, Town of | McGill Associates, P.A. | This project will replace existing water lines with 11, 800 LF of 6-inch water line and 1,300 LF of 8-inch water line in the proposed area. The existing lines within these areas have surpassed their useful design life, and have a significant need for improvements. | | | | 66.50 | Yadkin | \$2,000,000 | | \$2,000,000 | 61.59 | 61.93 | 15 | 10 | 5 | 31.93 | 4.H. Applicant claimed 65.7% LMI; we calculated 66.5% (+.34). | |
| 24 | Sparta, Town of | Anderson & Anderson | This project will replace the Town's approximately 100 gpm booster pump station with a new 100 gpm pump station to modern standards. The project will replace existing aging and leaking water lines with like for like replacement and upgrade some 2-inch water lines to 6-inch water lines. The project will reduce water loss and address low pressure in the water system, and increase access to additional water storage and improve operating pressures. | X | | | 63.50 | Alleghany | \$602,000 | | \$602,000 | 73.41 | 61.83 | 15 | 15 | 15 | 16.83 | 4.G. There are 2 water and sewer rate forms in the application with different water and sewer rates. Both forms are signed and neither form is the same amount given on the application. (-12.15). 4.H. Applicant claimed 62.1% LMI, we calculated 63.5%. (+.57). | |

| Project No. | Applicant Name | Engineering Firm | Project Description | Provided Additional Information | Number of New Connections | \$ per Connection | LMI % | County | CDBG-I Grant Request | CDBG-I Grant | Total Project Cost | Points Submitted | Points Verified (Total All Categories) | Project Purpose | Project Benefit | System Management | Financial Situation | Difference in Points Claimed & Verified | Staff Notes |
|-------------|---------------------|----------------------------|--|---------------------------------|---------------------------|-------------------|-------|-----------------------|----------------------|--------------|--------------------|------------------|--|-----------------|-----------------|-------------------|---------------------|--|-------------|
| 25 | Faison, Town of | McDavid Associates, Inc. | The Town of Faison operates a central water system that includes a large percentage of small diameter (<2") pre-1970, galvanized waterlines. These older, smaller lines are contributing to water losses in the system, localized low pressure and poor water quality due to rust and iron bacteria growth. Within the same footprint, the town operates a 40+ year old sewer collection system that is contributing to inflow and infiltration in the town's sewer system. This project will construct 3900+ LF of 6" waterline, nine fire hydrants, waterline fittings, and 2900+ LF of 8" sanitary sewer line and manholes. | | | | 84.00 | Duplin | \$2,000,000 | | \$2,000,000 | 73.86 | 61.12 | 15 | 5 | 15 | 26.12 | 2.K. Contradictory info on water loss percentage (-10). 4.H. Applicant claimed 90.7% LMI; we calculated 84%. (-2.74). | |
| 26 | Benson, Town of | The Wooten Company | The project will install 800 LF of 12" PVC/DI water line and 2500 LF of 8" PVC/DI water lines to provide better interconnectivity and supply thus improving water quantity and quality to LMI areas of the Town. This project will also replace 6550 LF of 6" water line, and approx. 24 valves will be added and/or replaced to improve the O/M of the system. | X | | | 79.50 | Johnston | \$2,000,000 | | \$2,000,000 | 69.51 | 59.98 | 15 | 0 | 15 | 29.98 | 4.G. Certified water and sewer rates were unclear. Pulled number from the town website and numbers did not match. (-9.53). | |
| 27 | Jamesville, Town of | McDavid Associates, Inc. | Jamesville operates a 40 year old+ 100,000 gallon per day water treatment plant that provides iron removal and water softening. Filters, interior piping/valves need to be replaced. The Town's water system has no alternative water source. The Town also proposes to construct a secondary water connection to Martin Co. Regional Water System. | X | | | 68.80 | Martin | \$2,000,000 | | \$2,000,000 | 74.40 | 59.38 | 0 | 5 | 13 | 41.38 | 1.C.and 1.C.1 Applicant described two project purposes; may only claim one (-15). 4.H. Applicant claimed 68.8% LMI, is 68.75% (-.02). | |
| 28 | Sharpsburg, Town of | Engineering Services, P.A. | This project will install approx. 4,650 LF of 6" PVC water main, 420 LF of 6" DI water main, 6,700 LF of 8" PVC water main, 500 LF of 8" DI water main, 37 new hydrants, 143 new water services, 12 auto flushing hydrant valves, and install 20 new cut off valves. This project will also replace the existing booster pump station (boosts the pressure from Rocky Mount). The pump and controls are severely worn because the pump run times are very high. | X | | | 62.70 | Wilson-Edgecombe-Nash | \$2,000,000 | | \$2,000,000 | 73.87 | 57.78 | 15 | 5 | 8 | 29.78 | 2.A. Insufficient documentation of public health threat. (-15). 3.E. Water Loss Reduction Plan audit does not approximate the losses in the Local Water Supply Plan (-5). 4.G. Applicant miscalculated W/S rates (+3.91) | |

| Project No. | Applicant Name | Engineering Firm | Project Description | Provided Additional Information | Number of New Connections | \$ per Connection | LMI % | County | CDBG-I Grant Request | CDBG-I Grant | Total Project Cost | Points Submitted | Points Verified (Total All Categories) | Project Purpose | Project Benefit | System Management | Financial Situation | Difference in Points Claimed & Verified | Staff Notes |
|-------------|--------------------|--------------------------------|---|---------------------------------|---------------------------|-------------------|-------|----------|----------------------|--------------|--------------------|------------------|--|-----------------|-----------------|-------------------|---------------------|---|-------------|
| 29 | Louisburg, Town of | Municipal Engineering Services | Replacement of 1,100 LF of 50 year old 1.5" galvanized water pipe with new 6" PVC/DIP and the looping of the 4" water line serving the Louisburg Elderly Apartments Complex with a new 6" water line. New valves and fire hydrants will also be installed. These water lines are severely corroded on its interior. | | | | 95.60 | Franklin | \$255,000 | | \$255,000 | 67.31 | 57.61 | 15 | 0 | 5 | 37.61 | 3.B. Asset management plan contained contradictory information (-10). 4.H Applicant claimed 94.9% LMI; we calculated 95.6%. (+.30). | |
| 30 | Stanley, Town of | McGill Associates, P.A. | This project will rehabilitate old terra cotta sewer lines in Stanley. The existing terra cotta lines are 4", 6", and 8" sewer lines. The lines will be replaced with 8" PVC lines, and the deteriorated 8" terra cotta lines will be replaced with 8" PVC lines. | | | | 86.10 | Gaston | \$2,000,000 | | \$2,089,600 | 77.17 | 53.16 | 15 | 3 | 5 | 30.16 | 2.A. No documentation of SSOs reaching bodies of water (-15). 3.B. No WWTP schematic in the AMP. (-10). 4.H. Applicant claimed 83.7% LMI, we calculated 86.1% (+.99). | |
| 31 | Eureka, Town of | Green Engineering, PLLC | The project involves the replacement of the existing gravity collection sewer system with a low-pressure system and the rehabilitation of the existing Baker St. pump station. The system will contain approx. 12,740 LF of 1.5"-4" low pressure sewer mains and 110 individual grinder pump stations. Average water use for the town's 110 customers is approx. 11,500 gpd, however, the average daily sewer flows have been approx. 92,625 gpd due to excessive I/I. | X | 110 | \$18,063 | 60.90 | Wayne | \$1,987,000 | | \$1,987,000 | 62.37 | 52.37 | 10 | 5 | 15 | 22.37 | 2.F. No executed interlocal agreement showing a possible merger. (-10). | |
| 32 | Oakboro, Town of | Municipal Engineering Services | The project will install approximately 8,500 LF of 6" water line and approximately 300 LF of 2" water line to serve 119 homes in the southern portion of Oakboro where low pressure and water contamination problems exist. The Town has received NOVs from DEQ for trihalomethanes exceeding the maximum contaminant limit and has received an Administrative Order from DEQ to reduce levels of THMs within its water system. The Town's water distribution system consists of old galvanized iron water lines, many of which are dead end lines. | | 119 | \$9,436 | 69.20 | Stanly | \$1,122,900 | | \$1,122,900 | 73.56 | 52.36 | 5 | 15 | 15 | 17.36 | 1.C. No map provided indicated the amount of line to be looped. (-10) 2.G. Insufficient documentation of low pressures (-5). 4.H. Applicant claimed 84.4% LMI, we determined it was 69.2%. (-6.20). | |

| Project No. | Applicant Name | Engineering Firm | Project Description | Provided Additional Information | Number of New Connections | \$ per Connection | LMI % | County | CDBG-I Grant Request | CDBG-I Grant | Total Project Cost | Points Submitted | Points Verified (Total All Categories) | Project Purpose | Project Benefit | System Management | Financial Situation | Difference in Points Claimed & Verified | Staff Notes |
|-------------|-----------------------------|--------------------------|--|---------------------------------|---------------------------|-------------------|-------|-------------|----------------------|--------------|--------------------|------------------|--|-----------------|-----------------|-------------------|---------------------|--|--|
| 33 | Lewiston-Woodville, Town of | McDavid Associates, Inc. | This project will extend 2,300 +/- LF of gravity sewer collection line, and a sewer pump station to connect 27 unserved occupied homes and sewer a total of 36 housing units. Secondary to the primary objective, the Town will make minor rehabilitation to its existing wastewater treatment facility (no increase in capacity). The Town will replace chlorination/de-chlorination system facilities, rehabilitate the existing above ground structures (blast & paint and make minor repairs), and replace a blower unit assembly. Wastewater treatment plant rehabilitation activities are proposed to a facility that dates prior to 1970. | X | 27* | \$74,074 | 96.80 | Bertie | \$2,000,000 | | \$2,000,000 | 90.52 | 44.39 | 5 | 20 | 13 | 39.13 | 1.E.2. Applicant claimed two project purposes; may only claim one (-10) 2.A, 2.A.1 Benefit must match project purpose (-20) 4.F. Applicant claimed 33.7% poverty rate, is 29.1% (-2.08). 4.H. Project purpose is WWTP upgrade, use area-wide LMI. (-14.05). | *there are 36 homes total in the project area, 27 are occupied |
| 34 | Seaboard, Town of | Mack Gay Associates, PA | The project will rehabilitate 10,250 LF of 8"VCP sewer line and 1150 LF 10" VCP sewer line. Approximately 75 manholes and 75 sanitary sewer services will be rehabbed or replaced. In addition, the project will include the removal of sludge from the lagoon, construct a new pump station at the WWTP to transfer wastewater from Pond 1 to Pond 2, and repair the liner in the Final Stage Lagoon. | X | | | 61.40 | Northampton | \$1,344,152 | | \$1,344,152 | 74.33 | 44.33 | 0 | 10 | 10 | 24.33 | 1.B Does not apply to project as there is no rehab of sprayfield (-5). 1.C, 1.C.1 Applicant described two project purposes; may only claim one (-15). 2.A. These points do not apply to this project (-15). 3.B Condition of assets not discussed in AMP. (-10) | |

| Project No. | Applicant Name | Engineering Firm | Project Description | Provided Additional Information | Number of New Connections | \$ per Connection | LMI % | County | CDBG-I Grant Request | CDBG-I Grant | Total Project Cost | Points Submitted | Points Verified (Total All Categories) | Project Purpose | Project Benefit | System Management | Financial Situation | Difference in Points Claimed & Verified | Staff Notes |
|-------------------|-------------------------|------------------------------|--|---------------------------------|---------------------------|-------------------|------------------|------------|----------------------|--------------|--------------------|------------------|--|-----------------|-----------------|-------------------|---------------------|---|---|
| INCOMPLETE | | | | | | | | | | | | | | | | | | | |
| 35 | Dublin, Town of | Withers & Ravenel, PE | This project will replace 2-inch aged water line with 4,100 6-inch water line and reconnect 5 LMI homes that are currently connected to the deteriorated 2-inch line to the new 6-inch water line. | | | | Cannot determine | Bladen | \$329,900 | | \$329,900 | 70.58 | Incomplete | 15 | 10 | 15 | 8.99 | 4.H. Could not verify LMI (-21.59). Score 48.99 | Incomplete. No surveyor signatures on their survey forms. |
| 36 | Elizabeth City, City of | Eastern Carolina Engineering | This project will replace approximately 8080 LF of existing 10" cast iron water transmission main with 14" PVC pipe. The replacement will start at Wellfield Road and continue to just north of Knobbs Creek. The existing main is over 70 years old, and it is fully exposed at a culvert crossing at Knobbs Creek. | X | | | 55.80 | Pasquotank | \$775,431 | | \$775,431 | 60.52 | Incomplete | 10 | 0 | 15 | 20.52 | 1.C.1. No documentation of line age, only a statement in application. (-5). 2.K. Water loss is stated to be in the distribution system, not in the transmission main. (-10). Score 45.52 | Incomplete. Public Hearing did not address required points. CIP states transmission line upsizing is for future needs, not allowed in the CDBG program. |
| 37 | Mount Airy, City of | The Lane Group | Installation of approximately 6,200 LF of 6-inch water line and 7,700 LF of 8-inch to 12-inch gravity sewer line replacement, water and sewer reconnections, pavement restoration, and related improvements. | | | | Cannot determine | Surry | \$2,000,040 | | \$2,203,900 | 69.64 | Incomplete | 15 | 15 | 0 | 8.24 | 2.G. Low pressure information not consistent with guidance. (-5). 3.B Project is not specifically identified in the asset management plan (-10). 3.E. Water loss prevention plan does not follow our guidance. (-5). 4.H. Applicant claimed LMI of 66.7%; area wide for town is 41.9% (-11.4). Score 38.24 | Incomplete. LMI percentage per ACS data is less than 51%. Area must be surveyed. Budget does not match the Commitment of Other Funds Form. |

| Project No. | Applicant Name | Engineering Firm | Project Description | Provided Additional Information | Number of New Connections | \$ per Connection | LMI % | County | CDBG-I Grant Request | CDBG-I Grant | Total Project Cost | Points Submitted | Points Verified (Total All Categories) | Project Purpose | Project Benefit | System Management | Financial Situation | Difference in Points Claimed & Verified | Staff Notes |
|-------------|---------------------|--------------------|---|---------------------------------|---------------------------|-------------------|------------------|--------|----------------------|--------------|--------------------|------------------|--|-----------------|-----------------|-------------------|---------------------|--|--|
| 38 | Mount Airy, City of | The Lane Group | This project involves the rehab and replacement of water and sewer lines in Mount Airy. Both water and sewer lines are in excess of 60 years old. This project will replace 6200 LF of 6" water line, 7700 LF 8" gravity sewer line, water and sewer reconnections, pavement restoration, and related improvements. | | | | Cannot determine | Surry | \$2,000,040 | | \$2,203,900 | 69.64 | Incomplete | 15 | 15 | 0 | 8.24 | 2.G. Low pressure information not consistent with guidance. (-5). 3.B Project is not specifically identified in the asset management plan (-10). 3.E. Water loss prevention plan does not follow our guidance. (-5). 4.H. Applicant claimed LMI of 66.7%; area wide for town is 41.9% (-11.4). Score 38.24 | Incomplete. LMI percentage per ACS data is less than 51%. Area must be surveyed. Budget does not match the Commitment of Other Funds Form. |
| 39 | Robbins, Town of | The Wooten Company | This project will install approximately 6,500 LF of 6-inch and 8-inch water line with appurtenances, replace a pump and controls at a booster pump station, install mixers in elevated tanks and install a SCADA system with six sites and base. The town has received an NOV for exceeding THM and HAA limits. | X | | | 72.40 | Moore | \$1,159,650 | | \$1,159,650 | 75.27 | Incomplete | 15 | 18 | 5 | 36.99 | 4.H. Applicant claimed 73.1% LMI, we calculated 72.4% . (-.28). Score 74.99. | Incomplete. Public Hearing did not address required items. |

| Project No. | Applicant Name | Engineering Firm | Project Description | Provided Additional Information | Number of New Connections | \$ per Connection | LMI % | County | CDBG-I Grant Request | CDBG-I Grant | Total Project Cost | Points Submitted | Points Verified (Total All Categories) | Project Purpose | Project Benefit | System Management | Financial Situation | Difference in Points Claimed & Verified | Staff Notes |
|-------------|----------------|----------------------|---|---------------------------------|---------------------------|-------------------|------------------|--------|----------------------|--------------|--------------------|------------------|--|-----------------|-----------------|-------------------|---------------------|---|--|
| 40 | Stanly County | Chambers Engineering | This project will connect 91 low/moderate income single family residences (county-wide) to the County's existing water system. The wells for these homes have lost yield and a public water supply is required. | | 91 | \$4,038 | Cannot determine | Stanly | \$367,500 | | \$367,500 | 78.8* | Incomplete | 10 | 0 | 0 | 8.80 | 2.A. Insufficient documentation of well problems. (-15). 2.G. No low pressure documentation provided (-5). 2.H. No documentation of acute contamination (-15). 3.A. Project is not included in the CIP (-3). 3.B. AMP not submitted (-10). 3.C. A rate form was not included in the application to verify claimed rates (-5). 3.D. No source water protection plan approval letter submitted (-5). 4.H. LMI could not be verified. Score 18.80. | Incomplete. Public Hearing did not address required items. *Claimed a total of 101.8 points, spreadsheet limited points claimed in certain categories. |

State Water Infrastructure Authority

Meeting Date: January 21, 2016

Agenda Items H.2 and H.3 – Funding Decisions for Sept. 30, 2015 Funding Round: CWSRF & DWSRF

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 September 30, 2015, the Division received applications for funding for the Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) loan programs. Division staff first determined if each application was complete and was eligible for funding under the program for which it was submitted. Then, using the Priority Rating Systems approved by the Authority at its July 2015 meeting, Division staff reviewed and ranked each complete, eligible application.

