

State Water Infrastructure Authority
Meeting Date: April 14, 2021
Agenda Item H – Draft Asset Inventory and Assessment (AIA) and Merger/Regionalization
Feasibility (MRF) Priority System Modifications

Division of Water Infrastructure Staff Report

Overview

The Asset Inventory and Assessment (AIA) grants and Merger/Regionalization Feasibility (MRF) grants were created in Session Law 2015-241 to broaden the use of grant funds to encourage water and wastewater utilities to become more viable and more proactive in the management and financing of their systems.

AIA grants are limited to \$150,000 from the Wastewater Reserve or the Drinking Water Reserve, over a period of three years, to the same local government unit (LGU) or nonprofit water corporation. Eligible projects include asset inventory, condition assessment of critical assets, and/or other components of critical assets.

MRF grants are limited to \$50,000 from the Wastewater Reserve or the Drinking Water Reserve, over a period of three years, to the same LGU or nonprofit water corporation. Eligible projects include studies to evaluate the potential consolidation of two or more systems into one system and the potential physical interconnection with another system for regional wastewater treatment or regional water supply

The affordability criteria do not limit the grant percentage or the eligibility for these grants.

Separate Priority Rating Systems approved by the State Water Infrastructure Authority (Authority) are used to evaluate AIA and MRF applications and rank them in priority order for funding consideration.

Priority System Draft Changes for Public Review

AIA prioritization

Provide two additional priority points under the Project Benefits category to applications from LGUs designated as distressed per §159G-45. This change aligns the priority system with G.S. 159G-45 by recognizing the benefit of distressed systems completing an asset assessment. The total maximum score does not change.

MRF Prioritization

Change the name of the first and second categories (Line Items 1 and 2) to be consistent with the other programs. Change the description of line item 2.B under the proposed System Management category (formerly Organizational Status) from systems that have received an LGU Unit Letter to Local government Units Designated as Distressed per § 159G-45. This change aligns the Priority Rating System with G.S. 159G-45 by recognizing the benefit of distressed systems evaluating long-

term solution for providing utility service. The line item score and the total maximum score would not change.

The following change to the AIA Priority Rating System is proposed as discussed above:

Asset Inventory and Assessment Priority Rating System		
Line Item #	Category	Points
1.	Project Benefits	0 - 8
1.A	System will participate in the Viable Utility process described in G.S. 159G-45(b)	2
2.	System Management	
2.A	Knowledge base of utility's internal asset management team	0 - 4
2.B	Current and past rate setting practices, CIPs, etc.	0, 1, or 2
2.C	Management of asset inventory data	0 - 4
2.D	Operating Ratio (OR) is greater than or equal to 1.00 based on a current audit, or is less than 1.00 and water/sewer bill is greater than \$47/month for 5000 gallons	0, 1, or 2
3.	Affordability	
3.A	Current Monthly Utility Bill for 5,000 gallons usage	0, 1, or 2
3.B	Local Government Unit (LGU) Indicators	
3.B.1	3 out of 5 LGU indicators are worse than the state benchmark OR	0
3.B.2	4 out of 5 LGU indicators are worse that the state benchmark OR	1
3.B.3	5 out of 5 LGU indicators are worse that the state benchmark	2
Total Points		24 Max

The following changes to the MRF Priority Rating System are proposed as discussed above:

Merger/Regionalization Feasibility Priority Rating System		
Line Item #	Category	Points
1.	Technical Status Project Benefits	
1.A	Compliance History	0, 1, 2, or 3
1.B	Past Collaboration and /or Proximity	0, 1, 2, or 3
2.	Organizational Status System Management	
2.A	Size and Capabilities	0, 1, or 2
2.B	LGU Unit Letter	3
2.B	Unit has been designated distressed through G.S. 159G-45	3
2.C	Operating Ratio < 1.00	1
3.	Affordability	
3.A	Current Monthly Utility Bill for 5,000 gallons usage	0, 1, or 2
3.B	Local Government Unit (LGU) Indicators	
3.B.1	3 out of 5 LGU indicators are worse than the state benchmark OR	0
3.B.2	4 out of 5 LGU indicators are worse that the state benchmark OR	1
3.B.3	5 out of 5 LGU indicators are worse that the state benchmark	2
Total Points		24 Max

Staff Recommendation

Staff recommends that the Authority approve for public review the proposed changes in points to Line Items 1.A in the Asset Inventory and Assessment Priority Rating System and Line Items 1, 2, and 2.B in the Merger/Regionalization Feasibility Priority Rating System.