

State Water Infrastructure Authority

April 13-14, 2022 Meeting

Agenda Item R.1 – Eligibility Considerations for the Stormwater Infrastructure Program (Local Assistance for Stormwater Infrastructure Investments)

DRAFT

Division of Water Infrastructure Staff Report

Background

As defined in NCGA Session Law 2021-180 Section 12.14(d), an eligible entity for a grant from the Local Assistance for Stormwater Infrastructure Investments (LASII) fund is a city or county that (1) documents in a form and manner as the Department may specify a stormwater quality or quantity issue and (2) demonstrates that it would experience a significant hardship raising the revenue necessary to finance stormwater management activities within its jurisdiction based on income and unemployment data, population trends, and any other data determined relevant by the Department. A regional council of government created pursuant to Part 2 of Article 20 of Chapter 160A of the General Statutes or a nonprofit entity are also eligible entities under this section if the regional council of government or nonprofit entity partners with a city or county.

NOTE: These eligibility considerations apply to funding through the LASII fund; they do not apply to CWSRF funding.

The Department must establish criteria by which an entity demonstrates its eligibility to be considered for a stormwater grant under this Section of the Session Law. Staff provides this report to seek feedback from the Authority on current considerations.

For Section 12.14(d)(i) – Documentation of Stormwater Quality or Quantity Issue

For all stormwater grant applications, applicants will be required to provide:

1. A narrative that describes the stormwater quality and/or quantity issue (based on historic or projected precipitation) and how the grant will be used to address the issue;
2. A map and/or a narrative that identifies the location of the stormwater quality and/or quantity issue. The map and/or narrative must show or describe the watershed above the location, and if possible, identify the acreage, percentage of impervious area and land use cover in the watershed above the location; and
3. If available, photographs of the stormwater quality and/or quantity issue and identification of the amount of rainfall that caused the issue, based on the nearest reliable rain gauge, news articles about the issue, or other information that clearly demonstrates the issue.

For Section 12.14(d)(ii) – Demonstration of “Significant Hardship Raising the Revenue”

The criteria that will be considered when making the determination of significant hardship raising the revenue necessary to finance stormwater activities will vary by the type of stormwater grant application as follows.

A. For applications for Stormwater Construction Grants and Stormwater Planning Grants (except applications for a New Stormwater Utility)

An applicant will demonstrate eligibility by meeting any of the three criteria below:

Criterion 1: The City or County has a Stormwater Enterprise Fund, and the operating ratio in the most recent audit of this Fund is less than 1.00

OR

Criterion 2: At least two of the five Local Government Unit (LGU) Indicators for the City or County are worse than the state benchmarks shown in the table below.

Local Government Unit Indicators		Spring 2022 State Benchmark (for reference only; thresholds will be updated for each funding round)
Population Change	<=	4.26%
Poverty Rate	>=	14.7
Median Household Income	<=	\$54,602
Unemployment Rate	>=	3.9%
Per Capita Appraised Value of Property	<=	\$119,594

OR

Criterion 3: The City or County as a whole does not meet Criterion 1 or Criterion 2, but has stormwater projects that serve or benefit disadvantaged, underserved areas within the City’s or County’s jurisdiction. To be eligible, 75 percent or more of the project cost must be used to serve or benefit disadvantaged, underserved areas. The Guidance Document will include the specific information that will be required in the application for consideration under Criterion 3. Disadvantaged, underserved areas will be based on either:

- NC DEQ’s determination of “Potentially Underserved Block Groups” or Tribal boundaries displayed on the [NC DEQ Community Mapping System](#), or information as described in the Guidance Document. Potentially Underserved Block Groups on the map include the following demographics: the share of nonwhites and Hispanic or Latino (of any race) is over fifty percent or at least ten percent higher than the County or State share, and the share of population experiencing poverty is over twenty percent or at least five percent higher than the County or State share. The applicant can use this map to demonstrate

that the proposed project serves or benefits areas located within block groups classified on the map as Potentially Underserved or within Tribal boundaries; or

- If the proposed project does not fall within a Potentially Underserved Block Group or Tribal boundary layer on the map, the applicant must provide information in the application explaining what factors would qualify the project area as disadvantaged and underserved (such as demographic, historical, cultural, linguistic, or low-wealth factors; existing contamination, or other considerations deemed relevant).