Staff prepared the spreadsheets for Agenda Items H.2 and H.3 which contain summarized information about the applications along with points verified by staff.

Staff Recommendation:

A. Clean Water SRF Loans:

Based upon the use of the CWSRF Priority Rating System for each application, staff recommends that the Authority approve the rank of the following 14 applications as eligible to receive a CWSRF loan:

| Project No. | Applicant Name | Project Name | Engineering Firm | Funding Amount |
|-------------|----------------------------------|--|--------------------------------|----------------|
| 1 | Roanoke Rapids Sanitary District | Lower Roanoke Outfall and Sub Basin A Sewer Rehabilitation | Hazen and Sawyer | \$2,959,000 |
| 2 | Thomasville, City of | North Hamby Creek Outfall Sanitary Sewer Improvements Phase II | LaBella Associates | \$6,812,584 |
| 3 | Tabor City, Tabor City | WWTP Improvements Project | Municipal Engineering Services | \$1,213,900 |
| 4 | Mount Olive, Town of | Collection System Find and Fix Rehabilitation | WK Dickson | \$2,049,000 |
| 5 | Louisburg, Town of | Town of Louisburg WWTP Improvements | Municipal Engineering Services | \$550,000 |
| 6 | Kinston, City of | Briery Run Phase IV Sewer Rehabilitation Project | City of Kinston | \$2,054,696 |
| 7 | Stantonsburg, Town of | Town of Stantonsburg Sanitary Sewer Replacement | Municipal Engineering Services | \$675,000 |
| 8 | Rutherfordton, Town of | Rutherfordton Sewer Improvements Project | Odom Engineering | \$176,190 |

| | | | | |
|---------------------|-----------------------------|---|----------------------------------|---------------------|
| 9 | Winston-Salem, City of | Muddy Creek Aeration System Upgrades | Black & Veatch | \$8,208,860 |
| 10 | Pittsboro, City of | Wastewater Treatment System Improvements | The Wooten Company | \$21,585,500 |
| 11 | Wayne County | Wayne County Sanitary Sewer System Rehabilitation | Municipal Engineering Services | \$820,258 |
| 12 | Junaluska Sanitary District | Highway 209 -- I-40 Sewer (Riverbend School Sewer Service) | Brown Consultants | \$2,070,022 |
| 13 | Winston-Salem, City of | South Fork Interceptor Contract #2: Kerners Mill Force Main/Pump Station Improvements | Black & Veatch | \$11,699,526 |
| 14 | Johnston County | McGee's Crossroads Sewer Upgrade | Johnston County Public Utilities | \$1,400,000 |
| Total CWSRF: | | | | \$62,274,536 |

B. Drinking Water SRF Loans:

Based upon the use of the DWSRF Priority Rating System for each application, staff recommends that the Authority approve the rank of the following 26 applications as eligible to receive a DWSRF loan:

| Project No. | Applicant Name | Project Name | Engineering Firm | Funding Amount |
|-------------|---------------------------------|---|----------------------------------|----------------|
| 1 | Bertie County Water District IV | Roxobel Merger/Consolidation | Green Engineering | \$1,678,550 |
| 2 | Canton, Town of | Crossroad Hill Water Association Water System Consolidation Project | Martin-McGill | \$2,464,200 |
| 3 | Woodland, Town of | Replacement Water Supply Well | Rivers and Associates | \$663,550 |
| 5 | Fork Township Sanitary District | 2014 DWI Water Improvements | McDavid Associates | \$3,300,000 |
| 7 | Sharpsburg, Town of | Sharpsburg Water Distribution System Improvements | N/A | \$2,000,000 |
| 8 | Thomasville, City of | Kennedy Road Area Waterline Improvements | Pease Engineering & Architecture | \$822,924 |
| 9 | Oakboro, Town of | Oakboro Waterline Replacement Project | Municipal Engineering Services | \$1,222,900 |
| 10 | Elkin, Town of | Raw Water Line Emergency Replacement - 2015 | WK Dickson | \$1,737,230 |
| 12 | Greenville Utilities Commission | Cast Iron Water Main Rehabilitation Program - 2016 | N/A | \$1,500,000 |
| 13 | Winterville, Town of | Elevated Water Tank and Distribution System Improvements | The Wooten Company | \$723,400 |
| 14 | Thomasville, City of | Pilot Drive Area Waterline Improvements | LaBella Associates | \$4,591,185 |

| | | | | |
|--|-----------------------------------|---|--------------------------------|---------------------|
| 15 | Louisburg, Town of | Louisburg Water Improvements | Municipal Engineering Services | \$255,000 |
| 16 | Henderson, City of | Young Avenue Asbestos Cement Water Line Replacement Project | N/A | \$1,548,000 |
| 17 | Bertie County Water District II | Water System Improvements /Water Loss Reduction Project | City of Henderson | \$1,339,350 |
| 18 | Sparta, Town of | Crestview Booster Pump Station and Water System Improvements | Green Engineering | \$602,000 |
| 19 | Bessemer City, Town of | Water Line Replacements | Martin-McGill | \$2,317,400 |
| 20 | Marshville, Town of | Water System Improvements - 2015 | LKC Engineering | \$1,104,240 |
| 21 | Bakersville, Town of | Town of Bakersville South Mitchell Avenue Well | WK Dickson | \$637,000 |
| 23 | Henderson, City of | Knoll Terrace Water System Merger Project | N/A | \$460,000 |
| 25 | Randleman, City of | City of Randleman South Randleman Transmission Main | MBD Consulting Engineers | \$1,249,130 |
| 26 | Oxford, City of | Water Storage Tank & Associated Water Mains | Martin-McGill | \$3,139,200 |
| 27 | Scientific Water & Sewerage Corp. | Lauradale Water System Required Consolidation | Burgin Engineering | \$4,394,242 |
| 28 | Newton, City of | City of Newton Advanced Metering Infrastructure Project | N/A | \$2,913,843 |
| 29 | Junaluska Sanitary District | Water Meter Replacement | Brown Consultants | \$1,041,750 |
| 30 | Pine Knoll Shores, Town of | 2014 Advanced Meter Infrastructure Improvements | McDavid Associates | \$507,000 |
| 31 | Rutherford College, Town of | Town of Rutherford College 2015 Water System Improvements Project | West Consultant | \$474,430 |
| Total DWSRF Projects 1-3, 5, 7-10, 12-21, 23, 25-31 : | | | | \$42,686,524 |

The following additional DWSRF project (Project No. 4) is recommended to be determined eligible for funding if it is not funded through the CDBG-I program. If eligible, total DWSRF funding would equal \$43,461,524.

| Project No. | Applicant Name | Project Name | Engineering Firm | Funding Amount |
|-------------|-------------------|------------------------------------|--------------------------------|----------------|
| 4 | Elm City, Town of | Elm City Water System Improvements | Municipal Engineering Services | \$775,000 |

A total of 4 applications that were submitted are not proposed to be funded. Three (3) applications (Projects No. 11, 22, 24) indicated that the project would not proceed if the applicant did not receive principal forgiveness (PF); the projects did not score high enough to qualify for PF. One (1) application (Project No. 6) indicated that the project would not proceed if they did not receive principal forgiveness; this project was determined not to be eligible for PF.

Agenda Item H.2 – CWSRF Priority Rating System for Sept. 2015 Application Round

| CWSRF PRIORITY RATING SYSTEM - For All CWSRF Projects | | | |
|--|--|---------------|-----------------------|
| Line Item # | Category 1 – Project Purpose | Points | Points Claimed |
| 1.A | Reserved for the DWSRF and CDBG Programs | | |
| 1.B | Project will resolve failed infrastructure issues | 15 | |
| 1.C | Project will rehabilitate or replace infrastructure | 15 | |
| 1.C.1 | Treatment units, pumps and/or pump stations to be rehabilitated or replaced are greater than 20 years old, OR sewer lines to be rehabilitated or replaced are greater than 40 years old | 10 | |
| 1.D | Project will expand infrastructure | 2 | |
| 1.D.1 | Treatment units, pumps and/or pump stations to be rehabilitated or replaced are greater than 20 years old, OR sewer lines to be rehabilitated or replaced are greater than 40 years old | 10 | |
| 1.E | Reserved for the CDBG Program | | |
| 1.E.1 | Reserved for the CDBG Program | | |
| 1.E.2 | Reserved for the CDBG Program | | |
| 1.F | Project will provide stream/wetland/buffer restoration | 20 | |
| 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 | |
| 1.G | Project will provide stormwater BMPs to treat existing sources of pollution | 20 | |
| 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 | |
| | Subtotal for Category 1 – Project Purpose (max of 30) | | |
| | Category 2 – Project Benefits | Points | Points Claimed |
| 2.A | Reserved for the CDBG Program | | |

Agenda Item H.2 – CWSRF Priority Rating System for Sept. 2015 Application Round

| | | | |
|-------|---|----|--|
| 2.A.1 | Reserved for the CDBG Program | | |
| 2.B | Reserved for the DWSRF Program | | |
| 2.C | Project provides a specific environmental benefit by replacement, repair, or merger; includes replacing failing septic tanks | 15 | |
| 2.D | Project addresses promulgated but not yet effective regulations | 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 | |
| 2.E.2 | Project directly resolves a Notice of Violation or Notice of Deficiency | 3 | |
| 2.F | Project includes system merger | 10 | |
| 2.G | Reserved for DWSRF and CDBG Programs | | |
| 2.H | Reserved for DWSRF and CDBG Programs | | |
| 2.I | Reserved for DWSRF and CDBG Programs | | |
| 2.J | Project improves treated water quality by adding or upgrading a unit process | 3 | |
| 2.K | Reserved for the DWSRF and CDBG Programs | | |
| 2.L | Reserved for the DWSRF and CDBG Programs | | |
| 2.L.1 | Reserved for the DWSRF and CDBG Programs | | |
| 2.L.2 | Reserved for the DWSRF and CDBG Programs | | |
| 2.L.3 | Reserved for the DWSRF and CDBG Programs | | |
| 2.M | Reserved for the CDBG Program | | |
| 2.N | Reserved for the CDBG Program | | |
| 2.O | Reserved for the DWSRF Program | | |
| 2.P | Project <u>directly benefits</u> subwatersheds that are impaired as noted on the most recent version of the Integrated Report | 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 | |
| 2.R | Project will result in elimination of an NPDES discharge | 3 | |

Agenda Item H.2 – CWSRF Priority Rating System for Sept. 2015 Application Round

| | | | |
|--|--|---------------|-----------------------|
| 2.S | Primary purpose of the project is to achieve at least 20% reduction in energy use | 5 | |
| | Subtotal for Category 2 – Project Benefits (max of 35) | | |
| | 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 | 2 | |
| 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 | Reserved for the DWSRF and CDBG Programs | | |
| 3.E | Reserved for the DWSRF and CDBG Programs | | |
| 3.F | Reserved for the DWSRF Program | | |
| | Subtotal for Category 3 – System Management (max of 15) | | |
| | Category 4 – Financial Situation | Points | Points Claimed |
| 4.A | Poverty rate (%) of the service area divided by 4 | Calculation | |
| 4.B | Monthly sewer (based on 5,000 gal) or stormwater bill for residential customers / (median household income / 12) x 500 | Calculation | |
| 4.C | Reserved for DWSRF Program | | |
| 4.D | Unemployment higher than state average | 1 | |
| 4.E | Negative population trend over past 5 years | 1 | |
| 4.F | Reserved for the CDBG Program | | |
| 4.G | Reserved for the CDBG Program | | |
| 4.H | Reserved for the CDBG Program | | |
| | Subtotal for Category 4 – Financial Situation (max of 20) | | |
| Total of Points for All Categories: | | | |

