

State Water Infrastructure Authority
North Carolina Department of Environmental Quality
April 18-19, 2018 Meeting in New Bern, NC
Meeting Minutes

APRIL 18, 2018

State Water Infrastructure Authority Members Attending Meeting

- Kim Colson, Chair; Director, Division of Water Infrastructure
- Melody Adams, Director, Rural Grants/Programs, Rural Development Division, NC Dept. of Commerce
- Greg Gaskins, Deputy Treasurer, State & Local Finance Division; Secretary, Local Government Commission
- Leila Goodwin, Water Resources Engineer
- Maria Hunnicutt, Manager, Broad River Water Authority
- Dr. Bernadette Pelissier
- Charles Vines, Mayor of Bakersville

Division of Water Infrastructure Staff Attending Meeting

- Julie Haigler Cubeta, Community Block Development Grant – Infrastructure Unit Supervisor
- Francine Durso, Special/Technical Issues Senior Program Manager
- Seth Robertson, State Revolving Fund Section Chief
- Jennifer Haynie, Environmental and Special Projects Unit Supervisor
- Anita Reed, SRF Wastewater Unit Supervisor
- Jessica Leggett, Project Manager, Environmental and Special Projects Unit
- Amy Simes, Senior Program Manager
- Cathy Akroyd, Public Information Officer

Department of Justice Staff Attending Meeting

- Jill Weese, NC Department of Justice; Assistant Attorney General, Environmental Division

Item A. Call to Order – April 18, 2018

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 February 28, 2018 Authority meeting for approval.

Action Item B:

- Mr. Vines made a motion to approve the February 28, 2018 Authority meeting minutes. Dr. Pelissier seconded the motion. The motion passed unanimously.

Item C. Attorney General's Office Report

Ms. Weese had no items to report.

Item D. Chair's Remarks

The Spring 2018 funding program application deadline is April 30, 2018. Applications will be accepted for the following funding programs: Drinking Water State Revolving Fund (DWSRF), Clean Water State Revolving Fund (CWSRF) and Drinking Water State Reserve Program (DWSRP). Remaining DWSRP funds allow this small DWSRP round to be offered. Staff conducted training sessions in early March with 68 people attending in Kinston, Raleigh, and Hickory.

Training for applications to the Community Development Block Grant - Infrastructure (CDBG-I) program has already begun for the Fall 2018 application cycle; approximately 44 people have attended.

The Federal government recently passed its budget and the State Revolving Fund (SRF) programs fared well. At the national level, each program received an additional \$300 million, which is an estimated \$5 to \$6 million more in capitalization grants for North Carolina. It is not clear if this additional appropriation is a one-time increase or if it sets a higher baseline for next year's allocation. Final grant amounts will be announced soon. To prepare for the EPA 2015 Drinking Water Needs Survey, an EPA contractor trained the staff of the Division of Water Resources Public Water Supply Section and the Division of Water Infrastructure to ensure that North Carolina's report would be as comprehensive as possible. The Divisions' staff put significant effort into the survey, and, as a result, the DWSRF allocation for North Carolina has increased substantially. Between the portion of the \$300 million additional allocation and significant increase in needs demonstrated by the Needs Survey, the grant to North Carolina for the DWSRF program will increase by approximately \$15 million this year.

The Division was appropriated funds for technical assistance grants for local government units whose drinking water was impacted by coal ash. It appears that Duke Energy is covering all the expenses to the eligible communities; therefore, these grants are not needed and it does not appear that requests will come before the Authority.

Item E. Presentations by Eastern North Carolina Local Governments and Utility Organizations

Presentations were made by representatives of the three entities listed below:

- Neuse Regional Water & Sewer Authority – Harold Herring, Executive Director
- Greenville Utilities Commission – Anthony Whitehead, GUC Water Quality Manager, and Tim Devine, Associate with Hazen & Sawyer
- Town of Robersonville – Elizabeth Jenkins, Town Manager, and Mike Myers, President of Envirolink

Authority members expressed great appreciation for all the speakers and were very interested in hearing about the entities' local issues and how they have approached solutions in different ways. The Authority thanked each speaker for traveling to and presenting at the meeting.

