



1

Agenda

- Introductions
- Program overview
- Division application and additional forms
- Priority Rating Systems for study grants
- “At-Risk” projects
- Priority Rating Systems for construction applications
- American Rescue Plan Q&A
- Wrap-Up



DEQ
NORTH CAROLINA
Department of Environmental Quality

2

Training Handout Packet

- Agenda
- NCDEQ Division application packet
 - Application
 - Project Financial Information
 - Fund Transfer Certification Form
 - Project resolutions
 - Supplemental guidance for additional consideration
- Priority Rating Systems and guidance
 - Study grants
 - Asset Inventory and Assessment Grants
 - Merger / Regionalization Feasibility Grants
 - Construction projects
- Evaluation form

Guidance and other documents can be found on our website at:
<https://deq.nc.gov/about/divisions/water-infrastructure/i-need-funding/application-forms-and-additional-resources>

3

3

New and Changing Items

- American Rescue Plan Act (ARPA)
- Availability of study grants
- Updated affordability calculator
- Environmental justice mapping (as needed)
- Absolute numbers for expenditures
- DW – Voluntary drinking water source water protection plan



4

4



Program Overviews



6

5

Funding Overview

- American Rescue Plan Act (ARPA)
 - State Reserve Program
 - Viable Utility Reserve
- State Revolving Fund (SRF)
 - Loan and Principal Forgiveness
 - Construction projects

6

6

Viability Utility Reserve – ARPA Important Facts

- Funding Available – \$353 million
- Funds likely available next two rounds
- Funding limits
 - \$15 million per applicant OR \$30 million total for utilities merging
 - Construction grants
 - Study grants
 - Training grants
 - \$2,000 per distressed utility (awarded on February 9)
 - Must be expended within 2 years of award
- Applications due on May 2, 2022
- **Funds must be expended by December 31, 2026**

7

7

Viability Utility Reserve – ARPA – Eligibilities

- Utilities designated as distressed by State Water Infrastructure Authority (SWIA) and Local Government Commission (LGC) and partners
- SRF-Eligible
- Additional VUR eligibilities
 - Physical interconnection
 - Rehabilitation
 - Decentralization
 - Study grants
 - Other feasible options leading to viability
 - Training grants

8

8

State Reserve Program – ARPA – Important Facts

- Funding available
 - “At-Risk” utilities – \$191.3 million (funds likely available next 2 rounds)
 - Other utilities – \$54.1 million (all funds likely awarded in Spring)
 - Study and training grants – \$77.6 million (funds likely available next 2 rounds)
- Funding limits
 - Construction projects
 - “At-Risk” utilities – \$15 million per applicant
 - Other utilities – \$5 million per applicant
 - Study and training grants –
 - \$400,000 per recipient (including training grants) in the 2021-2023 biennium
 - Training grants – \$2,000 per recipient – Must be used within 2 years of award
- Applications due on May 2, 2022
- Funds must be expended by **December 31, 2026**

9

9

State Reserve – ARPA – Eligibilities

- SRF-eligible projects
- “At-Risk” utilities
 - Eligibilities
 - Not designated as distressed
 - Systems eligible for “at risk” funds:
 - 6 or higher on Assessment Criteria score AND 3 of 5 LGU indicators worse than state benchmark OR
 - Serves ≤ 1,000 residential service connections AND 3 of 5 LGU indicators worse than state benchmark



10

10

State Reserve – ARPA – Accessing “At-Risk” Funds

- Other projects eligible for “At-Risk” ARPA funding
 - Requirements
 - 75% of project cost must connect existing disadvantaged, under-served areas within or adjacent to utilities
 - Replace on-site services
 - Connection is voluntary
 - Connection fees covered by grant (may not be charged to residents)
 - Demonstration of underserved areas
 - Determined by DEQ
 - DEQ Community Mapping System – <https://deq.nc.gov/outreach-education/environmental-justice/deq-north-carolina-community-mapping-system>

11

11

State Revolving Fund (SRF)

- Clean Water State Revolving Fund (CWSRF)
- Drinking Water State Revolving Fund (DWSRF)
- Low-interest loan programs
 - Rate set at ½ market (20-Year Bond Index)
 - Current base interest rate is approximately 1.13% (will be set at application due date)
 - 20-year maximum term for base rate
 - 30-year maximum term possible for targeted interest rates
 - Debt approved by Local Government Commission

12

12

SRF Funding Availability

- CWSRF – Approximately \$85 million available
- DWSRF – Approximately \$50 million available
- Loan Maximums
 - CWSRF – \$30 million per Applicant
 - DWSRF – \$20 million per Applicant
 - Can exceed if funds are available



13

13

Funding Hierarchy

- ARPA grants (VUR or SRP)
- 100% PF-based (% based on affordability criteria)
- Less than 100% PF
- SRF loans



14

14

CWSRF & DWSRF Targeted Funding

- Principal forgiveness (PF)
 - Approximately \$2 million total in Spring 2022 for CWSRF
 - Approximately \$3 million total in Spring 2022 for DWSRF
 - PF percentage based on affordability criteria
 - Must receive priority points for Category 1 - Project Purpose
 - PF limits can be exceeded if funds are available
- Up to 100% PF for nonviable utility consolidation and failing drinking water and wastewater systems
- Targeted interest rates for PF-qualified applicants
 - PF eligibility $\geq 75\%$ \Rightarrow 0%
 - PF eligibility $< 75\%$ \Rightarrow 1% less than base rate
- CWSRF only – 1% less than base rate for green projects

15

15

ARPA Spending Project Schedule

	2022				2023				2024				2025				2026			
	Winter	Spring	Summer	Fall																
Spring 2022 Funding Round		■																		
Funding Award (Spring 2022)			■																	
Fall 2022 Funding Round				■																
Funding Award (Fall 2022)					■															
Funds Encumbered												■								
Funds Expended																				■



16

16

Questions?



Department of Environmental Quality



17

17



*Application and Additional
Forms*



18

18

Application Packet

- Division application
- Project Financial Information Form
- Fund Transfer Certification Form
- Resolution
- Affordability calculator
- Environmental Justice (EJ) map, if applicable
- Rate sheets
- Priority points sheet and narrative
 - Wastewater
 - Drinking water
 - Study grants



19

19

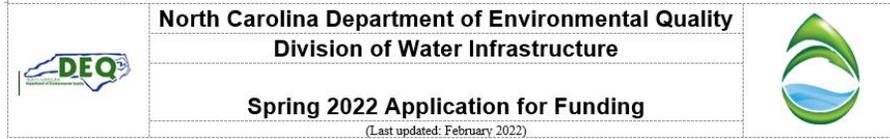
Division Application



20

20

Division Application



- Revised in Winter 2022
- [This application must be used](#)
- One application for all programs
- Best funding fit
- All sections completed
- Note: Application comes with instructions
- [Read the instructions](#)

21

21

Division Application

- Construction project applications not funded in previous round (Fall 2021) considered in Spring 2022 ~~for the SRF only~~
- Reconsideration
 - No additional information allowed
 - Application reconsidered as-is
 - Adding information? ⇨ Submit completely new application
- Each application viewed as stand-alone
- All copies of applications must contain all information and signatures



22

22

Final Check Tips

- All signatures present including electronic copies
- All forms present and complete
 - Application
 - Fund Transfer Certification
 - Rate sheet(s)
 - Resolution
 - Affordability calculations
 - EJ map (if applicable)
- E-copies
 - Same as hard copy (scan after everything complete, including signatures)
 - Comments removed from PDF
 - Complete narratives



23

23

Division Application – Section 1

1. General Information			
Applicant Name		County	DUNS Number
Project Name		Federal Tax ID #	PWSID # (if applicable)
Applicant Type		Total Project Cost	Funding Amount Requested
<input type="checkbox"/> Municipality	<input type="checkbox"/> Sanitary District		
<input type="checkbox"/> County	<input type="checkbox"/> Non-Profit Water Corporation		
<input type="checkbox"/> Water and Sewer District	<input type="checkbox"/> Other (Specify:)		
<input type="checkbox"/> Water and Sewer Authority			



24

24

Division Application – Section 1

Funding Type(s) Requested	
<input type="checkbox"/> Asset Inventory and Assessment (AIA) Grant	<input type="checkbox"/> Construction Project
<input type="checkbox"/> Merger/Regionalization Feasibility (MRF) Grant	↳ <input type="checkbox"/> Drinking Water
<input type="checkbox"/> Pre-Construction Planning Grant (without construction)	↳ <input type="checkbox"/> Wastewater
<input type="checkbox"/> Other: _____	↳ <input type="checkbox"/> CWSRF Green Project: stream restoration, stormwater BMP, reclaim water



25

Division Application – Section 1

Acceptance of Funding Offer (for Construction Projects only)
 These questions will be used to identify the best funding fit. Funding from the American Rescue Plan Act (ARPA) is available as grants, and principal forgiveness is available from the State Revolving Funds.