Clean Water State Revolving Fund (CWSRF) - Sept. 2015 Application Round
Recommendations for Funding - Agenda Item H.2

| Project No. | Applicant Name | Project Name | Engineering Firm | Project Description | Provided Additional Information | Number of New Connections | \$ per Connection | County | CWSRF Funding Request | Green Project Reserve | Principal Forgiveness | Base CWSRF | Total Project Cost | Points Submitted | Points Verified (Total All Categories) | Project Purpose | Project Benefit | System Management | Financial Situation | Difference in Points Claimed & Verified | Staff Notes | | |
|------------------------|----------------------------------|--|-----------------------------|--|---------------------------------|---------------------------|-------------------|------------|-----------------------|-----------------------|-----------------------|---------------------|--------------------|------------------|--|-----------------|-----------------|-------------------|---------------------|--|--|--|--|
| Funding Summary | | | | | | | | | \$62,274,536 | \$176,190 | \$2,275,000 | \$59,823,346 | | | | | | | | | | | |
| 1 | Roanoke Rapids Sanitary District | Lower Roanoke Outfall and Sub Basin A Sewer Rehabilitation | Hazen & Sawyer | Rehabilitation of approximately 6,400 l.f. of 30-inch sewer and 2,500 l.f. of 8-inch sewer using CIPP, rehabilitation/replacement of approximately 45 laterals, and rehabilitation of 31 manholes. | X | | | Halifax | \$2,959,000 | | \$500,000 | \$2,459,000 | \$2,959,000 | 61.12 | 61.10 | 25 | 18 | 5 | 13.10 | | | | |
| 2 | Thomasville, City of | North Hamby Creek Outfall Sanitary Sewer Improvements Phase II | LaBella Assoc. | Replacement of approximately 7,260 l.f. of existing 18-inch sewer outfall with 24-inch sewer; replacement of approximately 175 l.f. of 10-inch pipe with 18-inch pipe; replacement of approximately 175 l.f. of 8-inch sewer; and installation of 46 new epoxy-lined manholes. | | | | Davidson | \$6,812,584 | | | \$6,812,584 | \$6,948,836 | 54.94 | 54.94 | 12 | 20 | 7 | 15.94 | | | | |
| 3 | Tabor City, Tabor City | WWTP Improvements Project | Municipal Eng. Services Co. | Improvements to the wastewater treatment plant, including an automated valve to the equalization basin, new clarifier, new disk filters, and associated piping and electrical. | | | | Columbus | \$1,213,900 | | \$500,000 | \$713,900 | \$1,238,178 | 63.00 | 53.00 | 25 | 3 | 5 | 20.00 | 3.B Proposed project is not clearly identified in the Asset Management Plan (-10) | | | |
| 4 | Mount Olive, Town of | Collection System Find and Fix Rehabilitation | WK Dickson | Rehabilitation and replacement of approximately 10,500 l.f. of gravity sewer and 40 manholes. | | | | Wayne | \$2,049,000 | | \$500,000 | \$1,549,000 | \$1,549,000 | 55.00 | 50.00 | 25 | 0 | 5 | 20.00 | 2.E.1 Sewer rehabilitation was not mentioned in the SOC (-5) | | | |
| 5 | Louisburg, Town of | Town of Louisburg WWTP Improvements | Municipal Eng. Services Co. | Improvements to the influent pump station, including wetwell cleaning, mechanical bar screen installation, repairs to sluice gates, installation of new isolation valves, a new drywell sump pump, pump taps and drains, and at hoist/jib crane. | | | | Franklin | \$550,000 | | 275,000 | \$275,000 | 561,000 | 62.39 | 49.39 | 15 | 0 | 15 | 19.39 | 1.C.1 The mechanical bar screen to be installed is a new bar screen that does not replace an old screen. Bar screen is over half of the cost of the project (-10) 2.J Narrative does not demonstrate improvement of water quality (-3) 3.B AMP does not include any inventory of the collection or distribution system (-10) | | | |
| 6 | Kinston, City of | Briery Run Phase IV Sewer Rehabilitation Project | City of Kinston | Rehabilitation of 3,635 l.f. of 30-inch sewer line and 49 manholes. | | | | Lenoir | \$2,054,696 | | \$500,000 | \$1,554,696 | \$2,095,790 | 49.76 | 47.76 | 25 | 0 | 5 | 17.76 | 3.A No documentation provided showing adoption of CIP (-2) | | | |
| 7 | Stantonsburg, Town of | Town of Stantonsburg Sanitary Sewer Replacement | Municipal Eng. Services Co. | Rehabilitation and/or replacement of approximately 2,260 l.f. of 8-inch terra cotta line and associated brick manholes in the Travis Street, Greenwood Avenue, and Broad Street areas of Stantonsburg. | X | | | Wilson | \$675,000 | | | 675,000 | \$675,000 | N/A | 46.68 | 25 | 0 | 7 | 14.68 | Submitted as CDBG Application with corresponding score sheet 2.E.2 NOV's at WWTP not clearly linked to sewer replacement | | | |
| 8 | Rutherfordton, Town of | Rutherfordton Sewer Improvements Project | Odom Eng. | Abandonment of an existing 211 gpm pump station and replacement with 8-inch gravity sewer. | | | | Rutherford | \$176,190 | \$176,190 | | | \$176,190 | 44.43 | 44.43 | 25 | 5 | 5 | 9.43 | | | | |
| 9 | Winston-Salem, City of | Muddy Creek Aeration System Upgrades | Black & Veatch | Replacement of existing blowers and aeration piping to improve efficiency | | | | Forsyth | \$8,208,860 | | | 8,208,860 | \$8,208,860 | 44.93 | 41.09 | 25 | 0 | 5 | 11.09 | 2.S 20% reduction in energy not clearly documented | Final determination of green project eligibility will be determined after review of engineering report | | |

| Project No. | Applicant Name | Project Name | Engineering Firm | Project Description | Provided Additional Information | Number of New Connections | \$ per Connection | County | CWSRF Funding Request | Green Project Reserve | Principal Forgiveness | Base CWSRF | Total Project Cost | Points Submitted | Points Verified (Total All Categories) | Project Purpose | Project Benefit | System Management | Financial Situation | Difference in Points Claimed & Verified | Staff Notes |
|-------------|-----------------------------|---|----------------------------------|---|---------------------------------|---------------------------|-------------------|----------|-----------------------|-----------------------|-----------------------|------------|--------------------|------------------|--|-----------------|-----------------|-------------------|---------------------|---|-------------|
| 10 | Pittsboro, City of | Wastewater Treatment System Improvements | The Wooten Company | Replacement of old equipment at the existing wastewater treatment facility, addition of treatment units for total nitrogen removal, construction of a 14-mile force main from the existing wastewater treatment facility to Sanford's Big Buffalo Wastewater Treatment Plant. | | | | Chatham | \$21,585,500 | | | 21,585,500 | 21,585,500 | 33.09 | 28.09 | 2 | 13 | 0 | 13.09 | 3.C Total revenues rather than operating revenues used. Recalculated using correct items on LGC-108C form (-5) | |
| 11 | Wayne County | Wayne County Sanitary Sewer System Rehabilitation | Municipal Eng. Services Co. | Rehabilitation of the County's sewer collection system by dig and replace, point repair, and cured-in-place lining. Installation of sewer meters at various entities. | | | | Wayne | \$820,258 | | | 820,258 | \$836,663 | 35.30 | 25.30 | 15 | 0 | 0 | 10.30 | 1.C.1 Documentation does not clearly show existing infrastructure is 40 years old (-10) | |
| 12 | Junaluska Sanitary District | Highway 209 -- I-40 Sewer (Riverbend School Sewer Service) | Brown Consult. | Installation of a 40,000 gpd pump station, 100,000 gpd pump station, 18,500 l.f. of force main, and 5,000 l.f. of gravity sewer. | X | | | Haywood | \$2,070,022 | | | 2,070,022 | \$3,841,400 | 31.62 | 19.62 | 2 | 3 | 5 | 9.62 | Applicant claimed 31.62, but total points entered is 21.62. 3.A No resolution or minutes adopting CIP were provided (-2) | |
| 13 | Winston-Salem, City of | South Fork Interceptor Contract #2: Kerners Mill Force Main/Pump Station Improvements | Black & Veatch | Under South Fork Interceptor Contract No. 2, replacement of 8,500 l.f. of 15-inch to 36-inch outfall and interceptor sewers along the South Fork Creek. Expansion of the pumping capacity at the Kerns Mill Lift Station, addition of a second force main leaving the pump station, expansion of the gravity sewer pipe influent to the pump station. | | | | Forsyth | \$11,699,526 | | | 11,699,526 | \$11,699,526 | 72.10 | 18.09 | 2 | 0 | 5 | 11.09 | Applicant submitted two score sheets under one application, one with a total of 75.1 and the other with a total of 72.1. All line items were consolidated onto one score sheet. 1.D Project purpose scored as an expansion due to containing both expansion and rehabilitation, (-15, +2 for 1.E) 1.D.1 No age points given since the Kerners Mill Pump Station work is less than 50 percent of the total construction cost (-10) 2.C No SSOs were documented (-15) 2.E.2 No supporting documentation for the claimed NOVs was included (-3) 2.P No impaired waters documented as required by guidance on the Integrated Report and no mapping as required by guidance was supplied (-20) 3.A No documentation of CIP found in application (-2) 3.B Application stated that AMP work was ongoing in the Muddy Creek and Elledge basins. Therefore, the AMP was not considered complete (-10) While unemployment points were not claimed on this Application, the other project submitted by the Applicant did claim them (+1) | |
| 14 | Johnston County | McGee's Crossroads Sewer Upgrade | Johnston County Public Utilities | Upgrade of 4 pumps and installation of approximately 3,500 l.f. of 6-inch force main and 30,200 l.f. of 10-inch force main. | | | | Johnston | \$1,400,000 | | | 1,400,000 | \$1,542,000 | 19.62 | 16.61 | 2 | 0 | 5 | 9.61 | 4.A Incorrect poverty rate used (-1.05) 4.B Incorrect MHI used (+0.04) | |

Agenda Item H.3 – DWSRF Priority Rating System for Sept. 2015 Application Round

| DWSRF PRIORITY RATING SYSTEM - For All DWSRF Projects | | | |
|--|--|---------------|-----------------------|
| Line Item # | Category 1 – Project Purpose | Points | Points Claimed |
| 1.A | Project will eliminate, by merger or dissolution, a failing public water supply system | 30 | |
| 1.B | Project will resolve failed infrastructure issues | 25 | |
| 1.C | Project will rehabilitate or replace infrastructure | 12 | |
| 1.C.1 | Treatment units, pumps and/or pump stations to be rehabilitated or replaced are greater than 20 years old, OR lines, storage tanks, drinking water wells or intake structures to be rehabilitated or replaced are greater than 40 years old | 8 | |
| 1.D | Project will expand infrastructure | 2 | |
| 1.D.1 | Treatment units, pumps and/or pump stations to be rehabilitated or replaced are greater than 20 years old, OR lines, storage tanks, drinking water wells or intake structures to be rehabilitated or replaced are greater than 40 years old | 8 | |
| 1.E | Reserved for the CDBG Program | | |
| 1.E.1 | Reserved for the CDBG Program | | |
| 1.E.2 | Reserved for the CDBG Program | | |
| 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 of 30) | | |

Agenda Item H.3 – DWSRF Priority Rating System for Sept. 2015 Application Round

| | Category 2 – Project Benefits | Points | Points Claimed |
|------------|---|--------|----------------|
| 2.A | Reserved for the CDBG Program | | |
| 2.A.1 | Reserved for the CDBG Program | | |
| 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 | |
| 2.C | Reserved for the CWSRF Program | | |
| 2.D | Project addresses promulgated but not yet effective regulations | 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 | |
| 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 | 10 | |
| 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 | Project improves treated water quality by adding or upgrading a unit process | 3 | |
| 2.K | Water loss in system to be rehabilitated or replaced is 30% or greater | 3 | |

Agenda Item H.3 – DWSRF Priority Rating System for Sept. 2015 Application Round

| | | | |
|------------|--|---------------|-----------------------|
| 2.L | Project provides a public water system interconnection | | |
| 2.L.1 | Project creates a new interconnection between systems not previously interconnected OR | 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 | |
| 2.L.3 | Project creates any other type of interconnection between systems | 5 | |
| 2.M | Reserved for the CDBG Program | | |
| 2.N | Reserved for the CDBG Program | | |
| 2.O | Project provides redundancy/resiliency for critical treatment and/or transmission/distribution system functions including backup electrical power source | 3 | |
| 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 | | |
| | Subtotal for Category 2 – Project Benefits (max of 35) | | |
| | 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 | 2 | |
| 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 | Applicant has implemented a water conservation incentive rate structure | 3 | |
| | Subtotal for Category 3 – System Management (max of 15) | | |

Agenda Item H.3 – DWSRF Priority Rating System for Sept. 2015 Application Round

| | Category 4 – Financial Situation | Points | Points Claimed |
|------------|--|---------------|-----------------------|
| 4.A | Poverty rate (%) of the service area divided by 4 | Calculation | |
| 4.B | Reserved for the CWSRF Program | | |
| 4.C | Monthly water (based on 5,000 gal) bill for residential customers / (median household income / 12) x 500 | Calculation | |
| 4.D | Reserved for the CWSRF Program | | |
| 4.E | Reserved for the CWSRF Program | | |
| 4.F | Reserved for the CDBG Program | | |
| 4.G | Reserved for the CDBG Program | | |
| 4.H | Reserved for the CDBG Program | | |
| | Subtotal for Category 4 – Financial Situation (max of 20) | | |
| | Total of Points for All Categories: | | |

Drinking Water State Revolving Fund (DWSRF) - Sept. 2015 Application Round
Recommendations for Funding - Agenda Item H.3

| Project No. | Applicant Name | Project Name | Engineering Firm | Project Description | Number of New Connections | \$ per Connection | County | DWSRF Funding Request | Principal Forgiveness | Base DWSRF | Total Project Cost | Points Submitted | Points Verified (Total All Categories) | Project Purpose | Project Benefit | System Management | Financial Situation | Difference in Points Claimed & Verified | Staff Notes | |
|------------------------|---------------------------------|---|-----------------------------|--|---------------------------|-------------------|-------------|-----------------------|-----------------------|---------------------|--------------------|------------------|--|-----------------|-----------------|-------------------|---------------------|---|--|--|
| Funding Summary | | | | | | | | \$49,929,959 | \$4,295,975 | \$38,390,549 | | | | | | | | | | |
| 1 | Bertie County Water District IV | Roxobel Merger/Consolidation | Green Eng. | Installation of 2.4 miles of 6-inch transmission mains, a 144,000-GPD booster pump station with rechlorination, SCADA, two pressure reducing valves, and emergency power generators at one well site and the new BPS, and replacement of four altitude valves and Roxobel's 170 service meters to merge the Town of Roxobel's water system (with failed wells) into Bertie County WD IV. | 170 | \$9,874 | Bertie | \$1,678,550 | \$500,000 | \$1,178,550 | \$1,712,121 | 88.26 | 85.26 | 25 | 35 | 12 | 13.26 | 2.L.3 Cannot earn interconnection points for a project that creates a single merged water system (-5) 3.A & 3.B Did not document adoption of the AMP under 3.B, but did earn points for CIP under 3.A instead (-10, +2) 3.E Did not document water loss reduction program. (-5) | | |
| 2 | Canton, Town of | Crossroad Hill Water Association Water System Consolidation Project | Martin-McGill | Installation of approximately 12,000 feet of 6-inch and 5,500 feet of 2-inch waterlines to consolidate the failing Crossroads Hill Water Association into the Town of Canton Water System. | 124 | \$19,873 | Haywood | \$2,464,200 | \$2,464,200 | | \$2,464,200 | 77.05 | 75.05 | 30 | 33 | 5 | 7.05 | 1.C Applicant claimed 1.A (awarded), 1.C, and 1.C.1; can earn points for only one project purpose. Awarded higher 1.A points. 2.G Did not document low pressure in accordance with guidance (-10) 2.I Did not document contamination with sampling (-10) 2.L.3 Cannot earn interconnection points for a project that creates a single water system (not interconnected systems) (-5) | This project is for the consolidation of failing public water supply system and qualifies for 100% principal forgiveness | |
| 3 | Woodland, Town of | Replacement Water Supply Well | Rivers & Assoc. | Replacement of Well #1 whose production has declined from 175 gpm (in 1941) to current 75 gpm. | | | Northampton | \$663,550 | \$331,775 | \$331,775 | \$676,820 | 73.90 | 68.90 | 25 | 23 | 5 | 15.90 | 1.C Applicant requested both 1.B (awarded) and 1.C (not awarded); can earn points for only one project purpose (-5 total) | | |
| 4 | Elm City, Town of | Elm City Water System Improvements | Municipal Eng. Services Co. | Replacement of approximately 6,225 LF of 6" water lines with new hydrants, new valves and new service connections. | | | Wilson | \$775,000 | | ** | \$775,000 | N/A | 55.65 | 20 | 13 | 10 | 12.65 | Submitted as CDBG application 3.E Applicant did not document hidden leak detection. | This project is recommended to be funded through the CDBG program | |
| 5 | Fork Township Sanitary District | 2014 DWI Water Improvements | McDavid Assoc. | Installation of 38,500 lf of 8-inch through 12-inch waterlines, rehabilitation of WTP & pump station to split system into separate chlorinated and chloraminated systems to comply with DBP rules. | | | Wayne | \$3,300,000 | \$500,000 | \$2,800,000 | 3,344,000 | 90.15 | 55.15 | 12 | 18 | 15 | 10.15 | 1.B & 2.B Application did not provide documentation of failing infrastructure. (-25, +12 for rehab) (-20) 2.J The narrative does not explain an additional unit process to improve water quality. (-3) 2.L.2. The narrative does not meet the guidance requirement: did not compare to current need or show the proposal increases supply on net. (-10) | | |