Mr. Harold Herring, Executive Director of the Neuse Regional & Sewer Authority (NRWASA) presented on the creation of NRWASA, how the service area was determined, what went well and what the challenges were during the initial Authority implementation as well as current issues. The Authority was formed in 2000 in response to the state's Central Coastal Plan Capacity Use Area (CCPCUA) rules and includes 8 entities. Currently, the Authority provides only wholesale water service. Following the presentation, the Authority discussed these issues with Mr. Herring:

- What is the difference between the entities that are members of the Authority versus those that didn't join? Mr. Herring: many entities wanted their own projects and didn't want to be part of an Authority. The entities that did not join went with other alternatives and have, in the end, spent more money than if they had joined the Authority.
- How did the Authority decide how each entity would pay? Mr. Herring: regardless of location and population, all entities pay the same rate based on the number of active meter accounts.

- Was there ever discussion of NRWASA operating each entity's water system? Mr. Herring: this was discussed in the early stages but general lack of trust contributed to this not being a part of the solution. However, the Authority's SCADA system is tied in with all the entities, so the Authority knows when entities are using their own wells and can also determine who may need additional supply from the NRWASA water plant.
- What was the most difficult thing getting the NRWASA started? Mr. Herring: obtaining the needed funding was the most difficult. Thanks to the DWSRF, the NC Rural Economic Development Center, and the USDA, the project went forward. If the project was to be completed today, it is likely that the USDA would not be able to fund the amount needed.
- The NRWASA has 60 active wells and the plant is shutdown once per year for 2 to 3 days for maintenance. Entities also keep their individual wells operating because they do need to use them during the annual plant shutdown. In addition, entities can use their own wells as long as they comply with the CCPCUA rules.
- Other systems can still join NRWASA and the Authority is seeking additional member entities as this will help strengthen the financial situation of the Authority. They currently provide approximately 10 MGD.

Mr. Anthony Whitehead, Water Quality Manager, Greenville Utilities Commission (GUC) and Mr. Tim Devine with Hazen and Sawyer, described an evaluation that is currently underway with the nearby Town of Bethel to potentially regionalize and own the water and sewer services within the Town. GUC is currently providing wholesale water and sewer services to Bethel in the amount of 100,000 gallons of water per day, yet the town sends GUC nearly 3 million gallons of wastewater per day. There are approximately 1,600 water and sewer accounts in the town. Mr. Whitehead detailed several issues related to potentially owning Bethel's utility systems. First, the condition of the infrastructure must be improved to be comparable to and consistent with GUC's standards. Even though Bethel had many of its sewer lines rehabilitated in the early 2000's, it is still in poor condition with significant infiltration/inflow. Many of the water mains were rehabilitated in 2010 and are in better condition than the sewer. Second, the existing customers of GUC cannot be impacted in any way by the regionalization; especially that there can be no increase in the rates to current customers to cover the cost of repairs needed to Bethel's system. Mr. Devine described the work done to assess the sewer system condition as well as the financial analysis that considers the infrastructure condition and the impact of a potential merger on costs to Bethel. Following the presentation, the Authority discussed these issues with Mr. Whitehead and Mr. Devine:

- Are sewage grinder pumps being considered for use in Bethel? Mr. Devine: Bethel does not have the significant operations and maintenance budget that is required when grinder pumps are used. Often, this type of system is used because it is less expensive to construct, but the necessary operation and maintenance is much more expensive. GUC would not accept ownership of a grinder pump system.
- Why did Bethel previously decide to send wastewater to GUC for treatment? Mr. Devine: Bethel was facing some significant costs to upgrade equipment at its treatment plant and could not afford the work. The Town received funds from the USDA and CWSRF that enabled Bethel to construct the infrastructure needed to transfer sewage from Bethel WWTP to the GUC system.
- Have there been conversations with the Town about possible rate increases for Bethel customers that would be needed for GUC to bring the infrastructure up to its standards? Mr. Devine: From the financial analysis that they are conducting, it appears that Bethel is operating at a deficit and is covering utility costs using the general fund. There have been some discussions between Bethel's elected officials and GUC.

- When Bethel did its previous sewer rehabilitation projects, could the infiltration/inflow have been more significantly reduced if the project had been designed differently or if construction inspection had been better? Mr. Devine: Neither GUC nor Hazen and Sawyer were involved with Bethel’s project, but they have been told that the Town switched contractors midway through the project and had only one person on staff to oversee the project. GUC has appropriate and adequate staff to oversee construction projects to ensure they are constructed properly.