- I am willing to accept funding that includes federal conditions. Yes No
- I will only accept a funding offer (loan and/or grant) if a minimum of \$_____ is offered as a grant or principal forgiveness. Enter \$0 if you are willing to accept a loan offer with no grant or principal forgiveness.
- Because of the potential hardship related to a State Revolving Fund and/or State Reserve Program loan, this application seeks to replace the \$_____ loan awarded to the Insert Project Name (Insert project number) with grant funding. *Note: loans that have already received disbursements are not eligible.*



26

Division Application – Section 2

2. System Parameters		
Residential Sewer Connections	Residential Water Connections	
█	█	
Non-Residential Sewer Connections	Non-Residential Water Connections	
█	█	
Monthly Sewer Bill per 5,000 gallons	Monthly Water Bill per 5,000 gallons	
█	█	
Percentage of Utility Bills Collected and Rate Increase Percentages		
Year	Percentage of Utility Bills Collected	Rate Increase Percentage
█	█	█
█	█	█
█	█	█
█	█	█

27

27

Division Application – Sections 3, 4, and 5

3. Applicant Contact Information	
Authorized Representative Name:	█
Authorized Representative Title:	█
Mailing Address Line 1:	█
Mailing Address Line 2:	█
City:	█
State:	█
Zip Code:	█
Physical Address Line 1:	█
Physical Address Line 2:	█
Physical Address City:	█
Physical Address State:	█
Physical Address Zip Code:	█
Phone Number:	█
E-Mail Address:	█
4. Application Preparer Contact Information	
Firm Name:	█
Contact Name:	█
Mailing Address Line 1:	█
Mailing Address Line 2:	█
City:	█
State:	█
Zip Code:	█
Physical Address Line 1:	█
Physical Address Line 2:	█
Physical Address City:	█
Physical Address State:	█
Physical Address Zip Code:	█
Phone Number:	█
E-Mail Address:	█
5. Engineer Contact Information	
Is the engineering firm different from the application preparer?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Engineering Firm Name:	█
Contact Name:	█
Mailing Address 1:	█
Mailing Address 2:	█
City:	█
State:	█
Zip Code:	█
Physical Address Line 1:	█
Physical Address Line 2:	█
Physical Address City:	█
Physical Address State:	█
Physical Address Zip Code:	█
Phone Number:	█
E-Mail Address:	█



28

28

Division Application – Section 6

6. Project Description (see Instructions)

Estimated number of new connections served by project (if applicable):	
For Construction Projects and Pre-Construction Planning Grants only:	
<input type="checkbox"/>	The proposed project is a result of an Asset Inventory and Assessment Grant previously awarded by the Division?
<input type="checkbox"/>	The proposed project is a result of a Merger / Regionalization Feasibility Grant previously awarded by the Division?
<input type="checkbox"/>	None of the above.

29

29

Division Application – Section 7

7. Additional Information for Consideration

- For use with information to add beyond the priority points system
- Use supplementary guidance
- Must fit into the space provided



30

30

Division Application – Section 8

8a. Project Budget (for Construction Projects and Pre-Construction Planning Grants only)			
	Division Funding Requested	Other Secured Funding Source(s)	Total Cost Amount
Indicate construction costs by line item (e.g., linear feet of different-sized lines)			
Construction Costs			
Contingency (10% of construction costs):			
Construction Subtotal:			
Engineering Costs			
Engineering Design			
Permitting			
Land Surveying Costs			
Engineering Subtotal:			
Administration Costs			
Planning (pre-construction costs)			
Easement Preparation			
Engineering Report Preparation			
Environmental Documentation Preparation (if applicable)			
Legal Costs			
Compensation for Connection Fees and System Development Fees that will not be charged after connecting residences in disadvantaged, underserved areas (if applicable)			
Project Funding Administration (if applicable)			
Other:			
Other:			
Administration Subtotal:			
TOTAL PROJECT COST:			

8b. Project Budget (for AIA and MRF grants, and training and/or rate study components to other projects)	
	Division Funding Requested
TOTAL DIVISION FUNDING REQUESTED:	

A Professional Engineer signature and seal for the estimate *must be provided* in the space to the right for the application to be considered complete.



Division Application – Section 8a – Construction

8a. Project Budget (for Construction Projects and Pre-Construction Planning Grants only)			
	Division Funding Requested	Other Secured Funding Source(s)	Total Cost Amount
Indicate construction costs by line item (e.g., linear feet of different-sized lines)			
Construction Costs			
Contingency (10% of construction costs):			
Construction Subtotal:			
Engineering Costs			
Engineering Design			
Permitting			
Land Surveying Costs			
Engineering Subtotal:			
Administration Costs			
Planning (pre-construction costs)			
Easement Preparation			
Engineering Report Preparation			
Environmental Documentation Preparation (if applicable)			
Legal Costs			
Compensation for Connection Fees and System Development Fees that will not be charged after connecting residences in disadvantaged, underserved areas (if applicable)			
Project Funding Administration (if applicable)			
Other:			
Other:			
Administration Subtotal:			
TOTAL PROJECT COST:			

A Professional Engineer signature and seal for the estimate *must be provided* in the space to the right for the application to be considered complete.

Budget examples – Old Infrastructure

- 10,000 l.f. 8-inch pipe (60% old)

Line Item	Division Funding Requested
OLD 6,000 l.f. 8-inch pipe	AAAAAAA
4,000 l.f. 8-inch pipe	BBBBBBB

33

33

Budget Example – Disadvantaged / Underserved Communities – \$4.7M Project

Line Item	Division Funding Requested
Construction Costs	
10-inch gravity sewer d/u comm.	\$2,000,000
10-inch gravity sewer	\$750,000
8-inch gravity sewer d/u comm.	\$1,000,000
50 sewer laterals d/u comm.	\$100,000
Subtotal:	\$3,850,000 (\$3.1M=80.51% d/u)
Contingency (10%)	\$385,000 (80.51% d/u=\$309,964 of cont.)
Total Construction – D/U comm.	\$3,409,964
Total Construction – Other	\$825,036
Total Construction	\$4,235,000
Engineering Costs	\$100,000
Admin Costs	\$100,000
Connection Fees	\$250,000
Total Project Cost	=\$4,685,000 (d/u=\$3,859,964)

34

Division Application – Section 8b – Planning-Type Grants

8b. Project Budget (for AIA and MRF grants, and training and/or rate study components to other projects)	
	Division Funding Requested
TOTAL DIVISION FUNDING REQUESTED:	

- For use only with AIA, MRF, rate study, and training grants
- AIA and MRF applications must be separate from each other and construction applications
- Can add rate studies or training grants to construction, AIA, and MRF applications
- No PE seal is required for this budget

35

35

Certifications

- 9 items
- Read each
- Initial each
- Not applicable? N/A



36

36

Application – Completeness Checklist

Completeness Checklist	
<i>In addition to this application, the following items must be included for a complete application package. Incomplete applications will not be considered. Please initial that each item is included in this submittal.</i>	
<input type="checkbox"/>	Resolution by Governing Body of Applicant with Certification by Recording Officer*
<input type="checkbox"/>	Water & Sewer Financial Information Form*
<input type="checkbox"/>	Fund Transfer Certification*
<input type="checkbox"/>	Applicable Priority Rating System Form* with supporting narratives and documentation
<input type="checkbox"/>	Affordability Calculator* or handwritten affordability calculations
<input type="checkbox"/>	Current rate sheets in effect on application deadline (for both water and sewer if the utility provides both water and sewer, or for water or sewer depending on the utility service)
<input type="checkbox"/>	PE Seal on project budget (construction projects and pre-construction planning grants only. All others initial "N/A")
<input type="checkbox"/>	Supporting documentation/maps for construction projects that connect residences in disadvantaged, underserved areas to water/wastewater utility (if applicable. If not applicable, initial "N/A")

* Forms and templates are available separately on the [Division's website](#).

- Initial to show complete package
- Submit 1 original and 1 copy
- Copy must be electronic (USB/CD/DVD)
- Bind applications
- Strongly recommend that you either hand deliver or send via FedEx or UPS to physical address

37

37

Application – Signature

Application Signature		
Please note: Original signatures are required for each application.		
SIGNATURE OF AUTHORIZED REPRESENTATIVE		
TYPED NAME	TYPED TITLE	DATE

- Application must be signed
- Authorized Representative



38

38

Additional Forms



39

39

Financial Information Form



Complete the following information related to your utility's water/sewer Enterprise Fund. If your Enterprise Funds are separate for water and sewer, please provide sheets for the appropriate fund. For expenditures, use only absolute values (i.e., no negative values). Do not modify this form.

