



**April 8, 2020**

**State Water Infrastructure Authority**  
*Department of Environmental Quality*  
*Division of Water Infrastructure*



**Agenda Item B**  
**Approval of**  
**Meeting Minutes**

**Agenda Item C**  
**Attorney General's Office**  
**Report**



## Agenda Item D Chair's Remarks





**Agenda Item E**  
**Priority System**  
**Modifications for the 2020**  
**Intended Use Plans (IUPs)**  
**for CWSRF and DWSRF**  
**Programs**





# *Item E – Priority System Modifications*

## Intended Use Plan Background

- Required as part of annual capitalization grant application to EPA
- Explains how CWSRF and DWSRF programs will operate
  - Program Goals
  - Activities supported
  - Criteria for distributing funds
  - Documents public review and comment
  - Defines budget and project periods
- Includes Priority Rating System
- Includes Project List



## *Item E – Priority System Modifications*

### Items proposed for change in 2020 IUPs

- I. Expand Project Benefits to include specific resiliency project priority points
- II. Establish Incremental principal forgiveness increases to utilize available funds



## *Item E – Priority System Modifications*

The Division proposes that project benefits points be awarded to certain resiliency projects

- Resiliency project types taken from 2019 ASADRA Supplemental IUP
- Incentivizes resiliency projects within the SRF programs
- Improves consistency between the DWSRF and CWSRF priority point systems



## *Item E – Priority System Modifications*

Line Item #	Category 2 – Project Benefits	SDWR Pts
2.N	Project provides resiliency for critical system functions	
2.N.1	Project relocates infrastructure out of a floodplain <b>OR</b>	5
2.N.2	Project fortifies or elevates infrastructure within floodplain, <b>OR</b> Project improves ability to assure continued operation during flood events <b>OR</b> Project downsizes infrastructure related to buyouts <b>OR</b>	4
2.N.3	Project provides redundancy/resiliency for critical treatment and/or transmission/distribution system functions including backup electrical power source.	3



## *Item E – Priority System Modifications*

Establish incremental principal forgiveness increases to utilize available funds

- SRF program requirements for additional subsidization (principal forgiveness [PF]) to disadvantaged communities
  - DWSRF - 20%-30% PF
  - CWSRF - 10% PF
- Current IUP bases PF on the Authority-approved Affordability Criteria
- The DWSRF program has struggled to meet the minimum federal PF requirements



## *Item E – Priority System Modifications*

### *Principal forgiveness increases (Continued)*

- Draft IUP includes allowances to provide additional PF when funds are available
  - PF amounts increased to eligible projects in 10% increments not to exceed 100% of the project costs
  - Staff does not recommend that principal forgiveness eligibility criteria be modified at this time



## *Item E – Priority System Modifications*

- **Staff Recommendation**
  - Approve for public review changes to Line Item 2.N that prioritize additional resiliency projects to Drinking Water and add resiliency priority to Clean Water as part of the draft Priority Rating Systems
  - Approve for public review changes to how principal forgiveness caps will be exceeded as recommended in the staff report
- **Next Steps**
  - Division staff will seek public input prior to making final recommendations
  - Summary of comments and recommendations will be provided to the Authority in July



## **Agenda Item F**

### **Review of Maximum Loan Amounts for CWSRF and DWSRF Programs**



## *Item F – SRF Caps*

### Evaluate SRF funding limits per round

- Staff evaluated last 6 funding rounds (2017-2019)
  - 3 CWSRF projects funded at \$30 million cap
  - 2 DWSRF projects funded at \$20 million cap
- Impacts if cap was reduced
  - Decreased funding to higher priority projects
  - Potentially funded 1-2 lower scoring projects



## *Item F – SRF Caps*

### **Fall 2019 (DWSRF)**

- Greenville Utilities Commission WTP expansion received \$20M DWSRF with 18 priority points
- Charlotte new water transmission line was the last funded project at \$11M (\$20M requested) with 13 points
- Projects that might have been funded:
  - City of Hickory parallel waterline for \$3.6M with 12 points and
  - Two projects that earned zero priority points