| Project No. | Applicant Name | Project Name | Engineering Firm | Project Description | Number of New Connections | \$ per Connection | County | DWSRF Funding Request | Principal Forgiveness | Base DWSRF | Total Project Cost | Points Submitted | Points Verified (Total All Categories) | Project Purpose | Project Benefit System | Management | Financial Situation | Difference in Points Claimed & Verified | Staff Notes |
|-------------|----------------------|--|-----------------------------|--|---------------------------|-------------------|-----------|-----------------------|-----------------------|-------------|--------------------|------------------|--|-----------------|------------------------|------------|---------------------|--|---|
| 6 | Fallston, Town of | Cleveland County Water & Fallston Water System Consolidation | Martin-McGill | Consolidation of the Town of Fallston into the Cleveland County Water system including the following: Abandonment of current Fallston supply and and installation of approximately 16,900 linear feet of 12-inch water line to the Fallston water storage tank. | | | Cleveland | \$1,597,150 | | ** | \$1,597,150 | 85.92 | 51.92 | 10 | 29 | 7 | 5.92 | 1.A Did not provide required documentation from PWS 1.B Did not document Failed Infrastructure 1.C & 1.C.1 Did not document the project does not expand capacity Awarded 1.D & 1.D.1 instead. (-30, +10) 2.B: Did not adequately document failed infrastructure (-20) 2.G: Did not document low pressure in accordance with guidance (-10) 2.K: LWSPs for 2013 & 2014 show less than 30% water loss (-3) 2.L.2: Cannot earn interconnection points for a project that creates a single merged water system (-10) 3.B: Asset management Plan does not include required O&M information; awarded 3.A (CIP) points instead. (-10, +2) | Project will not proceed without principal forgiveness. Applicant does not qualify for principal forgiveness. |
| 7 | Sharpsburg, Town of | Sharpsburg Water Distribution System Improvements | Upper Coastal Plain COG | Installation of approximately 4,650 lf of 6" PVC water main, 420 lf of 6" DI water main, 6,700 lf of 8" PVC water main, 500 lf of 8" DI water main, 37 new hydrants, 143 new water services, 12 auto flushing hydrant valves, and 20 new cutoff valves. Replacement of the existing booster pump station. | | | Wilson | \$2,000,000 | \$500,000 | \$1,500,000 | \$2,000,000 | N/A | 50.22 | 10 | 10 | 12 | 18.22 | Claimed CDBG rather than DWSRF points. 1.C. & 1.C.1 The 900 lf section that is being expanded from 6" to 8" line makes the project expansion. Points awarded for 1.D. & 1.D.1 instead. 2.A (CDBG) /2.B(DWSRF) Narrative did not support direct link the project to an environmental or public health benefit | |
| 8 | Thomasville, City of | Kennedy Road Area Waterline Improvements | Pease Eng. | Replacement of existing 2-inch waterline with approximately 5,430 feet of 6-inch and 2,560 feet of 2-inch distribution lines. | | | Davidson | \$822,924 | | 822,924 | \$239,383 | 49.82 | 49.82 | 20 | 10 | 7 | 12.82 | 4.A & 4.C Financial points recalculated. | |
| 9 | Oakboro, Town of | Oakboro Waterline Replacement Project | Municipal Eng. Services Co. | Installation of approximately 8,500 linear feet of 6" water line and approximately 300 linear feet of 2" water line to serve 119 homes in the southern portion of the Town. | | | Stanly | \$1,222,900 | | 1,222,900 | \$1,222,900 | N/A | 48.35 | 20 | 8 | 15 | 5.35 | Submitted as CDBG application 1.C. & 1.C.1 awarded based on the 2.E.1 narrative. 2.G Did not meet the guidance requirements to document low pressure. | |
| 10 | Elkin, Town of | Raw Water Line Emergency Replacement - 2015 | WK Dickson | Replacement and relocation of approximately 1,700 feet of the primary 24-inch raw water line; extention of the emergency 12-inch raw water line by approximately 3,900 feet to connect to the existing settling basin; replacement of the reservoir intake sluice gates; and installation of two new 2,100 gpm vertical turbine raw water pumps along with associated piping improvements. | | | Surry | \$1,737,230 | | 1,737,230 | \$1,771,975 | 62.12 | 47.20 | 20 | 3 | 15 | 9.20 | 2.H Claimed points for risk; did not document acute contamination. 3.A Cannot claim both CIP and AMS. 3.E Did not document water loss reduction plan (lack meter program and hidden leak detection). | |

| Project No. | Applicant Name | Project Name | Engineering Firm | Project Description | Number of New Connections | \$ per Connection | County | DWSRF Funding Request | Principal Forgiveness | Base DWSRF | Total Project Cost | Points Submitted | Points Verified (Total All Categories) | Project Purpose | Project Benefit | System Management | Financial Situation | Difference in Points Claimed & Verified | Staff Notes |
|-------------|---------------------------------|---|-----------------------------|--|---------------------------|-------------------|----------|-----------------------|-----------------------|------------|--------------------|------------------|--|-----------------|-----------------|-------------------|---------------------|---|--|
| 11 | Calypto, Town of | 2015 Water Treatment Plant Improvements | McDavid Assoc. | Replacement of the existing WTP and RW line and addition of backup power. | | | Duplin | \$1,685,000 | | ** | \$1,685,000 | 63.16 | 45.15 | 20 | 3 | 10 | 12.15 | 1.B Did not demonstrate failed infrastructure (wells); 1.C & 1.C.1 awarded instead (-25, +20) 2.D Did not reference a promulgated but not yet effective regulation (-10) 3.F Did not document water conservation incentive rate (no step increase in cost-per-gallon) (-3) | Project will not proceed without principal forgiveness |
| 12 | Greenville Utilities Commission | Cast Iron Water Main Rehabilitation Program - 2016 | Greenville Utilities Comm. | Replacement of approximately 3,000 feet of 4-inch, 2,500 feet of 6-to-9-inch and 650 feet of 10-to-12-inch cast iron water mains in the downtown area. | | | Pitt | \$1,500,000 | | 1,500,000 | \$1,500,000 | 47.00 | 42.00 | 20 | 0 | 10 | 12.00 | 3.B Documentation does not show adoption of AMP (-10) | |
| 13 | Winterville, Town of | Elevated Water Tank and Distribution System Improvements | The Wooten Company | Rehabilitation of a 5,000 gallon elevated storage tank, replacement of 2-inch waterline with 6-inch, extension of a 6-inch waterline (150 lf) and installation a 130 KW portable generator. | | | Pitt | \$723,400 | | 723,400 | \$791,750 | 40.49 | 40.49 | 20 | 3 | 12 | 5.49 | | |
| 14 | Thomasville, City of | Pilot Drive Area Waterline Improvements | LaBella Assoc. | Replacement of approximately 33,265 feet of 2-inch waterlines with 6-inch waterlines. | | | Davidson | \$4,591,185 | | 4,591,185 | \$4,683,009 | 40.82 | 39.82 | 20 | 0 | 7 | 12.82 | Subtotal for Category 4: Corrected addition to 12.82 points | |
| 15 | Louisburg, Town of | Louisburg Water Improvements | Municipal Eng. Services Co. | Replacement of 1,100 LF of 50 year old 1.5" galvanized water pipe with new 6" PVC/DIP along Bullock Dr. and looping of the 4" water line serving the Louisburg Elderly Apartments Complex with a new 6" water line | | | Franklin | \$255,000 | | 255,000 | \$255,000 | N/A | 38.25 | 20 | 0 | 5 | 13.25 | Submitted as CDBG application 3.A & 3.B AMP and CIP documentation covers sewer infrastructure and WTP and does not cover the distribution system or this project. | |
| 16 | Henderson, City of | Young Avenue Asbestos Cement Water Line Replacement Project | City of Henderson | Replacement of approximately 1,000 feet of 8-inch and 5,750 feet of 10-inch ACP with same-sized DIP. | | | Vance | \$1,548,000 | | 1,548,000 | \$1,548,000 | 47.31 | 37.31 | 20 | 0 | 5 | 12.31 | Application package lacked narrative. 1.C, 1.D & 1.C.1 applicant claimed points for "old infrastructure under 1.D. However, project description indicates project is "like-for-like" rather than "expansion". 3.A CIP not included (-2) 3.B Asset Management Plan not included (-10) 3.D: Did not include plan approval letter (-5) 3.F: Did not document water conservation incentive rate (-3) | |
| 17 | Bertie County Water District II | Water System Improvements /Water Loss Reduction Project | Green Eng. | Replacement of existing system controls at 15 sites (3 BPSs, 4 wells, 4 tanks, 4 bulk meters) with SCADA and replacement of emergency power generators at one well and one BPS. | | | Bertie | \$1,339,350 | | 1,339,350 | \$1,366,137 | 46.26 | 37.26 | 12 | 0 | 12 | 13.26 | 2.J Project does not provide additional treatment (-3) 2.O Replaces existing generator but does not provide additional redundancy (-3) 3.A & 3.B Did not document claimed adoption of the AMP under 3.B, but did earn points for CIP under 3.A (-10, +2) 3.E Did not document water loss reduction program (-5) | |

| Project No. | Applicant Name | Project Name | Engineering Firm | Project Description | Number of New Connections | \$ per Connection | County | DWSRF Funding Request | Principal Forgiveness | Base DWSRF | Total Project Cost | Points Submitted | Points Verified (Total All Categories) | Project Purpose | Project Benefit | System Management | Financial Situation | Difference in Points Claimed & Verified | Staff Notes |
|-------------|-------------------------------------|--|-------------------|---|---------------------------|-------------------|-----------|-----------------------|-----------------------|------------|--------------------|------------------|--|-----------------|-----------------|-------------------|---------------------|--|---|
| 18 | Sparta, Town of | Crestview Booster Pump Station and Water System Improvements | Anderson & Assoc. | Installation of 2,465 feet of 8-inch and 1,350 feet of 6-inch new waterline, replacement of the existing 100 gpm pump station, and replacement of smaller waterlines with 6-inch waterlines. | | | Alleghany | \$602,000 | | 602,000 | \$602,000 | 38.00 | 35.40 | 0 | 3 | 15 | 17.40 | Claimed CDBG rather than DWSRF points. 1.C. & 1.C.1 Project description includes new waterlines (-20) 2.G Did not meet the guidance requirements to document low pressure (-10) 3.D Did not include source water protection plan approval letter as the guidance requires; included only a sourcewater assessment report (-5) | |
| 19 | Bessemer City, Town of | Water Line Replacements | Martin-McGill | Replacement of waterlines with approximately 15,600 feet of 6-inch waterline. | | | Gaston | \$2,317,400 | | 2,317,400 | \$2,363,748 | 36.88 | 34.88 | 20 | 0 | 5 | 9.88 | 3.A CIP documentation did not show adoption (-2) | |
| 20 | Marshville, Town of | Water System Improvements - 2015 | LKC Eng. | Replacement of existing single-pump BPS with duplex BPS and backup generator; replacement of the sole transmission route from the BPS with 4,800 feet of 6-inch waterline; and extension of 1,800 feet of 6-inch waterline to provide distribution redundancy and close a hydraulic loop. | | | Union | \$1,104,240 | | 1,104,240 | \$1,104,240 | 52.71 | 29.71 | 0 | 3 | 15 | 11.71 | 1.C & 1.C.1 Includes installation of new waterlines (-20) 2.E.2: Application did not include a Notice of Deficiency (-3) 3.A: Narrative (but not the points sheet) claimed, but project documented 3.B | Application being reconsidered from Sept. 2014 includes transmission line funded through emergency loan program in 2015 |
| 21 | Bakersville, Town of | Town of Bakersville South Mitchell Avenue Well | WK Dickson | Installation of additional well to meet current demand with the largest well out of service. | | | Mitchell | \$637,000 | | 637,000 | \$649,740 | 65.94 | 28.26 | 2 | 3 | 5 | 18.26 | Applicant did not submit revised scoring information for 2015. 4.A & 4.C: Financial points recalculated. | |
| 22 | Tuckaseegee Water & Sewer Authority | Water System Consolidation of the Valhalla Apartments, Campus Apartments, and Cowan Valley Estates Water Systems | Martin-McGill | Consolidation of three water systems into Tuckaseegee W&SA; Valhalla Apartments with approximately 900 LF of 8" DIP, 1,030 LF of 6" DIP, 905 LF of 2" PVC, 140 LF of 1" PVC, 100 LF of 8" HDPE, 3 hydrants, and 27 connections and meters; Campus Apartments with approximately 150 LF of 2" PVC, a meter, and a PRV; Cowan Valley Estates with approximately 2,050 LF of 6", 1,020 LF of 4", and 670 LF of 2" PVC to replace the existing 1" and 1-1/2" lines. | 49 | \$22,006 | Jackson | \$1,078,285 | | ** | \$1,078,285 | 90.26 | 28.26 | 0 | 13 | 5 | 10.26 | Applicant claimed but did not document 1.A., 1.B., 1.C., and 1.C.1 (-30 total) 2.E.2 Application does not clearly show how the project will resolve violations or deficiencies (-3) 2.G Did not document claimed low pressure (-10) 2.K Water loss not documented via LWSP (-3) 2.I Documentation submitted is very old and is insufficient to demonstrate a current contamination issue (-10) 3.A The documentation provided illustrates board approval of an annual budget only, not approval of a CIP (-2) 3.B Application states that "not all assets have been evaluated under the system yet." The AMP must be complete, not just in progress, to earn points. (-10) | Project will not proceed without principal forgiveness |