B. For applications for a New Stormwater Utility

If the City or County does not have a Stormwater Enterprise Fund and the application is only for planning and developing a new Stormwater Utility, the City or County will be deemed eligible. This is because the absence of a stormwater utility creates a hardship to raise revenues for stormwater activities, and the creation of a new stormwater utility poses a financial challenge to local governments under all conditions. The grant amount for which a City or County will be eligible under this section will be capped at different levels based on the number of LGU Indicators (from Criterion 2) that are worse than the state benchmarks.

State Water Infrastructure Authority
April 13-14, 2022 Meeting
Agenda Item R.2 – Draft Stormwater Construction Grant Priority Rating System
DRAFT

Division of Water Infrastructure Staff Report

Background

NCGA Session Law 2021-180 Section 12.14.(e) provides for construction grants. A construction grant is available for the development and implementation of a new stormwater utility or stormwater control measure (SCM), the rehabilitation of existing SCMs, the retrofitting of existing stormwater conveyances to provide SCMs for quantity and quality control purposes, or the installation of innovative technologies or nature-based solutions. The Department shall allow nature-based solutions where feasible and possible.

The Draft Stormwater Construction Grant Priority Rating System was discussed by the Stormwater Funding Committee (Committee) on March 31, 2022; staff made revisions as recommended by the Committee. The Committee discussed whether System Management points should be provided if an applicant has held public input sessions and provides documentation that residents to be impacted by the project support the project; the Committee determined that this item should not be included in the Priority Rating System and also discussed whether it should be a requirement of all stormwater grants. The revised Priority Rating System is provided for the Authority's review and is shown on the next page.

Staff Recommendation

Staff recommend that the Authority direct staff to take the Draft Stormwater Construction Grant Priority Rating System out for public comment.

DRAFT PRIORITY RATING SYSTEM for Stormwater Construction Projects

Instructions: For each line item, mark "X" to claim the points for that line item. Be sure that your narrative includes justification for every line item claimed. At the end of each category, provide the total points claimed for each program in the subtotal row for that category. Then add the subtotals from each category and enter the Total Points for All Categories in the last line. Note that some categories have a maximum allowed points that may be less than the total of individual line items.

Line Item #	Category 1 – Project Purpose (Points will be awarded for only one Project Purpose: 1.A or 1.B or 1.C)	Claimed Yes/No	Points
1.A	Stormwater Quality – Stormwater Control Measures (SCMs): Create or improve, retrofit, repair, rehabilitate or replace SCM infrastructure to control stormwater quality		
1.A.1	SCMs are nature-based solutions, OR		30
1.A.2	SCMs are not nature-based solutions		25
1.B	Stormwater Quality – Restoration: Create or improve stream restoration, wetland restoration, buffer restoration, or estuary restoration to control stormwater quality		25
1.B.1	Project includes restoration of a first order stream and includes stormwater infiltration SCMs		2
1.B.2	Project includes restoration of riparian buffers to at least 30 feet on both sides of the stream		2
1.C	Stormwater Quantity: Create or improve, retrofit, repair, rehabilitate or replace stormwater infrastructure to control stormwater quantity and reduce flooding (This line item is NOT applicable for CWSRF funds)		25
Maximum points for Category 1 – Project Purpose			30
Subtotal claimed for Category 1 – Project Purpose			
Line Item #	Category 2 – Project Benefits	Claimed Yes/No	Points
2.A	Water Quality Improvement		
2.A.1	<u>Directly benefits</u> subwatersheds that are impaired as noted on the most recent version of the Integrated Report, OR		25

