



NORTH CAROLINA
Environmental Quality

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**Division of Water Infrastructure’s (Division) Policy for
the Local Match Requirement for Asset Inventory and Assessment (AIA) Grants
Funded by the State Reserve Program (SRP)**

Asset Inventory and Assessment (AIA) grants funded by the State Reserve Program (SRP) require local matching funds. The amount of the required match is a percentage of the funding amount based on how many of the Local Government Unit Indicators exceed the state benchmarks from the Affordability Criteria. Full match is due before the Division will process the final disbursement request for incurred costs.

- 5 of 5 LGU indicators are worse than the state benchmarks = 5% match
- 4 of 5 LGU indicators are worse than the state benchmarks = 10% match
- 3 of 5 LGU indicators are worse than the state benchmarks = 15% match
- < 3 of 5 LGU indicators are worse than the state benchmarks = 20% match

Further, all State Reserve Program Grants are statutorily subject to a 1.5% grant fee. This fee may be attributed to the match requirement on a case-by-case basis. The remainder of the match (or a portion of it) can be achieved with in-kind services of the utility. Realistic and adequate documentation of the utility’s internal asset management team members’ time would count as in-kind services.

**Provision for Local Government Units
Designated as Distressed**

Most LGUs have had little to no trouble meeting the local match requirement through either cash or in-kind services. Distressed LGUs, however, typically do not have cash reserves nor do they have an appropriately robust and qualified staff to provide adequate in-kind support. Further, Distressed LGUs are required to complete an asset inventory and assessment as part of their requirements laid out in §159G-45(b), yet there is limited Viable Utility Reserve funding which does not have a match requirement, so many distressed LGUs receive SRP funding.

Because of these limiting factors, Division staff have determined that the required match shall be 5% for all Distressed LGUs who receive SRP funding for an AIA regardless of the number of LGU indicators that exceed the state benchmarks. Further, if the LGU has five (5) of five (5) LGU indicators that exceed the state benchmarks, the required match shall be 0%. The Division will issue a Letter of Intent to Fund showing the appropriate match percentage and amount.

- 5 of 5 LGU indicators are worse than the state benchmarks = 0% match
- < 5 of 5 LGU indicators are worse than the state benchmarks = 5% match

This policy shall be in effect starting with projects funded during the Fall 2023 funding cycle.

See next page for how to document the LGU’s match obligation.



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Documenting the Match Requirement

The required local match can be met in several ways. The two most common methods are outlined below and include paying local/non-DWI funds for contracted services and in-kind contributions.

Local Funds

The funding recipient may document their contributions toward meeting the match requirement by using local/non-DWI funds to pay for contracted services on the AIA project. The recipient must submit, as part of the disbursement request package, the invoice(s) that they have/intend to pay with non-DWI funds with a note on the invoice that the incurred costs have been/will be paid for outside of the AIA grant. Additionally, the Disbursement Request Form must show the amount being attributed to the match requirement in the appropriate column.

In-Kind Services

The funding recipient may document their contributions toward meeting the match requirement by deploying their own staff to perform specific tasks for the AIA project. The recipient must submit, as part of the disbursement request package, a summary of the time and rates of pay for the LGU's staff who worked on the project. Most often, this can be documented via hourly pay sheets for LGU staff, but can also be documented via providing the salaried employee's annual gross pay based on a 40-hour work week for 52 weeks per year (2,080 hours per year). Additionally, the Disbursement Request Form must show the amount being attributed to the match requirement in the appropriate column.

For funding recipients that rely on another LGU to operate and manage their water/sewer systems, in-kind services can be performed by the other LGU and attributed to the match requirement. In addition to documenting hourly (or equivalent) pay as described above, the Division requires submittal of a copy of the operation and management agreement (such as an Interlocal Agreement or Memorandum of Understanding) between the two LGUs. Beyond the operation/management agreement, the disbursement request package must also contain a summary of the time and rates of pay for the LGU's staff who worked on the project.



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