1. Supply the required information below.

Combined System
 Water System
 Sewer System

Unit Name: _____

Fund Name: _____

2. Provide the following information for the past three fiscal years for which an audit has been completed and submitted to the Local Government Commission.

	Fiscal Years		
Operating Revenues			
Customer Charges			
Connection Fees			
Other Operating Revenues			
Total Operating Revenues			
Expenditures			
<i>Administration</i>			
Salaries			
Other			
<i>Operations</i>			
Salaries			
Other			
Total Expenditures			
Other (do not include depreciation)			
Debt principal			
Interest			
Capital outlay			
Capital reserves			
Transfer from (to) other funds			
Other (list): _____			
Total Other			
Net Income (Loss)			

(OVER)

40

40

3. Certification. Please read and sign below.

I attest that the fiscal information provided in this form, to the best of my knowledge, is accurate, complete, true, and matches audits for the past three years. I further attest that, to the best of my knowledge, if

_____ (Local government use) has made any transfers within the past three years, these transfers are shown in Item #2 of this form.

_____	_____
SIGNATURE OF FINANCE OFFICER	DATE

_____	_____
TYPED NAME	TYPED TITLE

Additional Forms – Financial Information Form

- Three years of information
- Absolute values for expenditures (New!)
- Remember transfers
- Do not modify form



41

41

Additional Forms – Fund Transfer Certification

- Must be completed and signed
- Go back to FY 2014
- Payment in lieu of taxes (PILOT) are not automatically considered reasonably allocable to operation of the utility.

	<p>North Carolina Department of Environmental Quality Division of Water Infrastructure Fund Transfer Certification (Not needed for CDBG only projects) <small>(revised February 2022)</small></p>	
---	---	---

§ 159G-37(b) requires that all local governments applying for funding from the Clean Water State Revolving Fund, the Wastewater Reserve, the Drinking Water State Revolving Fund, the Drinking Water Reserve, or the Viable Utility Reserve for water or wastewater projects certify that no funds received from water or wastewater utility operations have been transferred to the local government's general fund for the purpose of supplementing the resources of the general fund since July 1, 2014. The prohibition contained in § 159G-37(b) shall not be interpreted to include payments made to the local government to reimburse the general fund for expenses paid from that fund that are reasonably allocable to the regular and ongoing operations of the utility, including, but not limited to, rent and shared facility costs, engineering and design work, plan review, and shared personnel costs. **Note:** A payment in lieu of taxes (PILOT) is not exempt from this certification unless the PILOT is calculated to reimburse for these specific expenses.

Applicant's Certification:
 I, as a representative of _____, hereby certify that since July 1, 2014, funds received from the water and/or wastewater utility have: **(CHOOSE ONE)**

been transferred from the water and/or sewer enterprise fund to the general fund AND were reasonably allocable to the regular and ongoing operations of the utility in accordance with § 159G-37(b).

OR

not been transferred from the water and/or sewer enterprise fund to the general fund.

Any transfers must be consistent with the information provided in the Division of Water Infrastructure's Water & Sewer Financial Information Form and must be accurately reflected in the audits as reported by the Local Government Unit to the Local Government Commission since July 1, 2014.

SIGNATURE OF AUTHORIZED REPRESENTATIVE OR FINANCIAL OFFICER	DATE
TYPED NAME	TYPED TITLE

42

42

Additional Forms – Resolutions and Rate Sheets

- Resolution
 - Types of resolutions
 - Project resolution – Complete for all applications
 - Resolution for distressed utilities – Complete if a distressed utility or partnering with a distressed utility
 - Consolidation of a non-viable utility – Complete non-viable resolution
 - Template available
 - List Authorized Representative
 - Due at time of application
- Rate sheets – Be sure to include utility rate sheets
- Affordability calculator
- Disadvantaged / underserved map (if applicable)

43

43

Questions?



44

44

Study Grant Limits

- **Distressed utilities**
 - No limit to study grants, only \$15 million limit per applicant
 - Training grants – \$2,000 per distressed utility for 2 years
- **State Reserve – \$400,000 per recipient for fiscal biennium (2021-2023)**
 - Asset Inventory and Assessment grants
 - Merger / Regionalization Feasibility grants
 - Pre-construction grants
 - Rate studies (as part of other projects)
 - Training grants (as part of other projects)



45

45

Asset Inventory & Assessment Grants



46

46

Asset Inventory and Assessment Grants

- To inventory existing water and/or sewer system and document the condition of inventoried infrastructure
- Eligible activities can include:
 - Identifying and locating system components
 - Performing a risk analysis to determine critical components
 - Determining the condition of critical components
 - Establishing capital and O&M costs
 - Creating a prioritized list of projects
 - Preparing a realistic Capital Improvement Plan (CIP)



47

47

Asset Inventory and Assessment Grants

- Distressed System AIA's scope must include :
 - Identifying and locating system components
 - Performing a risk analysis to determine critical components
 - Determining the condition of critical components
 - Establishing capital and O&M costs
 - Creating a prioritized list of projects
 - Preparing a realistic Capital Improvement Plan (CIP)
 - *Conducting a rate study*
- **Unless already completed in the last 5 years.**



48

48

Application Components

- Application forms
- Financial Information Form
- Fund Transfer Certification Form
- Resolution
- Applicable rate sheets
- Narrative question responses



49

49

Priority Rating System (AIA)

Asset Inventory and Assessment Grant Priority Rating System		
Line Item #	Category	Points
1.	Project Benefits	0 - 8
1.A	The LGU has been designated as "distressed" by the Authority and Commission, has initiated fulfilling the requirements outlined in 45(b), and continues to make adequate progress fulfilling the requirements outlined in 45(b) as determined by the Division. If it receives an AIA grant, the LGU commits to completing the grant in accordance with the requirements of the VU program.	2
2.	System Management	
2.A	Knowledge base of utility's internal asset management team	0 - 4
2.B	Current and past rate setting practices, CIPs, etc.	0, 1, or 2
2.C	Management of asset inventory data	0 - 4
2.D	Operating Ratio (OR) is greater than or equal to 1.00 based on a current audit, or is less than 1.00 and water/sewer rates are greater than \$47/month	0, 1, or 2
3.	Affordability	
3.A	Current Monthly Utility Rate at 5,000 gallons usage	0, 1, or 2
3.B	Local Government Unit (LGU) Indicators	
3.B.1	3 out of 5 LGU indicators are worse than the state benchmark OR	0
3.B.2	4 out of 5 LGU indicators are worse than the state benchmark OR	1
3.B.3	5 out of 5 LGU indicators are worse than the state benchmark	2
Total Points		24 Max



50

50

Category 1 – Project Benefits

- Narrative discussion, Questions 1-8
- Top 3 challenges in next 5 years
- How will this AIA grant address the challenges?

- Line Item 1.A → 2 points
 - Only for systems designated as distressed per §159G-45(b)
 - Provide a copy of the designation letter
 - Discuss steps already taken



51

51

Narrative Question No. 1

- Discuss the top 3 challenges your system faces in the next 5 years.

- Challenges must directly relate to benefits of an AIA
- Consider (provide documentation as applicable)
 - NOVs
 - SSO Reports
 - Approved Supply Plans (voluntary and mandatory)
 - Current Discharge/Supply Limits
 - Water Audits
 - I/I evaluations

- See Scoring Rationale



52

52

Narrative Question No. 2

- Discuss completed or ongoing asset management or capital planning work by the utility.
- Discuss examples of any changes in practices (previously or desired)
- Realized benefits by having this information
- Provide a copy (hard copy or USB/CD) of any completed efforts
- See Scoring Rationale



53

53

Narrative Question No. 3 (Line Item 2.A)

- Identify (by title) the utility's internal asset management team, and
- Describe the role of each team member both during AND after completion of the project
- Consider
 - Experience and professional training
 - External partners during the project (permanent and temporary)
 - Long-term partners after completion of the project (e.g., for data storage)
- See Scoring Rationale



54

54

Narrative Question No. 4 (Line Item 2.B)

- Describe the process used to set rates.
- Consider
 - Capital planning
 - Rate history and process changes
 - Rate studies
- Provide a copy of the CIP, if utilized
- Provide a copy of rate study recommendations, if applicable
- See Scoring Rationale



55

55

Narrative Question No. 5 (Line Item 2.C)

- Discuss how the utility will use the information developed through this project to develop and prioritize future infrastructure.
- Discuss how will these projects be incorporated into the CIP planning process in the future, and how funding sources will be determined
- Consider
 - Your level of service required to maintain/achieve viability
 - Coordination among your internal AIA team members
- Avoid discussing general condition assessment methods
- See Scoring Rationale



56

56

Narrative Question No. 6 (Line Item 2.C)

