

**State Water Infrastructure Authority
Viable Utility Committee
June 23, 2021 Meeting
Agenda Item E – Study Grant Applications Received for the Viable Utility Reserve**

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 the 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. An update on the public comments received is also being provided to the Viable Utility Committee during today's meeting (see Agenda Item G).

Update on 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 18th is in Table 1 below.

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
Robersonville	BOTH	D1	7	Martin	AIA for DW/WW Rate Study MRF	\$ 50,000 \$ 50,000 \$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
Eureka	DW	D1	6	Wayne		
Pikeville	BOTH	D3	19	Wayne		

Each of the above LGUs 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. The Resolution also declares that they are working with the other distressed units 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 and Wayne County, which are non-distressed units, have submitted Resolutions indicating their commitment to completing the VU program requirements, working with the distressed units in their counties. Division staff have encouraged other non-distressed units 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 (Agenda Item C). Project funding for non-distressed LGUs is proposed to be funded from other sources, not the VUR.

Recommendations

Division staff recommend that the VU Committee approve bringing the Category 1 VUR study grant applications listed in Table 1 up for approval at the Authority's July 14, 2021 meeting. Note that Division staff are working with LGC staff to complete additional study grant applications for other LGUs under their fiscal control, namely the Towns of Eureka and Pikeville. LGC staff are also planning to take the above funding requests to the LGC for approval during their July 13, 2021 meeting.

Additionally, staff recommend that, pending the results of Agenda Item C, the VU Committee approve recommendations of funding for other distressed and non-distressed regional partners to those Category 1 distressed LGUs, and that these recommendations be brought before the Authority at their July 13, 2021 meeting.

Division staff continue to work through concerns related to VUR awards to regional partnerships including:

- How studies for Category 1 distressed LGUs will be coordinated with studies for other distressed and non-distressed regional partners in the same region
- How to ensure that funding for studies involving multiple regional partners is appropriate (i.e., not excessive) and that study scopes match budgets