| Project No. | Applicant Name | Project Name | Engineering Firm | Project Description | Number of New Connections | \$ per Connection | County | DWSRF Funding Request | Principal Forgiveness | Base DWSRF | Total Project Cost | Points Submitted | Points Verified (Total All Categories) | Project Purpose | Project Benefit System | Management Financial Situation | Difference in Points Claimed & Verified | Staff Notes | |
|-------------|-----------------------------------|---|----------------------|--|---------------------------|-------------------|-----------|-----------------------|-----------------------|------------|--------------------|------------------|--|-----------------|------------------------|--------------------------------|---|--|--|
| 23 | Henderson, City of | Knoll Terrace Water System Merger Project | City of Henderson | Installation of approximately 1,460 feet of 8-inch, 1,500 feet of 6-inch and 1,440 feet of 2-inch waterlines to consolidate the Knoll Terrace Mobile Home Park into the Henderson water system. | 111 | \$4,144 | Vance | \$460,000 | | 460,000 | \$460,000 | 49.31 | 27.31 | 0 | 10 | 5 | 12.31 | Application package lacked narrative. 1.C Failed to document that new waterlines are replacement without expansion. (-12) 3.A CIP not included (-2) 3.B Asset Management Plan not included (-10) 3.D Did not include plan approval letter as the guidance requires (-5) 3.F Did not document water conservation incentive rate (-3) | |
| 24 | Cove City, Town of | 2015 Water System Improvements | McDavid Assoc. | Construction of a 100,000 gallon elevated storage tank and a 150 gpm supply well. | | | Craven | \$2,108,000 | | ** | \$2,108,000 | 41.92 | 25.91 | 12 | 0 | 5 | 8.91 | 1.B Did not document failed infrastructure; 1.C awarded instead (-25, +12) 2.E.2 did not include copy of NOV or NOD (-3) | Project will not proceed without principal forgiveness |
| 25 | Randleman, City of | City of Randleman South Randleman Transmission Main | MBD Consult. Eng. | Construction of 10,550 feet of 12-inch waterline and a master meter / control valve station to provide a redundant feed from the Piedmont Triad Regional Water Authority. | | | Randolph | \$1,249,130 | | 1,249,130 | \$1,274,112 | 22.90 | 24.12 | 2 | 10 | 0 | 12.12 | Applicant did not submit revised scoring information for 2015. 4.A & 4.C: Financial points recalculated. | |
| 26 | Oxford, City of | Water Storage Tank & Associated Water Mains | Martin-McGill | Installation of a 750,000 gallon elevated storage tank, related transmission mains, controls and a SCADA system. | | | Granville | \$3,139,200 | | 3,139,200 | \$3,201,984 | 53.46 | 23.45 | 0 | 6 | 7 | 10.45 | 1.D Includes new waterlines (-2) 2.B Did not document contamination or lack of managerial, financial, or technical capacity (-20) 2.E.2 Did not document contamination (-3) 3.D The applicant did not document approval of source water protection plan (-5) | |
| 27 | Scientific Water & Sewerage Corp. | Lauradale Water System Required Consolidation | Burgin Eng. | Construction of two new wells (#4 & #5), upgrade of existing well #2, addition of two new ground storage tanks and replacement of approximately 10,550 feet of existing waterline to become self-sufficient in supply rather than a purchaser from ONWASA. | | | Onslow | \$4,394,242 | | 4,394,242 | \$4,392,242 | 36.37 | 16.71 | 0 | 3 | 5 | 8.71 | Applicant did not submit revised scoring information for 2015. 1.C & 1.C.1: Project includes new infrastructure (-20) | |
| 28 | Newton, City of | City of Newton Advanced Metering Infrastructure Project | Western Piedmont COG | Replacement of approximately 6,133 water meters with Automated Meter Reading system. | | | Catawba | \$2,913,843 | | 2,913,843 | \$3,861,519 | 13.68 | 11.24 | 0 | 0 | 0 | 11.24 | Applicant did not submit revised scoring information for 2015. 4.A & 4.C Financial points recalculated. | |
| 29 | Junaluska Sanitary District | Water Meter Replacement | Brown Consult. | Replacement of approximately 1,696 water meters with Automated Meter Reading system. | | | Haywood | \$1,041,750 | | 1,041,750 | \$1,062,585 | 17.92 | 10.92 | 0 | 0 | 0 | 10.92 | 3.A Documentation does not show adoptaton of CIP (-12) 3.C Operating Ratio based on operating revenue (rather than total revenue) is below 1.00 (-5) | |
| 30 | Pine Knoll Shores, Town of | 2014 Advanced Meter Infrastructure Improvements | McDavid Assoc. | Replacement of approximately 1,6793 water meters with Automated Meter Reading system. | | | Carteret | \$507,000 | | 507,000 | \$507,000 | 16.85 | 9.87 | 0 | 0 | 5 | 4.87 | Applicant did not submit revised scoring information for 2015. 3.E Application did not document hidden leak detection (-5) 3.F Did not document water conservation incentive rate (step increase in cost-per-gallon is at 5,001 gallons) (-3) | |

| Project No. | Applicant Name | Project Name | Engineering Firm | Project Description | Number of New Connections | \$ per Connection | County | DWSRF Funding Request | Principal Forgiveness | Base DWSRF | Total Project Cost | Points Submitted | Points Verified (Total All Categories) | Project Purpose | Project Benefit | System Management | Financial Situation | Difference in Points Claimed & Verified | Staff Notes |
|-------------|-----------------------------|---|------------------|---|---------------------------|-------------------|--------|-----------------------|-----------------------|------------|--------------------|------------------|--|-----------------|-----------------|-------------------|---------------------|---|-------------|
| 31 | Rutherford College, Town of | Town of Rutherford College 2015 Water System Improvements Project | West Consut. | Replacement of 2-inch galvanized steel pipe with approximately 5,300 LF of 6-inch and 3,700 LF of 2-inch lines including closing of loops and installation of approximately 30 blow-off valves. | | | Burke | \$474,430 | | 474,430 | \$474,430 | 8.69 | 7.32 | 0 | 0 | 0 | 7.32 | 1.D Project includes new lines (-2) 4.A & 4.C Financial points recalculated. | |

State Water Infrastructure Authority
Meeting Date – January 21, 2016
Agenda Item I – Affordability Criteria

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 (the Authority) which include the following:

- Establish priorities for making loans and grants consistent with federal law
- Develop guidelines for making loans and grants
- Make recommendations on ways to maximize the use of current funding resources and ensure that funds are used in a coordinated manner

In September 2015, the legislature revised NCGS 159G to include the following definition of affordability:

- The relative affordability of a project for a community compared to other communities in North Carolina based on factors that shall include, at a minimum, water and sewer service rates, median household income, poverty rates, employment rates, or the population of the served community, and past expenditures by the community on water infrastructure compared to that community's capacity for financing of water infrastructure improvements

The Division of Water Infrastructure staff has presented a proposed affordability methodology at the Dec. 10, 2015 Authority meeting. Based upon feedback from the Authority, division staff revised the affordability criteria methodology and will present those revisions. It is anticipated that the Authority will provide approval of the criteria at its meeting on January 21, 2016 to take the draft affordability criteria out for a 21-day public comment period. Once approved (anticipated in March 2016), the criteria will be applied to the April 2016 application funding round.

Overview

The attached document provides information about the revisions to the affordability criteria which will be presented at the Authority meeting by division staff. The document includes:

- I. Purpose
- II. Overview
- III. Project Universe
- IV. Test 1 – Population
- V. Test 2 – Local Government Unit Parameters
- VI. Test 3 – Future Operating Ratio
- VII. Test 4 – Current Rates and Future Debt Service per Connection
- VIII. Preliminary Results

A spreadsheet entitled Draft Affordability Methodology was also transmitted to the Authority.

Staff Recommendations

Staff recommends that the Authority approve the draft proposed affordability criteria methodology. The draft affordability criteria would then be made available for public review.

Agenda Item I – Affordability Criteria Analysis

I. Purpose

In its 2014 Annual Report, the State Water Infrastructure Authority (Authority) recommended modifications to NCGS 159G to change from the High-Unit Cost (HUC) threshold in determining state grant eligibility to a new affordability criteria. In addition to its use in qualifying for a grant, the new affordability criteria would also be used to set the amount of grant to a percentage of overall project costs. The General Assembly passed and the governor signed into law these changes as part of the biennium budget (SL2015-241). This staff report provides the revised methodology proposed by the Division of Water Infrastructure to be used to determine grant eligibility as well as in the grant/loan mix for projects made eligible for funding by the Authority. The division's and the Authority's work is reflective of the duties of the Authority as provided in NCGS 159G-71, specifically to:

- Maximize the use of current funding resources;
- Review the criteria for making loans and grants; and
- Establish priorities for making loans and grants.

II. Overview

In proposing the new affordability criteria, the Division examined several sources for the basis of the proposal. First, the division reviewed the General Assembly's definition in NCGS 159G-20.(1) (see inset). The division also considered the Authority's draft vision statement for the state's Master Plan that reflects the need for utilities to be, or on a path to be, viable enterprise systems. In addition, the proposal also considers the Local Government Finance Act (NCGS 159) provisions that reflect enterprise system financial requirements and the adherence to Generally Accepted Accounting Principles (GAAP). Included in the GAAP for local government units are the Governmental Accounting Standards Board (GASB) pronouncements. GASB Statement 34 reads as follows: "Except for the absence of a profit motive, the operating objective of business-type activities is similar to that of for-profit entities: to provide services financed fully or predominantly by fees or charges paid by service recipients (exchange revenues)."¹

NCGS 195G-20.(1) Affordability – The relative affordability of a project for a community compared to other communities in North Carolina based on factors that shall include, at a minimum, water and sewer service rates, median household income, poverty rates, employments, the population of the served community, and past expenditures by the community on water infrastructure to that community's capacity for financing of water infrastructure improvements.

The affordability criteria methodology will be used to determine which local government units (LGUs) qualify for a grant and the grant/loan mix that a system may be offered for a specific project.

¹ GASB Statement 34, Paragraph 216

On Dec. 10, 2015, the division presented to the Authority the first draft of the affordability criteria methodology, consisting of the four tests listed below:

- Test 1 – Population
- Test 2 – LGU Parameters
- Test 3 – Future Operating Ratio
- Test 4 – Water or Sewer Rates and Debt per Connection

Each section below briefly summarizes Authority input and the changes made to the affordability criteria methodology. For analysis details, please see the spreadsheet entitled *Affordability Database for Authority 1-2016*.

III. Project Universe

The Authority recommended continuing with the analysis utilizing separate datasets for drinking water and for wastewater systems and using the most complete datasets possible for analysis.

Division staff included county systems in the analysis. They also conducted additional reviews of the datasets for drinking water and wastewater and removed data for the following reasons:

- No rate information available from the University of North Carolina Environmental Finance Center (EFC).
- No connection information available or wildly inaccurate connection information reported.
- Multiple rates within service areas.
- Local Government Commission (LGC) issues, such as no audit submitted.

Additionally, division staff were able to supplement connection information by drawing on information from the EFC for water connection information and from applications previously submitted to the division for funding for wastewater connections. Such additional information was noted in the datasets for both water and sewer (see the worksheet entitled System Data-Raw). As a result of the reexamination of data, the number of water systems evaluated increased to 402 systems, and the number of wastewater systems increased to 276 systems.

IV. Test 1 – Population

The Authority suggested looking at another parameter as a surrogate to population and at the boundary for systems passing on to Test 2.

The division recommends utilizing residential connections as a surrogate for population. Generally, one household is considered to be one residential connection, and the American Community Survey (ACS) calculates persons per household. For example, if a town had 100 residential connections and a persons-per-household of 2.64 people, their total population would be estimated at 264

Division Recommendations for Test 1 – Population

- Utilize residential connections
- Boundary set at 20,000 residential connections

people. Therefore, while residential connections serves as a surrogate for population, it also provides an indication of system size.

Figures 1 and 2 show a magnified view of the water and sewer systems as compared to monthly debt service per residential connection. As shown in both figures, the amount of monthly debt service per residential connection drops rapidly as the number of connections increases. The division recommends setting the boundary for residential connections at 20,000 residential connections. At this number of residential connections, the monthly project debt service per connection for a \$3 million project is \$0.63.

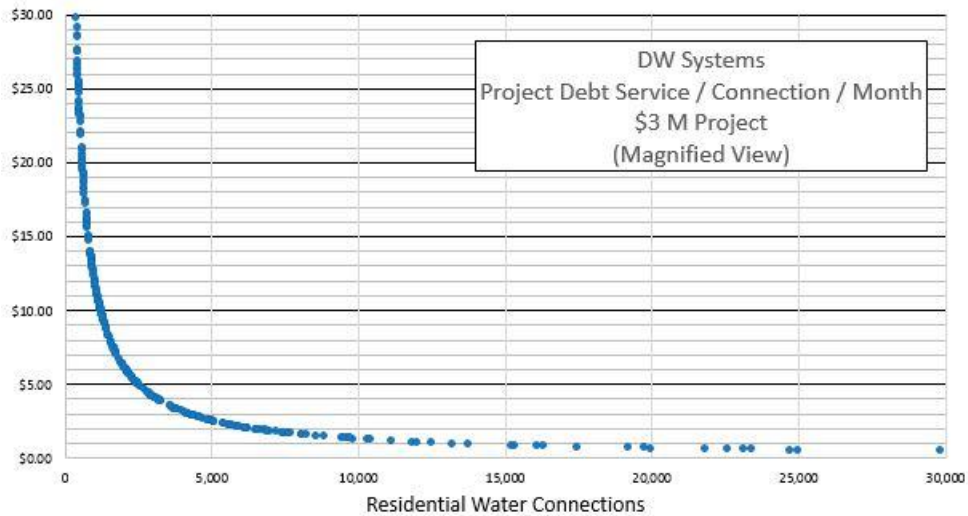


Figure 1. Comparison of Monthly Debt Service and Number of Residential Connections for Water Systems

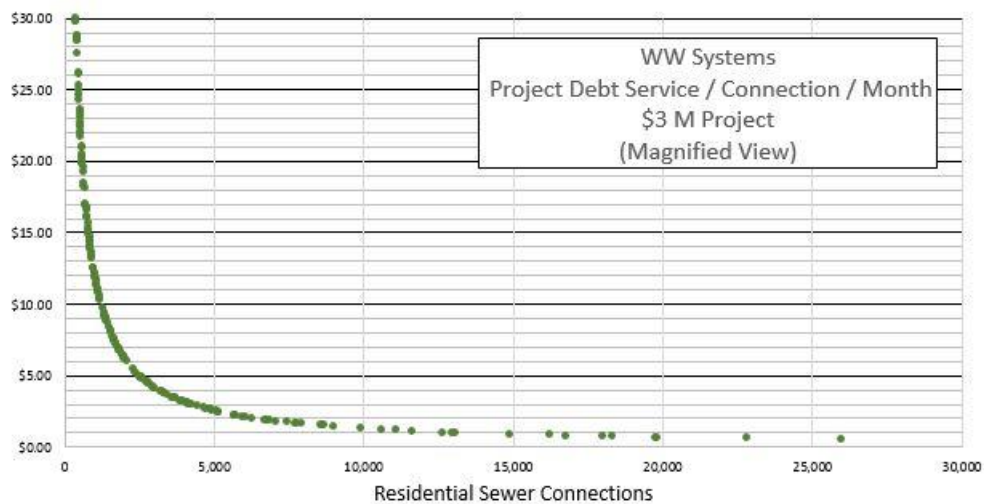


Figure 2. Comparison of Monthly Debt Service and Number of Residential Connections for Sewer Systems

V. Test 2 – Local Government Unit Parameters

The Authority suggested reviewing the five LGU parameters (population change, median poverty rate, median household income [MHI], unemployment, and property valuation per capita) by utilizing state benchmarks as part of a binary analysis.

Division staff reviewed the LGU parameters and determined the state values for population change, poverty rate, and MHI based upon American Community Survey (ACS) data. For unemployment, the division used the state median based upon information available from the North Carolina Employment Security Commission (ESC). For property valuation per capita, the division reviewed three possibilities for the state value: (a) a state value based upon the median of county data only, (b) a state value based upon the median of LGU data only, and (c) a state value based upon the sum property valuation data for counties from the LGU and the state population. Table 1 below shows the resulting property valuation per capita values based upon the three medians. The division recommends utilizing the state value, as Test 2 is seen as more of a gateway test and thus will allow more systems potentially to move to Test 3.

Last, the division recommends utilizing three out of five “hits” as the benchmark for passing to Test 3. A hit is defined as being below (percent population change, poverty rate, median household income) or above (poverty rate, unemployment) the state benchmark for that parameter. Three out of five hits means that a LGU is above/below the benchmark for the majority of the parameters being considered in this test.

Division Recommendations for Test 2 – LGU Parameters

- Utilize a binary system
- Utilize state benchmarks as the boundary
- Utilize the state value for property valuation per capita
- Boundary at 3 out of 5 hits

State Benchmarks

- Population trends – 6.70%
- Percent below poverty level – 17.5%
- Median household income – \$46,334
- Unemployment – 6.4%
- Property Valuation per capita – \$104,263.05

| Table 1. Property Valuation Per Capita Proposed Values | | |
|--|-------------|--------------|
| County Data | LGU Data | State Value |
| \$89,365.18 | \$70,490.27 | \$104,263.06 |

VI. Test 3 – Future Operating Ratio

For Test 3, the Authority suggested utilizing a future operating ratio of 1.3 to determine if existing revenues could cover the debt service for the project.

Since future operating ratio is based partially upon cost of the proposed project, division staff considered the worst-case scenario of a \$3,000,000 project as part of the analysis. Section VIII contains a discussion of the preliminary results.