- Discuss the anticipated ongoing efforts to maintain and build upon the results of this project.
- Consider
 - External partnerships (e.g., COGs)
 - Costs, frequency, procedures, milestones, etc
 - Your ideal level of service required to maintain/achieve viability
 - Coordination between external and internal AIA team members
- See Scoring Rationale



57

57

Narrative Question No. 7 (Line Item 2.D)

- Provide the System Operating Ratio each year for the past three (3) years
- Same calculation as other funding programs
- **Explain any discrepancies in the Operating Ratio from year to year**
- Show calculations with all values
- Calculate to the hundredths
- See scoring rationale



58

58

Category 2 – System Management

Line Item 2.D – Past 3 Years' Operating Ratios

$$\text{OR} = \frac{\text{Operating Revenues}}{\text{Total Expenditures} + \text{Debt Principal} + \text{Interest} + \text{Capital Outlay}}$$

- All values are same as those entered on Financial Information form
- “Capital Outlay” = funded from enterprise fund
- Do not use “non-operating” revenues or future revenues
- Calculate to hundredths



59

59

Narrative Question No. 8

- Describe any additional benefits to the utility of receiving this Asset Inventory & Assessment grant that have not been previously mentioned
 - Distressed status (beyond statutory obligations)
 - Flood/storm vulnerability
- See Scoring Rationale



60

60

Category 3 – Affordability

Line Item 3.A - Current Monthly Utility Rate at 5,000 Gallons

- Only claim ONE sub-category based on the current monthly utility combined bill for 5,000 gallons.
 - Greater than \$79, or
 - Greater than \$90, or
 - Greater than \$107, or
 - Greater than \$129, or
- Rates must match those on rate sheet(s) submitted
- Use sewer rates **and** drinking water rates
- Use conversion factor for single-system utilities
 - 0.4 for water-only systems
 - 0.6 for sewer-only systems
- Use lowest residential rate, “in-town rate”
- Provide rate sheets
- Show calculations



61

61

Category 3 – Affordability

Line Item 3.B – Local Government Unit (LGU) Indicators

****same criteria as with all other funding programs****

- Only receive points for ONE sub-category
 - 3 out of 5 LGU indicators worse than state benchmark
 - 4 out of 5 LGU indicators worse than state benchmark
 - 5 out of 5 LGU indicators worse than state benchmark
- LGU Indicators are:
 - Property Valuation per Capita is less than \$119,594
 - Percent Population Change is less than 4.26%
 - Poverty Rate is greater than 14.7%
 - Median Household Income is less than \$54,602
 - Unemployment rate is greater than 3.9%



62

62

Funded Projects

- Milestones
 - Letter of Intent to Fund (LOIF)
 - Preliminary Scope and Budget
 - Grant Agreement
 - Reimbursements
 - Deliverable and Closeout
- Grant period → 2 years
- Requires inventory & assessment – likely other components
- Only a small percentage of funding can be used for software or equipment
- See DWI's Assessment Guidance for Consultants for more information on typical AIA tasks



63

63

Questions?



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64



*Merger / Regionalization
Feasibility Study Grants*



65

65

Merger/Regionalization Feasibility Grants

[NCGS 159G-20](#)

- Merger – partial or complete consolidation
 - Two or more utilities
 - Organizational, Financial, and/or Operational
- Regionalization – physical interconnection
 - Water supply or wastewater collection
 - Regional treatment
- Public and private, not-for-profit systems are eligible as applicants AND partners

66

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Application Components

- Application forms
- Financial Information Form
- Fund Transfer Certification Form
- Resolution from Applicant
- Applicable rate sheets
- Narrative question responses
- Letter(s) from potential partners
 - Acknowledge the application
 - Commit to participating in study
 - Non-binding to act on the study's recommendations



67

67

Priority Rating System (MRF)

Merger/Regionalization Feasibility Priority Rating System		
Line Item #	Category	Points
1	Project Benefits	
1.A	Compliance History	0, 1, 2, or 3
1.B	Past Collaboration and /or Proximity	0, 1, 2, or 3
2	System Management	
2.A	Size and Capabilities	0, 1, or 2
2.B	The LGU has been designated as "distressed" by the Authority and Commission, has initiated fulfilling the requirements outlined in 45(b), and continues to make adequate progress fulfilling the requirements outlined in 45(b) as determined by the Division. If it receives a MRF grant, the LGU commits to completing the grant in accordance with the requirements of the VU program.	3
2.C	Operating Ratio < 1.00	1
3	Affordability	
3.A	Current Monthly Utility Bill for 5,000 gallons usage	0, 2, or 4
3.B	Local Government Unit (LGU) Indicators	
3.B.1	3 out of 5 LGU indicators are worse than the state benchmark OR	0
3.B.2	4 out of 5 LGU indicators are worse than the state benchmark OR	2
3.B.3	5 out of 5 LGU indicators are worse than the state benchmark	4
Total Points		20 Max



68

68

Narrative Questions – General Discussion

1. Has the feasibility of a merger or regionalization been studied before?
 - If so, how will this study differ?
 - What were previous findings/conclusions?
 - If not, was a similar study previously considered?
 - Why now/why not previously?
- Discuss the top 3 challenges your system faces in the next 5 years
 - Consider technical, organizational, and financial



69

69

Narrative Questions – General Discussion

2. What does the system hope to benefit from receiving a MRF grant?
 - Discuss how the top 3 challenges will be addressed through receiving a MRF grant
 - Technical and operational obstacles
 - Organizational issues
 - Financial limitations



70

70

Category 1 – Project Benefits

Line Item 1.A - Compliance History

1. Describe any ongoing environmental protection and public health issues, such as impaired watersheds, contaminated sources, failing infrastructure, etc.
 - Discuss how the top 3 challenges affect the technical and operational goals of the utility
 - Provide copies of enforcement actions from past 5 years
 - Discuss whether any actions were addressed



71

71

Category 1 – Project Benefits

Line Item 1.B - Proximity and Past Collaboration

2. Discuss whether the applicant or potential partner(s) appears to have adequate unallocated capacity to accommodate the needs of the other systems in this study.

Specifically confirm that one of the applying systems has adequate unallocated capacity to expand

Provide a map showing

- Geographic proximity of all applying systems
- Locations of known collection/distribution lines, pump stations, storage, and treatment plants



72

72

Category 1 – Project Benefits

Line Item 1.B - Proximity and Past Collaboration (cont'd)

3. Discuss any previous or on-going collaborative efforts among the applicant and partner system(s).
 - Consider
 - Current Inter Local Cooperation agreements
 - Staff/resource sharing agreements
 - Operation and management contracts
 - Projects/partnerships beyond the water/sewer utilities



73

73

Category 2 – System Management

Line Item 2.A - Size and Capabilities

1. Discuss the organizational and operational structure of the utility, including:
 - Number of part- and full-time employees in the utility and across the LGU
 - Utility staffs' duties, experience, and professional certifications
 - Internal operating procedures (i.e., billing, work orders)
 - Management and/or operational contracts
 - Human and financial resources of the utility



74

74

Category 2 – System Management

Line Item 2.A - Size and Capabilities (cont'd)

2. Discuss how each of the top 3 challenges affects the applicant's desired level of service.
 - Existing levels of asset management and capital project planning
 - Short- and long-term trade-offs
 - Enforcement of existing policies and internal controls
 - Focus on Organizational and Financial



75

75

Category 2 – System Management

Line Item 2.B – Distressed Designation

3. Has the applying system received a distressed designation from the Authority and LGC per §159G-45(b)?
 - Provide a copy of the letter
 - Discuss the steps already taken to fulfill the VU requirements



76

76

Remaining Line Items

Line Item 2.C

Operating Ratio

Line Item 3.A

Current Monthly Utility Rate at 5,000 gallons

Line Item 3.B

Local Government Unit Indicators



77

77

Funded Projects

- Milestones
 - Letter of Intent to Fund (LOIF)
 - Preliminary Scope and Budget
 - Grant Agreement
 - Reimbursements
 - Deliverable and Closeout
- Grant period → 2 years
- Deliverable contents
 - Alternatives evaluation
 - Analysis of each alternative
 - Conclusions



78

78

Questions?