Ms. Elizabeth Jenkins, Town Manager of Robersonville and Mr. Mike Myers with Envirolink presented a history of the Town of Robersonville’s wastewater treatment and insight into the working relationship between the Town and Envirolink. Prior to 2010 when she became Town Manager, the Town had ignored Notices of Violation (NOVs) that it had received from the Department of Environmental Quality. When Ms. Jenkins became Town Manager, she looked for ways to improve their wastewater operations and learned of Envirolink from an article in the magazine “Southern Cities” published by the North Carolina League of Municipalities. The Town contracted with Envirolink in 2012. Following the presentation, the Authority discussed these issues with Ms. Jenkins and Mr. Myers:

- Is the fact that water and sewer revenues are now up by approximately 58% the result of a rate increase? Ms. Jenkins: Yes, and it was necessary to raise rates for 3 years in row to bring in the funds needed to do work that had long been ignored. The first rate increase was approximately 25%. The Town has increased the base charge (the fixed charge that is not related to how many gallons of water are used) because this is less controversial when explained to customers. In addition, Envirolink helped the Town educate the Towns of Everetts and Parmele – which purchase sewer services from Robersonville and had previously not been paying their bills – about the required improvements and the need for those towns to help pay for the work.
- Before raising rates, how long had it been before rates were raised? Ms. Jenkins: The Town had a Perdue chicken plant until 2003 when it closed, and the rates had been artificially low as the plant paid the bulk of the costs. The sewer rates are 1.5 times the water rates.
- How was the decision made to contract with Envirolink? Ms. Jenkins: The Town’s former wastewater Operator in Responsible Charge (ORC) also served as ORC for the water system, but with only one staff, day-to-day backup assistance was needed with both the drinking water and wastewater systems. In addition, the ORC had lost his wastewater license. Mr. Myers: Envirolink was contracted to help get the Town’s water and sewer systems on the right track. The Town Council had never been briefed on the utility situation and Envirolink was able to explain the situation to them and have healthy conversations about the reality of what was happening. Envirolink did rate analyses, looked at the impact of obtaining CWSRF loans, and looked at what was needed versus what was wanted. While the Town has not seen new economic development as a result, at least the utilities are operating properly which can help attract industries.
- Does Envirolink act as a utility manager and/or adviser? Mr. Myers: The services provided by Envirolink depend upon what is needed by a town. Ms. Jenkins: The Town has been very glad that they hired Envirolink and while Robersonville is not completely out from under this situation, things have greatly improved. This is happening all over the state as well as in other states, particularly within rural communities.
- This is an incredible turnaround story in a short period of time. What is in place or what could be put in place, to keep this going? Ms. Jenkins: The Town Council has changed since this started. The very first thing the Council did was hold face-to-face meetings with Everetts and Parmele to educate them on the situation and the need for them to pay their bills because

Robersonville alone could not afford the work needed. Most customers now understand that the Town cannot afford to go back to the previous situation; the Council emphasizes that the Town is not going back.

Item F. Funding Recommendations for CDBG-I Grants for Public Schools

Ms. Cubeta presented the CDBG-I potential funding scenario for the Public Schools grants. Four applications are recommended for funding for a total of \$3.89 million with a maximum allowable award amount of \$1 million. If approved, there would be approximately \$595,000 remaining in the school funds which staff recommends be held for potential documented overruns in construction costs in the school projects. After the application deadline (Nov. 1, 2017) an inquiry into funding was received from a fifth entity but an application was not filed. Following the presentation, the Authority discussed these issues:

- Do any of the projects costs more than \$1 million? Yes; three projects cost over \$1 million and have other sources of funds for the difference; only the Alexander County project costs less than \$1 million.
- Would funds still be available for the project for the fifth entity? Yes, but a formal application must be submitted.
- Will construction cost overruns be likely? Yes; the Division has been hearing extensively about significant cost overruns on many projects now, and has heard that in general construction bids have been coming in very high.