Division Recommendation for Test 3 – Future Operating Ratio

- Boundary at future operating ratio of 1.3
- Based upon recommendation by Authority

VII. Test 4 – Current Rates and Future Debt Service per Connection

Test 4 compares water or sewer (depending if the project is water or sewer, respectively) rates and water or sewer debt service per connection, including any debt service associated with the loan portion of project funding. The Authority suggested utilizing a binning system based upon state benchmarks as boundaries for current rates and future debt service per connection and to review which size for the matrix would be most appropriate (five bins, six bins, or eight bins).

A. Number of Bins

To avoid confusing the public when this system is presented as part of the 21-day public comment period, the matrix has been rearranged so that the highest numbers (e.g., Bin 6) indicate high rates and high debt service per connection while the lowest numbers (e.g., Bin 1) indicate low rates and low debt service per connection.

The division set the number of bins by considering the spread of the data. An eight-bin by eight-bin matrix would have spread the data so thin that not all cells would contain a system. Division staff also considered a five-bin by five-bin matrix and a six-bin by six-bin matrix. The division recommends a six-bin by six-bin matrix to allow for more flexibility related to grant/loan distribution (see Section VII.C).

B. Bin Boundaries

To determine the placement of the boundaries, division staff discussed the manner of distribution of the boundaries, based upon the idea that total grants should go with the neediest systems based on ability of current revenues to cover debt service for the project (Test 3) as well as high rates and debt service (Test 4). The system proposes that most projects would receive a majority of funding through loans, since grant funds are very limited compared to loan availability. Projects for very needy systems would be funded solely with grant funds. Staff determined boundaries based upon the percentages shown in Table 2 below.

- Bin 6 = 5% of systems
- Bin 5 = 10% of systems
- Bin 4 = 15% of systems
- Bin 3 = 20% of systems
- Bin 2 = 25% of systems
- Bin 1 = 25% of systems

The division recommends utilizing the boundary distributions as shown above.

Division Recommendations for Test 4 – Current Rates and Future Debt Service for Connection

- Use of six bins for both current rates and future debt service per connection
- Using values determined by considering a sum of all water and sewer systems
- Setting of the grant/loan mix as prescribed in Section VII.C

| Bin Boundaries | Between 6 and 5 (Highest) | Between 5 and 4 | Between 4 and 3 | Between 3 and 2 | Between 2 and 1 (Lowest) |
|---|----------------------------------|------------------------|------------------------|------------------------|---------------------------------|
| Percentage of Systems for Boundary | 95% | 85% | 70% | 50% | 25% |
| Water Systems Only – Current Rates | \$58 | \$42 | \$36 | \$31 | \$24 |
| Sewer Systems Only – Current Rates | \$68 | \$53 | \$45 | \$38 | \$30 |
| Combined Universe – Current Rates | \$58 | \$47 | \$40 | \$33 | \$26 |
| Water Systems Only – Future Debt Service per Connection | \$800 | \$480 | \$310 | \$190 | \$100 |
| Sewer Systems Only – Future Debt Service per Connection | \$1,000 | \$700 | \$430 | \$270 | \$130 |
| Combined Universe – Future Debt Service per Connection | \$1,000 | \$550 | \$350 | \$210 | \$110 |

Once the percentages were determined as shown in Table 2, division staff considered two options and used a \$3 million project as a worst-case scenario: (1) use the water system dataset to determine the water system boundaries and the sewer system dataset to determine the sewer system boundaries or (2) combine the entire dataset into one large dataset (see Table 2). The division recommends combining all of the data into one large dataset to set the boundaries, because when discussing affordability on a customer level, customers are impacted regardless of service(s) offered. Figures 3 through 8 show the boundaries on histograms for the various parameters. When inflections fell between bars, the higher bar was used.

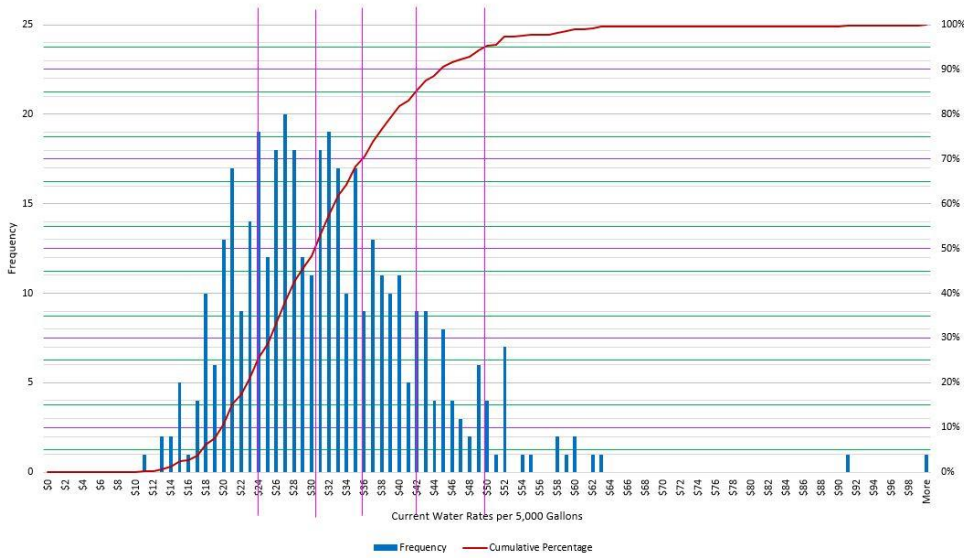


Figure 3. Histogram of Current Water Rates with Proposed Boundaries under Option 1

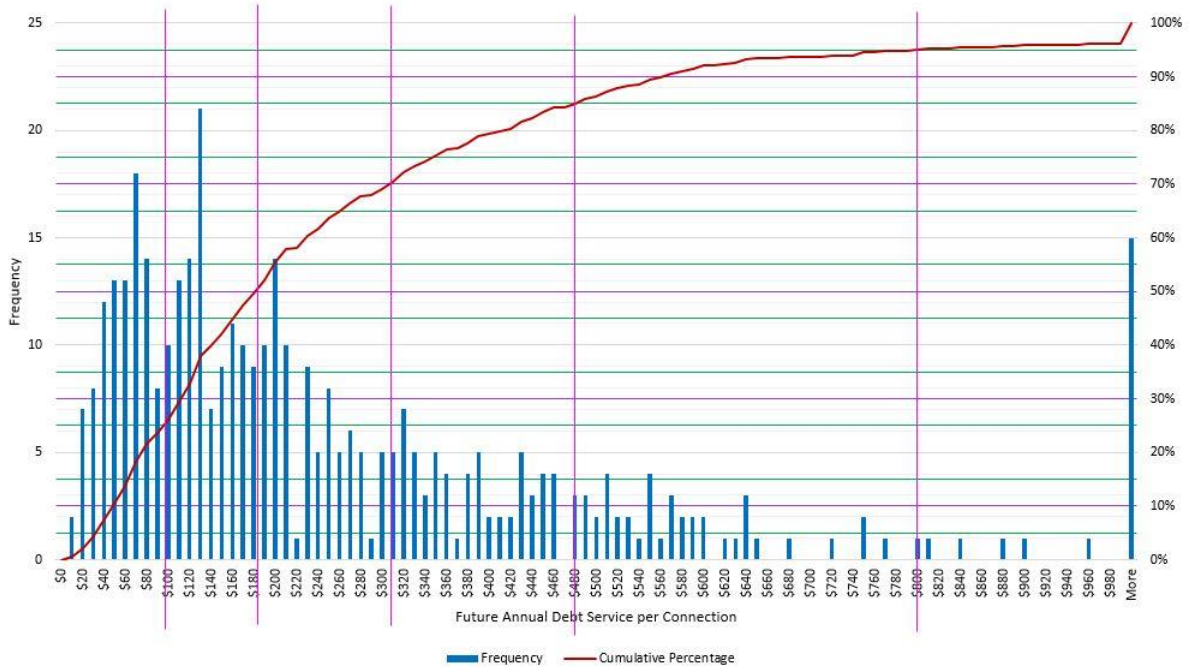


Figure 4. Histogram of Water System Debt Service per Connection with Proposed Boundaries under Option 1

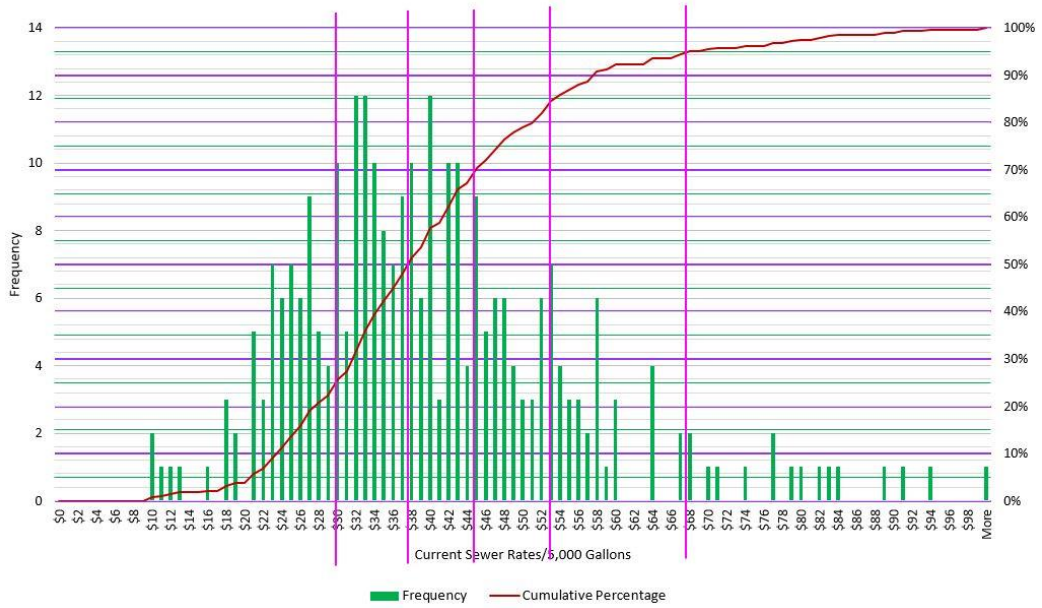


Figure 5. Histogram of Current Sewer Rates with Proposed Boundaries under Option 1

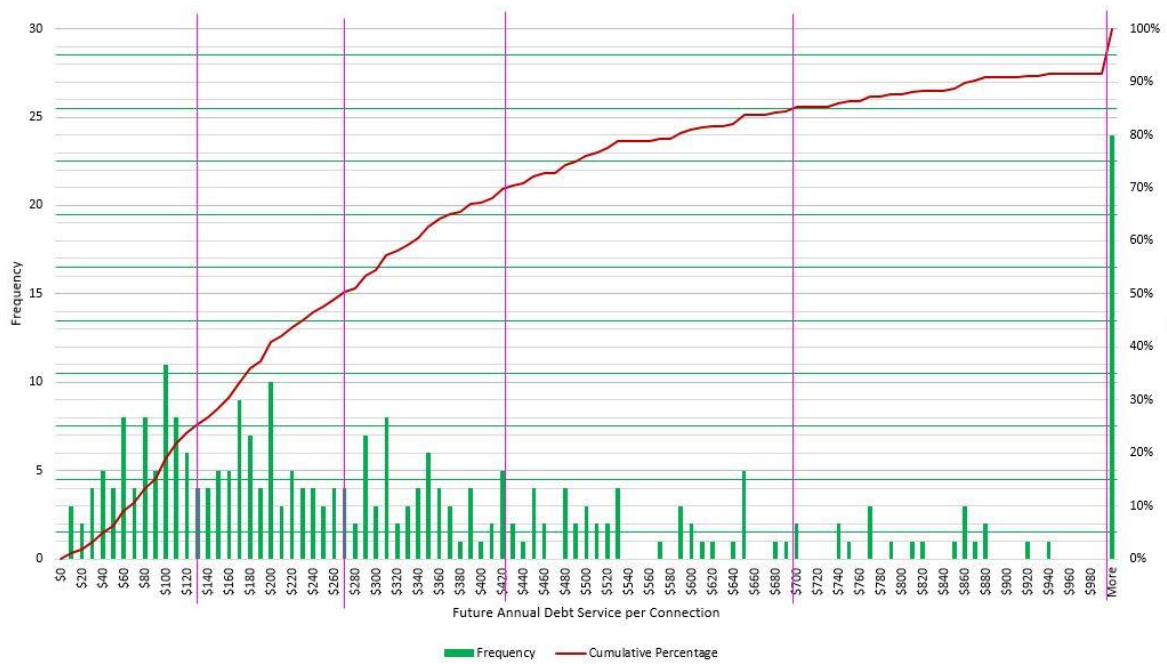


Figure 6. Histogram of Sewer System Future Debt Service per Connection with Proposed Boundaries under Option 1

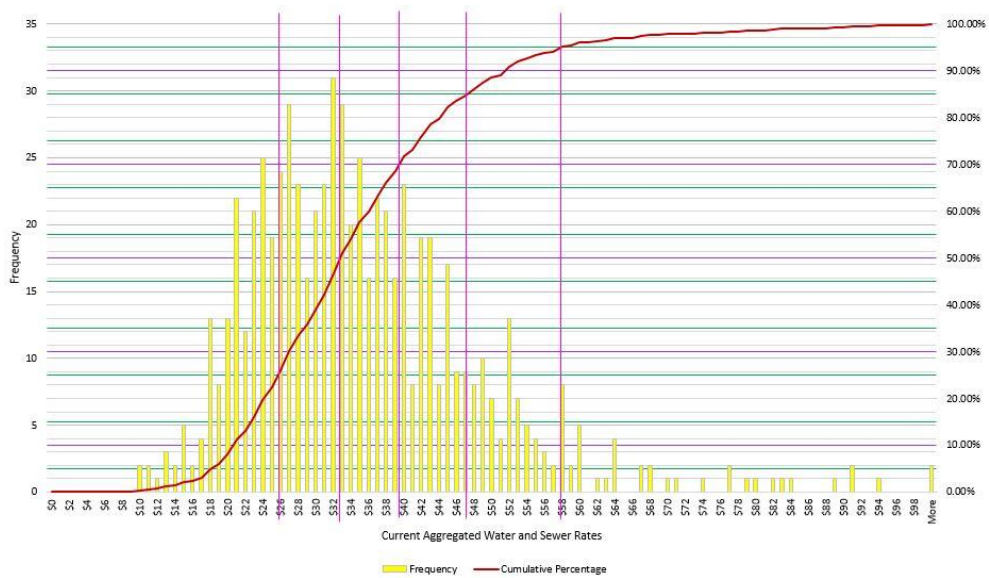


Figure 7. Histogram of Current Rates for Water and Sewer Systems with Proposed Boundaries under Option 2

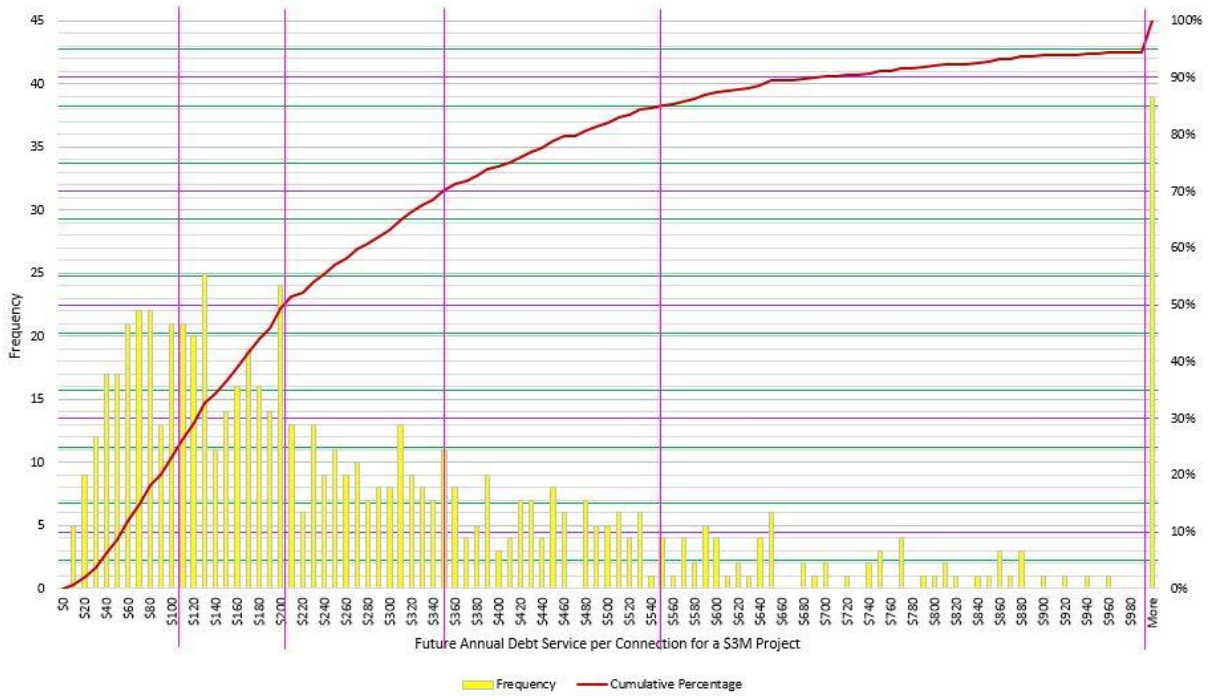


Figure 8. Histogram of Future Debt Service per Connection for Water and Sewer Systems with Proposed Boundaries under Option 2

C. Bin Distribution

Additionally, the division considered the distribution of grant/loan amounts across the matrix. Figure 9 below shows the percentage of grants that would be offered. Staff proposes to set the boundary for systems receiving 100 percent grant to capture those systems with excessively high rates (e.g., Bin 6) who may lack the capacity to raise rates or those with a combination of higher rates (Bin 5) and high debt service per connection (Bins 5 and 6). Additionally, division staff propose that those with current rates below the median, which is shown by the pink line, should not be eligible for grants except for those who may have high debt service per connection.