79

79



Viabile Utility Reserve



80

80

Viability Utility Program – Background

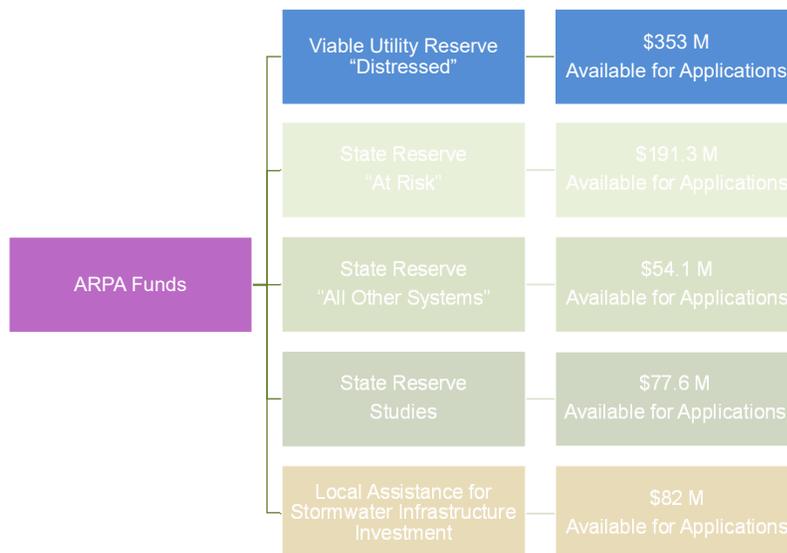
Legislation signed into law on July 1, 2020
(Reform of Water and Wastewater Public Enterprises, S.L. 2020-79)

- Foster the viability of water and wastewater operations across the state by:
 - Identifying distressed LGUs, and
 - Providing a process to develop viable water/sewer utilities.
- Formalizes SWIA and LGC partnership
- Created Viable Utility Reserve (VUR) fund
 - Initial funding = \$9 million non-recurring
 - \$456M of ARPA funds in 2021 State budget

81

81

ARPA funds Available for Awards



82

82

ARPA funds in the Viable Utility Reserve

- Viable Utility Reserve (VUR) Study Grant competitive funding applications first accepted Fall 2021
- VUR (ARPA) Construction competitive funding applications being accepted Spring 2022
- VUR funds limited to:
 - LGUs designated by SWIA and LGC as Distressed
 - Currently 95 LGUs designated as Distressed
 - April 2022: re-assessment of distressed criteria and recommendations to go to SWIA and LGC for designation
 - Non-Distressed partners addressing Distressed units (Study Grants only)



83

83

Viable Utility Program – Distressed Criteria

- Distressed criteria created to identify LGUs that could use assistance finding solutions that will help them to be financially sound and viable.
- Four approved criteria
 1. LGC has taken fiscal control of LGU (D1)
 2. No annual audit submitted in the past 2 years (D2)
 3. Total Assessment Criteria score (D3)
 - 20 separate parameters with values ranging from 1-4 points
 - Threshold of 9 pts for LGUs with both water & wastewater systems
 - Threshold of 8 pts for LGUs with only one service (DW or WW)
 4. Other available information (D4)
- Reassessment scheduled for April '22



84

84

ARPA funds in the Viable Utility Reserve

VUR funds limited to:

- VUR eligible projects:
 - Rehab and replacement
 - Regionalization
 - Decentralization
 - Studies
 - Other projects demonstrating long-term viability
- \$15 M per LGU (or \$30 M regionalization).
 - Automatic \$2,000 Training Grants to Distressed LGUs
 - SRF Loan > ARPA Grant swaps for eligible projects
 - SRF loans (and PF) available to fully fund or supplement funding for applicants that indicate willingness to accept loan funding



85

85

ARPA funds in the Viable Utility Reserve

Spring 2022 funding round

- Applications due May 2, 2022
- SRF/SRP/VUR priority rating systems are in place
- Single application for all construction projects
- Single application for all AIA and MRF projects
- Funding recommendations will consider quantity and quality of applications received
- Eligible projects not funded or partially funded will be automatically reconsidered in the Fall per NCGS.

Fall 2022 funding round

- Applications due September 30, 2022
- Anticipate 20% - 40% of ARPA funds will be available



86

86

Viabile Utility Program – Designated Distressed

If your unit has been designated distressed, required process is established by legislation

- Conduct an **asset assessment** and **rate study**
- Participate in a **training and education** program
- Develop an **action plan**, taking into consideration the following:
 - A **short-term** and a **long-term** plan for
 - infrastructure repair, maintenance, and management;
 - Continuing education; and
 - Long-term **financial management** to ensure sufficient revenue to fund:
 - Management and operations,
 - Personnel, and
 - Maintenance.

87

87

Viabile Utility Program – Study Grants

Eligible Study Types

• **Asset Inventory and Assessment (AIA)**

- Required of **designated** units
 - A new AIA is not required if a sufficient AIA has recently been conducted
 - An AIA Grant may be used to further the results of previous AIA activities (e.g., creating a CIP from condition assessment data)
- **Non-designated**, partnering units can only apply for those parts of their system affected by potential MRF
 - Non-designated units should only apply for VUR-AIA funding if partnering with a distressed unit AND applying for a VUR-MRF for the partnership
 - *Non-designated units can still apply for AIA grant funding from the State Reserve*



88

88

Viable Utility Program – Study Grants

Eligible Study Types

• **Merger and Regionalization Feasibility (MRF)**

- Does NOT need to include physical infrastructure interconnection
- Robust comparison of ALL reasonable alternatives
- Expect regional cooperation (e.g., resource sharing)
- Must identify MRF study lead (typically, a viable LGU with sufficient management and technical capacity)
- Requires a resolution by the governing board of all LGUs committing to process and identifying all partners



89

89

Viable Utility Program – Study Grant Funding Prioritization

Prioritization based on:

1. Designation criterion

- D1 = Unit under control of LGC = Highest Priority
- D2-D4 = Other designated units (typically based on assessment score)

2. Assessment score

- >13 = Highest Priority
- 11-12
- 8-10
- If funding is limited and not all LGUs in the subgroup can be funded, priority further prioritized:
 - Revenue Outlook: 15 points
 - Moratorium: 15 points
 - Service Population <1,000: 10 points
 - Ability to address multiple distressed units: 5 points



90

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Viability Program – Application Instructions

Program Objectives

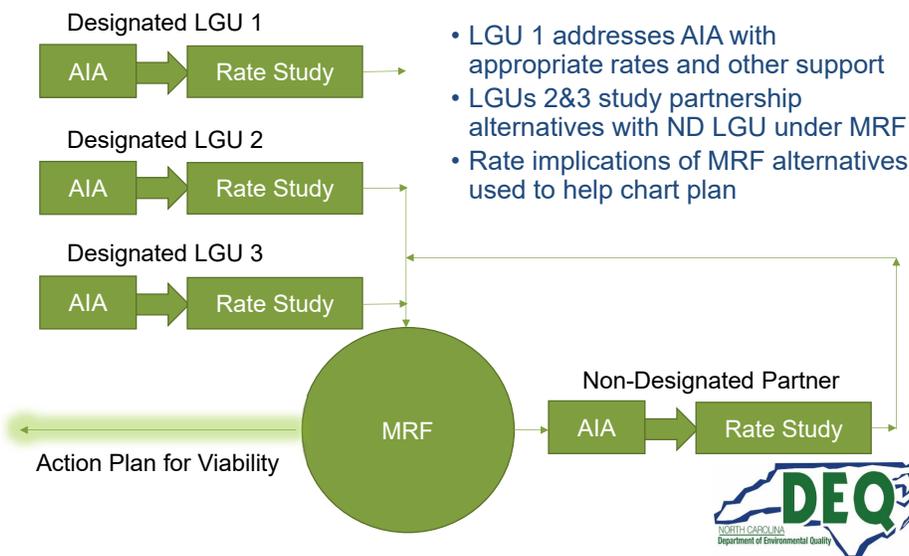
- Assist distressed units
- Local government engagement, commitment, and accountability
- Actionable efforts and projects to transition distressed unit into viable unit
 - MRF funding requests should address reasons for distressed designation
- Integrated MRF, AIA, and Rate Studies
 - Cost and communication efficiency
 - Leverage the results of previous studies



91

91

Viability Program – Study Partnership Example



92

92

Viable Utility Program – Application Instructions

***** The Resolution and Certification by Recording Officer MUST be included in the Application Package *****
(The following is a suggested resolution and certification format for Distressed LGUs)

RESOLUTION BY GOVERNING BODY OF APPLICANT

WHEREAS, Session Law 2020-79 was signed into law on July 1, 2020 to improve viability of the water and wastewater systems of certain units of local government; the Viable Utility Reserve was established in the Water Infrastructure Fund to be used for grants to include the study of rates, asset inventory and assessment and/or merger and regionalization options; the State Water Infrastructure Authority and the Local Government Commission have developed criteria to assess local government units and identify distressed units, and

WHEREAS, The (unit of government) has been designated as a distressed unit and intends to conduct a (state whether an Asset Inventory and Assessment Study, Rate Study and/or Merger/Regionalization Feasibility evaluation, and/or drinking water/wastewater construction project), and

WHEREAS, The (unit of government) has need for state grant assistance for the project.