Action Item F:

- Mr. Gaskins made a motion to approve funding for CDBG-I Grants for Public Schools Project Numbers 1-4. Mr. Vines seconded the motion.
- Discussion: Mr. Colson asked that Mr. Gaskins clarify whether the motion includes the recommended funding levels as well as holding the remaining funds for cost overruns. Mr. Gaskins answered yes to both questions, and Mr. Vines agreed.
- The motion passed unanimously.

Item G. Key Program Metrics

Ms. Haynie reviewed the items presented for the Authority's discussion: (1) a detailed metrics analysis with the current priority points system, and (2) the impact of the affordability criteria. The Division recommends that the Authority approve seeking public input on the potential changes as detailed in the staff report. The potential changes to the CDBG-I program are as follows:

- Grant eligibility for CDBG-I:
 - a. Apply the last two steps of the affordability criteria with an adjustment to the grant percentage by adding 25% to the grant percentages in the matrix, not to exceed 100%
 - b. Continue to allow 100% grants for projects that extend lines to existing homes with failing wells and septic systems
 - c. Continue to allow 100% grants for projects that extend lines to new low-to-moderate income housing projects

Following the presentation, the Authority discussed these issues regarding the potential changes to the CDBG-I program grant eligibility:

- In LMI areas, it can be difficult to collect payment of water and wastewater bills due to the economic distress of customers in these areas. The recommendation would provide for an

increased percentage of grant funds (if applicant only qualifies for 25% in grant funds, adding the increased percentage would provide 50% in grant funds), which would help the local government accomplish the project.

- If the affordability criteria are used, would it change who the applicants are? A: The CDBG-I recommendations are similar to how the USDA provides their grant and loan projects. In the long run, the choice for some communities will be to accept some loan funding or eventually become non-compliant and face fines.
- Since CDBG-I grants are limited to \$2 million, where do funds come from if the costs are over \$2 million? A: Most projects are designed to cost only \$2 million and if there are cost overruns, then the applicant asks to reduce the scope of the project to keep it within the \$2 million grant.
- Concern was expressed that the Authority may receive many requests to “forgive” the loan amount and whether this could be done.

The Authority discussed these issues regarding the Asset Inventory and Assessment (AIA) grants and the Merger/Regionalization Feasibility (MRF) grants:

- If an entity completes an MRF grant, is there a process to provide priority to receive an AIA grant? Could there be an incentive to complete both grants since ultimately there is a desperate need for both? If entities meet the criteria for an MRF grant and are willing to merge, could an AIA grant automatically be provided at the same time? A: Currently, there is no provision for this but it is something the Authority to consider. Sometimes it is difficult to determine whether to would be better for an entity to complete work on an AIA or MRF grant first.
- Perhaps the \$50,000 provided for MRF grants is not enough to complete the work that needs to be done.
- Ultimately the Authority should have a process to figure out where these grants are needed, which can also tie into the Troubled System Protocol. A pilot project would be necessary to identify this process.
- Units that are in trouble need to be in a different Troubled System Protocol process, not necessarily the AIA/MRF grant process.

Action Item G:

- Mr. Gaskins made a motion to seek public comment on the recommended changes. Dr. Pelissier seconded the motion.
- Discussion:
 - Ms. Goodwin stated she would like time to think more about the action since seeking public comment on items generally means the items will be adopted.
 - Mr. Vines also said he would also like additional time to think about the action, especially regarding including the affordability component as a part of the CDBG-I program.
- The motion was tabled until April 19, 2018.

Agenda Item H – Potential Program changes for Public Review for CWSRF, DWSRF and State Programs

Mr. Robertson presented potential changes proposed by the Division as detailed in the staff report. For the Drinking Water and Clean Water State Revolving Funds (DWSRF and CWSRF):

- Changes to Project Purpose and Affordability portions of the Priority Rating Systems to align scoring with the state reserve program and adjust the weighting between the four primary categories of priority points, and

- Changes to the qualifications for DWSRF and CWSRF principal forgiveness to make the requirements similar to the state reserve program requirements for grant eligibility by applying the same affordability criteria.

For the State Reserve Project Loans and Grants, the Division proposes that changes be made to the State Reserve Drinking Water and Wastewater Project Priority Rating Systems to improve consistency between the State and Federal SRF programs. The proposed changes are to the Project Purpose and Affordability points to align projects with the SRF program and to adjust the weighting between the four primary categories of priority points.

