

State Water Infrastructure Authority
North Carolina Department of Environmental Quality
December 11, 2019
Meeting Minutes

State Water Infrastructure Authority Members Attending Meeting via Conference Call

- 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
- Cal Stiles, Cherokee County Commissioner
- Charles Vines, Mayor of Bakersville
- Juhann Waller, Principal, JC Waller & Associates, PC

Division of Water Infrastructure Staff Attending Meeting via Conference Call

- Cathy Akroyd, Public Information Officer
- Francine Durso, Special/Technical Issues Senior Program Manager
- Jessica Leggett, Project Manager, Environmental and Special Projects Unit
- Jennifer Haynie, Environmental and Special Projects Unit Supervisor
- Anita Robertson, SRF Wastewater Unit Supervisor
- Jon Risgaard, SRF Section Chief
- Vincent Tomaino, SRF Drinking Water Unit Supervisor

Department of Justice Staff Attending Meeting via Conference Call

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

Item A. Call to Order

Chair Colson opened the meeting and reminded the members of the State Water Infrastructure Authority (SWIA) of General Statute 138A 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

Chair Colson presented the draft meeting minutes from the September 11, 2019, September 25, 2019, and October 9, 2019 Authority meetings for approval.

Action Item B:

- Mr. Vines made a motion to approve the September 11, 2019, September 25, 2019, and October 9, 2019 Authority meeting minutes. Dr. Pelissier seconded the motion. The motion passed unanimously.

Item C. Attorney General's Office Report

Ms. Weese stated the Attorney General's office is still investigating over-charging of clean up work from the hurricanes.

Item D. Chair's Remarks

Chair Colson clarified the April 2020 SWIA meeting dates are April 7-8 (Tuesday and Wednesday). DWI staff completed site visits to funded projects with staff of the Fiscal Research Division of the NC General Assembly and staff of the Office of State Budget and Management. Chair Colson added there is no news on the budget which has not been passed. As a result, there are no special appropriations, but that also means that the viable utility reserve has not been funded.

The Local Government Commission has applied to the Division for \$150,000 to be considered for funding as allowed under Senate Bill 691 – Emergency Operating Funds for Utilities, to assist the Cliffside Sanitary District; a special meeting of the Authority may be needed to address this funding need. Mr. Gaskins added these funds will hopefully get the District through the year. Without permanent funding for these types of situations, there is no permanent solution and the only path available is to put units in bankruptcy, which will not solve environmental issues. More failures such as this are expected to happen.

Item E. Summary of Fall 2019 Application Round

Mr. Risgaard stated the Fall 2019 application round closed on September 30, 2019. At the February 12, 2020 meeting, the Authority will have a total of approximately \$155.7 million in loans and grants to apply to the requests totaling approximately \$496 million from 198 applications.

Chair Colson added we currently have only \$10 million in recurring state funds, but that could change with actions of the NC General Assembly when they come back in session in January. The following topics were discussed:

- Mr. Stiles asked for clarification if the Governor's veto of the budget is over-ridden SWIA won't have \$10 million to award due to earmarks. Mr. Colson stated that is correct.

Item F. Federal "Additional Supplemental Appropriations for Disaster Relief Act, 2019" (ASADRA)

Mr. Risgaard stated, in June of 2019 the President signed P.L. 116-20, the "Additional Supplemental Appropriations for Disaster Relief Act, 2019" (ASADRA), into law. EPA has allotted \$87,8007,000 in supplemental funding for the SRF Programs (\$19,193,000 for CWSRF and \$68,611,000 for DWSRF) for wastewater treatment works and drinking water facilities impacted by Hurricanes Florence and Michael. North Carolina Session Law 2019-250 appropriated \$17,600,000 to DEQ to provide the required match for federal funds.

States are required to prepare a plan identifying the intended uses of the funds in the SRF and describing how those uses support SRF goals. States must submit supplemental Intended Use Plans (IUPs) specific to the ASADRA funding prior to approving the ASADRA grant award and release of funds.

For an activity to be eligible for 2019 ASADRA funding, it must meet three criteria:

1. be an otherwise SRF eligible project,
2. be a system "impacted" by one of the named events, and
3. serve one or more of the following purposes:
 - Facilitates preparation for, adaptation to, or recovery from rapid hydrologic change or any other type of natural disaster for a wastewater treatment work or drinking water system or related facility;
 - Reduces the likelihood of physical damage to a treatment works or drinking water systems;
 - Reduces a treatment works' or water system's susceptibility to physical damage or ancillary impacts caused by floods, earthquakes, and fires; or

- Facilitates preparation for, adaptation to, or recovery from a sudden, unplanned change in the amount of and movement of water in proximity to a treatment works or water system.

Mr. Risgaard referenced the proposed timeline from the staff report, which, if completed, would meet the schedule set by the EPA for ASADRA funds, and allow for the Division to advertise the 2019 ASADRA funds along with the Spring SRF Funding cycle. Mr. Risgaard also discussed the proposed priority rating systems which are based off the existing priority rating systems for SRF programs. In addition to the current system, the proposed rating system includes line items to demonstrate that projects qualify for the ASADRA funds and provide priority points to align with ASADRA's purpose.

Mr. Risgaard concluded with a staff recommendation that the Authority approve the proposed Priority Rating System for the 2019 ASADRA Projects to be made available for public review. The following topics were discussed:

- Dr. Pelissier asked if decentralizing would count for moving out of the floodplain. Mr. Colson and Mr. Risgaard stated that should qualify as long as the decentralization infrastructure is not located in the floodplain.
- Mr. Colson added the timeline is likely going to be the issue – can a project be put together that quickly. There is a possibility that current in-house applications could be asked to consider using ASADRA funds if they qualify so the full amount of funds we are receiving can be used.
- Mr. Stiles asked if the state match is new/additional money or if this is from our current funds. Mr. Colson answered this is new money.
- Ms. Adams asked if an application could score so high without ASADRA points that it would rank above ASADRA projects. Mr. Colson said it is possible. Even with some of the differences in the scoring, regular scores could outweigh ASADRA scores. Mr. Colson added, for ASADRA funding, applicants still need to meet the qualifications related to ASADRA.
- Ms. Adams also asked if an applicant could receive points for more than one ASADRA priority line item if a project proposes more than one type of disaster recovery/resiliency effort and could those points be combined. Mr. Risgaard stated the intent was to award points for the priority/disaster recovery effort with highest cost associated within the application budget. We would look at the budget submitted to make that determination. The points would not be combined.

Action Item F:

- Mr. Stiles made a motion to approve the proposed Priority Rating System for the 2019 ASADRA Wastewater and Drinking Water Projects to be made available for public review. Mr. Vines seconded the motion. The motion passed unanimously.

Item G. 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 H. Concluding Remarks by Authority Members

There were no concluding remarks by Authority members. Mr. Colson stated the Authority would receive notice when the request for public comments for the proposed ASADRA Priority Rating System is issued.

Item I. Adjourn – The meeting was adjourned.