NOW THEREFORE BE IT RESOLVED, BY THE (GOVERNING BODY) OF THE (UNIT OF GOVERNMENT):

The (unit of government), the Applicant, will complete the viable utility requirements in §159G-45(b) by:

1. Conducting an asset assessment and rate study. (Recently completed asset assessment or rate studies may be sufficient to meet this requirement.)
2. Participate in a training and educational program.
3. Develop a short-term and long-term action plan considering all of the following:
 - a. Infrastructure repair, maintenance, and management.
 - b. Continuing education of the governing board and system operating staff.
 - c. Long-term financial management plan.

That (unit of government), the Applicant, acknowledges that the State Water Infrastructure Authority and Local Government Commission can impose specific conditions on grants from the Viable Utility Reserve.

If applying for a merger / regionalization feasibility study, the Applicant will work with other units of government or utilities in conducting the study including (name units of government or utility).

That the Applicant will provide adequate access to staff, documents, equipment, and other resources pertinent to complete the project, and upon completion of the project provide good faith effort to implement the short-term and long-term plan to achieve viable utility infrastructure measures.

That (name and title of official), the Authorized Official, and successors so titled, is hereby authorized to execute and file an application on behalf of the Applicant with the State of North Carolina for a (grant) to aid in the completion of the project described above.

That the Authorized Official, and successors so titled, is hereby authorized and directed to furnish such information as the appropriate State agency may request in connection with such application or the project: to make the assurances as contained above; and to execute such other documents as may be required in connection with the application.

That the Applicant has substantially complied or will substantially comply with all Federal, State, and local laws, rules, regulations, and ordinances applicable to the project and to Federal and State grants pertaining thereto.

***** The Resolution and Certification by Recording Officer MUST be included in the Application Package *****
(The following is a suggested resolution and certification format for non-distressed LGUs)

RESOLUTION BY GOVERNING BODY OF APPLICANT

WHEREAS, Session Law 2020-79 was signed into law on July 1, 2020 to improve viability of the water and wastewater systems of certain units of local government; the Viable Utility Reserve was established in the Water Infrastructure Fund to be used for grants to include the study of rates, asset inventory and assessment and/or merger and regionalization options; the State Water Infrastructure Authority and the Local Government Commission have developed criteria to assess local government units and identify distressed units, and

WHEREAS, The (unit of government) intends to conduct a (state whether an Asset Inventory and Assessment Study, Rate Study and/or Merger/Regionalization Feasibility evaluation), and

WHEREAS, The (unit of government) has need for state grant assistance for the project.

NOW THEREFORE BE IT RESOLVED, BY THE (GOVERNING BODY) OF THE (UNIT OF GOVERNMENT):

That (unit of government), the Applicant, recognizes that

1. (name of unit of government designated as distressed) has been designated as distressed by the State Water Infrastructure Authority (Authority) and the Local Government Commission (Commission) under §159G-45(b) and must complete the requirements under this statute; and
2. The LGU can impose specific conditions on grants from the Viable Utility Reserve.

That the Applicant will work with other units of government in conducting the asset assessment, rate and/or merger/regionalization feasibility studies including (name units of government and must list a distressed unit).

That the Applicant will provide adequate access to staff, documents, equipment, and other resources pertinent to complete the project, and upon completion of the project provide good faith effort to implement the short-term and long-term plan to achieve viable utility infrastructure measures.

That (name and title of official), the Authorized Official, and successors so titled, is hereby authorized to execute and file an application on behalf of the Applicant with the State of North Carolina for a (grant) to aid in the completion of the project described above.

That the Authorized Official, and successors so titled, is hereby authorized and directed to furnish such information as the appropriate State agency may request in connection with such application or the project: to make the assurances as contained above; and to execute such other documents as may be required in connection with the application.

That the Applicant has substantially complied or will substantially comply with all Federal, State, and local laws, rules, regulations, and ordinances applicable to the project and to Federal and State grants pertaining thereto.

Questions?







Pop Quiz



95

95

Question 1

I'm applying for an AIA grant and a training grant and need to submit the budget from Section 8b. I have to have a PE seal on the budget.

- True
- False



96

96

Question 2

I am or my client is “at-risk” if

- a) I am distressed
- b) I have an Assessment Criteria score of 6 or greater AND 3 of 5 LGU indicators worse than the state benchmark
- c) I have less than or equal to 1,000 residential connections AND 3 of 5 LGU indicators worse than the state benchmark
- d) b and c



97

97

Question 3

For pre-construction-only grants, I must

- a) Complete the entire budget
- b) Complete the engineering costs portion
- c) Complete the administrative costs portion
- d) Affix a PE SEAL
- e) b, c, and d



98

98

Question 4

If I am an “Other” LGU, I can access the “At-Risk” funds if 75% of project costs go to serve disadvantaged / underserved communities.

- True
- False



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Question 5

If I am distressed and will receive funding from the VUR portion of ARPA, I have a \$400,000 grant limit for study grants.

- True
- False



100

100



“At-Risk” Projects



101

101

Determining If You’re “At-Risk”

- Use affordability calculator
- Result will tell you
- Demo of affordability calculator



102

102

NCDEQ NC Community Mapping System

- Access the DEQ NC Community Mapping System (<https://deq.nc.gov/outreach-education/environmental-justice/deq-north-carolina-community-mapping-system>)

DEQ North Carolina Community Mapping System



The N.C. Department of Environmental Quality (DEQ) has created a department community mapping system, which will be used to inform some department decisions, such as specific plans for local outreach and public participation. The department is currently on version 1.0, which the public can access below.

Note: The updated mapping system to version 1.0 has been released.

[Use the Community Mapping System](#)

Environmental Justice

Secretary's Environmental Justice and Equity Board

DEQ North Carolina Community Mapping System

DEQ North Carolina Community Mapping System Survey

Environmental Justice Reports

N.C. DEQ Anonymous Comment Tool

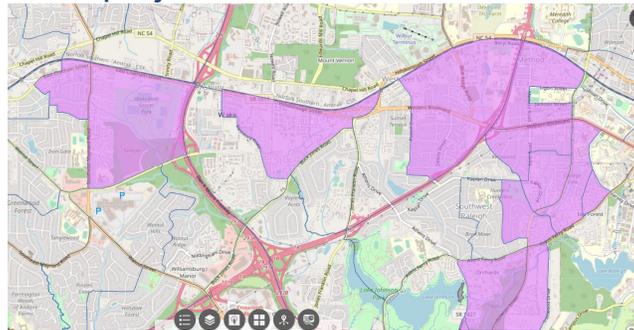
Public Participation Plan and IEP Language Access Plan

103

103

NCDEQ NC Community Mapping System

- Agree to Terms and Conditions
- Click on the Legend and turn off all but last button (potentially underserved block groups)
- Zoom into project location



104

104

Construction Project Funding



Project Priority Systems *Wastewater* *Drinking Water*



105

105

Priority Rating System

- Used to rank projects for funding
- Read guidance carefully – describes the required narratives, maps, and documentation
- Claim the points you can document
- Provide ALL the required documentation
- Additional information will NOT be requested
- Ask questions if unsure



106

106

Today's Discussion

- Categories
 - Category 1 – Project Purpose
 - Category 2 – Project Benefits
 - Category 3 – System Management
 - Category 4 – Affordability
- Scoring same regardless of program (one column only)
- Presentation focuses on problem areas and new line items



107

107

Priority Rating System

Category 1 – Project Purpose



108

108

1.A Consolidate Nonviable Systems

Two situations

- Failing or Nonviable
- Drinking Water or Wastewater



109

109

1.A Consolidate Nonviable Systems – Failing Wastewater Systems (WW)

- Failing – DWR has determined the system is
 - An unapproved or “grandfathered” wastewater system that is not able to maintain compliance with current standards or limits
 - An approved system that is continuously out of compliance with the system owner demonstrating an inability to resolve the violation due to a lack of technical, financial, and/or managerial capacity.
- Document eligibility
- Document willingness of both failing and acquiring system



110

110

1.A Consolidate Nonviable Systems – Other Nonviable Systems

Nonviable system – A public water supply system or wastewater system owned by a local government unit (LGU) that the Division has determined is nonviable **prior to the application deadline**.