## *Item F – SRF Caps*

### **Fall 2019 (CWSRF)**

- Clayton WWTF received \$30M CWSRF (requested \$138.7M)
- Gastonia sewer collection system was the last funded project at \$9.3M (\$30.3M requested) with 18 points
- Southport was the only project not funded (\$10.6M requested with 16 points)



## *Item F – SRF Caps*

### **Spring 2019**

- The last funded project was GUC WTF expansion receiving \$20M DWSRF with 18 priority points (also funded in Fall 2019)
- Three projects that might have been funded:
  - Two (2) City of Henderson waterline extension projects to replace private wells at \$1.5M each with 14 points
  - Hickory parallel water line at \$3.6M (same project not funded in Fall 2019, 12 points)
- Maximum CWSRF loan was \$16.9M



## *Item F – SRF Caps*

### **Fall 2018**

- Winston-Salem WTP Modernization received \$20M DWSRF with 39 points
- Cleveland County was last funded project at \$7.6M (\$7.6M requested) with 25 points
- The next projects eligible:
  - GUC project funded at \$20M in spring and fall 2019
  - Pender County WTF expansion with 17 points
  - Two City of Henderson waterline extensions (not funded in Spring 2019)
- Maximum CWSRF loan was \$15.5M



## *Item F – SRF Caps*

### **Spring 2018**

- Maximum DWSRF loan was \$6.9M
- Maximum CWSRF loan was \$18.8M

### **Fall 2017**

- All DWSRF projects were funded
- Charlotte WWTF rehab. received \$30M CWSRF (Requested \$39.5M)
- City of King WWTF was only eligible project not funded
  - \$27M requested
  - Staff did not recommend project for funding

## *Item F – SRF Caps*

### **Spring 2017**

- No DWSRF funding for the round
- Charlotte WWTF rehab. received \$30M CWSRF
  - Requested \$69.5M
  - Same project funded in Fall 2017
- City of King WWTF was only eligible project not funded
  - \$27M requested
  - Staff did not recommend project for funding
  - Same project not funded in Fall 2017



## *Item F – SRF Caps*

### Summary

Last 6 funding rounds (2017-2019)

- 3 CWSRF projects funded at \$30 million cap
- 2 DWSRF projects funded at \$20 million cap
- Impacts if cap was reduced
  - Decreased funding to higher priority projects
  - Potentially funded 2-3 lower scoring projects.
    - Hickory waterline, Fall 2019
    - Two (2) Henderson waterlines, Spring 2019
  - Potentially funded eligible projects sooner
    - GUC – Fall 2018 (funded Spring and Fall 2019)