For the Asset Inventory and Assessment Grant changes, the Division proposes that the eligibility for these grants be limited to applicants with less than 10,000 residential service connections with limited exceptions to better target the limited grant funds available.

Agenda Item I – Potential Program Changes for Public Review for CDBG-I Program

Ms. Cubeta presented the changes proposed by the Division. The changes would be made in the Project Benefit and Financial Situation portions of the Priority Rating Systems as detailed in the staff report.

Action Item H & I:

- Mr. Vines made a motion to seek public comment on the recommended changes. Mr. Gaskins seconded the motion. The motion passed unanimously.

Item J. Informal Comments from the Public

Chair 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 K. Remarks by Authority Members, Chair and Counsel

There were no remarks.

Item L. Adjourn – The meeting was adjourned for April 18, 2018, and will resume at 9 AM on April 19, 2018.

APRIL 19, 2018

State Water Infrastructure Authority Members Attending Meeting

- Kim Colson, Chair; Director, Division of Water Infrastructure
- Greg Gaskins, Deputy Treasurer, State & Local Finance Division; Secretary, Local Government Commission
- Leila Goodwin, Water Resources Engineer
- Maria Hunnicutt, Manager, Broad River Water Authority
- Dr. Bernadette Pelissier
- Charles Vines, Mayor of Bakersville

Division of Water Infrastructure Staff Attending Meeting

- Julie Haigler Cubeta, Community Block Development Grant – Infrastructure Unit Supervisor
- Francine Durso, Special/Technical Issues Senior Program Manager
- Seth Robertson, State Revolving Fund Section Chief
- Jennifer Haynie, Environmental and Special Projects Unit Supervisor
- Anita Reed, SRF Wastewater Unit Supervisor
- Jessica Leggett, Project Manager, Environmental and Special Projects Unit
- Amy Simes, Senior Program Manager
- Cathy Akroyd, Public Information Officer

Department of Justice Staff Attending Meeting

- Jill Weese, NC Department of Justice; Assistant Attorney General, Environmental Division

Item M. Call to Order – April 19, 2018

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 N. Chair's Remarks

Mr. Colson introduced Mr. Adam Caldwell with US Representative Thom Tillis' eastern office who is joining us today.

Item O. Presentations by Eastern North Carolina Local Governments and Utility Organizations

Presentations were made by representatives of the three entities listed below:

- Town of Mount Olive – Charles Brown, Town Manager
- Onslow Water & Sewer Authority – Jeff Hudson, Chief Executive Officer
- Town of Plymouth – Brian Roth, Mayor

Authority members expressed great appreciation for all the speakers and were very interested in hearing about the entities' local issues and how they have approached solutions in different ways. The Authority thanked each speaker for traveling to and presenting at the meeting.

Mr. Charles Brown, Town Manager of the Town of Mount Olive spoke about the challenges related to their wastewater treatment plant. The Town has also received Asset Inventory and Assessment Grants for their water and sewer systems. The key issues at the Town's wastewater treatment plant involve not obtaining enough land for adequate land application of treated wastewater, the planting of inappropriate vegetation on the land application site, the use of drip irrigation with pinhole-sized holes

which is an enormous maintenance problem, and the use of a 28 MGD storage lagoon that created major operating problems when water from the lagoon was sent to the plant for treatment, and an inappropriate ultra-violet light disinfection system that flooded during Hurricane Matthew. The issues are still not resolved but the Town is working on them with the biggest issue being how the work will be funded. Following the presentation, the Authority discussed these issues with Mr. Brown:

- Did the Town take any legal action regarding the problems with the treatment plant? Mr. Brown: Legal action was taken but the Town was awarded only enough money to pay the legal fees. Some of the blame falls on the town officials who were in place at the time who were not engaged in the situation.
- Mr. Colson stated this demonstrates how crucial it is for small towns to do the “right project” because there is no funding to remedy a problem caused by an inappropriate project.
- Mr. Brown stated that he attends the UNC Environmental Finance Center rate courses to learn how to communicate these issues to the elected officials and customers. The Town is considering switching from drip irrigation to a spray system, but must find a way to address the financial needs.