See guidance for more info



111

111

1.A Consolidate Nonviable Systems – Benefits

- Enhanced principal forgiveness (100% up to \$3M regardless of affordability criteria eligibility)
- Other priority points
 - 2.B for drinking water / 2.C for wastewater
- Apply after-the-fact up to two years after urgent consolidation
- Can receive priority points based on either the rescuing system or the nonviable system on a line-by-line basis



112

112

1.B Resolve Failed Infrastructure

- Narrow definition of failed infrastructure:
 - Failed Septic Systems or DWR-permitted single-family spray/drip irrigation system
 - Failed non-discharge permitted disposal area, such as a failed spray/drip irrigation field or infiltration basin
 - Failed (dry or contaminated) well
- No other infrastructure failure counts
- Documentation depends on type of failure



113

113

1.B Resolve Failed Infrastructure – Disadvantaged / Underserved Communities

- Make clear project purpose is to connect disadvantaged / underserved communities that choose to voluntarily connect
- Justification
 - Provide map from DEQ Community Mapping System
 - Alternative discussion in Project Description
- Provide breakout in project budget



114

114

1.C Rehab/Replace Infrastructure

- Rehab or Replace cannot expand capacity
- New pump station / treatment plant with same capacity as old being decommissioned
- Like for like replacement
- Includes new unit operations that don't increase capacity to treat
 - EQ basin, UV disinfection, solids handling, SCADA, VFD, generator
 - Applies to source (intakes, well fields)



115

115

1.C Rehab/Replace Infrastructure – Common Errors

- We are replacing existing 10-inch gravity sewer.
- We are increasing pumping capacity to meet current flows but not to provide any additional capacity.
- The 1 MGD unit we are replacing is under-sized, so we will replace it with a properly-sized 2 MGD unit.
- Missing supporting calculations when replacing a pump station with gravity sewer.
- Narrative does not clearly state what is getting rehab/replaced (size, linear footage, etc.).
- Support documentation is not clear.
- No connection between stated project and proposed project.



116

116

1.C.1 Old Infrastructure

- Can earn additional points for old infrastructure

Unit	Age in Years
Treatment or Pumping Units & SCADA (New!)	20
Distribution / Collection Lines	40

- At least 50% of the construction cost is associated with replacing old infrastructure
- Show clearly in budget
 - What is older than threshold?
 - What is younger than threshold?
- **Explain how you know the age**



117

117

Category 1 Points (CWSRF)

- 1.F Stream, Buffer, Wetland Restoration
- 1.G Stormwater BMP
- Green projects scored only for CWSRF



118

118

Priority Rating System

Category 2 – Project Benefits



119

119

2.B Specific Public Health Benefit (DW)

- Provides points for
 - Dry or contaminated wells
 - Specific project types that also earn other points
- For failed / nonviability claimed under Line Item 1.A.
- For Failed wells under Line Item 1B



120

120

2.C Specific Environmental Benefit

Projects include:

- Connecting homes with failing septic systems to public sewer service
 - Must include letter from a registered sanitarian, a licensed soil scientist, or County Health Department documenting existing failures
 - Includes failed single-family residence spray/drip irrigation system
- Repairing or replacing sewers with reported SSOs that
 - Reach bodies of water, or
 - Document backup into homes
- Automatic for nonviability claimed under Line Item 1.A.



121

121

2.C Specific Environmental Benefit (WW)

Common errors

- Center Avenue area soils are unsuitable and septic system failure is likely
- SSOs not resolved by project
- No map showing location of failing systems
- No map showing SSOs



122

122

2.E Addresses Enforcement Documents

- Project can only receive points for ONE of the following
 - 2.E.1 EPA Administrative Order (AO) in Tier 1 county, or an existing/pending SOC, or DEQ AO
 - 2.E.2 Notice Of Violation or Notice Of Deficiency
- Common errors
 - Enforcement document not provided
 - Project does not address enforcement document
 - Response on file that Applicant has already addressed the problem that caused enforcement action



123

123

2.G Address Low Pressure (DW)

- Compare pressure to T15A NCAC 18C .0901: (20/30 psi)
- See factsheet on website
- Common errors
 - Fireflow is 250 gpm or document requirement for higher flow
 - Long lengths of small lines do not earn points
 - Required documentation not provided



124

124

2.H Project Addresses Contamination (DW)

- 2.H.1 Acute Contamination
 - Refer to the guidance and separate sampling protocol
- 2.H.2 Other-Than-Acute Contamination
 - Refer to the guidance and separate sampling protocol
- 2.H.3 Health Advisory Level
- Concerns emerging compounds
 - Drinking Water Health Advisory Level means
 - 140 ng/L Provisional Health Goal for GenX
 - EPA's 2018 Edition of the Drinking Water Standards and Health Advisories Table
 - Note: Reference Dose (RfD) not a health advisory level



125

125

2.I Additional Treatment (DW/CW)

- Project improves the quality of treatment
- Common error
 - Does not improve water quality
 - Replaces existing unit process



126

126

2.J Water Loss Exceeds 30% Documentation (DW)

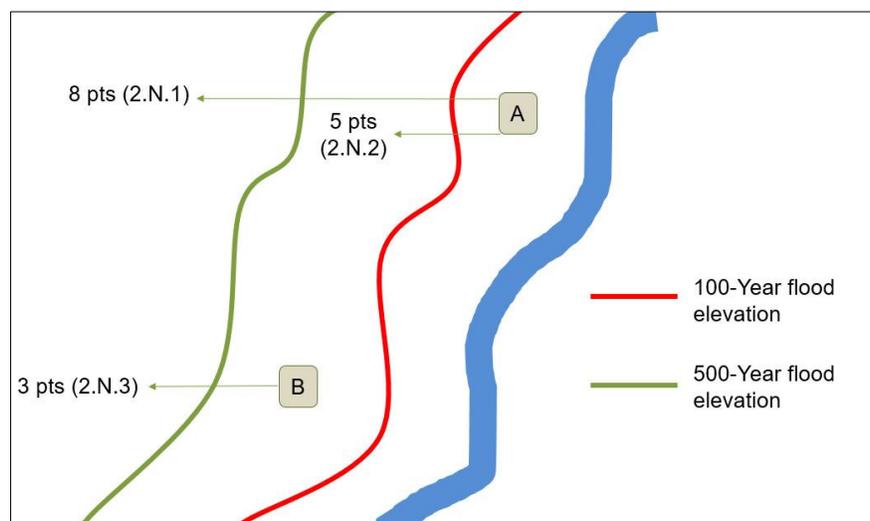
- Document the water loss exists; BOTH of following must exceed 30%
 - At least latest year water audit (detail in Line Item 3.E)
 - Water loss listed in latest Local Water Supply Plan
- Narrative must credibly describe how this project will address water loss
- Common errors
 - Failure to provide audit
 - LWSP shows low water loss



127

127

2.N.1. –2.N.3 Movement from the Floodplain



128

128

2.N.1 – 2.N.3 Movement from the Floodplain

- Describe infrastructure being located out of floodplain
- Provide a map that shows where existing and relocated infrastructure will be
 - Location of existing and proposed infrastructure
 - Clearly show floodplain boundaries
 - Clearly show existing infrastructure in higher-hazard floodplain
- Use FRIS or FEMA map as source of data layer or flood elevations (www.fris.nc.gov)
- Any alternative mapping source must be pre-approved

129

129

2.N.4. Fortification and / or Elevation of Infrastructure

- Must be within 100-year floodplain
- Includes
 - Fortifying such as physical barriers
 - Elevating such as placing electrical equipment on platforms
 - Replacing equipment with new equipment (including controls) not subject to being damaged by submersion
- Must be a minimum of 2 feet above Base Flood Elevation
- Provide mapping showing
 - Floodplain
 - Location of infrastructure
 - Use FRIS or FEMA (www.fris.nc.gov) (see previous slide)
- Describe
 - Vulnerable components below BFE
 - How project will protect vulnerable components
 - How project will achieve 2 feet above BFE



130

130

2.N.5. Continuity of Operations During Flooding

- For infrastructure located within 100-year floodplain
- Explain how project improves ability to assure continued operation during flood events.
- Examples
 - Redundancy
 - New generators or additional generator capacity



131

131

2.N.6. Reducing Size of Infrastructure

Explain

- How and why the population declined
- How the smaller population is better served with reduced-size infrastructure



132

132

2.N.7. Redundancy / Resiliency

- Historically only available for drinking water
- Expanded for Fall 2020 round to include wastewater
- Includes eligible cybersecurity
- Requirements
 - Include redundant or resilient items in the project description
 - New or increased redundancy / resiliency = points
 - Replacing / repairing existing generator ≠ points
 - Retrofitting with backup power = points
 - New equipment with backup power ≠ points



133

133

2.O Impaired Waters (WW)

- Project will directly benefit impaired waters
- Provide:
 - Stream name and impairment(s) as documented in the Integrated Report
 - Discussion of impairment and connect the dots to show the project will directly benefit the impairment
 - Map(s) with project location, stream location and impaired segment
- Common errors
 - Project does not address impairment
 - Map does not adequately show location of project and impairment



134

134

2.R 20% Reduction in Energy Use GREEN (WW)

- Primary purpose of project (>50% of construction cost) is to:
 - Reduce energy usage of a specific process by 20%
 - Produce energy (e.g. digester gas to energy project, solar panels at treatment plant)
 - Eliminate a PS as long as it doesn't increase the pumping demands of a downstream PS
- If project is not exclusively for energy reduction:
 - 1% reduction from base rate applied to the portion the loan for Green Project
 - Standard interest rate will be applied to rest of the loan
- Common errors
 - Lack of supporting calculations
 - Less than 50% of construction costs