2.A.2	Protection of Sensitive Waters (Hqw, ORW, Tr, SA, WS I, WS II, WS III, WS IV* and WS V*) (* these Water Supply Watershed classifications must be covered by an approved Source Water Protection Plan to qualify), OR		15
2.A.3	Achieves at least 35% reduction in both Total Nitrogen (TN) and Total Phosphorus (TP)		10
2.B	Flood Reduction		
2.B.1	Improves public safety including improves the ability to assure access to and continued operation of critical infrastructure during flood events such as water and/or wastewater treatment infrastructure, schools, hospitals, emergency response facilities, OR		15
2.B.2	Reduces structural flooding in habitable structures, OR		8
2.B.3	Reduces street flooding		5
2.C	By working together, <u>two or more units of local government</u> improve stormwater quality and/or quantity control (May require an Interlocal Agreement or Resolutions between local government units)		10
2.D	Enables the entity to address the reduction of impacts from future natural events that may be a result of increased precipitation levels and frequency(<i>contingent on developing a method to assess this benefit in the application</i>)		3
2.E	Includes an innovative stormwater project in accordance with the current NC Land and Water Fund Innovative Stormwater Program Manual https://nclwf.nc.gov/media/92/open		5
2.F	Improves compliance with the entity's NPDES Municipal Separate Storm Sewer System (MS4) permit or helps the entity prepare to comply with a future NPDES MS4 permit <i>(Note that this line item is NOT applicable for CWSRF funds)</i>		3
2.G	Includes a public education component such as signage describing the function of the stormwater quality or quantity infrastructure		1
Maximum points for Category 2 – Project Benefits			35

Subtotal claimed for Category 2 – Project Benefits			
Line Item #	Category 3 – System Management	Claimed Yes/No	Points
3.A	Local Planning		
3.A.1	Entity has developed or is developing a local flood resiliency plan, watershed plan, stormwater management plan, stream restoration plan, or estuary restoration plan, and the proposed project is included in the plan, as of the date of application, OR		5
3.A.2	Entity has implemented an Operation and Maintenance Plan for stormwater infrastructure as of the date of application		3
3.B	Entity has a current Capital Improvement Plan (CIP) that spans at least 3 years and proposed project is included in the CIP		2
3.C	Stormwater Utility		
3.C.1	Entity has an established or is establishing a Stormwater Utility with a Stormwater Enterprise Fund, OR		5
3.C.2	Entity has an established or is establishing a Stormwater Management Program without a Stormwater Enterprise Fund		3
Maximum points for Category 3 – System Management			10
Subtotal claimed for Category 3 – System Management			
Line Item #	Category 4 – Affordability	Claimed Yes/No	Points
4.A	Population less than 10,000		3
4.B	Local Government Unit Indicators		
4.B.1	3 out of 5 LGU indicators worse than state benchmark, OR		8
4.B.2	4 out of 5 LGU indicators worse than state benchmark, OR		10
4.B.3	5 out of 5 LGU indicators worse than state benchmark		12

4.C	Project benefits disadvantaged areas: 50 percent or more of the total project cost will benefit disadvantaged, underserved areas. Disadvantaged, underserved areas will be based on either NC DEQ’s determination of “Potentially Underserved Block Groups” or Tribal boundaries displayed on the NC DEQ Community Mapping System , or information as described in the Guidance Document		10
Maximum points for Category 4 – Affordability			25
Subtotal claimed for Category 4 – Affordability			
Total Points for All Categories			

State Water Infrastructure Authority
April 13-14, 2022 Meeting
Agenda Item R.3 – DRAFT Stormwater Planning Grant Priority Rating System
DRAFT – Under Management Review

Division of Water Infrastructure Staff Report

Background

NCGA Session Law 2021-180 Section 12.14.(e) provides for planning grants. A planning grant is available for research or investigative studies, alternatives analyses, the preparation of engineering concept plans or engineering designs, and similar activities intended to help an eligible entity determine the best solutions for the entity's stormwater quality or quantity issue and to engineer and permit the solutions. The Department shall allow nature-based solutions where feasible and possible.