Mr. Jeff Hudson, Chief Executive Officer of Onslow Water & Sewer Authority (ONWASA) presented on the history of ONWASA as well as current issues. Onslow County is one of the fastest growing counties in the state; ONWASA serves 50,000 accounts. They have developed the first Strategic Plan for the Authority and have a 10-year CIP in which the first 5 years are very specific, and years 6-10 are more approximate. ONWASA hired Raftelis Financial Consultants to develop rate structures. Rate increases are directly tied to purchases that are needed; they explain to their customers what they are getting for their money. ONWASA will soon be a bulk water provider for Pender County and Jacksonville. Following the presentation, the Authority discussed these issues with Mr. Hudson:

- Does ONWASA have a separate water rate and sewer rate? Mr. Hudson: Yes, there are separate rates. Typical monthly water bills are around \$24 and typical monthly sewer bills are around \$40. A 7% rate increase is going into effect on July 1, 2018 and there are plans for a 5% increase in 2019, 2.5% increases in 2020 and 2021, and a 1% increase in 2022.
- How as the level of service in the small member towns changed? Mr. Hudson: ONWASA has 120 staff members and all the equipment that is needed. Customers feel that their level of service has increased. The towns still use trucks that have their own town seals which makes customers comfortable because they are familiar with their utility people.

Mayor Brian Roth from the Town of Plymouth presented about the loss of hundreds of jobs when Weyerhaeuser closed its facility; the poverty rate is over 44%. He has taken the elected officials to see the water and wastewater treatment plants. One of their issues is that they often have very few responsible bidders for their projects. Following the presentation, the Authority discussed these issues with Mayor Roth:

- Have you considered partnering with or sharing management experience with smaller systems near Plymouth? Mayor Roth: Plymouth’s Finance Officer goes to the Town of Roper one day per week to assist them.
- Is there an opportunity for regionalizing with Creswell in terms of management? Mayor Roth: It may make more sense for Creswell to work with Columbia.
- You mentioned not working with Washington County due to their aged infrastructure; why is that? Mayor Roth: Washington County has had little growth and he clarified that he is not sure that the county has done any recent construction.

Item P. Metrics Discussion Revisited

This agenda item references Agenda Items G, H and I that were discussed on April 18, 2018. A motion was made by Mr. Gaskins to bring back the item tabled on April 18, 2018, for further discussion. The motion was seconded by Dr. Pelissier. The motion passed unanimously. The Authority discussed these issues:

- Regarding the proposed AIA grant eligibility change to limit the grants to applicants with less than 10,000 residential service connections, it appears that this is a guidance change as opposed to an eligibility change. A larger system can still apply for the AIA grants, but the preference is for the smaller systems to apply.
- If entities have already merged or consolidated, they are not eligible for an AIA grant.

Action Items P:

- Ms. Goodwin made a motion to seek public comment on the recommendations for the SRF and SRP programs. Mr. Vines seconded the motion. The motion passed unanimously.
- Ms. Goodwin made a motion to seek public comment on the recommendations for the AIA grant program. Mr. Gaskins seconded the motion. The motion passed unanimously.
- Mr. Vines made a motion to seek public comment on the recommendations for the CDBG-I program. Mr. Gaskins seconded the motion. The motion passed unanimously.

Item Q. Communications Update

Ms. Akroyd, the Division's Public Information Officer, presented an update about the Division's communications activities including meetings, presentations, events and outreach happening at the Division.

Item R. CDBG-I Duplin County \$3 Million Project De-obligation Update

Ms. Cubeta presented a letter received from Duplin County which states they will not move forward with the 2015 CDBG-I project that the county had been awarded for sewer improvements. The Duplin County Board of Commissioners also voted to repay the funds that had already been received in relation to this project (approximately \$331,012). The Authority discussed the following:

- How often has this happened? Ms. Cubeta stated that in her 16 years of working with granting agencies, this has never happened before. She noted that Duplin County has had changes in the County Manager and Board of Commissioners.
- How many septic systems were failing? A: Ten of 50 homes had failing septic systems but others will likely fail due to the poor soil conditions.

Item S. Additional DWSRF Application from Fall 2017 Application Round

The City of Goldsboro mailed an application for work at their drinking water treatment facility to the Division in August 2017 for consideration in the September 2017 funding round. This application was sent via registered mail to the North Carolina Mail Service Center. While the City received a proof of receipt dated August 8, 2017, the application was never received by the Division.