135

135

Priority Rating System

Category 3 – System Management



136

136

3.A Capital Planning Activities

Can only receive points for ONE of the following:

- 3.A.1 – Asset Management Plan OR
- 3.A.2 – Capital Improvement Plan



137

137

3.A.1 Asset Management Plan

- Applicant has implemented AMP before application
- Common errors
 - No narrative provided
 - AMP has not been implemented
 - Does not meet CIP requirements
 - Does not have all assets for the utility seeking funding
 - None "poor" assets in project not explained.
 - Not adopted within 2 yrs from date of application deadline



138

138

3.A.2 Capital Improvement Plan

- Must clearly show the project applied-for
- Must span 10 years, be less than 2 years old
 - State years covered by the CIP
 - Years 1 through 5: show projects and their costs
 - Years 5 through 10:
 - Show projects - not necessarily their cost
 - Show some capital expenditure - not necessarily linked to specific projects
- Resolution or certified minutes showing adoption of CIP
 - A certification is inadequate



139

139

3.A.2 Capital Improvement Plan

Common Errors

- More than 2 years old
- Spans less than 10 years
- Lacks minutes showing adoption (certification not sufficient)
- Project applied-for not obvious and unambiguous on CIP
- Includes only O&M expenses and/or a single project (project applied for)
- Large cost differentiation not clearly explained
- No explanation of change in CIP priority
- No application narrative



140

140

3.B System Operating Ratio

- System operating ratio DIFFERENT from OR_{Future} in affordability criteria
- Contains
 - Revenues
 - Expenses
 - Debt principal
 - Debt interest
 - Capital outlay
- Does NOT include project cost
- Cannot include future debt



141

141

3.C. Voluntary Source Water Protection (DW)

- *Voluntary* Source Water Protection Plan or Wellhead Protection Plan approved by the Division of Water Resources
(not the regulatorily mandated plan for large systems)
- Include copy of plan approval letter, no more than 5 years old
- PWSID Number in plan approval letter must match the applicant



142

142

3.E Water Conservation Incentive Rate Structure (DW)

- A rate structure that encourages typical users to reduce usage
- Incentive must operate in the range of reasonable household usage
- Increasing block rate
 - Rate per gallon must increase within first 5,000 gallons / month
 - Rate per gallon cannot decrease within first 20,000 gallons / month



143

143

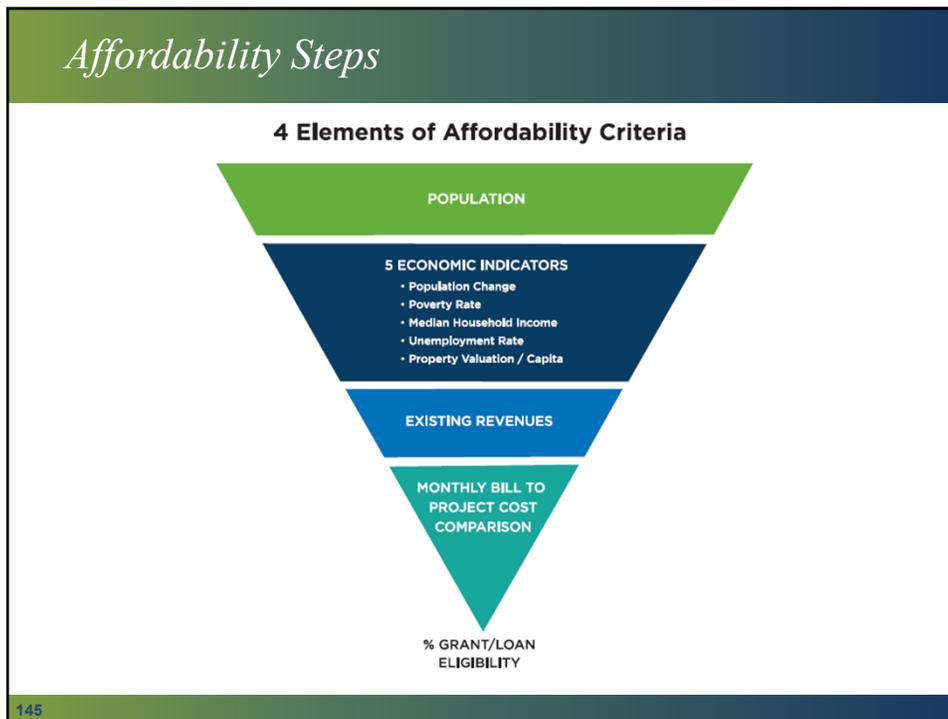
Priority Rating System

Category 4 – Affordability



144

144



145

2021 Affordability Criteria

Table 4. Proposed Step 4 (Affordability Matrix)

Percentile Ranges for grant eligibility categories	Combined Monthly Bills* based on 2020 data (\$/5000 gallons)	% Grant or PF	Combined Monthly Bills + Project cost per customer per month based on 2020 data (\$/5000 gallons)	% Grant or PF
> 99 Percentile	> \$148	100%	> \$148	100%
95 - 99 Percentile	\$129 - \$148	100%	\$129 - \$148	75%
85 - 95 Percentile	\$107 - \$129	75%	\$107 - \$129	50%
70 - 85 Percentile	\$90 - \$107	50%	\$90 - \$107	25%
50 - 70 Percentile	\$79 - \$90	25%	\$79 - \$90	0%
0 - 50 Percentile	\$0 - \$79	0%	\$0 - \$79	0%

*Single utility providers may divide by 0.4 for water or 0.6 for sewer applicant for calculating a combined monthly bill.

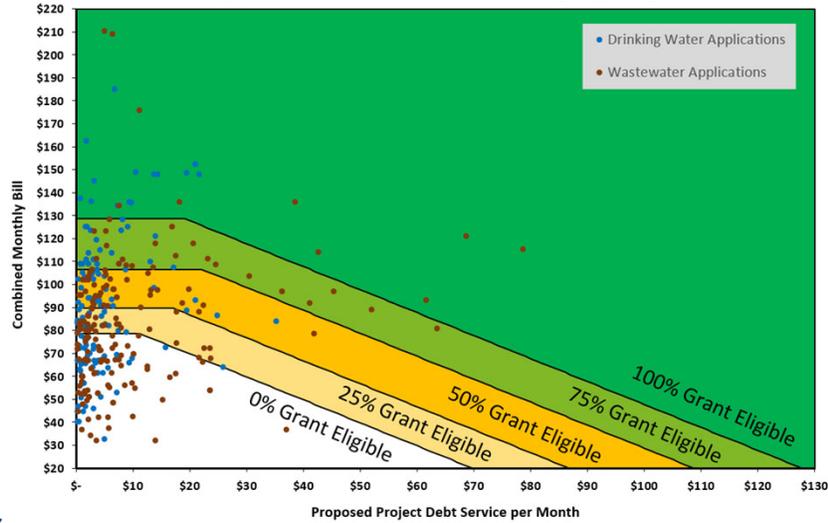


146

146

Affordability Distribution (2021 Method)

Graphical Representation of the Proposed New Step 4
(8 Application rounds from Fall 2016 to Spring 2020)



147

4.A Residential Connections

- Only claim ONE sub-category based on the number of connections
 - Less than 10,000 residential connections, or
 - Less than 5,000 residential connections, or
 - Less than 1,000 residential connections
- Use only sewer connections or drinking water connections as of date of application



148

148

4.B Current Monthly Utility Rate at 5,000 Gallons

- Only claim ONE sub-category based on the current monthly utility combined bill for 5,000 gallons or for single-use utilities, use conversion factors.
 - Greater than \$79, or
 - Greater than \$90, or
 - Greater than \$107, or
 - Greater than \$129, or
- Rates must match those on rate sheet(s) submitted
- Use sewer rates **and** drinking water rates
- Use conversion factor for single-system utilities
 - 0.4 for water-only systems
 - 0.6 for sewer-only systems
- Use lowest residential rate, “in-town rate”
- Provide calculations



149

149

4.C Local Government Unit (LGU) Indicators

- Only claim ONE sub-category
 - 3 out of 5 LGU indicators worse than state benchmark, or
 - 4 out of 5 LGU indicators worse than state benchmark, or
 - 5 out of 5 LGU indicators worse than state benchmark, or
 - Note change in points for specific line items
- LGU Indicators are
 - Property Valuation per Capita is less than \$119,594
 - Percent Population Change is less than 4.26%
 - Poverty Rate is greater than 14.7%
 - Median Household Income is less than \$54,602
 - Unemployment rate is greater than 3.9%



150

150

Questions?



151

151



*ARPA
Q&A*



152

152

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