## **Agenda Item G**

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

### **Program Modifications**



# Item G – AIA Application Analysis

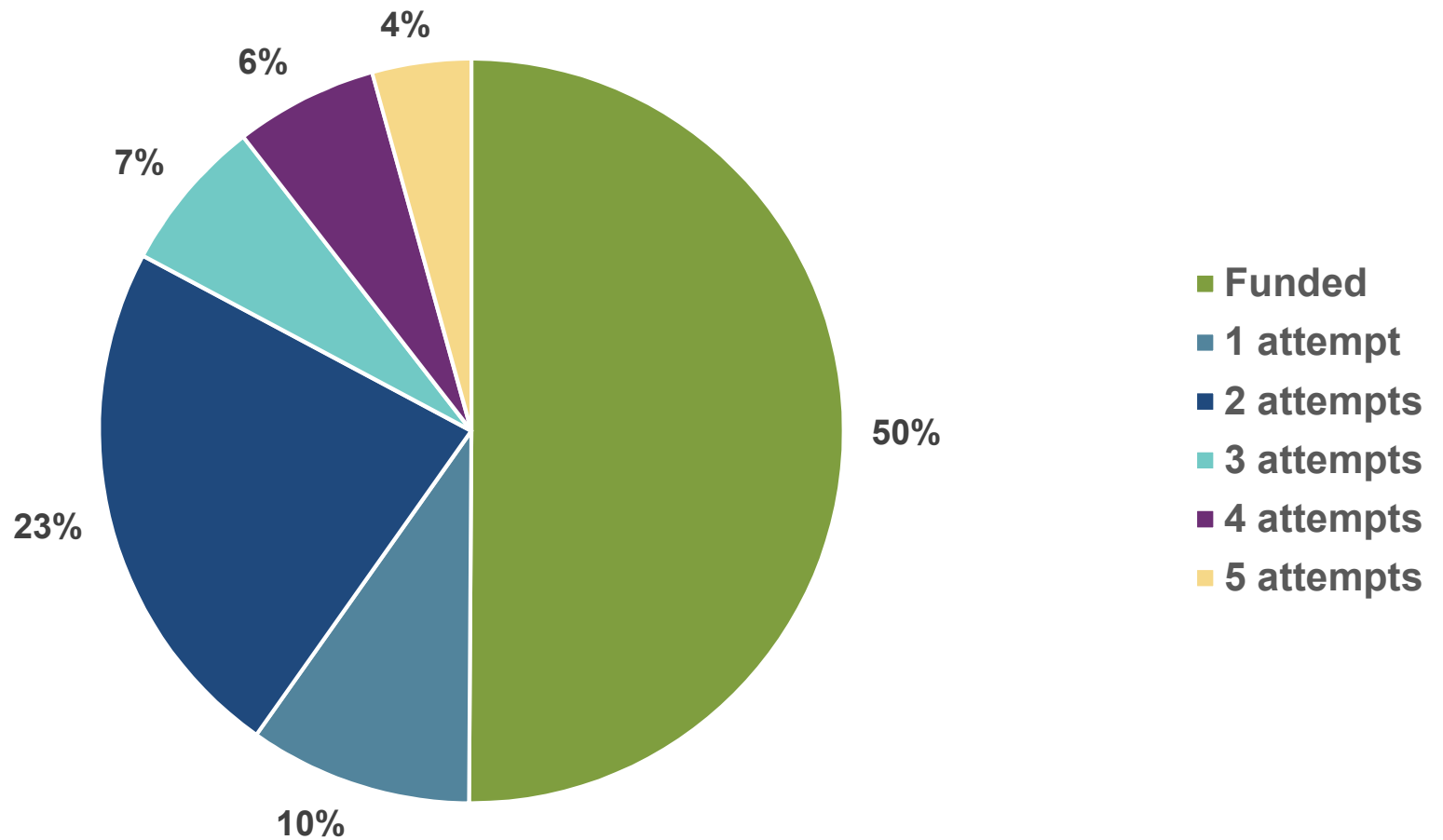
Applications	Projects	Systems
<b>Total</b>	<b>421</b>	<b>259</b>
<b>Funded</b>	<b>211 (50%)</b>	<b>139 (54%)</b>

Funded Systems	Sewer Only	Water Only	Both W & S	Multiple
<b>139</b>	<b>30%</b>	<b>22%</b>	<b>43%</b>	<b>5%</b>



# Item G – AIA Application Analysis

## Funded and Unfunded



## *Item G – AIA Application Proposed Modifications*

- Question No. 2
  - Previous asset management or capital planning work
  - Remove funding emphasis
  - Give examples of impact
- Question No. 3
  - Team members' asset management experience
  - No resume history
  - Team function in future



# *Item G – AIA Proposed Modifications*

<b>Line Item #</b>	<b>Category</b>	<b>Proposed Points</b>
1	Project Benefits	0,1,2,3,4,5,6,7, or 8
2.A	Knowledge base of utility's internal asset management team	0,1,2,3, or 4
2.C	Management of asset inventory data	0,1,2,3, or 4



## *Item G – AIA Program Modifications*

- **Staff Recommendation**

Approve for public review revisions to Questions 2 and 3 and changes in points to Line Items 1, 2.A and 2.C in the Asset Inventory and Assessment Priority Rating System

- **Next Steps**

- Division staff will seek public input prior to making final recommendations
- Summary of comments and recommendations will be provided to the Authority in July







## Remarks by Authority Members, Chair and Counsel



**THE NEXT AUTHORITY MEETING WILL BE HELD ON  
JULY 8, 2020 IN RALEIGH AT THE NC RURAL  
CENTER**







**April 8, 2020**

**State Water Infrastructure Authority**  
*Department of Environmental Quality*  
*Division of Water Infrastructure*