Current Water Rates

| Bin | Range | <\$110 | >\$110 - <=\$210 | >\$210 - <=\$350 | >\$350 - <=\$550 | >\$550 - <=\$1000 | >\$1000 |
|-----|----------------|--------|------------------|------------------|------------------|-------------------|---------|
| | | Bin 1 | Bin 2 | Bin 3 | Bin 4 | Bin 5 | Bin 6 |
| 6 | >\$58 | 100% | 100% | 100% | 100% | 100% | 100% |
| 5 | >\$47 - <=\$58 | 50% | 50% | 75% | 75% | 100% | 100% |
| 4 | >\$40 - <=\$47 | 25% | 25% | 50% | 50% | 75% | 75% |
| 3 | >\$33 - <=\$40 | 25% | 25% | 25% | 25% | 50% | 50% |
| 2 | >\$26 - <=\$33 | 0% | 0% | 0% | 0% | 25% | 25% |
| 1 | <\$26 | 0% | 0% | 0% | 0% | 0% | 25% |

Figure 9. Grant Distribution across Matrix

VIII. Preliminary Results

The Authority voiced concerns that, based upon the size of the previous datasets and the methodologies used in testing, some systems that might need a grant would not make it through to the final test.

A. Number of Systems

The division ran two types of tests, both based upon the parameters proposed above. First, each test was run individually on the full datasets for both water and sewer to determine if systems that should pass were not passing and vice versa. Then, for both water and sewer systems, the tests were run in similar fashion as done in late 2015.

| Test | Separate Tests | |
|---|----------------------------|-----------------------------|
| | Water ^a | Sewer ^a |
| Number of Systems Starting | 402 | 276 |
| Pass Test 1 – Population ^b | 381 (94.28%) | 262 (94.98%) |
| Pass Test 2 – LGU Parameters ^c | 552 (67.28%) | |
| Pass Test 3 – Future Operating Ratio ^d | 348 (86.57%) / 365 (90.8%) | 220 (83.87%) / 232 (88.53%) |

^aDatasets for the individual tests found either in DW – Edited or WW – Edited worksheets in the workbook. Datasets for the sequential tests found either at DW – Test or WW – Test for all tests.

^bResidential connections serve as a surrogate for population. Test 1 name remains the same as previous for the sake of clarity.

^cDataset for Test 2 of the Individual Tests found at LGU Data worksheet and is one set for both water and sewer individual tests.

^dPass rates may differ depending upon if the scenario is the \$1 million scenario or \$3 million scenario.

Table 3 shows the results of the analysis run on the separate water and sewer datasets to ensure that systems eligible for grants would pass through each test (see DW – Edited and WW – Edited worksheets in the workbook). As shown in the table, Test 2 is the most stringent. However, staff's review of the data indicate that, based upon best professional judgment, those systems who would be eligible for a grant would pass Test 2.

The division also ran test cases for \$1 million and \$3 million projects through both water and sewer datasets (see DW – Test and WW – Test worksheets in the workbook). Table 4 shows those results. As shown, the driving factor in determining which systems are potentially eligible for a grant in Test 4 is Test 2.

| Test | Sequential Tests | |
|---|-----------------------------|-----------------------------|
| | Water ^a | Sewer ^a |
| Number of Systems Starting | 389 | 274 |
| Pass Test 1 – Population ^b | 367 (94.34%) | 261 (95.26%) |
| Pass Test 2 – LGU Parameters ^c | 279 (71.72%) | 190 (69.35%) |
| Pass Test 3 – Future Operating Ratio ^d | 255 (65.55%) / 264 (67.87%) | 168 (61.31%) / 175 (63.87%) |

^aDatasets for the individual tests found either in DW – Edited or WW – Edited worksheets in the workbook. Datasets for the sequential tests found either at DW – Test or WW – Test for all tests.

^bResidential connections serve as a surrogate for population. Test 1 name remains the same as previous for the sake of clarity.

^cDataset for Test 2 of the Individual Tests found at LGU Data worksheet and is one set for both water and sewer individual tests.

^dPass rates may differ depending upon if the scenario is the \$1 million scenario or \$3 million scenario.

The division considered the distribution of grants and loans as another aspect of Test 4. Figures 10 through 13 show the results of the grant distribution for the separate water and sewer system universes at the \$1 million and \$3 million project scenarios.

Current Water Rates

| Bins | Range | <\$26 | >\$110 - <=\$210 | >\$210 - <=\$350 | >\$350 - <=\$550 | >\$550 - <=\$1000 | >\$1000 |
|------|----------------|-------|------------------|------------------|------------------|-------------------|---------|
| 6 | >\$58 | 1 | 2 | 2 | 2 | 0 | 1 |
| 5 | >\$47 - <=\$58 | 6 | 8 | 7 | 1 | 0 | 1 |
| 4 | >\$40 - <=\$47 | 14 | 19 | 8 | 2 | 0 | 0 |
| 3 | >\$33 - <=\$40 | 42 | 25 | 10 | 2 | 2 | 1 |
| 2 | >\$26 - <=\$33 | 66 | 38 | 9 | 1 | 0 | 0 |
| 1 | <\$26 | 91 | 29 | 8 | 3 | 0 | 1 |

Figure 10. Test 4 Results for Water System Universe Based Upon a \$1 Million Project

Current Water Rates

| Bins | Range | <\$26 | >\$110 - <=\$210 | >\$210 - <=\$350 | >\$350 - <=\$550 | >\$550 - <=\$1000 | >\$1000 |
|------|----------------|-------|------------------|------------------|------------------|-------------------|---------|
| 6 | >\$58 | 0 | 1 | 1 | 2 | 2 | 2 |
| 5 | >\$47 - <=\$58 | 1 | 4 | 8 | 6 | 2 | 2 |
| 4 | >\$40 - <=\$47 | 7 | 8 | 10 | 10 | 8 | 0 |
| 3 | >\$33 - <=\$40 | 17 | 30 | 15 | 10 | 6 | 4 |
| 2 | >\$26 - <=\$33 | 34 | 35 | 21 | 20 | 2 | 2 |
| 1 | <\$26 | 59 | 37 | 15 | 9 | 7 | 5 |

Figure 11. Test 4 Results for Water System Universe Based Upon a \$3 Million Project

Current Water Rates

| Bins | Range | <\$110 | >\$110 - <=\$210 | >\$210 - <=\$350 | >\$350 - <=\$550 | >\$550 - <=\$1000 | >\$1000 |
|------|----------------|--------|------------------|------------------|------------------|-------------------|---------|
| 6 | >\$58 | 6 | 5 | 6 | 5 | 1 | 1 |
| 5 | >\$47 - <=\$58 | 6 | 17 | 10 | 6 | 3 | 4 |
| 4 | >\$40 - <=\$47 | 12 | 13 | 20 | 2 | 1 | 2 |
| 3 | >\$33 - <=\$40 | 22 | 24 | 9 | 3 | 1 | 1 |
| 2 | >\$26 - <=\$33 | 29 | 10 | 11 | 3 | 0 | 2 |
| 1 | <\$26 | 30 | 7 | 5 | 0 | 1 | 1 |

Figure 12. Test 4 Results for Sewer System Universe Based Upon a \$1 Million Project

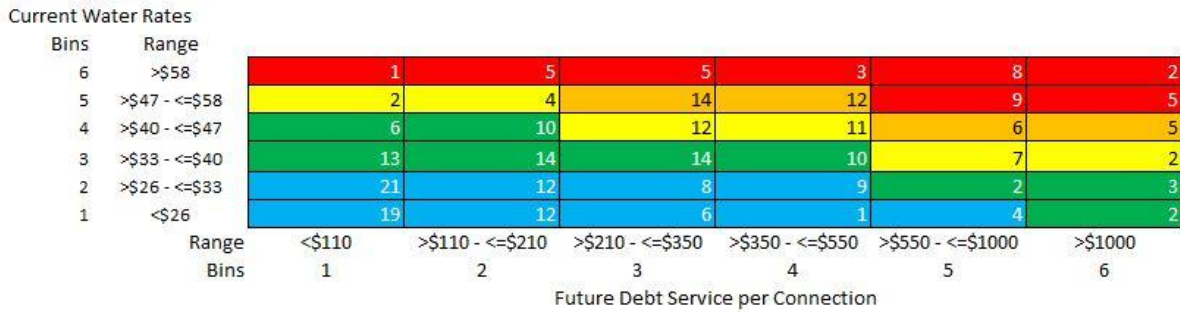


Figure 13. Test 4 Results for Sewer System Universe Based Upon a \$3 Million Project

As shown in the figures, as the cost of a project goes up, the number of systems eligible for grants will increase in a migration pattern that shifts upward as well as to the right. Additionally, over time, as systems take on debt and raise their rates as a result, the distribution of systems within the matrix will shift to the right and upward as well. The degree of shift depends upon decisions made by each system that impact the future operating ratio, current rates, and future debt service per connection. The division intends to periodically reevaluate system placement within the matrix by utilizing updated data on a regular basis.

Table 4 below shows a comparison of how these tables would look when running Test 4 both separately and sequentially. The tests were run separately across the whole universe and then sequentially as a model for affordability, the grant eligibility distribution remains similar for both the \$1 million and \$3 million project scenarios.

| Table 4. Comparison of Test 4 Results for Both Individual Test 4 Runs and Sequential Run | | | | | | | | |
|--|------------------------------|------------|------------------------------|------------|------------------------------|------------|------------------------------|------------|
| Grant Eligibility | \$1 Million Scenario (Water) | | \$1 Million Scenario (Sewer) | | \$3 Million Scenario (Water) | | \$3 Million Scenario (Sewer) | |
| | Separate | Sequential | Separate | Sequential | Separate | Sequential | Separate | Sequential |
| 100% | 2.24% | 2.75% | 11.11% | 11.31% | 2.99% | 3.41% | 13.62% | 13.14% |
| 75% | 1.99% | 1.96% | 6.81% | 7.14% | 5.47% | 4.92% | 13.26% | 14.29% |
| 50% | 6.72% | 6.27% | 16.85% | 19.05% | 8.71% | 10.23% | 13.62% | 16.00% |
| 25% | 28.11% | 29.80% | 30.82% | 27.98% | 23.88% | 24.24% | 26.52% | 24.00% |
| 0% | 60.95% | 59.22% | 34.41% | 34.52% | 58.96% | 57.20% | 32.97% | 32.57% |

State Water Infrastructure Authority
Meeting Date – January 21, 2016
Agenda Item K – Asset Inventory and Assessment Grant

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 application of management practices in wastewater, drinking water & stormwater and to determine best practices

The Authority in its 2014 Annual Report recommended modifications to NCGS 159G to provide asset inventory and assessment grants. In 2015, the General Assembly approved (SL2015-241) broadening the use of grant funds for proactive activities including for a utility to inventory and assess its water and/or sewer infrastructure.

At the Authority's Dec. 2015 meeting, Division staff presented information about the proposed grant and received comments from the Authority.

Overview

Based on the Authority's comments during this period and additional work by the Division, staff developed the attached information about the grant application components and the priority rating system for the Authority's review.

For this agenda item, the Division is seeking approval from the Authority for a draft priority system that would be used by both the Division and Authority to rank applications for asset inventory and assessment grants. The draft priority rating system would then be made available for public review.

A Guidance Document will be developed for this grant program that will address why the grant was created (assisting achieving viability, etc.) and will provide detailed instructions to the applicants to guide them in preparing their responses to the questions. The application form for these grants will include the information needed to rank the applications using the priority system and to provide additional information for the Authority on the proposed project.

The desired outcome from the priority rating system is to fund systems that will actually use the data and information obtained through this project to manage their infrastructure assets. The highest points are in the System Management category because the items in this category may be an indication of the utility's ability to obtain, maintain, and use this data. The next highest points are in the Project Benefits category because the questions related to this category provide information on the utility's understanding of what they want to get out of the project. The Affordability points are important when prioritizing applications that have similar management and benefit aspects; however, affordability should not outweigh the benefits or the ability to better utilize the information obtained through this project. The Division has attempted to structure the priority system to prioritize the applications that reflect the greatest likelihood that information obtained through this project will be used in utility management in the future.

Staff Recommendation

For this agenda item, the Division is seeking approval from the Authority for a draft priority system that would be used by both the Division and Authority to rank applications for asset inventory and assessment grants. The draft priority rating system would then be made available for public review.

Staff recommends that the Authority approve the draft priority rating system so that staff can solicit public comment on the proposed priority rating system.

North Carolina Division of Water Infrastructure

Asset Inventory and Assessment Grant – Description and Application Components

Background

In 2013, the North Carolina General Assembly created the State Water Infrastructure Authority (Authority) to streamline the state water and wastewater infrastructure funding programs available to local governments, to assess and make recommendations about the state’s water infrastructure needs, and to develop a Master Plan to meet those needs. Specifically, the Authority is responsible for defining statewide water and wastewater infrastructure needs, examining funding sources and their adequacy to meet the identified needs, and assessing the role of the State to develop and fund water infrastructure.

The Authority recognizes that the state will best be able to meet its water infrastructure needs by ensuring utilities are, or are on a path to be, viable systems.

Fostering the long-term viability of utilities is one of the most vital roles that the State can play. As a result, in 2015 the General Assembly took action to broaden the use of grant funds to encourage water and wastewater utilities to become more proactive in the management and financing of their systems which is a pathway to viability.