The missing application was brought to the attention of the Division after the February 2018 Authority meeting. Copies of the application were subsequently hand delivered to the Division and contain dates and information consistent with the August 2017 submittal date. The Division has reviewed the application and determined it was complete and would have scored high enough to receive funding in the September round if it had been considered. The application was submitted with the expectation

that it would be delivered to the Division in advance of the funding deadline and can be funded with no impact to availability in future rounds.

The Division will continue to recommend as part of its regular training that applications be submitted via courier to the physical address.

Action Item S:

- Mr. Vines made a motion to approve the Goldsboro application as eligible to receive funding through the DWSRF program. Mr. Gaskins seconded the motion. The motion passed unanimously.

Item T. Legislative Update

Mr. Colson stated the General Assembly's Rates and Transfer Study Committee will meet on April 30, plans to make an interim report, and then gather more information for the long session next year. Mr. Gaskins added that the next steps are not clear but he is putting information together for another meeting. He noted that the last meeting was exciting in terms of a potential process and defining possibilities. Mr. Colson stated that the Governor's adjusted budget has not yet been released. An increase in matching funds for the SRF programs is needed since the state will receive additional SRF funds.

Item U. Potential Legislative Changes

Mr. Colson stated that the next legislative session is a long session, and is the best time for the Authority to present any proposals for changes for the General Assembly to consider. If there are specific items that the Authority would like addressed in its Annual Report, please provide these suggestions as soon as possible. The Authority might want to consider increasing the amount of the MRF grants which would require a statutory change.

Item V. Fair Bluff Initiative

Ms. Leggett updated the Authority on the Fair Bluff Initiative regarding goals, status and next steps. Following the presentation, the Authority discussed these issues:

- Is the Division attempting to place a dollar amount on each step of the evaluation process? A: This will vary for any entity that is being evaluated due to their unique infrastructure. As part of the pilot project, the team has already seen that the scope has needed to be adjusted along the way, based on the information gathered. This has been a good process and the Division will use this template in any future evaluations in the state. The issues will vary depending on the community but the core issues are essentially the same.
- Mr. Colson stated that another type of grant program may be needed to implement an option that may be the outcome of the initiative, as long as the towns are viable for the long-term. The Authority mentioned the need for a grant for possible legal work needed for a merger.
- If the towns were to fund this evaluation themselves, what would the cost be? Ms. Durso stated that the analyses being performed would likely be in the range of \$400,000 when the work of the Division, the LGC, the UNC-EFC and the project consultants is taken into account. It is expensive to do these evaluations thoroughly and the right way; the reason that the Division and Authority undertook this pilot project is to develop a detailed template that can be used in the future.

Agenda Item W. Master Plan Outreach Activities Update

Ms. Durso updated the Authority on current and future presentations on the Master Plan, including at meetings with each of the 16 Councils of Government (COGs) across the state. Presentations are being

made to each COG for approximately 30 minutes at one of its regularly scheduled meetings, with the offer to return for a longer presentation if the COG members are interested. Meetings have been scheduled in the next few months with 6 COGs and more are being scheduled. The COG presentations are the primary vehicle for Master Plan outreach this year, along with presentations at professional society meetings and conferences.

Agenda Item X. Informal Comments from the Public

Chair 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.

Agenda Item Y. Concluding Remarks by Authority Members, Chair and Counsel

Authority Members discussed the following topics in their closing remarks.

The presentations made by the local government units and the water and sewer authorities were extremely informative and valuable, and bring out the impacts to customers. Mr. Gaskins stated that there are approximately 200 communities at risk financially in NC; the State Treasurer was surprised that there are so many. We all agree what the problems are but the state does not have the funds needed to fix the problems. In fact, it may be beyond the ability of the state to solve these problems.

Ms. Hunnicutt stated that Former Authority Member JD Solomon, who serves as the Chair of the Environmental Management Commission (EMC), has asked for assistance from Ms. Hunnicutt, Ms. Goodwin, and Mr. Stiles to work on joint issues that are common to the EMC and SWIA such as regionalization, point sources, stormwater, emerging contaminants and agriculture. This can also serve as a part of the direction of the next Master Plan. It is hoped that a paper can be developed by the end of the year.

The next Authority meeting will be held on July 18, 2018 in Raleigh.

Item Z. Adjourn – The meeting was adjourned.