

**State Water Infrastructure Authority
July 14, 2021 Meeting
Agenda Item N - Approval of VUR Applications**

Division of Water Infrastructure Staff Report

Background

General Statute 159G-35(c) requires that the State Water Infrastructure Authority (Authority) and the Local Government Commission (LGC) develop evaluation criteria for grants for the Viable Utility Reserve (VUR). Division of Water Infrastructure (Division) staff use these criteria to review applications and award points in preparation to making funding recommendations to the Authority.

VUR Study Grant Prioritization

Grant prioritization for the study grants is divided into two categories. Category 1 is the highest priority which was approved for funding study grants by SWIA during the April 14, 2021 meeting. Category 2 of funding prioritization for study grants was approved to move forward to public review during the same meeting.

Study Grant Applications Received - Category 1

Local government units (LGUs) which are identified as distressed due to fiscal affairs being under the control of the LGC (meets Identification Criterion 1) and distressed LGUs working with these highest priority LGUs are considered Category 1. The Division and LGC staff hosted meetings from April – June in Martin, Wayne, and Cleveland Counties, which each have LGUs in Category 1. These regional partners were invited to apply for grants to assist in developing long-term solutions.

A summary of study grant applications received by the Division as of June 25, 2021 is in Table 1.

Each of the LGUs in Table 1 has submitted a resolution indicating they are committed to completing the viable utility (VU) program requirements: studies; education/training; short- and long-term planning for maintenance, repair, and replacement; and long-term financial management. Resolutions also declare that they are working with the other distressed LGUs in their county, including the LGU(s) currently under LGC fiscal control, and that they will provide adequate access to staff, documents, equipment, and other resources pertinent to complete the studies.

The Town of Bear Grass in Martin County, which is a non-distressed unit, has submitted a resolution indicating their commitment to completing the VU program requirements and working with the distressed units in their county. Division staff have encouraged other non-distressed LGUs to submit study grant applications where their participation augments regional efforts for long-term viability solutions for distressed units. Non-distressed LGU study grant

applications will be held pending a decision on expanding VUR funding eligibility to those LGUs supporting distressed LGUs' regional efforts. Project (i.e., capital) funding for non-distressed LGUs is proposed to be funded from other sources, not the VUR.

Recommendations

Division staff recommend the following:

- The Authority approve the maximum funding amounts for the Category 1 LGUs and their regional partner's VUR study grant applications listed in Table 1 and allow the Division discretion to work with the regional partnerships to negotiate grant amounts pending the specific characteristics of the regional partnerships (for example, the Martin County units do not each need separate MRF grants since they will be working together under a unified MRF study).

Note that LGC staff are planning to take these funding requests to the Commission for approval during their July 13, 2021 meeting. Further note that Division staff continue to work with LGUs to properly complete their applications and resolutions, and that additional qualifying applications are expected prior to the Authority's July meeting.

Table 1. VUR Study Grant Applications Received with Resolutions of Support						
LGU	Utility Type	Distressed Criteria	Assessment Points	County	Study Type	Request
Martin County	DW	D3	8	Martin	AIA DW Rate Study MRF	\$150,000 \$100,000 \$100,000
Everetts	BOTH	D3	12	Martin	AIA DW Rate Study MRF	\$150,000 \$100,000 \$100,000
Hamilton	BOTH	D3	9	Martin	AIA DW Rate Study MRF	\$150,000 \$100,000 \$100,000
Jamesville	BOTH	ND	6	Martin	AIA DW AIA WW Rate Study MRF	\$150,000 \$150,000 \$100,000 \$100,000
Parmelee	BOTH	D3	10	Martin	AIA DW Rate Study MRF	\$150,000 \$100,000 \$100,000
Robersonville	BOTH	D1	7	Martin	AIA for DW/WW Rate Study MRF	\$ 50,000 \$ 50,000 \$100,000
Williamston	BOTH	D3	11	Martin	AIA Rate Study MRF	\$150,000 \$100,000 \$100,000
Lawndale	BOTH	D3	9	Cleveland	AIA DW AIA WW Rate Study MRF	\$150,000 \$150,000 \$100,000 \$100,000
Polkville	WW	D3	11	Cleveland	AIA WW Rate Study MRF	\$150,000 \$100,000 \$100,000

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LGU	Utility Type	Distressed Criteria	Assessment Points	County	Study Type	Request
Wayne County	WW	ND	6	Wayne	AIA WW Rate Study MRF	\$150,000 \$100,000 \$100,000
Eureka	WW	D1	6	Wayne	AIA WW Rate Study MRF	\$150,000 \$100,000 \$100,000
Fremont	BOTH	D3	17	Wayne	AIA DW AIA WW Rate Study MRF	\$150,000 \$150,000 \$100,000 \$100,000
Mt. Olive	BOTH	D3	15	Wayne	Rate Study MRF	\$100,000 \$100,000
Pikeville	BOTH	D3	19	Wayne	AIA DW AIA WW Rate Study MRF	\$150,000 \$150,000 \$100,000 \$100,000

** ND = Not Designated; D1 = Distressed Criterion 1; D3 = Distressed Criterion 3; DW = Drinking Water; WW = Wastewater; AIA = Asset Inventory and Assessment; MRF = Merger and Regionalization Feasibility.