The Division of Water Infrastructure is now able to offer grants to assist water utility providers in developing an asset inventory and assessment (AIA). The goal of an AIA grant is to help utility providers take steps to better understand their infrastructure needs by:

- Identifying system components and where they are located;
- Determining the condition of critical components;
- Establishing costs for replacement/repairs/upgrades (capital) and continuous operations and maintenance (O&M);
- Creating a prioritized list of projects to be completed; and
- Preparing a realistic Capital Improvement Plan (CIP) that includes critical projects.

Once the needs, costs and priorities are known, the utility will be able to take the next important step by determining how it will fund the most critical projects; this may include infrastructure funding applications to the Division along with other potential actions such as rate structure analyses/ adjustments. This information will enable a utility to make informed business decisions about the best use of its funds. Together, the goal of all of these activities is to move a system toward viability.

Proposed Application Prioritization

The Division and the Authority anticipate that many utilities will apply for an AIA grant. A method to prioritize the applications for funding is needed. The Division has structured the proposed priority rating system to prioritize the applications that reflect the greatest likelihood that information obtained through this project will be used in utility management in the future. This furthers the goal of the Authority to fund utilities that will actually use the data and information obtained through this project to manage their infrastructure assets.

Master Plan Vision

The State will best be able to meet its water infrastructure needs by ensuring utilities are, or are on a path to be, viable systems.

A viable system is one that functions as a business enterprise, establishes organizational excellence, and provides appropriate levels of infrastructure maintenance, operation, and reinvestment – including reserves for unexpected events – that allow the utility to provide reliable water services now and in the future.

Proposed Match Requirement

The Division proposes a match requirement of fifteen percent (15%), ten percent (10%), or five percent (5%). Applicants that have three of the five local government unit parameters that meet the state benchmark will have a 15% match. Applicants with four of the five parameters will have a 10% match, and applicants with five of the five will have a 5% match requirement. (Line Item 3.B in the priority system describes the local government unit parameters.)

Asset Inventory and Assessment Grant Application Components

It is proposed that the Asset Inventory and Assessment grant application will consist of: (A) a narrative, which will be used for the Benefit and System Management categories in the priority system, and (B) a resolution indicating the commitment of the applicant to implement the inventory and assessment work and to utilize the information obtained through this project as described in the application (e.g., Narrative Items 5. & 6.).

Narrative

Following are items to be addressed by the applicant in a narrative format:

1. What are the top three (3) challenges your system faces in the next 5 years? How will the proposed asset inventory and assessment project help address these challenges? Examples of such challenges might include age of infrastructure, high rates, high debt, public health issues, environmental compliance issues, lack of capacity, water loss, infiltration/inflow, infrastructure at risk of failure, etc. Provide any existing documentation of these challenges. **(Line Item 1)**
2. Has the utility received grant funding in the past for capital improvement plan (CIP) or asset inventory/assessment? How has the utility used the information gained during that work? Provide a copy (hard copy or CD) of any existing asset inventory, map, condition assessment, or asset management plan. **(Line Item 1)**
3. Identify (by title or employee job description) the utility's internal asset management team that will be assembled to develop the asset inventory and assessment project. Describe the experience or training each team member has related to utility management – such as rate setting, CIP development, asset management, etc. In addition, describe how this team will continue to inventory, assess, prioritize, and plan for water infrastructure assets after completion of the project. **(Line Items 1 & 2.A)**
4. How does the utility set rates currently to generate revenue for appropriate levels of infrastructure maintenance, operations, and replacement? Has the process for setting rates changed in the last five (5) years, and how has it changed? How does the rate setting process blend with the CIP planning process? **(Line Item 2.B)**
5. How will the utility use the information developed through this project to develop future infrastructure projects, and how will these projects be prioritized? How will these projects be incorporated into the CIP planning process in the future, and how will the source of funding be determined? **(Line Items 1 & 2.B)**
6. How will the utility's asset inventory developed through this project be kept up to date, and how will the utility pay for this ongoing effort? **(Line Item 2.C)**
7. Provide the System Operating Ratio each year for the past three years. **(Line Item 2.D)**
8. Describe any additional benefits to the utility of receiving this Asset Inventory & Assessment grant that have not been previously mentioned. **(Line Item 1)**

Priority Rating System

Staff proposes to score each application using the following priority rating system.

The priority rating system presented below assigns the highest points to System Management (Line Item 2) because the items in this category may be an indication of the utility’s ability to obtain, maintain and use the data generated as part of this project. The next highest points are assigned to Project Benefits (Line Item 1) because the questions related to this category provide information on the utility’s own understanding of what it intends to gain or achieve through the project.

The Division has structured the priority system to prioritize the applications that reflect the greatest likelihood that information obtained through this project will be used in utility management in the future.

| Asset Inventory and Assessment Grant Priority Rating System | | |
|--|--|---------------|
| Line Item # | Category | Points |
| 1. | Project Benefits | 0, 4, or 8 |
| 2. | System Management | |
| 2.A | Knowledge base of utility’s internal asset management team | 0, 2, or 4 |
| 2.B | Current and past rate setting practices, CIPs, etc. | 0, 1, or 2 |
| 2.C | Management of asset inventory data | 0, 2, or 4 |
| 2.D | Operating Ratio (OR) is greater than or equal to 1.00 based on a current audit (2 points), or is less than 1.00 and water/sewer rates are high [based on Affordability Criteria-based threshold once determined] (1 point) | 0, 1, or 2 |
| 3. | Affordability | |
| 3.A | Affordability Criteria rate and debt/connection-related information once determined (i.e., highest priority for high rates and high debt/connection) | 0, 1, or 2 |
| 3.B | Local Government Unit (LGU) Parameters Consideration | |
| 3.B.1 | 3 out of 5 LGU parameters above (poverty, unemployment) or below (MHI, population change, property valuation/capita) state benchmark OR | 0 |
| 3.B.2 | 4 out of 5 LGU parameters above (poverty, unemployment) or below (MHI, population change, property valuation/capita) state benchmark OR | 1 |
| 3.B.3 | 5 out of 5 LGU parameters above (poverty, unemployment) or below (MHI, population change, property valuation/capita) state benchmark | 2 |
| Total Points | | 24 Max |

State Water Infrastructure Authority
Meeting Date – January 21, 2016
Agenda Item L – Merger/Regionalization Feasibility Grant

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:

- Review the application of management practices in wastewater, drinking water, and stormwater and to determine best practices

The Authority in its 2014 Annual Report recommended modifications to NCGS 159G to provide merger/regionalization study grants. In 2015, the General Assembly approved (SL2015-241) broadening the use of grant funds for proactive activities including a utility's ability to evaluate the feasibility of voluntarily merging or regionalizing with another system. North Carolina General Statute 159G-20 now defines merging and regionalizing as follows:

- Merger – the combination of two or more water and/or sewer systems into one system with common ownership, management, and operation
- Regionalizing – the physical interconnecting of an eligible entity's wastewater system to another entity's wastewater system for the purposes of providing regional treatment or the physical interconnecting of an eligible entity's public water system to another entity's water system for the purposes of providing regional water supply

At the Authority's Dec. 2015 meeting, Division staff presented information about the proposed grant and received comments from the Authority.

Overview

Based on the Authority's comments during this period and additional work by the Division, staff developed the attached information about the grant application components and the priority rating system for the Authority's review.

For this agenda item, the Division is seeking approval from the Authority for a draft priority system that would be used by both the Division and Authority to rank applications for merger/regionalization feasibility grants. The draft priority rating system would then be made available for public review.

A Guidance Document will be developed for this grant program that will address why the grant was created (assisting achieving viability, etc.) and will provide detailed instructions to the applicants to guide them in preparing their responses to the questions. The application form for these grants will include the information needed to rank the applications using the priority rating system and to provide additional information for the Authority on the proposed study.

Note that both the applicant and partner system(s) may be more than one entity.

Each application will be scored with respect to the other applications received during the application round. It is intended that the highest priority applications for this grant will, in general, have fewer connections, more compliance issues, smaller staffs, greater financial barriers, or any combination of the above that may hinder system viability and the ability to self-fund or conduct a feasibility study.

The emphasis in the priority rating system is the combination of the Technical and Organizational sections (6 points each) that reflects the utility's situation (versus the situation of the town or city). The Technical and Organizational sections collectively have 50% more points (12 points total) than the Affordability section. Given equal local government demographics, the utility with the most need would be prioritized higher.

Staff Recommendations

For this agenda item, the Division is seeking approval from the Authority for a draft priority system that would be used by both the Division and Authority to rank applications for merger/regionalization feasibility grants. The draft priority rating system would then be made available for public review.

Staff recommends that the Authority approve the draft priority rating system so that staff can solicit public comment on the proposed priority rating system.

North Carolina Division of Water Infrastructure

Merger/Regionalization Feasibility Grant – Description and Application Components

Background

In 2013, the North Carolina General Assembly created the State Water Infrastructure Authority (Authority) to streamline the state water and wastewater infrastructure funding programs available to local governments, to assess and make recommendations about the state’s water infrastructure needs, and to develop a Master Plan to meet those needs. Specifically, the Authority is responsible for defining statewide water and wastewater infrastructure needs, examining funding sources and their adequacy to meet the identified needs, and assessing the role of the State to develop and fund water infrastructure.

The Authority recognizes that the state will best be able to meet its water infrastructure needs by ensuring utilities are, or are on a path to be, viable systems.

Fostering the long-term viability of utilities is one of the most vital roles that the State can play. As a result, in 2015 the General Assembly took action to broaden the use of grant funds to encourage water and wastewater utilities to become more proactive in the management and financing of their systems which is a pathway to viability.

The Division of Water Infrastructure is now able to offer grants to assist water utility providers investigate the feasibility of voluntary merger/regionalization options.

The following definitions from the North Carolina General Statute apply:

- Merger – the combination of two or more water and/or sewer systems into one system with common ownership, management, and operation
- Regionalizing – the physical interconnecting of an eligible entity’s wastewater system to another entity’s wastewater system for the purposes of providing regional treatment or the physical interconnecting of an eligible entity’s public water system to another entity’s water system for the purposes of providing regional water supply

This analysis will help utilities that may be non-compliant or non-viable or seeking to become a more competitive utility provider improve their operations efficiency by defining a potential option of joining with another utility. The goal of a merger/regionalization feasibility grant is to allow a utility provider to identify and then work with potential partner utilities to investigate the challenges, benefits, and implications for both systems to potentially merge or regionalize. Both the applicant and partner system(s) may be more than one entity. It is also a goal that the results of the feasibility study be presented to and discussed with the utility providers’ board(s) or council(s) including an analysis of a no-action alternative.

Proposed Application Prioritization

The Division and the Authority anticipate that many utilities will apply for a merger/regionalization grant. A method to prioritize the applications for funding is needed. The Division has structured the proposed priority rating system such that the highest priority will be those utilities that, in general, have fewer connections, more compliance issues, smaller staffs, greater financial barriers, or any combination of the above that may hinder system viability and the ability to self-fund or conduct a feasibility study.

Master Plan Vision

The State will best be able to meet its water infrastructure needs by ensuring utilities are, or are on a path to be, viable systems.

A viable system is one that functions as a business enterprise, establishes organizational excellence, and provides appropriate levels of infrastructure maintenance, operation, and reinvestment – including reserves for unexpected events – and that allows the utility to provide reliable water services now and in the future.

Merger/Regionalization Feasibility Grant Application Components

It is proposed that the Merger/Regionalization Feasibility grant application will consist of: (A) a narrative and (B) an acknowledgement letter as described below.

A. Narrative

Section 1 – General Discussion of Applicant and Partner System(s)

1. Has the feasibility of a merger or regionalization been studied before? What have been the barriers to either conducting a feasibility study or to implementing the recommendations from any previous studies? If a study was previously done, how will this study differ?
2. Describe the benefit to the local government of receiving a Merger/Regionalization Feasibility grant, including the current challenges facing the applicant and potential partners, and why merging or regionalizing might help resolve the challenges. Specifically address the systems' technical, organizational, and financial situations, including:
 - a. Physical assets such as treatment/supply components, distribution/collection systems, storage facilities, etc.
 - b. Sources of drinking water or wastewater disposal/utilization.
 - c. Treatment, discharge, supply, and demand capacities.
 - d. The current level of asset management and capital improvement planning.

Section 2 – Technical Status

1. Describe any ongoing environmental protection and public health issues, such as impaired watersheds, contaminated sources, failing infrastructure, etc. **(Line Item 1.A)**
2. Discuss whether systems adjacent to the applicant appear to have adequate unallocated capacity to accommodate the applying system's needs? **(Line Item 1.B)**
3. Have the applicant and partner system(s) previously collaborated on utility or other issues, either on a project basis or for ongoing management? If so, describe the reasons, achievements, and benefits of the collaboration for both the applicant and partner system(s). **(Line Item 1.B)**

Section 3 – Organizational Status

1. Describe the organizational structure of the applicant, including the number, roles, and responsibilities of the utility and finance staff as well as elected officials, and existing management contracts if applicable. **(Line Item 2.A)**
2. Describe any known challenges the utility is experiencing related to operations of the utility such as treatment complexities, water loss, inflow/infiltration, billing, excessive debt, excessive expenses compared to revenue, loss of large water or sewer accounts, etc. **(Line Item 2.A)**
3. Has the applicant received a Local Government Commission unit letter within the last three (3) years? If so, discuss the issues presented in the letter, and how the application addressed the issues. **(Line Item 2.B)**

B. Acknowledgement Letter

Since it is important for the applying and partnering systems to potentially work together, a letter from each partnering system acknowledging potential collaboration with applying system(s) will be needed. The Division will develop a draft acknowledgement letter that can be used for each board or council's approval.

Priority Rating System

Staff proposes to score each application using the following Priority Rating System.

Each application will be scored with respect to the other applications received during the same application round. It is intended that the highest priority applications for this grant will in general have fewer connections, more compliance issues, smaller staffs, greater financial barriers, or any combination of the above that may hinder system viability.

The Priority Rating System presented below assigns the highest points to the combination of the Technical Status (Line Item 1) and the Organizational Status (Line Item 2) which are each worth 6 points for a maximum total of 12 points; these reflect the status of the applicant's utility (versus the town or city status). The 12 points possible in Line Items 1 and 2 are 50% greater than the points possible in Line Item 3 (Affordability) which provides a maximum of 8 points. Therefore, given equal LGU parameters, the utility with the most need would be prioritized higher.

| Merger/Regionalization Feasibility Grant Priority Rating System | | |
|--|--|---------------|
| Line Item # | Category | Points |
| 1. | Technical Status | |
| 1.A | Compliance History <i>(Note: applicants with more severe issues receive more points)</i> | 0, 1, 2, or 3 |
| 1.B | Past Collaboration and Proximity <i>(Note: higher priority for applicants with past collaboration and/or in proximity to other systems)</i> | 0, 1, 2, or 3 |
| 2. | Organizational Status | |
| 2.A | Size and Capabilities <i>(Note: smaller and less capable applicants receive more points)</i> | 0, 1, or 2 |
| 2.B | LGC Unit Letter <i>(Note: points if the LGU has received an LGC Unit Letter)</i> | 3 |
| 2.C | Operating Ratio < 1.00 | 1 |
| 3. | Affordability | |
| 3.A | Affordability Criteria rate and debt/connection-related information once determined <i>(Note: highest priority for high rates and high debt/connection)</i> | 0, 2, or 4 |
| 3.B | Local Government Unit (LGU) Parameter Considerations | |
| 3.B.1 | 3 out of 5 LGU parameters above (poverty, unemployment) or below (MHI, population change, property valuation/capita) state benchmark OR | 0 |
| 3.B.2 | 4 out of 5 LGU parameters above (poverty, unemployment) or below (MHI, population change, property valuation/capita) state benchmark OR | 2 |
| 3.B.3 | 5 out of 5 LGU parameters above (poverty, unemployment) or below (MHI, population change, property valuation/capita) state benchmark | 4 |
| | Total Points | 20 Max |