Considerations for the Stormwater Planning Grant Priority Rating System were discussed by the Stormwater Funding Committee on March 31, 2022. Based on the Committee's discussion, staff developed the following Draft Priority Rating System for the Authority's review.

Note that this Priority Rating System includes provisions for creating and/or implementing a Stormwater Utility, although the funds for Stormwater Utilities will come from the Stormwater Construction funds as required by the Session Law.

Similar to the water and wastewater Asset Inventory and Assessment (AIA) and Merger/Regionalization Feasibility (MRF) applications, the Stormwater Planning application will require a detailed narrative describing the top three stormwater quality and/or quantity challenges faced by the applicant, and how the proposed study will help address the challenges.

Also similar to the water and wastewater AIA and MRF Priority Rating Systems, the Stormwater Planning Priority Rating System does not provide points for Project Purpose. The Guidance Document will provide a list of possible stormwater planning activities, but the applicant is not limited to the activities on the list. Possible stormwater planning activities include:

- Stormwater Asset Inventory and Assessment
- Stormwater Rate or Fee Development
- Create and/or implement a Stormwater Utility
- Develop a watershed plan; stormwater management plan/program; plan for the restoration of streams, wetlands, buffers or estuaries; stormwater infrastructure operation and maintenance plan; or stormwater capital improvement plan (CIP)
- Develop engineering designs or conceptual plans
- Hydraulic modeling
- Improve compliance with MS4 permit requirements

- In conjunction with another unit of local government, study challenges and benefits for the LGUs to collaborate on watershed and/or stormwater planning and management

The draft priority rating system for stormwater planning projects is shown below on the next page.

Staff Recommendation

Staff recommend that the Authority direct staff to take the Draft Stormwater Planning Grant Priority Rating System out for public comment.

DRAFT Stormwater Planning Grant Priority Rating System

Line Item #	Category 1 – Project Benefits	Points
1.A	Link between challenges and how the study will help address the challenges	0 – 5
1.B	How the study will be used to develop and prioritize future projects that address the challenges	0 – 3
1.C	Study will <u>directly improve</u> compliance with the entity’s NPDES Municipal Separate Storm Sewer System (MS4) permit or will help the entity prepare to comply with a future NPDES MS4 permit	3
1.D	Study is a collaborative effort with other local government units	3
1.E	Study area is a subwatershed that is impaired as noted on the most recent version of the Integrated Report, or study will directly support Protection of Sensitive Waters (HQW, ORW, Tr, SA, WS I, WS II, WS III, WS IV* and WS V*) (* these Water Supply Watershed classifications must be covered by an approved Source Water Protection Plan to qualify)	2
1.F	Study improves the entity’s ability to address the reduction of impacts from future natural events that may be a result of climate change (<i>contingent on developing a method to assess this benefit in the application</i>)	1
Line Item #	Category 2 – System Management	Points
2.A	At least one person working for or with the entity is designated as responsible for stormwater management	0 or 1
2.B	Status of implementing results of previous planning study or studies	0 or 1
2.C	Level of entity’s staff involvement in planning project development and implementation	0 or 1
2.D	Study will create a stormwater asset inventory	4
2.E	Study will create and/or implement a Stormwater Utility	5
Line Item #	Category 3 – Affordability	Points
3.A	Population less than 10,000	2
3.B	Local Government Unit (LGU) Indicators	
3.B.1	3 out of 5 LGU indicators are worse than the state benchmark, OR	2

3.B.2	4 out of 5 LGU indicators are worse than the state benchmark, OR	4
3.B.3	5 out of 5 LGU indicators are worse than the state benchmark	6
3.C	Project benefits disadvantaged areas: The study area includes disadvantaged, underserved areas. Disadvantaged, underserved areas will be based on either NC DEQ's determination of "Potentially Underserved Block Groups" or Tribal boundaries displayed on the NC DEQ Community Mapping System , or information as described in the Guidance Document	4
Total Points for All Categories		41 Max.